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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 SEPTEMBER 2019**

The board (the “Board”) of directors (the “Directors”) 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 September 2019 together with the comparative figures in the year ended 30 September 2018 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 30 September 2019*

	<i>Notes</i>	<b>2019</b> <b>HK\$</b>	2018 HK\$
Turnover	3, 4	<b>(142,787,678)</b>	(179,754,212)
Other income, net		<b>995,567</b>	8,146,306
Administrative expenses		<b>(30,964,019)</b>	(29,403,919)
Impairment losses on available-for-sale investments		–	(41,795,121)
Expected credit loss on financial assets at amortised cost		<b>(7,200,000)</b>	–
Expected credit loss on deposits and other receivables		<b>(425,677)</b>	–
Share-based payment expenses		<b>(1,875,500)</b>	–
Operating loss		<b>(182,257,307)</b>	(242,806,946)
Finance costs		<b>(1,302,252)</b>	(1,615,048)
<b>Loss before tax</b>	5	<b>(183,559,559)</b>	(244,421,994)
Income tax expenses	6	–	–
<b>Loss for the year</b>		<b>(183,559,559)</b>	(244,421,994)
<b>Loss for the year attributable to equity holders of the Company</b>		<b>(183,559,559)</b>	(244,421,994)

	<i>Notes</i>	<b>2019</b> <b>HK\$</b>	2018 <i>HK\$</i>
<b>Other comprehensive loss for the year, net of tax</b>			
<b>Item that may be reclassified subsequently to profit or loss:</b>			
Net movement in investment revaluation reserve		—	(270,059)
		<u>—</u>	<u>(270,059)</u>
<b>Total comprehensive loss for the year attributable to equity holders of the Company</b>		<b><u>(183,559,559)</u></b>	<b><u>(244,692,053)</u></b>
Loss per share	8	<b><u>(0.0666)</u></b>	<b><u>(0.0887)</u></b>
Dividend	7	<u>—</u>	<u>—</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2019

	Notes	2019 HK\$	2018 HK\$
<b>Non-current assets</b>			
Plant and equipment	9	26,100	8,964,466
Available-for-sale investments	10	–	57,733,160
Financial assets at fair value through profit or loss	12	14,768,320	–
Investments in financial assets at amortised cost	13	84,446,250	–
		<u>99,240,670</u>	<u>66,697,626</u>
<b>Current assets</b>			
Prepayments, deposits and other receivables	11	140,464,753	162,330,258
Financial assets at fair value through profit or loss	12	227,028,786	465,607,032
Investments in financial assets at amortised cost	13	83,228,231	–
Cash and cash equivalents		26,045,002	56,862,337
		<u>476,766,772</u>	<u>684,799,627</u>
<b>Current liability</b>			
Other payables and accruals	14	28,881,086	15,943,215
		<u>447,885,686</u>	<u>668,856,412</u>
<b>Net current assets</b>			
		<u>447,885,686</u>	<u>668,856,412</u>
<b>Net assets</b>			
		<u>547,126,356</u>	<u>735,554,038</u>
<b>Capital and reserves</b>			
Share capital		68,872,062	68,872,062
Reserves		478,254,294	666,681,976
		<u>547,126,356</u>	<u>735,554,038</u>
<b>Total equity attributable to equity holders of the Company</b>			
		<u>547,126,356</u>	<u>735,554,038</u>
Net asset value per share	15	<u>0.1986</u>	<u>0.2670</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2019

### 1. GENERAL INFORMATION

Capital VC Limited (the “Company”) is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). 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 is Room 2302, 23rd Floor, New World Tower I, 18 Queen’s Road Central, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company and its subsidiaries (collectively referred to as the “Group”).

The principal activities of the Group are engaged in investing in listed and unlisted companies mainly in Hong Kong and the People’s Republic of China (“the PRC”).

### 2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### **New and amendments to HKFRSs that are mandatorily effective for the current period**

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKFRS 15	Clarification to HKFRS 15
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current year and prior years and/or on the disclosures set out in these consolidated financial statements.

#### **Impacts and changes in accounting policies of application on HKFRS 15 Revenue from Contracts with Customers**

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application of HKFRS 15 (i.e. 1 October 2018). Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 October 2018 and has used the practical expedient for all contract modifications that occurred before the date of initial application, the aggregate effect of all of the modifications was reflected at the date of initial application. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The adoption of HKFRS 15 does not have a significant impact on the timing of revenue recognition. There is no significant impact of transition to HKFRS 15 on accumulated losses at 1 October 2018 and on the consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of cash flows for the year ended 30 September 2019.

### **Impacts and changes in accounting policies of application on HKFRS 9 Financial Instruments**

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities; and 2) expected credit losses (“ECL”) for financial assets.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 October 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 October 2018. The difference between carrying amounts as at 30 September 2018 and the carrying amounts as at 1 October 2018 are recognised in the opening accumulated losses, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Except as described below, the application of HKFRS 9 has no other material impact on the Group’s consolidated financial performance and position on 1 October 2018.

The table below illustrates the classification and measurement (including impairment) of financial assets under HKFRS 9 at the date of initial application, 1 October 2018.

	Available- for-sale investments <i>HK\$</i>	Financial assets at fair value through profit or loss <i>HK\$</i>	Investments in financial assets at amortised cost <i>HK\$</i>	Prepayments deposits and other receivables <i>HK\$</i>	Accumulated losses <i>HK\$</i>
Closing balance at 30 September 2018 – HKAS 39	57,733,160	465,607,032	–	162,330,258	(671,307,888)
<b>Effect arising from initial application of HKFRS 9:</b>					
Reclassification ( <i>notes (a) and (b)</i> )	(57,733,160)	(62,566,840)	119,121,000	–	(1,179,000)
Expected credit loss on investments in financial assets at amortised cost ( <i>note (c)</i> )	–	–	(3,652,000)	–	(3,652,000)
Expected credit loss on deposits and other receivables ( <i>note (c)</i> )	–	–	–	(1,912,623)	(1,912,623)
Opening balance at 1 October 2018	–	403,040,192	115,469,000	160,417,635	(678,051,511)

*notes:*

**(a) AVAILABLE-FOR-SALE FINANCIAL ASSETS (“AFS”)**

**From AFS equity investment to financial assets at fair value through profit or loss (“FVTPL”)**

At the date of initial application of HKFRS 9, the Group’s unlisted equity instruments of HK\$57,733,160 were reclassified from available-for-sale investments to financial assets at FVTPL. No fair value gains or losses relating to that available-for-sales investments were adjusted to financial assets at FVTPL and accumulated losses as at 1 October 2018.

**(b) UNLISTED BONDS ISSUED IN HONG KONG**

**From financial assets at FVTPL to financial assets at amortised cost**

At the date of initial application, the Group no longer applied designation as measured at FVTPL for unlisted bonds issued in Hong Kong. These bonds were reclassified from financial assets at FVTPL to financial assets at amortised cost at the date of initial application since the Group’s business model is to hold these bonds for collection of contractual cash flows, and the cash flows represent solely payments of principal and interest on the principal amount outstanding (“SPPI”). The carrying amounts were adjusted to amortised cost of HK\$119,121,000, with corresponding reversal of fair value gains of HK\$1,179,000 previously recognised in profit or loss and accumulated in the opening accumulated losses.

**(c) IMPAIRMENT UNDER ECL MODEL**

HKFRS 9 replaces the “incurred loss” impairment model in HKAS 39 with a forward-looking “expected credit loss” model. ECL for investments in financial assets at amortised and deposits and other receivables on 12-month ECL (“12m ECL”) basis as there had been no significant increase in credit risk since initial recognition. Additional credit losses allowance of HK\$3,652,000 and HK\$1,912,623, respectively, arose from the initial application of HKFRS 9 as at 1 October 2018.

## Impacts on opening consolidated statement of financial position arising from the application of HKFRS 9

As a result of the changes in the Group's accounting policies above, the opening consolidated statement of financial position had to be restated. The following table show the adjustments recognised for each individual line item.

	<b>30 September 2018 (Audited) HK\$</b>	<b>HKFRS 9 HK\$</b>	<b>1 October 2018 (Restated) HK\$</b>
<b>Non-current assets</b>			
Plant and equipment	8,964,466	–	8,964,466
Available-for-sale investments	57,733,160	(57,733,160)	–
Investments in financial assets at amortised cost	–	115,469,000	115,469,000
	<u>66,697,626</u>	<u>57,735,840</u>	<u>124,433,466</u>
<b>Current assets</b>			
Prepayments, deposits and other receivables	162,330,258	(1,912,623)	160,417,635
Financial assets at fair value through profit or loss	465,607,032	(62,566,840)	403,040,192
Cash and cash equivalents	56,862,337	–	56,862,337
	<u>684,799,627</u>	<u>(64,479,463)</u>	<u>620,320,164</u>
<b>Current liability</b>			
Other payables and accruals	15,943,215	–	15,943,215
	<u>668,856,412</u>	<u>(64,479,463)</u>	<u>604,376,949</u>
<b>Net current assets</b>	<u>668,856,412</u>	<u>(64,479,463)</u>	<u>604,376,949</u>
<b>Net assets</b>	<u>735,554,038</u>	<u>(6,743,623)</u>	<u>728,810,415</u>
<b>Capital and reserve</b>			
Share capital	68,872,062	–	68,872,062
Reserves	666,681,976	(6,743,623)	659,938,353
	<u>735,554,038</u>	<u>(6,743,623)</u>	<u>728,810,415</u>
<b>Total equity attributable to equity holders of the Company</b>	<u>735,554,038</u>	<u>(6,743,623)</u>	<u>728,810,415</u>

For the purposes of reporting cash flows from operating activities under indirect method for the year ended 30 September 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 October 2018 as disclosed above.

## **New and amendments to HKFRSs in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases <sup>1</sup>
HKFRS 17	Insurance Contracts <sup>3</sup>
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments <sup>1</sup>
Amendments to HKFRS 3	Definition of a Business <sup>2</sup>
Amendments to HKFRS 9	Prepayment Features with Negative Compensation <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKAS 1 and HKAS 8	Definition of Material <sup>2</sup>
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement <sup>1</sup>
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures <sup>1</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2020

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### **HKFRS 16 Leases**

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.



Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 30 September 2019, the Group has non-cancellable operating lease commitments of HK\$133,100 (2018: HK\$133,100). A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of HK\$24,200 (2018: HK\$24,200) as rights under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening accumulated losses without restating comparative information.

### 3. TURNOVER

The amount of each significant category of turnover and timing of revenue recognitions are as follows:

	<b>2019</b>	2018
	<b>HK\$</b>	<b>HK\$</b>
Net realised loss on financial assets at FVTPL	<b>(55,262,869)</b>	(153,675,363)
Net unrealised loss on financial assets at FVTPL	<b>(108,297,208)</b>	(41,166,191)
Dividend income from investments in listed securities	<b>385,415</b>	82,291
Interest income on other receivables	<b>4,756,352</b>	5,602,524
Bank and bond interest income	<b>15,630,632</b>	9,402,527
	<b><u>(142,787,678)</u></b>	<b><u>(179,754,212)</u></b>

Among the net unrealised gain on financial assets at FVTPL, a gain of HK\$2,579,000 was related to the bond investments which were designated as financial assets at FVTPL for the year ended 30 September 2018. As at 1 October 2018, the bond investments were reclassified as investments in financial assets at amortised costs upon initial application of HKFRS 9, details were disclosed in Note 13.

The amount of change in fair value of these bonds for the year ended 30 September 2018 that was attributable to change in credit risk of the issuers were HK\$3,652,000. It was determined as the amount of change in fair value that was not attributable to change in market conditions that gave rise to market risk.

#### 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 investment in listed and unlisted companies. The Group has identified the operating and reportable segments in the current year as follows:

- (i) Investments in listed securities and unlisted bonds (previously named as investment in financial assets at FVTPL)
- (ii) Investment in unlisted securities (previously named as investment in available-for-sale investment)

For the profit and loss, except for revenue, other income and finance costs, others are not allocated to segment.

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

#### Segment revenue and results

##### For the year ended 30 September 2019

	Investment in listed securities and unlisted bonds <i>HK\$</i>	Investment in unlisted securities <i>HK\$</i>	Unallocated <i>HK\$</i>	Total <i>HK\$</i>
<b>Segment revenue</b>	<b>(134,579,370)</b>	<b>(8,208,488)</b>	<b>180</b>	<b>(142,787,678)</b>
Expected credit losses on financial assets at amortised cost	(7,200,000)	-	-	(7,200,000)
Expected credit losses on deposits and other receivables	-	(425,677)	-	(425,677)
Administrative expenses	-	-	(30,964,019)	(30,964,019)
Segment result	(141,779,370)	(8,634,165)	(30,963,839)	(181,377,374)
Other income	-	900,000	95,567	995,567
Share based payment expenses	-	-	(1,875,500)	(1,875,500)
Finance costs	(1,302,252)	-	-	(1,302,252)
Loss before tax	(143,081,622)	(7,734,165)	(32,743,772)	(183,559,559)
Income tax expenses	-	-	-	-
Loss for the year	<u>(143,081,622)</u>	<u>(7,734,165)</u>	<u>(32,743,772)</u>	<u>(183,559,559)</u>
Segment assets	407,960,150	146,982,496	21,064,796	576,007,442
Segment liabilities	22,095,019	-	6,786,067	28,881,086

	Investment in listed securities and unlisted bonds HK\$	Investment in unlisted securities HK\$	Unallocated HK\$	Total HK\$
<b>Other segment information</b>				
Net realised loss on financial assets at FVTPL	(55,262,869)	–	–	(55,262,869)
Net unrealised loss on financial assets at FVTPL	(95,332,368)	(12,964,840)	–	(108,297,208)
Interest income	15,630,452	5,656,352	–	21,286,804
Depreciation of plant and equipment	–	–	(8,718,290)	(8,718,290)
Gain on disposal of PPE	–	–	39,924	39,924
Expected credit losses on deposits and other receivables	–	(425,677)	–	(425,677)
Expected credit losses on investments in financial assets at amortised costs	(7,200,000)	–	–	(7,200,000)

For the year ended 30 September 2018

	Investment in financial assets at FVTPL HK\$	Investment in available-for-sale investment HK\$	Unallocated HK\$	Total HK\$
<b>Segment revenue</b>	(185,358,317)	5,602,524	1,581	(179,754,212)
Administrative expenses	–	–	(29,403,919)	(29,403,919)
Impairment losses on available-for-sale investments	–	(41,795,121)	–	(41,795,121)
Segment result	(185,358,317)	(36,192,597)	(29,402,338)	(250,953,252)
Other income	–	8,164,000	(17,694)	8,146,306
Finance costs	(615,048)	–	(1,000,000)	(1,615,048)
Loss before tax	(185,973,365)	(28,028,597)	(30,420,032)	(244,421,994)
Income tax expenses	–	–	–	–
Loss for the year	(185,973,365)	(28,028,597)	(30,420,032)	(244,421,994)
Segment assets	491,111,136	198,420,956	61,965,161	751,497,253
Segment liabilities	7,060,552	–	8,882,663	15,943,215
<b>Other segment information</b>				
Net realised loss on financial assets at FVTPL	(153,675,363)	–	–	(153,675,363)
Net unrealised loss on financial assets at FVTPL	(41,166,191)	–	–	(41,166,191)
Interest income	9,400,946	5,602,524	1,581	15,005,051
Depreciation of plant and equipment	–	–	9,858,500	9,858,500

The Group's operations and specified non-current assets are located in Hong Kong.

Given that the nature of the Group's operation is investment in listed and unlisted companies, there was no information regarding major customers as determined by the Group.

## 5. LOSS BEFORE TAX

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

	<b>2019</b>	2018
	<b>HK\$</b>	<b>HK\$</b>
Auditor's remuneration	<b>580,000</b>	550,000
Depreciation for plant and equipment	<b>8,718,290</b>	9,858,500
Interest on margin payables	<b>1,302,252</b>	615,048
Bond interest expenses	–	1,000,000
Operating lease rentals	<b>145,200</b>	134,200
Donation	<b>1,438,479</b>	3,151,413
	<u><b>1,438,479</b></u>	<u>3,151,413</u>

## 6. INCOME TAX EXPENSES

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for the year (2018: Nil).

## 7. DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 30 September 2019 (2018: Nil).

## 8. LOSS PER SHARE

The calculation of the basic loss per share is based on the Group's loss for the year ended 30 September 2019 attributable to the equity holders of the Company of HK\$183,559,559 (2018: HK\$244,421,994).

The above basic loss per share based on the weighted average number of 2,754,882,496 (2018: 2,754,882,496) ordinary shares in issue during the year.

The Company had no potentially dilutive ordinary shares in issue during the year ended 30 September 2018. The share options outstanding during the year ended 30 September 2019 were anti-dilutive.

## 9. PLANT AND EQUIPMENT

During the year, the group disposed of two motor vehicles at price at consideration in aggregate HK\$260,000 (2018: Nil). The carrying amount of these two motor vehicles upon disposal were HK\$220,076 in aggregate. No additional plant and machinery has been acquired. (2018: Nil).

## 10. AVAILABLE-FOR-SALE INVESTMENTS

	<b>2019</b>	2018
	<b>HK\$</b>	<b>HK\$</b>
Unlisted securities, at fair value	–	57,733,160
	<u>–</u>	<u>57,733,160</u>

## 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<i>Notes</i>	<b>2019</b> <b>HK\$</b>	2018 <i>HK\$</i>
Prepayments and deposits		<b>218,370</b>	291,667
Margin receivables	<i>(a)</i>	<b>8,032,207</b>	21,350,795
Amounts receivable on disposal of investments	<i>(b)</i>	<b>132,214,176</b>	71,029,609
Amount due from an investee company	<i>(c)</i>	<b>–</b>	69,658,187
		<b><u>140,464,753</u></b>	<b><u>162,330,258</u></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 0.001% to 0.125% (2018: 0.001% to 0.003%) per annum for the year.
- (b) The balance is represented by receivables from the purchasers of:

	<b>2019</b> <b>HK\$</b>	2018 <i>HK\$</i>
Starfame Investments Limited	<b>8,502,084</b>	20,000,000
Uni-Venture International Investment Limited	<b>29,978,449</b>	30,500,000
34% equity interest of Kendervon Profits Inc.	<b>5,160,225</b>	10,000,000
66% equity interest of Kendervon Profits Inc. <i>(note c)</i>	<b>79,039,275</b>	–
Others	<b>9,534,143</b>	10,529,609
	<b><u>132,214,176</u></b>	<b><u>71,029,609</u></b>

- (c) The amount as at 30 September 2018 was made for financing the business of CNI Bullion Limited, an associate of Kendervon Profits Inc., and was unsecured, interest-bearing at 8% (2018: 8%) per annum and repayable on demand. During the current year, the Company disposed of 66% equity interest in Kendervon Profits Inc., which holds 30% equity interest in CNI Bullion Limited. The amount advanced to CNI Bullion Limited was assigned to that purchaser upon disposal.

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

Financial assets at FVTPL as at 30 September comprise:

	<b>2019</b>	2018
	<b>HK\$</b>	<b>HK\$</b>
Fair value:		
Unlisted securities	<b>14,768,320</b>	–
Unlisted bonds issued in Hong Kong	–	120,300,000
Listed securities held for trading		
– listed in Hong Kong other than suspended stocks	<b>227,028,786</b>	343,253,177
– suspended stocks listed in Hong Kong	–	2,053,855
	<u><b>241,797,106</b></u>	<u>465,607,032</u>
Analysed as:		
Current assets	<b>227,028,786</b>	465,607,032
Non-current assets	<b>14,768,320</b>	–
	<u><b>241,797,106</b></u>	<u>465,607,032</u>

All of the Group's unlisted bonds issued in Hong Kong were designated as financial assets at FVTPL for the year ended 30 September 2018.

The fair values of the Group's unlisted bonds issued in Hong Kong were measured using valuation techniques in which some significant inputs are not based on observable market data. As discussed in Note 2, these unlisted bonds were reclassified to the financial assets at amortised cost upon initial application of HKFRS 9 at 1 October 2018.

## 13. INVESTMENTS IN FINANCIAL ASSETS AT AMORTISED COST

	<b>2019</b>	2018
	<b>HK\$</b>	<b>HK\$</b>
Investments in financial assets at amortised cost	<b>167,674,481</b>	–
Less: Non-current assets	<b>(84,446,250)</b>	–
	<u><b>83,228,231</b></u>	<u>–</u>

Particulars of the bonds held as at 30 September 2019 are as follows:

Name	Place of incorporation	Acquisition cost <i>HK\$</i>	Imputed interest <i>HK\$</i>	Expected credit loss <i>HK\$</i>	Carrying amount <i>HK\$</i>	Fair value <i>HK\$</i>	Terms	Coupon rate p.a.
Hao Wen Holdings Limited	Cayman Islands	30,000,000	2,332,000	(2,291,231)	30,040,769	33,800,000	From 12 January 2018 to 11 January 2021	11%
Gold Medal Hong Kong Limited	Hong Kong	54,000,000	216,000	(2,362,149)	51,853,851	54,100,000	From 12 September 2018 to 11 September 2020	8%
Sincere Smart International Limited	British Virgin Islands	30,000,000	2,573,000	(1,198,620)	31,374,380	33,100,000	From 9 January 2018 to 8 January 2020	12%
AMCO United Holding Limited	Bermuda	30,000,000	2,905,479	(5,000,000)	27,905,479	31,800,000	From 12 October 2018 to 11 October 2021	10%
VIP Credit Limited	Hong Kong	25,000,000	1,500,002	–	26,500,002	26,500,000	From 3 January 2019 to 2 January 2022	8%

#### 14. OTHER PAYABLES AND ACCRUALS

	<b>2019</b> <b><i>HK\$</i></b>	2018 <i>HK\$</i>
Margin payables	<b>21,480,019</b>	7,060,552
Accruals	<b>7,401,067</b>	8,882,663
	<b><u>28,881,086</u></b>	<u>15,943,215</u>

Margin payables bear interest rates ranged from 8% to 10% (2018: 8% to 11%) per annum for the year. The margin payables are secured by financial assets at FVTPL, repayable on demand and are guaranteed by the Company on behalf of a subsidiary.

#### 15. 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 September 2019 of HK\$547,126,356 (2018:HK\$735,554,038) and on the number of 2,754,882,496 ordinary shares of HK\$0.025 each in issue as at 30 September 2019 (2018: 2,754,882,496 ordinary shares of HK\$0.025 each).

In the course of preparation of this announcement, the decrease in value of the Group's unlisted investments by HK\$12,964,840, which was included in net unrealised loss on financial assets at FVTPL, and expected credit loss on financial assets at amortised cost and deposits and other receivables of HK\$7,625,677, were made with reference to independent valuation reports. The valuation reports were obtained by the Company after 14 October 2019, the date of the Company's announcement titled "Net Asset Value" (the "NAV Announcement"). Accordingly, the aforesaid losses substantially led to the decrease in the net asset value per share of the Company as at 30 September 2019 from HK\$0.2087 as stated in the NAV Announcement to HK\$0.1986 as stated in this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

For the year ended 30 September 2019, the Group reported a negative turnover of approximately HK\$142.8 million (Year ended 30 September 2018 (“Year 2018”): HK\$179.8 million) and net loss attributable to equity holders of the Company of approximately HK\$183.6 million (Year 2018: HK\$244.4 million).

During the Fiscal Year 2018/19, the Group’s loss on listed investments decreased from HK\$194.8 million in Year 2018 to HK\$150.6 million in the Year. The loss on listed investments for the Year of approximately HK\$150.6 million represented net realised loss of approximately HK\$55.3 million and net unrealised loss of approximately HK\$95.3 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 loss/(gain) recognised in prior years <i>HK\$’ million</i>	Net realised loss <i>HK\$’ million</i>
Huobi Technology Holdings Limited	1611	27.0	49.7	(46.9)	24.2
Larry Jewelry International Company Limited	8351	48.5	8.2	19.1	21.2
Others					9.9
					<hr/>
					55.3
					<hr/> <hr/>

The shares of Huobi Technology Holdings Limited and Larry Jewelry International Company Limited are listed on main board and GEM of the Stock Exchange respectively, and no stock included in others contributed the realised gain or loss over HK\$5 million during the Year.

### NET UNREALISED LOSS

The net unrealised loss of approximately HK\$95.3 million represents the unrealised gain of approximately HK\$11.4 million net of unrealised loss of approximately HK\$106.7 million. Set out below is the breakdown of the aforesaid unrealised loss:



<b>Company name</b>	<b>Stock code</b>	<b>Unrealised loss HK\$' million</b>
WLS Holdings Limited	8021	19.6
China e-Wallet Payment Group Limited	802	16.7
Larry Jewelry International Company Limited	8351	7.6
China Information Technology Development Limited	8178	5.7
EJE (Hong Kong) Holdings Limited	8101	5.2
Others		51.9
		<hr/>
		106.7
		<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.

In connection with the unlisted investments, the Group recorded an unrealised loss of approximately HK\$13.0 million during the Year (Year 2018: 41.8 million). The unrealised loss on unlisted investments of approximately HK\$13.0 million principally represented loss on investment in Sincere Smart International Limited of approximately HK\$7.8 million.

As a result of the unsatisfactory performance of listed and unlisted financial assets investments, the Group recorded net loss of approximately HK\$183.6 million for the Year. Even so, the loss significantly reduced as compared to that for Year 2018 of approximately HK\$244.4 million.

### **Liquidity and Financial Resources**

As at 30 September 2019, the Group held assets of approximately HK\$576.0 million (2018: HK\$751.5 million), including cash and cash equivalents of HK\$26.0 million (2018: HK\$56.9 million). Although the Group's current ratio (as defined by current assets/current liabilities) decreased from 43.0 as at 30 September 2018 to 16.5 as at 30 September 2019, it was maintained at a healthy level. The Board believes that the Group has sufficient resources to satisfy its working capital requirement.

### **Capital Structure**

The Company did not run any capital exercise during the Year. During the year ended 30 September 2019, the share capital of the Company remained unchanged and comprised of 2,754,882,496 issued shares with par value of HK\$0.025 each. The Group had margin payables of approximately HK\$21.5 million as at 30 September 2019 which bear interest rates ranged from 8% to 10% (2018: 8% to 11%) per annum. The margin payables 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 subsidiaries. In view of such immaterial amount of the margin payables in Hong Kong Dollars as compared to the Group's listed stocks of approximately HK\$227.0 million, the Company considers the currency and interest rate risks exposure of its debt and obligation are manageable.

## **Significant Investments**

Investments with fair value/market value not less than 5% of the Group's total asset value are significant investments of the Group, which are included in the Group's bonds investments as detailed in notes 13 to the consolidated financial statements of this announcement. Set out below are further information of the Group's significant investments.

### **Bonds 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 2019, its net asset value was approximately RMB372.2 million, its current assets were approximately RMB314.1 million and total liabilities were approximately RMB41.7 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.

### **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 2019, its net asset value was approximately HK\$621.8 million, and its current assets and total liabilities as at 31 October 2019 were approximately HK\$304.2 million and HK\$181.2 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 – Sincere Smart International Limited (“Sincere Smart”)**

Sincere Smart is a company incorporated in British Virgin Islands 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 2019, its net asset value as at 30 September 2019 and net profit for the year then ended were approximately HK\$16.6 million and HK\$5.5 million respectively. Sincere Smart's principal liabilities at 30 September 2019 were its bonds issued to the Group. Accordingly, the Company considers that there is no signal of default of bonds issued by Sincere Smart.

## **Bonds Investment – AMCO United Holding Limited (“AMCO”)**

AMCO is a company incorporated in Bermuda with limited liability and principally engaged in medical device businesses. The Company operates through four segments. Medical Devices segment is engaged in the manufacture and sales of medical devices products. Plastic Molding segment is engaged in the manufacture and sales of plastic molding products. Public Relations (PR) segment is engaged in the provision of PR services. Human Resources segment is engaged in the provision of human resources management services. The Company operates businesses in the regions of Asia, Europe and North and South Americas. It is listed on main board of the Stock Exchange (stock code: 630). Based on AMCO’s interim report for the six months ended 30 June 2019, its net asset value was approximately HK\$124.4 million, its current assets were approximately HK\$209.4 million and total liabilities were approximately HK\$94.3 million. Included in current assets of approximately HK\$209.4 million were substantially assets liquid in nature, which were cash and cash equivalents of approximately HK\$11.9 million, listed stocks investments of approximately HK\$21.5 million, trade receivables of approximately HK\$15.6 million and loan receivables of approximately HK\$139.2 million, totalling HK\$188.2 million. These liquid assets can fully cover AMCO’s total liabilities of approximately HK\$94.3 million. Accordingly, the Company considers that AMCO has sufficient working capital to meet the ongoing business, there is no signal of default of bonds issued by AMCO.

### **Capital Commitment and Operating Lease Commitment**

As at 30 September 2019, the Group had no material commitment.

### **Contingent Liabilities**

As at 30 September 2019, the Group had no material contingent liabilities.

### **Charge of Assets**

As at 30 September 2019, the Group had pledged listed stocks of approximately HK\$208,629,447 to secure the margin payables.

## **BUSINESS REVIEW, IMPORTANT EVENTS OCCURRED AFTER THE END OF FINANCIAL YEAR AND PROSPECT**

Consistent with previous year, the overall stock market in Hong Kong continued to behave unstable in the fiscal year 2018/19. Hang Seng Index (“HSI”) experienced encouraging rising early this Year and climbed over 30,100 points in April 2019 from 27,788 points as at 30 September 2018. However, the booming situation cannot be sustained and in August 2019, HSI fell sharply from the highest point to 25,281 points and marked at 26,092 points on the last trading day of the Year. In such unstable market environment, the Group’s listed securities, mainly small-mid cap stocks, performed not very satisfactorily and recorded loss on listed securities of approximately HK\$150.6 million. Even so, as compared to the trading loss on listed securities of approximately HK\$194.8 million for the year ended 30 September 2018, this year’s loss has reduced significantly.

In connection with the Group's unlisted investments, the Group shifted its focus to bonds investments, which bring constant cash flows to the Group. The Group acquired two new bonds. One of them was issued by AMCO, a company listed on main board of the Stock Exchange, with bond size of HK\$30.0 million and coupons of 10%. Another was issued by VIP Credit Limited ("VIP Credit"). The bond size and coupon rate of VIP Credit are HK\$25.0 million and 8% respectively. The value of the bonds held by the Group reported in the financial statements of this announcement increased from HK\$120.3 million as at 30 September 2018 to HK\$167.7 million as at 30 September 2019, and aggregate coupons of approximately HK\$11.2 million were received during the Year.

During the Year, the Group has disposed of its equity investment in Kendervon Profit Inc. at a consideration of HK\$30.0 million and its fair value as at 30 September 2018 was HK\$30.0 million.

Save as mentioned above, the Group has neither acquired nor disposed of any unlisted investments during the Year.

There is no important events affecting the Group which occurred since the end of the year ended 30 September 2019.

Looking forward, we expect the global investment environment will not be as good as that in prior years. The mist of trade war between China and the United States affects both capital market and economic growth worldwide significantly. Accordingly, we, the Directors, consider that the change of global investment environment is much faster than that in the couple of years before, due to unstable political atmosphere, and we will continue to adopt cautious measures to manage the Group's investment portfolio.

## **CORPORATE GOVERNANCE CODE**

During the Year, 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 for the deviations from the CG Code as described below:

CG 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.

CG 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 (i.e. independent non-executive Directors) have no specific term of appointment but they are subject to retirement by rotation in accordance with the Articles. As such, the Company considers that sufficient measures have been taken to serve the purpose of this CG Code provision.

## **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 (“Audit Committee”) of the Board comprises all three independent non-executive Directors and is currently chaired by Mr. Cheung Wai Kin, who possesses extensive financial and accounting experience in commercial sectors. It is responsible for appointment of external auditors, review of the Group’s financial information and oversight of the Group’s financial reporting system and risk management and internal control systems. The Audit Committee is also responsible for reviewing the interim and final results of the Group prior to recommending them to the Board for approval. The results for the Year has been reviewed by the Audit Committee. It meets regularly to review financial reporting, risk management and internal control matters and to this end has unrestricted access to personnel, records and external auditors and senior management.

## **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 profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 30 September 2019 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 of Hong Kong Limited and of the Company in due course.

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

Hong Kong, 20 December 2019

As at the date of this announcement, the Board comprises:

*Executive Directors:*

Mr. Kong Fanpeng  
Mr. Chan Cheong Yee

*Independent non-executive Directors:*

Mr. Lee Ming Gin  
Ms. Lai Fun Yin  
Mr. Cheung Wai Kin

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