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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)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2014

The board of directors (the “Board”) of Capital VC Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 June 2014 together with the comparative figures in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2014

	<i>Notes</i>	2014 HK\$	2013 HK\$
Turnover	3	136,230,385	21,124,405
Other income		265,600	2,042,421
Administrative expenses		(9,976,699)	(12,003,307)
Loss on fair value changes of available-for-sale investments		—	(3,247,680)
Operating profit		126,519,286	7,915,839
Finance costs		(9,230,692)	(4,073,798)
Share of results of an associate		(56,928,183)	(11,663,552)
Profit (loss) before tax	5	60,360,411	(7,821,511)
Income tax	6	12,204,732	—
Profit (loss) for the year		<u>72,565,143</u>	<u>(7,821,511)</u>
Dividend	7	<u>—</u>	<u>—</u>
			(Restated)
Earnings (losses) per share	8		
— basic		<u>0.2077</u>	<u>(0.0541)</u>
— diluted		<u>0.2020</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2014

	2014 HK\$	2013 HK\$
Profit (loss) for the year attributable to equity holders of the Company	72,565,143	(7,821,511)
Other comprehensive loss		
Other comprehensive loss to be reclassified to profit or loss subsequently:		
Loss on fair value changes of available-for-sale investments	–	(2,494,500)
Transfer from investment revaluation reserve upon disposal of available-for-sale investment	(3,238,500)	–
Other comprehensive loss for the year, net of tax	(3,238,500)	(2,494,500)
Total comprehensive income (loss) for the year attributable to equity holders of the Company	69,326,643	(10,316,011)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	<i>Notes</i>	2014 HK\$	2013 HK\$
Non-current assets			
Plant and equipment		209,168	726,205
Interest in an associate		71,495,366	128,423,549
Available-for-sale investments		86,940,000	34,266,300
Amounts receivable on disposal of available-for-sale investments	9	37,500,000	44,500,000
Deferred tax assets	6	12,204,732	–
		208,349,266	207,916,054
Current assets			
Financial assets at fair value through profit or loss		209,992,210	77,225,580
Loans receivable		–	10,896,948
Prepayments, deposits and other receivables	9	106,732,628	50,437,722
Amounts due from an associate		79,453,359	61,317,583
Bank balances		147,384,719	13,138,035
		543,562,916	213,015,868
Current liabilities			
Other payables and accruals		65,700,698	16,939,169
Convertible bonds	10	–	17,743,134
Other unsecured loan		–	14,000,000
Obligations under finance leases – due within one year		–	73,090
		65,700,698	48,755,393
Net current assets		477,862,218	164,260,475
		686,211,484	372,176,529
Capital and reserves			
Share capital		956,396	100,929
Reserves		685,255,088	372,075,600
Total equity attributable to equity holders of the Company		686,211,484	372,176,529
Net asset value per share	11	0.7175	3.6875

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Hong Kong Companies Ordinance.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In current year, the Group has applied the following new and revised HKFRSs issued by HKICPA.

HKAS 19 (As revised in 2011)	Employee benefits
HKAS 27 (As revised in 2011)	Separate financial statements
HKAS 28 (As revised in 2011)	Investments in associates and joint ventures
HKFRSs (Amendments)	Annual improvements to HKFRSs 2009-2011 cycle
HKFRS 1 (Amendments)	Government loans
HKFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: transition guidance
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HK(IFRIC) – INT 20	Stripping costs in the production phase of a surface mine

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and revised HKFRSs and Interpretations issued but not yet effective

The Group has not early applied the following new and revised HKFRSs, interpretations and amendments that have been issued but are not yet effective.

Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 Cycle ⁴
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 Cycle ²
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortization ⁵
Amendments to HKAS 19	Defined benefit plans : employee contributions ²
Amendments to HKAS 32	Offsetting financial assets and financial liabilities ¹
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets ¹
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting ¹
Amendments to HKFRS 7	Disclosures – offsetting financial assets and financial liabilities ¹
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities ¹
Amendments to HKFRS 11	Accounting for acquisition of interests in joint operations ⁵
HKFRS 9	Financial instruments ³
HKFRS 15	Revenue from contracts with customers ⁶
HK(IFRIC)-Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 July 2014

³ Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalized

⁴ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

⁵ Effective for annual periods beginning on or after 1 January 2016

⁶ Effective for annual periods beginning on or after 1 January 2017

The Directors anticipate that the application of these new and revised HKFRSs, Interpretations and Amendment will have no material financial impact on the consolidated financial statements of the Group.

3. TURNOVER

Turnover represents the amounts received and receivable on investments and net profit on financial assets at fair value through profit or loss (“FVTPL”) and other revenue during the year as follows:

	2014 HK\$	2013 HK\$
Turnover		
Net profit on financial assets at FVTPL	134,698,295	16,716,105
Dividend income from investments in listed securities	32,138	248
Interest income on amounts due from investee companies	3,338,578	930,584
Interest income on amounts due from an associate	5,829,302	3,476,392
Bank and other interest income	5,659	1,076
Loss on disposal of subsidiaries, net	(7,673,587)	–
	<u>136,230,385</u>	<u>21,124,405</u>

4. 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 the 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 at Hong Kong Stock Exchange
Available-for-sale investments	–	Investments in unlisted securities
Associate	–	Investments in an entity which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture

4. SEGMENT INFORMATION (Continued)

	For the year ended 30 June 2014				
	Investment in financial assets at FVTPL HK\$	Investment in available- for-sale investments HK\$	Interests in an associate HK\$	Unallocated HK\$	Total HK\$
Segment revenue	134,734,669	(4,335,009)	5,829,302	267,023	136,495,985
Administrative expenses	–	–	–	(9,976,699)	(9,976,699)
Segment result	134,734,669	(4,335,009)	5,829,302	(9,709,676)	126,519,286
Finance costs	(3,900,182)	–	–	(5,330,510)	(9,230,692)
Share of results of an associate	–	–	(56,928,183)	–	(56,928,183)
Profit (loss) before tax	130,834,487	(4,335,009)	(51,098,881)	(15,040,186)	60,360,411
Income tax	12,204,732	–	–	–	12,204,732
Profit (loss) for the year	<u>143,039,219</u>	<u>(4,335,009)</u>	<u>(51,098,881)</u>	<u>(15,040,186)</u>	<u>72,565,143</u>
Segment assets	270,200,957	181,625,606	150,948,725	149,136,894	751,912,182
Segment liabilities	<u>63,357,105</u>	<u>–</u>	<u>–</u>	<u>2,343,593</u>	<u>65,700,698</u>
Other segment information					
Depreciation of plant and equipment	–	–	–	517,037	517,037
Purchase of plant and equipment	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

4. SEGMENT INFORMATION (Continued)

	For the year ended 30 June 2013				
	Investment in financial assets at FVTPL HK\$	Investment in available- for-sale investments HK\$	Interests in an associate HK\$	Unallocated HK\$	Total HK\$
Segment revenue	16,717,431	930,584	3,476,390	2,042,421	23,166,826
Administrative expenses	—	—	—	(12,003,307)	(12,003,307)
Segment result	16,717,431	930,584	3,476,390	(9,960,886)	11,163,519
Loss on fair value changes of available-for-sale investments	—	(3,247,680)	—	—	(3,247,680)
Finance costs	(2,270,209)	—	—	(1,803,589)	(4,073,798)
Share of results of an associate	—	—	(11,663,552)	—	(11,663,552)
Profit (loss) before tax	14,447,222	(2,317,096)	(8,187,162)	(11,764,475)	(7,821,511)
Income tax	—	—	—	—	—
Profit (loss) for the year	<u>14,447,222</u>	<u>(2,317,096)</u>	<u>(8,187,162)</u>	<u>(11,764,475)</u>	<u>(7,821,511)</u>
Segment assets	77,326,761	137,873,822	189,741,132	15,990,207	420,931,922
Segment liabilities	<u>13,992,912</u>	<u>—</u>	<u>—</u>	<u>34,762,481</u>	<u>48,755,393</u>
Other segment information					
Depreciation of plant and equipment	—	—	—	576,439	576,439
Purchase of plant and equipment	<u>—</u>	<u>—</u>	<u>—</u>	<u>9,480</u>	<u>9,480</u>

Given the nature of the Group's operation is investment holding, there was no information regarding major customers as determined by the Group.

5. PROFIT (LOSS) BEFORE TAX

The Group's profit (loss) before tax has been arrived at after charging:

	2014 HK\$	2013 HK\$
Directors' emoluments	1,808,000	1,687,635
Staff costs		
– Salaries, allowances and other benefits	1,146,921	1,331,089
– MPF Scheme contributions	49,895	39,441
	<hr/>	<hr/>
Total staff costs	3,004,816	3,058,165
	<hr/>	<hr/>
Auditor's remuneration	500,000	500,000
Depreciation of plant and equipment		
– owned assets	517,037	576,439
Minimum lease payments under operating lease		
for rented premises	1,607,443	3,578,857
Loss on fair value changes of available-for-sale investments	–	3,247,680
	<hr/> <hr/>	<hr/> <hr/>

6. INCOME TAX

- (a) The amount of taxation credited to the consolidated statement of profit or loss represents:

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Deferred tax credit	12,204,732	–

No provision for Hong Kong Profits Tax has been made as the current year's taxable profits has been set-off by previous years' losses (2013: Nil).

The income tax for the year can be reconciled to the profit (loss) before tax per the consolidated statement of profit or loss as follows:

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Profit (loss) before tax	60,360,411	(7,821,511)
Tax at domestic income tax rate of 16.5% (2013: 16.5%)	9,959,468	(1,290,550)
Tax effect of share of results of an associate	9,393,150	1,924,486
Tax effect of income not taxable for tax purpose	(9,091,320)	(152,934)
Tax effect of expenses not deductible for tax purpose	2,089,431	11,550
Tax effect of tax losses recognised	(6,953,286)	–
Tax effect of origination and reversal of temporary differences	69,776	76,491
Tax effect of loss not allowed	9,765	2,561,412
Tax effect of prior year's tax losses utilized in this year	(17,681,716)	(3,130,455)
Income tax	(12,204,732)	–

At 30 June 2014, the Group has unused tax losses of HK\$43,717,284 (2013: HK\$151,156,175) available for offset against future profits. The unrecognised tax losses may be carried forward indefinitely.

6. INCOME TAX (Continued)

- (b) The component of deferred tax assets recognized in the consolidated statement of financial position and the movements during the year are as follows:

	Unrealized losses on financial assets at FVTPL HK\$	Unused tax losses HK\$	Total HK\$
Credited to profit or loss for the year	4,991,380	7,213,352	12,204,732
At 30 June 2014	4,991,380	7,213,352	12,204,732

7. DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 30 June 2014 (2013: Nil).

8. EARNINGS (LOSSES) PER SHARE

The calculation of the basic earnings (losses) per share is based on the Group's profit (loss) for the year attributable to the equity holders of the Company of HK\$72,565,143 (2013: Loss of HK\$7,821,511), based on the weighted average number of 349,360,845 (2013 (restated): 144,555,804) ordinary shares in issue during the year.

The weighted average number of ordinary shares in issue during the year and the comparative year were adjusted to reflect the effect of the rights issue and open offer on 29 July 2013 and 17 April 2014 respectively.

The profits used in the calculation of diluted earnings per share is the same at those for the basic earnings per share, as set out above.

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	2014
Weighted average number of ordinary shares used in the calculation of basic earnings per share	349,360,845
Effect of dilutive potential ordinary shares	9,950,201
	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	359,311,046
	<hr/>

There was no dilution effect on the basic losses per share for the year ended 30 June 2013 as there was no dilutive shares outstanding during the year ended 30 June 2013.

8. EARNINGS (LOSSES) PER SHARE *(Continued)*

	2014 HK\$	2013 HK\$ (Restated)
Earnings (losses) per share – basic	0.2077	(0.0541)
– diluted	0.2020	N/A

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014 HK\$	2013 HK\$
Prepayments	153,817	281,359
Deposits	577,966	1,078,426
Other receivables	58,379,474	10,431,598
Amounts receivable on disposal of available-for-sale investments	94,685,606	92,710,574
	153,796,863	104,501,957
Less: Impairment loss recognised	(9,564,235)	(9,564,235)
	144,232,628	94,937,722
Less: Shown under current assets	(106,732,628)	(50,437,722)
Shown under non-current assets	37,500,000	44,500,000

10. CONVERTIBLE BONDS

On 27 March 2013, the Company issued convertible bonds with an aggregated principal amount of HK\$20,000,000 with a term of 1 year. The bonds are unsecured and carry 10% coupon interest rate. The bonds are convertible into ordinary shares of the Company at a conversion price of HK\$0.1 (before the capital reorganisation (“Capital Reorganisation”) becoming effective in June 2013) or HK\$1 (after Capital Reorganisation becoming effective) per conversion share during the conversion period.

At the initial recognition of 27 March 2013 which was the issue date of the convertible bonds, the fair value of the convertible bonds were determined by an independent professional valuer, LCH (Asia – Pacific) Surveyors Limited. The convertible bonds contain two components, equity and liability components. The equity component is presented in equity as convertible bonds reserve. The effective interest rate of the liability component on initial recognition is 34.61% per annum.

During the year, all the convertible bonds were converted into ordinary shares of the Company.

	Equity portion HK\$	Liability portion HK\$	Total HK\$
At 1 July 2012	–	–	–
Principal value of convertible bonds on the date of issue	3,660,000	16,340,000	20,000,000
Interest charged to the consolidated statement of profit or loss	–	520,548	520,548
Imputed interest charged to consolidated statement of profit or loss	–	882,586	882,586
At 30 June 2013 and at 1 July 2013	3,660,000	17,743,134	21,403,134
Interest charged to the consolidated statement of profit or loss	–	1,400,941	1,400,941
Imputed interest charged to consolidated statement of profit or loss	–	2,480,617	2,480,617
Conversion into shares	(3,660,000)	(21,624,692)	(25,284,692)
At 30 June 2014	–	–	–

11. 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 30 June 2014 of HK\$686,211,484 (2013: HK\$372,176,529) and on the number of 956,395,739 (2013: 100,928,683) ordinary shares in issue as at 30 June 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 30 June 2014 (the “Year”), the Group reported a turnover of approximately HK\$136.2 million (2013: HK\$21.1 million) and net profit attributable to equity holders of the Company of approximately HK\$72.6 million (2013: loss of HK\$7.8 million). The significant improvement in the Group’s turnover and the net result are principally due to the performance of listed securities held by the Group. The Group recorded a net profit of listed securities of approximately HK\$134.7 million in the year ended 30 June 2014 (2013: approximately HK\$16.7 million).

As at 30 June 2014, the net asset value (“NAV”) of the Group was approximately HK\$686.2 million (2013: HK\$372.2 million), a significant increase of approximately 84.4% over the fiscal year 2014. The NAV per share of the Group was HK\$0.7175 (2013: HK\$3.6875), which however decreased by approximately 80.5% during the current year. In addition to the comprehensive income of approximately HK\$69.3 million, the Company has adopted a rights issue exercise and an open offer with bonus issue during the Year, which led to the significant increase in the Group’s net assets.

During the Year, the Company has adopted a rights issue exercise, which was completed in July 2013, pursuant to which approximately 50.5 million new shares at the subscription price of HK\$0.65 each on the basis of one rights share for every two shares held on the record date of 2 July 2013. The Company then adopted an open offer exercise with bonus on the basis of four offer shares for every one existing share held on the record date of 25 March 2014 with the bonus issue on the basis of one bonus warrant for four offer shares taken up under the open offer. Both the subscription price per offer share and the exercise price of the bonus warrant are HK\$0.25. Approximately 785.0 million new shares were issued up to 30 June 2014 accordingly. Since the subscription prices of rights shares and offer shares, and the exercise price of bonus warrants are lower than the NAV of the Group of HK\$3.6875 per share as at 30 June 2013, the decrease in NAV per share over the Year is resulted.

Liquidity and Financial Resources

As at 30 June 2014, the Group held assets of approximately HK\$751.9 million (2013: HK\$420.9 million), including bank balances of HK\$147.4 million (2013: HK\$13.1 million). As the result from the capital raising exercises as mentioned in the section of Financial Review above, the Group maintained more cash and bank balances as general working capital and for future investment purposes. The Group’s current ratio (as defined by current assets/current liabilities) increased to 8.3 as at 30 June 2014 from 4.4 as at 30 June 2013, which was improved significantly, the Board believes that the Group has sufficient resources to satisfy its working capital requirement.

Capital Structure

Following the capital raising exercises as mentioned in the section of Financial Review above, approximately 835.5 million new shares were issued during the Year. Together with 20 million new shares issued upon conversion of the convertible bonds, the number of the Company’s issued shares increased from approximately 100.9 million as at 30 June 2013 to approximately 956.4 million as at 30 June 2014.

Capital Commitment

As at 30 June 2014, the Group had no material commitment.

Contingent Liabilities

As at 30 June 2014, the Group had no material contingent liabilities.

Foreign Currency Fluctuation

The Group has a number of investment projects in the PRC and may be subject to a certain degree of investment return risk. In spite of this, the Board believes that foreign exchange risks are minimal as the Group mainly uses Hong Kong dollars to carry out its business transactions.

Human Resources

As at 30 June 2014, the Group had 4 employees excluding the Directors. Total staff costs excluding Directors' remuneration amounted to approximately HK\$1.1 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.

Material acquisitions and disposal of subsidiaries and affiliated companies

During the Year, the Group has disposed of (i) its entire interest in Long Surplus Investment Limited, which held 3.98% interest in 247 Capital Limited, at a consideration of HK\$8,000,000; and (ii) its entire interest in Richbird Holdings Limited, which held 18.25% equity interest in Quidam Assets Limited, at a consideration of HK\$15,500,000.

Save as disclosed above, the Company does not have any significant acquisition and disposal of subsidiaries during the Year.

Charge of Assets

As at 30 June 2014, the Group had pledged financial assets at FVTPL of approximately HK\$194.8 million to secure the margin payables.

BUSINESS REVIEW AND PROSPECT

Fiscal year 2013/14 is an amazing year to investors holding securities listed in Hong Kong. Hang Seng Index increased from 20,803 at the end of June 2013 to 23,191 at 30 June 2014. The Group's portfolio of listed securities outperformed the Blue Chips. Certain listed stocks held by the Group contributed over 30% investment gain during the Year. Accordingly, the Group's turnover for the Year significantly improved as compared to the fiscal year 2012/13.

In contrast to the environment of low interest rate in years before, it is widely expected that, should economic performance in the US remain on track, the Federal Reserve will begin to remove excess liquidity gradually by tapering off Quantitative Easing sometime in the near future. Accordingly, US Dollars generally appreciated in the fiscal year 2013/14 and coming years, and the gold price lost momentum and maintained steady at a low level in the range of US\$1,200 per ounce and US\$1,400 per ounce. The disappointing performance of gold price led to the slowdown in its trading activities. Together with more competitors appearing in the market, the performance of the Group's associate – CNI Bullion Limited for the Year was not satisfactory. Loss of approximately HK\$56.9 million was shared to the Group during the Year, which increased significantly as compared to loss of approximately HK\$11.7 million in the last year.

In late fiscal year 2013/14, the Group invested in certain unlisted securities in different industries, in order to diversify its existing business portfolio and engage in new lines of businesses with growth potential. These investee companies are Easy Ideas Limited (“Easy Ideas”), Pure Power Holdings Limited (“Pure Power”) and Starfame Investments Limited (“Starfame”).

Easy Ideas group is a mobile application developer and web base solutions service provider, which provides online services enabling users to make restaurant reservations and social networking on both iOS and android platforms. Pure Power group is principally engaged in the exploration and exploitation of natural resources in the United States of America. Starfame group is a large comprehensive trading company with wholesale and distribution products encompassing various aspects of production and livelihood, and operates in the sales of petrochemical products.

In order to capture the chance of global investment market recovery and the hot wave of small-medium cap stocks in Hong Kong, the Group has successfully raised approximately HK\$31.1 million by way of rights issue in July 2013 and HK\$192.0 million from open offer with bonus issue in April 2014. The issue of new shares has contributed the resources to the Group in generating positive income from the Group's listed investments during the Year.

Looking forward, we expect the investment environment in the US and other advance economies will extend the uptick from the fiscal year of 2012/13. Anticipated mild and slow removal of excess liquidity will not cause significant influence of global investment market. In the East, as the China economy is maturing and a more sustainable development is desired, slower future growth levels are to be expected. Since the last quarter of the fiscal year 2012/13, major economic indicators began to accelerate, allowing a carefully more optimistic outlook for the coming year. The Directors will continue to adopt cautious measures to manage the Group's investment portfolio.

CODE OF CORPORATE GOVERNANCE PRACTICE

During the Year, the Company has complied with the code provisions in the Code of Corporate Governance Practice (the “CGP Code”) contained in Appendix 14 to the Listing Rules, except the deviations from the Code as described below:

CGP Code provision A.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.

CGP Code provision A.4.1 requires that non-executive directors should be appointed for a specific term and subject to re-election. Currently all non-executive directors, including independent non-executive directors, have no specific term of appointment but they are subject to retirement by rotation in accordance with the articles of association of the Company. As such, the Company considers that sufficient measures have been taken to serve the purpose of this code provision.

Pursuant to Provision A.6.7 of the Code, independent non-executive directors and other non-executive directors should attend general meetings. Certain independent non-executive Directors could not attend all general meetings held in the year ended 30 June 2014 due to other business commitments.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 Year and they all confirmed that they have fully complied with the required standard set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the Year.

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the audited annual results for the year ended 30 June 2014.

SCOPE OF WORKS OF MESSRS. CHENG & CHENG LIMITED

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 30 June 2014 as set out in this announcement have been agreed by the Group's auditors, Messrs. Cheng & Cheng Limited to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Cheng & Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Cheng & Cheng Limited in this announcement.

DISCLOSURE OF INFORMATION ON WEBSITES

All the information required by the Listing Rules will be published on the websites of the Stock Exchange and of the Company in due course.

By Order of the Board
Chan Cheong Yee
Executive Director

Hong Kong, 26 September 2014

As at the date of this announcement, the board of directors of the Company comprises executive directors Mr. Kong Fanpeng and Mr. Chan Cheong Yee; and independent non-executive directors Mr. Lam Kwan, Mr. Ong Chi King and Mr. Lee Ming Gin.