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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)

SUPPLEMENTAL ANNOUNCEMENT IN RESPECT OF ANNUAL RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 2018

Reference is made to the annual report of Capital VC Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 30 September 2018 published by the Company on 30 January 2019 (the “**2017/18 Annual Report**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the 2017/18 Annual Report.

Further to the information disclosed in the 2017/18 Annual Report, the Company wishes to provide to the Shareholders and the potential investors with the following supplementary information:

In the first paragraph of the section “BUSINESS REVIEW, IMPORTANT EVENTS OCCURRED AFTER THE END OF FINANCIAL YEAR AND PROSPECT”, it was stated that “recorded loss on listed securities of approximately HK\$194.8 million.” These loss of approximately HK\$194.8 million represented net realised loss of approximately HK\$153.6 million and net unrealised loss of approximately HK\$41.2 million. Set out below are further information of these net realised and unrealised losses:

NET REALISED LOSS

| Company name | Stock code | Investment costs <i>HK\$' million</i> | Disposal consideration <i>HK\$' million</i> | Unrealised gain recognised in prior years <i>HK\$' million</i> | Net realised loss <i>HK\$' million</i> |
|----------------------------------|------------|--|--|---|---|
| KOALA Financial Group Limited | 8226 | 113.4 | 60.0 | 52.9 | 106.3 |
| Kingland Group Holdings Limited* | 1751* | 17.2 | 1.8 | 2.3 | 17.7 |
| Glory Flame Holdings Limited | 8059 | 27.1 | 19.1 | – | 8.0 |
| Others | | | | | 21.6 |
| | | | | | <hr/> |
| | | | | | 153.6 |

The shares of all KOALA Financial Group Limited, Kingland Group Holdings Limited and Glory Flame Holdings Limited are listed on main board or GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and no stock included in others contributed the realised gain or loss over HK\$8 million during the year ended 30 September 2018 (the “**Year**”).

* *Sing On Holdings Limited has transferred its listing from GEM to main board of the Stock Exchange with effect from 12 June 2018, and its stock code changed from 8352 to 1751 accordingly. Subsequently, its name has changed to Kingland Group Holdings Limited in August 2018.*

NET UNREALISED LOSS

The net unrealised loss of approximately HK\$41.2 million represents the unrealised gain of approximately HK\$87.3 million net of unrealised loss of approximately HK\$128.5 million. Set out below is the breakdown of the aforesaid unrealised gain and loss:

Unrealised gain:

| Company name | Stock code | Unrealised gain <i>HK\$' million</i> |
|----------------------------------|------------|---|
| Pantronics Holdings Limited | 1611 | 49.5 |
| WLS Holdings Limited | 8021 | 15.3 |
| EJE (Hong Kong) Holdings Limited | 8101 | 9.6 |
| Wang Yang Holdings Limited | 1735 | 5.3 |
| Others | | 7.6 |
| | | <hr/> |
| | | 87.3 |

Unrealised loss:

| Company name | Stock code | Unrealised loss HK\$' million |
|--|-------------------|--|
| Larry Jewelry International Company Limited | 8351 | 32.0 |
| China e-Wallet Payment Group Limited | 802 | 12.7 |
| AMCO United Holding Limited | 630 | 8.5 |
| China Candy Holdings Limited | 8182 | 8.4 |
| Progressive Path Group Holdings Limited | 1581 | 7.3 |
| Echo International Holdings Group Limited | 8218 | 5.5 |
| China Properties Investment Holdings Limited | 736 | 5.2 |
| Others | | 48.9 |
| | | <hr/> |
| | | 128.5 |
| | | <hr/> <hr/> |

All the shares of the companies mentioned under Net Unrealised Loss above are listed on either main board or GEM of the Stock Exchange, and no stock included in others contributed the unrealised gain or loss over HK\$5 million during the Year.

MAJOR INVESTMENTS

In addition to the net realised and unrealised losses of the Group for the Year as mentioned above, the Company wishes to provide a further discussion on the performance and prospects of the Group's major investments, the details of which are stated in notes 18 and 20 to the consolidated financial statements, as at 30 September 2018. The Company considers that investments with fair value over 5% of the Group's net asset value are significant investments, which are included in major investments below:

Equity Investment – Kendervon Profits Inc. (“Kendervon”)

Kendervon is an unlisted investment holding company, which holds 30% equity interest of its associate, CNI Bullion Limited. CNI Bullion Limited is principally engaged in the provision of services of trading of gold in gold market. No dividend was received by the Group during the year ended 30 September 2018. The unaudited net loss of Kendervon for the year ended 30 September 2018 and its net asset value attributable to equity holders as at 30 September 2018 were approximately HK\$2.9 million and HK\$76.4 million respectively. In view of keen competition of gold trading industry in Hong Kong and continuing loss making of Kendervon in the past few years, the Group has disposed of all the equity stakes in Kendervon at a consideration of HK\$30.0 million subsequent to 30 September 2018.

Bond Investment – Hao Wen Holdings Limited (“Hao Wen”)

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 interim report for the six months ended 30 June 2018, its net asset value was approximately RMB372.3 million, its current assets were approximately HK\$201.1 million and total liabilities were approximately RMB38.9 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.

Bond 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 bond, which is listed on GEM of the Stock Exchange (stock code: 8021). Based on WLS’ interim report for the six months ended 31 October 2018, its net asset value was approximately HK\$668.4 million, and its current assets and total liabilities as at 31 October 2018 were approximately HK\$494.7 million and HK\$228.1 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.

Bond Investment – Sincere Smart International Limited (“Sincere Smart”)

Sincere Smart is a company incorporated in BVI with limited liability and principally engaged in the application software industry in Hong Kong and the PRC specialising in information management solutions offered as SaaS through ERP cloud platform addressing business requirements of the retail and services industries. Based on Sincere Smart’s unaudited management accounts for the year ended 30 September 2018, its net asset value as at 30 September 2018 and net profit for the year then ended were approximately HK\$11.1 million and HK\$0.9 million respectively. Sincere Smart’s principal liabilities at 30 September 2018 were its bonds issued to the Group. Accordingly, the Company considers that there is no signal of default of bonds issued by Sincere Smart.

Equity Investment – Pantronics Holdings Limited (“PHL”)

PHL is a company listed on main board of the Stock Exchange (stock code: 1611). PHL group is principally engaged in the contract manufacturing, on electronic manufacturing services basis, of a wide range of power-related and electrical products.

As stated in PHL’s 2018 annual report, it has completed the physical relocation of their production facilities, one of the major strategic initiatives, the manufacture of solenoid coils, battery charger solution and power supply and LED lighting, are characterized by rapid technological advances. It will have the sustainable growth in the current business and strengthening PHL’s capabilities to secure more business opportunities. The management of the Company believes that PHL will have steady profit growth in long term and bring profit to the Group in future.

Equity Investment – Larry Jewelry International Company Limited (“Larry Jewelry”)

Larry Jewelry is a company listed on GEM of the Stock Exchange (stock code: 8351). Larry Jewelry and its subsidiaries are principally engaged in design and retailing of jewelry products and sale of Chinese pharmaceutical products, dried seafood, health products and foodstuffs.

In the third quarterly report for the financial year 2018, we understand that Larry Jewelry was still expanding its jewelry business and two new flagship shops were opened in 2018. Larry Jewelry continued to run its pharmaceutical business via its subsidiary – Tung Fong Hung Investments Limited, which holds a famous brand name “Tong Fong Hung” (“東方紅”). The management of the Company agree with Larry Jewelry to be optimistic in luxury jewelry market in the long run and we understand that Larry Jewelry planned to open a couple of new shops in Hong Kong. In a weak retail market atmosphere, we will closely monitor the performance of Larry Jewelry.

Equity Investment – China e-Wallet Payment Group Limited (“China e-Wallet”)

China e-Wallet is a company listed on main board of the Stock Exchange (stock code: 0802). China e-Wallet and its subsidiaries are principally engaged in (i) investment in financial assets; (ii) hardware and software developments; (iii) provision of consultancy services; (iv) research and development of RFID solution; (v) the development of internet and web software; and (vi) computer system developments.

Referring to China e-Wallet’s interim report for the six months ended 30 June 2018, it reported a total revenue of HK\$46.2 million representing an increase of 69.9% compared to HK\$27.2 million in the same period in 2017. The increase was mainly due to the income generated by continuous efforts in diversification into settlement application market since 2016. China e-Wallet continues to believe that the “Internet and Mobile’s Application and Related Accessories” segment as a key growth area, in-line with the rapid growth of the mobile and gaming industry and in particular in application development for merchants of settlement business, utilities applications for iOS and androids and mass advertising. As the internet and mobile application has become more and more popular globally, the management of the Company believes that China e-Wallet will have a sustainable growth in its business operations.

Save as disclosed above, all other information in 2017/18 Annual Report remains unchanged.

By Order of the Board
Capital VC Limited
Chan Cheong Yee
Executive Director

Hong Kong, 22 July 2019

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

The Directors jointly and severally accept full responsibility for accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.