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**CAPITAL  
VC LIMITED**

首都創投有限公司

**Capital VC Limited**  
**首都創投有限公司**

*(Incorporated in the Cayman Islands with limited liability  
and carrying on business in Hong Kong as CNI VC Limited)*  
**(Stock Code: 02324)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 31 MARCH 2023**

**INTERIM FINANCIAL STATEMENTS**

The board (the “Board”) of directors (the “Director(s)”) of Capital VC Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 March 2023 (the “Period”). The unaudited condensed consolidated interim financial statements (the “Interim Financial Statements”) have not been audited by the Company’s independent auditor but have been reviewed by the Company’s audit committee (the “Audit Committee”).

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 31 MARCH 2023**

	<i>Notes</i>	<b>Six months ended</b>	
		<b>31 March 2023 (unaudited) HK\$</b>	<b>31 March 2022 (unaudited) HK\$</b>
Turnover	5	<b>(60,228,181)</b>	(40,707,096)
Other income		<b>19,200</b>	202,370
Administrative expenses		<b>(8,426,649)</b>	(5,722,107)
Share-based payments		–	(4,097,371)
Reversal of expected credit loss on financial assets at amortised cost		<b>6,331,277</b>	2,153,115
Reversal of expected credit loss on deposits and other receivables		<b>3,914,498</b>	–
Operating loss		<b>(58,389,855)</b>	(48,171,089)
Finance costs		<b>(1,371,370)</b>	(1,559,692)
Loss before tax	7	<b>(59,761,225)</b>	(49,730,781)
Income tax	8	–	–
<b>Loss for the Period and total comprehensive loss for the Period attributable to equity holders of the Company</b>		<b><u>(59,761,225)</u></b>	<b><u>(49,730,781)</u></b>
Dividend	9	–	–
<b>Loss per share (HK cents)</b>	10		
– Basic		<b>14.22</b>	12.25
– Diluted		<b>14.22</b>	12.25

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2023**

		<b>31 March 2023 (unaudited) HK\$</b>	30 September 2022 (audited) HK\$
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	<i>11</i>	<b>467,364</b>	553,608
Financial assets at fair value through profit or loss	<i>12</i>	<b>2,147,000</b>	2,147,000
Investments in financial assets at amortised cost	<i>13</i>	<b>136,543,326</b>	117,955,260
		<b>139,157,690</b>	120,655,868
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	<i>12</i>	<b>218,319,755</b>	245,413,902
Investments in financial assets at amortised cost	<i>13</i>	–	47,808,407
Prepayments, deposits and other receivables	<i>14</i>	<b>45,299,406</b>	81,127,133
Bank balances and cash		<b>56,275,112</b>	16,692,655
		<b>319,894,273</b>	391,042,097
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		<b>22,847,540</b>	20,034,528
Overdrafts		<b>10,381,551</b>	6,079,340
		<b>33,229,091</b>	26,113,868
<b>NET CURRENT ASSETS</b>		<b>286,665,182</b>	364,928,229
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>425,822,872</b>	485,584,097
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability		<b>15,811,408</b>	15,811,408
Convertible bonds		<b>862,206</b>	862,206
		<b>16,673,614</b>	16,673,614
<b>NET ASSETS</b>		<b>409,149,258</b>	468,910,483
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>15</i>	<b>105,032,062</b>	105,032,062
Reserves		<b>304,117,196</b>	363,878,421
		<b>409,149,258</b>	468,910,483
<b>NET ASSET VALUE PER SHARE</b>	<i>16</i>	<b>0.97</b>	1.12

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 31 MARCH 2023**

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Convertible bonds equity reserve <i>HK\$</i>	Capital reduction reserve <i>HK\$</i>	Share options reserve <i>HK\$</i>	Accumulated losses <i>HK\$</i>	Total equity <i>HK\$</i>
At 1 October 2022 (audited)	105,032,062	1,314,905,133	7,760,254	22,826,010	6,900,317	(988,513,293)	468,910,483
Loss for the period and total comprehensive loss for the period	-	-	-	-	-	(59,761,225)	(59,761,225)
<b>At 31 March 2023 (unaudited)</b>	<b><u>105,032,062</u></b>	<b><u>1,314,905,133</u></b>	<b><u>7,760,254</u></b>	<b><u>22,826,010</u></b>	<b><u>6,900,317</u></b>	<b><u>(1,048,274,518)</u></b>	<b><u>409,149,258</u></b>
At 1 October 2021 (audited)	85,809,562	1,315,163,854	-	22,826,010	3,589,496	(901,174,293)	526,214,629
Loss for the period and total comprehensive loss for the period	-	-	-	-	-	(49,730,781)	(49,730,781)
Placing of new shares	17,160,000	(258,721)	-	-	-	-	16,901,279
Exercise of share options	2,062,500	-	-	-	(786,550)	786,550	2,062,500
Grant of share options	-	-	-	-	4,097,371	-	4,097,371
<b>At 31 March 2022 (unaudited)</b>	<b><u>105,032,062</u></b>	<b><u>1,314,905,133</u></b>	<b><u>-</u></b>	<b><u>22,826,010</u></b>	<b><u>6,900,317</u></b>	<b><u>(950,118,524)</u></b>	<b><u>499,544,998</u></b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 31 MARCH 2023**

	<b>Six months ended</b>	
	<b>31 March 2023 (unaudited) HK\$</b>	<b>31 March 2022 (unaudited) HK\$</b>
NET CASH USED IN OPERATING ACTIVITIES	<b>(29,149,284)</b>	(24,858,915)
NET CASH FROM INVESTING ACTIVITIES	<b>68,731,741</b>	11,722,571
NET CASH FROM FINANCING ACTIVITIES	<u>–</u>	<u>18,963,779</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<b>39,582,457</b>	5,827,435
CASH AND CASH EQUIVALENTS AT 1 OCTOBER 2022 AND 2021	<u><b>16,692,655</b></u>	<u>11,912,344</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH 2023 AND 2022		
Represented by:		
Bank balances and cash	<u><b>56,275,112</b></u>	<u>17,739,779</u>

## **NOTES TO INTERIM FINANCIAL STATEMENTS**

### *FOR THE SIX MONTHS ENDED 31 MARCH 2023*

#### **1. GENERAL INFORMATION**

Capital VC Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business was Room 2302, 23/F, New World Tower 1, 18 Queen’s Road Central, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). These condensed consolidated interim financial information are presented in Hong Kong dollars, unless otherwise stated.

#### **2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The unaudited condensed consolidated financial statements (“Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Interim Financial Statements should be read in conjunction with the 2020/21 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 30 September 2022.

#### **3. ACCOUNTING POLICIES**

The Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 October 2022. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); HKAS; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Company has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

#### **4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT**

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 September 2022.

## 5. TURNOVER

Revenue represents the amounts received and receivable on investments, net gains on financial assets at fair value through profit or loss (“FVTPL”) and bank and other interest income during the six months ended 31 March 2023 (the “Period”) as follows:

	Six months ended	
	31 March 2023 (unaudited) HK\$	31 March 2022 (unaudited) HK\$
Net realised loss on financial assets of FVTPL	(4,564,583)	(1,162,994)
Net unrealised loss on financial assets of FVTPL	(63,790,160)	(50,987,981)
Dividend income from investments in listed securities	7,164	164,358
Interest income on other receivables	1,732,971	2,437,917
Bank and bond interest income	6,386,427	8,841,604
	<b>(60,228,181)</b>	<b>(40,707,096)</b>

## 6. SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular reports reviewed by the chief operating decision maker for decisions about resources allocated to the Group’s business components and for their review of the performance of those components.

The principal activity of the Group is investing in listed and unlisted companies. The Group has identified the operating and reportable segments as follows.

Financial assets at FVTPL	–	Investments in securities listed on Hong Kong Stock Exchange
Available-for-sale investment	–	Investments in unlisted securities

Plant and equipment, tax recoverable, accruals, interest-bearing borrowings and certain amount of prepayments, deposits and other receivables and cash and cash equivalents, were not allocated to segment.

	For the six months ended 31 March 2023				
	Investment in unlisted bonds HK\$	Investment in listed equity securities HK\$	Investment in unlisted equity securities HK\$	Unallocated HK\$	Total HK\$
Segment revenue	6,383,054	(68,347,579)	1,732,971	22,573	(60,208,981)
Reversal of expected credit loss on financial assets at amortised cost	6,331,277	–	–	–	6,331,277
Reversal of expected credit loss on deposits and other receivables	–	–	3,914,498	–	3,914,498
Administrative expenses	(1,402,931)	–	–	(7,023,718)	(8,426,649)
Segment result	<b>11,311,400</b>	<b>(68,347,579)</b>	<b>5,647,469</b>	<b>(7,001,145)</b>	<b>(58,389,855)</b>

	For the six months ended 31 March 2022				
	Investment in unlisted bonds <i>HK\$</i>	Investment in listed equity securities <i>HK\$</i>	Investment in unlisted equity securities <i>HK\$</i>	Unallocated <i>HK\$</i>	Total <i>HK\$</i>
Segment revenue	9,042,413	(51,986,617)	2,437,917	1,561	(40,504,726)
Reversal of expected credit loss on financial assets at amortised cost	2,153,115	–	–	–	2,153,115
Administrative expenses	–	–	–	(5,722,107)	(5,722,107)
Segment result	<u>11,195,528</u>	<u>(51,986,617)</u>	<u>2,437,917</u>	<u>(5,720,546)</u>	<u>(44,073,718)</u>

## 7. LOSS BEFORE TAX

	Six months ended	
	31 March 2023 (unaudited) <i>HK\$</i>	31 March 2022 (unaudited) <i>HK\$</i>
The Group's loss before tax has been arrived at after charging:		
Total staff costs (including directors' remuneration and share-based payments)	<b>2,393,732</b>	6,406,821
Depreciation on plant and equipment	<b>86,244</b>	50,075
Operating lease charges on rented premises	<b>72,600</b>	72,600
Interest expenses	<b>1,371,370</b>	1,559,692

## 8. INCOME TAX

As at 30 September 2022, the Group has unused tax losses of approximately HK\$890,622,532 available for offset against future profits. The unrecognised tax losses may be carried forward indefinitely. As the Group recorded net loss for the Period and no taxable profit was generated, no provision for Hong Kong Profits Tax was made.

## 9. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 31 March 2023 (2022: Nil).

## 10. LOSS PER SHARE

The calculations of basic and diluted loss per share are based on the Group's loss for the Period attributable to the equity holders of the Company of HK\$59,761,225 (2022: HK\$49,730,781).

The basic loss per share for the Period are based on the weighted average number of 420,128,249 ordinary shares in issue for the Period (2022: 406,090,557 ordinary shares). The Company had no potentially dilutive ordinary shares in the six months ended 31 March 2023. The share options during the six months ended 31 March 2022 and the Period were anti-dilutive.

## 11. PLANT AND EQUIPMENT

During the Period, the Group did not purchase or dispose of any fixed assets. During the six months ended 31 March 2022, the Group purchased a motor vehicle at cost of HK\$689,929. Except for this motor vehicle, other plant and equipment have been fully depreciated in prior years.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

		<b>31 March 2023 (unaudited) HK\$</b>	30 September 2022 (audited) HK\$
	<i>Note</i>		
Fair value:			
Convertible bonds derivative		<b>3,216,299</b>	3,216,299
Unlisted equity securities		<b>2,147,000</b>	2,147,000
Listed equity securities in Hong Kong	<i>(a)</i>	<b>215,103,456</b>	242,197,603
		<b>220,466,755</b>	247,560,902
Analysed as:			
Current assets		<b>218,319,755</b>	245,413,902
Non-current assets		<b>2,147,000</b>	2,147,000
		<b>220,466,755</b>	247,560,902

*Note:*

- (a) Included in the financial assets at fair value through profit or loss as at 31 March 2023 were approximately 654.0 million shares of WLS Holdings Limited (stock code: 8021) at market value of approximately HK\$43.2 million.

## 13. INVESTMENTS IN FINANCIAL ASSETS AT AMORTISED COST

	<b>31 March 2023 (unaudited) HK\$</b>	30 September 2022 (audited) HK\$
Investments in financial assets at amortised cost	<b>127,074,883</b>	154,892,293
Fair value adjustment at inception	<b>16,529,958</b>	16,529,958
Amortisation of fair value adjustment	<b>(7,061,515)</b>	(5,658,584)
	<b>136,543,326</b>	165,763,667
Less: Non-current assets	<b>(136,543,326)</b>	(117,955,260)
	<b>–</b>	47,808,407

Particulars of the major bonds held as at 31 March 2023, are as follows:

Name of issuer	Notes	Place of incorporation	Acquisition cost HK\$	Fair value adjustment at inception HK\$	Imputed interest HK\$	Loss on modification HK\$	Expected credit loss HK\$	Carrying amount HK\$	Percentage of carrying amount of significant investments to the Group's investment portfolio HK\$	Percentage of carrying amount of significant investments to the Group's total assets HK\$	Terms	Coupon rate p.a.
Gold Medal Hong Kong Limited ("Gold Medal")	(a)	Hong Kong	42,000,000	(7,021,948)	3,722,898	(1,910,615)	(13,529,616)	23,260,719	13.1%	10.2%	From 31 October 2020 to 30 October 2025	6.5%
Gold Medal	(a)	Hong Kong	20,000,000	-	795,241	(268,825)	(3,999,627)	16,526,789	5.9%	4.6%	From 28 October 2019 to 27 October 2027	6.5%
Hao Wen Holdings Limited ("Hao Wen")	(b)	Cayman Islands	42,500,000	(2,587,472)	2,843,055	(3,729,854)	(8,608,983)	30,416,746	10.5%	8.1%	From 1 November 2020 to 31 October 2025	8.0%

**Notes:**

- (a) Gold Medal is a company incorporated in Hong Kong with limited liability and principally engaged in money lending business. It is a wholly owned subsidiary of WLS Holdings Limited which is listed on the GEM of the Stock Exchange (stock code: 8021). According to the terms of the agreement and subject to certain conditions, both the Group and Gold Medal have the early redemption rights as follows:

The Group can request early redemption of the bonds at 100% of the outstanding principal amount and 50% of the outstanding coupon.

Gold Medal can early redeem the bonds at 100% of the total amount of such bond together with any payment of interests accrued up to the date of such early redemption. An additional 1% will be given to the Group, together with the outstanding principal and coupon. Total coupons of HK\$4,293,495 was received from these bonds issued by Gold Medal for the six months ended 31 March 2023.

As the fair values of the early redemption rights of both Gold Medal and the Group as at 31 March 2023 were insignificant and the Group intended to hold the bonds issued by Gold Medal to maturity, the Group's investment in these bonds was recorded as financial assets at amortised cost.

- (b) Hao Wen is a company incorporated in Cayman Islands with limited liability and principally engaged in money lending and processing and trading of electronic parts. It is listed on the GEM of the Stock Exchange (stock code: 8019). There is no provision of terms in the agreement regarding early redemption rights. Coupons of HK\$3,612,500 was received from the bonds issued by Hao Wen for the six months ended 31 March 2023.

**14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

	Notes	31 March 2023 (unaudited) HK\$	30 September 2022 (audited) HK\$
Prepayments and deposits		402,419	609,302
Margin receivables	(a)	53,622	13,121,935
Amounts receivable on disposal of unlisted investments	(b)	44,843,365	67,395,896
		<b>45,299,406</b>	<b>81,127,133</b>

The carrying amounts of prepayments, deposits and other receivables at the end of the reporting period approximated their fair values.

*Notes:*

- (a) Margin receivables are generated from investment in financial assets at FVTPL, with interest rates ranged from 0.000% to 0.025% (30 September 2022: 0.001% to 0.002%) per annum.
- (b) The balance principally represented receivable from the purchaser of equity interest of Kendervon Profits Inc. of HK\$33,036,809 (30 September 2022: HK\$50,073,057).

## 15. SHARE CAPITAL

	<i>Note</i>	<b>Number of ordinary shares of HK\$0.25 each</b>	<b>Share Capital <i>HK\$</i></b>
<b>Authorised:</b>			
At 1 October 2021, 30 September 2022, 1 October 2022 and 31 March 2023		<u>800,000,000</u>	<u>200,000,000</u>
<b>Issued and fully paid:</b>			
At 1 October 2021		343,238,249	85,809,562
Placing of new shares	<i>(a)</i>	68,640,000	17,160,000
Exercise of share options		<u>8,250,000</u>	<u>2,062,500</u>
At 30 September 2022, 1 October 2022 and 31 March 2023		<u>420,128,249</u>	<u>105,032,062</u>

*Note:*

- (a) On 4 October 2021, the Company entered into the placing agreement to issue and allot a maximum of 68,640,000 placing shares of HK\$0.25 each in the Company with China Prospect Securities Limited at a price of HK\$0.25. The net proceeds from the subscription would be used for the general working capital of the Group and for future investments pursuant to the investment objectives of the Company. These new placing shares rank pari passu in all respect with existing shares. This transaction has been completed on 25 October 2021.

## 16. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net asset value of the Group as at 31 March 2023 of HK\$409,149,258 (30 September 2022: HK\$468,910,483) and on the number of 420,128,249 ordinary shares of HK\$0.25 each in issue as at 31 March 2023 (30 September 2022: 420,128,249 ordinary shares of HK\$0.25 each).

## 17. RELATED PARTY AND CONNECTED TRANSACTIONS

- (a) During the Period, significant transactions with related parties and connected parties are as follows:

	<i>Note</i>	<b>Six months ended</b>	
		<b>31 March 2023 (unaudited) <i>HK\$</i></b>	<b>31 March 2022 (unaudited) <i>HK\$</i></b>
Evergrande Securities (Hong Kong) Limited (“ESL”) Investment management fee paid	<i>(i)</i>	<b><u>300,000</u></b>	<b><u>300,000</u></b>

*Note:*

- (i) ESL is an investment manager of the Company and considered as a connected person under 14A.08 of Chapter 21 of the Listing Rules. Pursuant to an investment management agreement (“ESL Agreement”) dated 30 November 2020 entered into between the Company and ESL, ESL agreed to provide the Company with investment management services for an initial term of three years commencing on 8 December 2020. Pursuant to the terms of ESL Agreement, the monthly investment advisory fee is HK\$50,000.
- (b) Compensation of key management personnel. The remuneration of directors and other members of key management during the Period was as follows:

	<b>Six months ended</b>	
	<b>31 March 2023 (unaudited) <i>HK\$</i></b>	<b>31 March 2022 (unaudited) <i>HK\$</i></b>
Short-term benefits (including share-based payments)	<b><u>2,393,732</u></b>	<b><u>2,253,391</u></b>

## 18. PLEDGE OF ASSETS

The Group has pledged its financial assets at fair value through profit or loss, which are HK\$110,921,239 as at 31 March 2023 (30 September 2022: HK\$97,717,941), to secure margin financing facilities obtained from regulated securities dealers.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Highlights

For the six months ended 31 March 2023 (the “Period”), the Group recorded a negative turnover of approximately HK\$60.2 million (2022: HK\$40.7 million) and net loss attributable to equity holders of the Company of approximately HK\$59.8 million (2022: HK\$49.7 million). The performance of the Group’s listed investments was not such satisfactory during the Period. As compared to net loss on listed investment of approximately HK\$52.0 million recognised during the six months ended 31 March 2022, the loss of the Group’s listed investments increased to approximately HK\$68.3 million for the Period. The performance in the Group’s listed investment led to the increase in net loss of approximately HK\$49.7 million for the six months ended 31 March 2022 to approximately HK\$59.8 million for the Period.

During the Period, the principal bond-related investment activities are redemption of the bonds issued by AMCO United Holding Limited (“AMCO”) and extension of the bonds issued by other three companies.

In connection with redemption of the bonds issued by AMCO, the Group has received the principal of HK\$30 million and outstanding coupons of approximately HK\$3.4 million during the Period. The extended bonds are (i) the bonds issued by Gold Medal Hong Kong Limited with principal of HK\$20 million and coupon rate of 6.5%, and due in October 2027; (ii) the bonds issued by Sincere Smart International Limited with principal of HK\$18 million and coupon rate of 6% and due in January 2028; and (iii) the bonds issued by Luxxu Group Limited with principal of HK\$17 million and coupon rate of 9% and due in January 2028.

During the Period, the Group has reversed expected credit loss on financial assets at amortised cost of approximately HK\$6.3 million, which is due to redemption of the bonds issued by AMCO. In view of satisfactory repayment of certain other receivables, the Company reversed the expected credit loss provision amount of approximately HK\$3.9 million during the Period.

As at 31 March 2023, the net asset value (“NAV”) of the Group was approximately HK\$409.1 million (30 September 2022: HK\$468.9 million), representing a decrease of approximately 12.7% over the Period. The decrease in NAV is principally attributable to the comprehensive loss for the Period attributable to equity holders of the Company of approximately HK\$59.8 million during the Period.

### PERFORMANCE OF THE GROUP’S LISTED SECURITIES

The performance of Group’s listed investments changed from loss of HK\$52.0 million in six months ended 31 March 2022 to loss of HK\$68.4 million for the Period. The gain on listed investments for the Period of approximately HK\$68.4 million represented net realised loss of approximately HK\$4.6 million and net unrealised loss of approximately HK\$63.8 million. Set out below are further information of these net realised and unrealised losses:

## NET REALISED LOSS

Net realised loss of approximately HK\$4.6 million represented realised gain of approximately HK\$2.6 million net of realised loss of approximately HK\$7.2 million.

Company name	Stock code	Investment costs <i>HK\$' million</i>	Disposal consideration <i>HK\$' million</i>	Unrealised profit recognised in prior years <i>HK\$' million</i>	Realised gain <i>HK\$' million</i>	Realised loss <i>HK\$' million</i>
Silver Tide Holdings Limited ("Silver Tide")	1943	14.7	13.1	1.8	–	(3.4)
Others					2.6	(3.8)
					<u>2.6</u>	<u>(7.2)</u>

The shares of Silver Tide are listed on Main Board of the Stock Exchange, and no stock included in others contributed the realised gain or loss over HK\$2.0 million during the Period.

## NET UNREALISED LOSS

The net unrealised loss of approximately HK\$63.8 million represents the unrealised gain of approximately HK\$8.9 million net of unrealised loss of approximately HK\$72.7 million. Set out below is the breakdown of the aforesaid unrealised gain and loss:

Company name	Stock code	Unrealised gain <i>HK\$' million</i>	Unrealised loss <i>HK\$' million</i>
hmvod Limited	8103	3.6	–
WLS Holdings Limited	8021	–	(16.3)
SEEC Media Group Limited	205	–	(11.0)
Hao Wen Holdings Limited	8019	–	(5.5)
Smart City Development Holdings Limited	8268	–	(4.5)
China Jicheng Holdings Limited	1027	–	(4.3)
Luxxu Group Limited	1327	–	(3.5)
Others		5.3	(27.6)
		<u>8.9</u>	<u>(72.7)</u>

The above shares are listed either on Main Board or GEM of the Stock Exchange, and no stock included in others contributed the realised gain or loss over HK\$3.0 million during the Period.

## **Business Review and Prospect**

In Year 2022, the global investment market extended the difficult time of prior years. Although Hang Seng Index (“HSI”) has dropped significantly in prior years, the Russia-Ukraine War, tensed China-US relation and strong US Dollars continued to trouble investors and HSI has no obvious direction in six months ended 31 March 2023. HSI rose from 17,223 points as at 30 September 2022 to the highest point of 22,700 points in January 2023, but dropped significantly in around two months to 20,400 points as at 31 March 2023, and further to recent bottom of around 18,500 points subsequently in May 2023.

In such unstable market atmosphere, the Group’s listed securities performed unsatisfactorily. The performance of the Group’s listed investments continued to be loss-making. Loss on listed investments increased to approximately HK\$68.3 million for the six months ended 31 March 2023, as compared to approximately HK\$52.0 million in the corresponding period of the last year.

In connection with unlisted investments, the Group redeemed the bonds issued by AMCO during the Period. Cash inflow of approximately HK\$33.4 million and reversal of expected credit loss of approximately HK\$6.3 million was recorded accordingly. In addition to the redemption of the AMCO bonds, the Group extended three existing bonds during the Period, the details of which have been stated under the headline of “Financial Highlights” of this announcement. Bond coupons of approximately HK\$15.5 million were recorded in the Period.

Looking forward, as the complicated global political environment is difficult to be predicted and there is no obvious signal of improvement at the moment, we do not expect the global investment market will have good performance in the rest of this year. Accordingly, we will continue to adopt cautious measures to manage the Group’s investment portfolio.

## **LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS, GEARING, CAPITAL COMMITMENT AND CONTINGENT LIABILITIES**

The Group’s liquidity position has maintained steady over the Period. The Group’s bank balances as at 31 March 2023 increased to approximately HK\$56.3 million (30 September 2022: approximately HK\$16.7 million) and its current ratio (as defined by current assets/current liabilities) maintained a healthy level of 9.6 as at 31 March 2023 (30 September 2022: 15.0). The Board believes that the Group has sufficient resources to satisfy its working capital requirements.

During the Period, the Group maintained low level of gearing ratio (as defined by total liabilities/total assets) (31 March 2023: 10.9%; 30 September 2022: 8.4%), and the Group had no material commitment and contingent liabilities as at 31 March 2023.

Included in the Group’s listed securities of HK\$218.3 million as at 31 March 2023 were amount of approximately HK\$110.9 million secured for the margin payables.

## SIGNIFICANT INVESTMENTS

The Group's investments with fair value over 5% of value of its total assets are considered as significant investments. The Group's significant investments as at 31 March 2023 include (i) 654.0 million shares of WLS Holdings Limited (stock code: 8021), (ii) bonds in principal of HK\$62.0 million in aggregate issued by Gold Medal Hong Kong Limited, which is a wholly owned subsidiary of WLS Holdings Limited, and (iii) the bonds issued by Hao Wen Holdings Limited (stock code: 8019) in principal of HK\$42.5 million. Set out below are certain information of the Group's significant investments as at 31 March 2023:

Significant Investments	Fair value/ Carrying value of significant investments as at 31 March 2023 <i>HK\$' million</i>	Percentage of fair value/ carrying value of significant investments to the Group's investment portfolio	Percentage of fair value/carrying value of significant investments to the Group's total assets as at 31 March 2023	Realised loss recognised during the six months ended 31 March 2023 <i>HK\$' million</i>	Unrealised loss recognised during the six months ended 31 March 2023 <i>HK\$' million</i>	Bond coupons received during the six months ended 31 March 2023 <i>HK\$' million</i>
Equity investment in WLS Holdings Limited	43.2	12.1%	9.4%	–	16.3	N/A
Bonds investment in Gold Medal Hong Kong Limited	39.8	11.1%	8.7%	–	–	4.3
Bonds investment in Hao Wen Holdings Limited	30.4	8.5%	6.6%	–	–	3.6

### Equity Investment – WLS (stock code: 8021)

The Group held approximately 654.0 million shares of WLS with market value of approximately HK\$43.2 million as at 31 March 2023.

As mentioned above, WLS is listed on GEM of the Stock Exchange (stock code: 8021). WLS is principally engaged in the scaffolding and fitting out services, management contracting services and other services for construction and buildings work, money lending business, securities brokerage and margin financing and securities investment business. For the year ended 30 April 2022, the audited consolidated loss attributable to owners of WLS was approximately HK\$12.0 million. The unaudited net loss attributable to owners of WLS of approximately 21.3 million was recorded in the six months ended 31 October 2022.

As WLS is one of the leading scaffolding sub-contractors in the industry, the management of WLS are confident about securing more contracts which based on the multi-pronged strategy adopted by Hong Kong government to maintain a steady and sustainable land supply with the aim to meet the continuing housing needs. The Company believes the WLS's business strategy is in line with the overall direction of the Hong Kong government's strategic development plans for property construction, infrastructure investment and financial market development, and considerable amount of profit will be generated in medium to long terms.

### **Bonds Investment – Gold Medal Hong Kong Limited (“Gold Medal”)**

Gold Medal is a company incorporated in Hong Kong with limited liability and principally engaged in money lending business. It is a wholly owned subsidiary of WLS Holdings Limited (“WLS”), the guarantor of the bonds, which is listed on GEM of the Stock Exchange (stock code: 8021). Based on WLS’ interim report for the six months ended 31 October 2022, its net asset value was approximately HK\$480.1 million, and its current assets and total liabilities as at 31 October 2022 were approximately HK\$540.6 million and HK\$198.8 million respectively. The current assets can fully cover its total liabilities. Accordingly, the Company considers that there is no signal of default of bonds issued by Gold Medal to the Group.

### **Bonds Investment – Hao Wen Holdings Limited (“Hao Wen”) (stock code: 8019)**

Hao Wen is a company incorporated in Cayman Islands with limited liability. Hao Wen and its subsidiaries are principally engaged in money lending, manufacturing of biomass fuel product and trading of electronic parts. It is listed on GEM of the Stock Exchange (stock code: 8019). Based on Hao Wen’s annual report for the year ended 31 December 2022, its net asset value was approximately RMB295.1 million, its current assets were approximately RMB238.1 million and total liabilities were approximately RMB65.6 million. In view of Hao Wen’s strong liquid assets and limited liabilities, the Company considers that Hao Wen has sufficient financial resources to meet its ongoing operation, there is no signal of default of bonds issued by Hao Wen to the Group.

### **SEGMENTAL INFORMATION**

There is no material change in the Group’s investment segment, which are principally investments in listed and unlisted equity securities, and unlisted bonds, during the Period.

### **FOREIGN CURRENCY FLUCTUATION**

The Group’s exposures to foreign currencies mainly arises from its investments in companies located in the PRC, which are financed internally. In order to mitigate the potential impact of currency fluctuations, the Group closely monitors its foreign currency exposures and will use suitable hedging instruments against significant foreign currency exposures, where necessary. No foreign currency hedge contract was entered into by the Group during the Period. As at 31 March 2023, the Group had no outstanding foreign currency hedge contracts (30 September 2022: Nil).

### **SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES**

During the Period the Company does not have any significant acquisition and disposal of subsidiaries and associates.

### **HUMAN RESOURCES**

As at 31 March 2023, the Group had 16 employees, excluding the directors of the Company. Total staff costs excluding Directors’ remuneration amounted to approximately HK\$1.7 million. They perform clerical, research, business development and administrative functions for the Group. The Group’s remuneration policies are in line with the prevailing market practice and the staff remuneration is determined on the basis of the performance and experience of individual employees.

## **CAPITAL STRUCTURE**

During the six months ended 31 March 2023, there is no change in the share capital of the Company. Included in other payables and overdrafts as at 31 March 2023 were margin payables and overdrafts totalling approximately HK\$30.7 million bearing interest rates ranged from 8% to 20% (30 September 2022: 8% to 15.25%) per annum. The margin payables and overdrafts are in Hong Kong Dollars, and secured by listed investments of the Group, repayable on demand and are guaranteed by the Company on behalf of a subsidiary. In view of such immaterial amount of the margin payables and overdrafts in Hong Kong Dollars as compared to the Group's listed stocks of approximately HK\$215.1 million, the Company considers the currency and interest rate risks exposure of its debt and obligation are manageable.

The Company did not run any capital exercise during the Period. However, on 7 September 2022, it entered into a placing agreement (the "CB Placing Agreement") with China Prospect Securities Limited (the "CB Placing Agent"), pursuant to which the Company has conditionally agreed to issue and the CB Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six places to subscribe for the convertible bonds with an aggregate principal amount of up to HK\$21.0 million (the "CB Placing"). The CB Placing was completed on 26 September 2022 and net proceeds ("Net Proceeds from the CB Placing") of approximately HK\$20.5 million was raised.

The Net Proceeds from the CB Placing were intended to be used for the general working capital of the Group and for future investments pursuant to the investment objectives of the Company. The aggregate gross proceeds from the CB Placing was approximately HK\$21.0 million and the aggregate net proceeds from the CB Placing, after deduction of expenses, were approximately HK\$20.5 million, representing a net issue price of approximately HK\$0.244 per the new share of the Company as if the conversion rights attaching to the convertible bonds are exercised.

The conversion price (the "Conversion Price") of the convertible bonds of HK\$0.25 represent (i) a premium of approximately 19.0% to the closing price of HK\$0.21 per share (the "Share(s)") of the Company as quoted on the Stock Exchange on the date of the CB Placing Agreement; and (ii) a premium of approximately 16.1% to the average closing price of HK\$0.2154 per Share as quoted on the Stock Exchange for the last five trading days immediately before the date of the CB Placing Agreement. The Conversion Price were determined after arm's length negotiations between the Company and the CB Placing Agent after considering the then market sentiment, and the market prices and performance of the Shares, and the Group's financial position. In case of full conversion of the convertible bonds, 84,000,000 new Shares of aggregate nominal value of HK\$21,000,000 will be issued and allotted.

The Net Proceeds from the CB Placing were fully utilised as intended during the six months ended 31 March 2023.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND THEIR EXPECTED OF FUNDING IN COMING YEAR**

As at 31 March 2023 and up to the date of this announcement approved, the Company does not have any concrete plan for material investments or capital assets.

## DIRECTORS AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 31 March 2023, save as 2,750,000 ordinary shares of the Company held by Mr. Kong Fanpeng, and the share options granted to Mr. Chan Cheong Yee and Mr. Kong Fanpeng as detailed in the section "SHARE OPTION SCHEME" below, none of the Directors or the chief executive of the Company had or were deemed to have any Discloseable Interests or Short Position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance ("SFO") (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2023, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

## SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by shareholders of the Company at the annual general meeting on 10 December 2013, the Company adopted a new share option scheme (the "Scheme"). Under the Scheme, the directors of the Company may, at their absolute discretion, invite any employee (full-time or part-time), director, consultant or advisor of any member of the Group, or any substantial shareholder of any member of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group, or any company wholly owned by one or more persons belonging to any of the above classes to subscribe for shares in the Company representing up to a maximum of 10% of the shares in issue on date of the aforesaid annual general meeting.

No share option was granted during the six months ended 31 March 2023.

The movements of the outstanding share options during the Period were as follows:

Category	Date of Grant	Exercise Price	Option Period	Number of options held as at 1 October 2022	Number of options granted during the Period	Number of options exercised during the Period	Number of options cancelled/ lapsed during the Period	Number of options held as at 31 March 2023
<b>Directors</b>								
Mr. Kong Fanpeng	16 February 2021	HK\$0.25	Three years from date of grant	3,430,000	-	-	-	3,430,000
	9 March 2022	HK\$0.251	Three years from date of grant	4,200,000	-	-	-	4,200,000
Mr. Chan Cheong Yee	16 February 2021	HK\$0.25	Three years from date of grant	3,430,000	-	-	-	3,430,000
	9 March 2022	HK\$0.251	Three years from date of grant	4,200,000	-	-	-	4,200,000
<b>Employees</b>								
	16 February 2021	HK\$0.25	Three years from date of grant	20,580,000	-	-	-	20,580,000
	16 February 2022	HK\$0.275	Three years from date of grant	25,200,000	-	-	-	25,200,000
Total				61,040,000	-	-	-	61,040,000

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries repurchased, redeemed or sold any of the Company's listed securities during the six months ended 31 March 2023.

## **AUDIT COMMITTEE**

As at 31 March 2023, the Audit Committee comprises three independent non-executive directors, namely, Mr. Cheung Wai Kin, Mr. Lee Ming Gin and Ms. Lai Fun Yin with written terms of reference in compliance. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Company, and discussed risk management, internal control and financial reporting matters including the review of the unaudited interim results for the six months ended 31 March 2023.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all directors regarding any non compliance with the Model Code during the Period and they all confirmed that they have fully complied with the required standard set out in the Model Code.

## **CORPORATE GOVERNANCE PRACTICE**

During the Period, the Company has complied with the code provisions in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules, except the deviations from the CG Code as described below:

CG Code provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same person. Decisions of the Company are made collectively by the executive directors. The Board believes that this arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective oversight of management.

On behalf of the Board  
**Chan Cheong Yee**  
*Executive Director*

Hong Kong, 31 May 2023

*As at the date of this announcement, the Board comprises executive Directors Mr. Kong Fanpeng and Mr. Chan Cheong Yee and independent non-executive Directors Mr. Lee Ming Gin, Ms. Lai Fun Yin and Mr. Cheung Wai Kin.*