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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 2020

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 2020 together with the comparative figures in the year ended 30 September 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2020

	<i>Notes</i>	2020 HK\$	2019 HK\$
Turnover	3,4	(52,399,474)	(142,787,678)
Other income, net		8,626,352	995,567
Administrative expenses		(16,868,968)	(30,964,019)
Expected credit loss on financial assets at amortised cost, net of reversal		(20,150,585)	(7,200,000)
Expected credit loss on deposits and other receivables, net of reversal		(20,513,913)	(425,677)
Share-based payment expenses		(2,106,500)	(1,875,500)
Operating loss		(103,413,088)	(182,257,307)
Finance costs		(2,069,867)	(1,302,252)
Loss before tax	5	(105,482,955)	(183,559,559)
Income tax expenses	6	—	—
Loss for the year		(105,482,955)	(183,559,559)

	<i>Notes</i>	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Loss and total comprehensive expense for the year attributable to equity holders of the Company		<u>(105,482,955)</u>	<u>(183,559,559)</u>
Dividend	7	<u>–</u>	<u>–</u>
			(Restated)
Basic and diluted loss per share	8	<u>(0.38)</u>	<u>(0.67)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2020

	<i>Notes</i>	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Non-current assets			
Plant and equipment	<i>9</i>	–	26,100
Financial assets at fair value through profit or loss	<i>11</i>	6,026,320	14,768,320
Investments in financial assets at amortised cost	<i>12</i>	93,661,595	84,446,250
		<u>99,687,915</u>	<u>99,240,670</u>
Current assets			
Prepayments, deposits and other receivables	<i>10</i>	164,559,584	140,464,753
Financial assets at fair value through profit or loss	<i>11</i>	182,467,741	227,028,786
Investments in financial assets at amortised cost	<i>12</i>	26,225,183	83,228,231
Cash and cash equivalents		16,843,374	26,045,002
		<u>390,095,882</u>	<u>476,766,772</u>
Current liabilities			
Other payables and accruals	<i>13</i>	28,209,089	28,881,086
Net current assets		<u>361,886,793</u>	<u>447,885,686</u>
Total assets less current liabilities		<u>461,574,708</u>	<u>547,126,356</u>
Non-current liabilities			
Convertible bonds		12,782,343	–
Deferred tax liability		121,646	–
		<u>12,903,989</u>	<u>–</u>
Net assets		<u>448,670,719</u>	<u>547,126,356</u>
Capital and reserves			
Share capital		68,872,062	68,872,062
Reserves		379,798,657	478,254,294
Total equity attributable to equity holders of the Company		<u>448,670,719</u>	<u>547,126,356</u>
Net asset value per share	<i>14</i>	<u>1.63</u>	<u>0.1986</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

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 NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs and the new interpretation that are mandatorily effective for the current year

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

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

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

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 Leases and the related interpretations.

Definition of a lease

The Group has elected 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. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 October 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 October 2019. Based on the practical expedients under HKFRS 16, the Group has elected not to apply the requirements of HKFRS 16 in respect of recognition of lease liability and right-of-use asset to lease for which the lease term ends within twelve months of the date of initial application.

Before the adoption of HKFRS 16, lease contracts were classified as operating lease in accordance with the Group's accounting policies applicable prior to the date of application.

Upon adoption of HKFRS 16, the Group accounted for the leases in accordance with the transitional provisions of HKFRS 16 and the Group's accounting policies applicable from the date of application.

Transition and summary of effects arising from initial application of HKFRS 16

	At 1 October 2019 HK\$
Operating lease commitments disclosed as at 30 September 2019	133,100
Less: Recognition exemption – short-term	<u>(133,100)</u>
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 and as at 1 October 2019	<u>–</u>

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 17	Insurance Contracts ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁶
Amendments to HKFRS 3	Definition of a Business ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁷
Amendments to HKAS 1 and HKAS 8	Definition of Material ⁴
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ⁵
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ⁵
Amendments to HKAS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 ⁵

- ¹ Effective for annual periods beginning on or after 1 January 2021.
- ² Effective for business combination and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
- ³ Effective for annual periods beginning on or after a date to be determined.
- ⁴ Effective for annual periods beginning on or after 1 January 2020.
- ⁵ Effective for annual periods beginning on or after 1 January 2022.
- ⁶ Effective for annual periods beginning on or after 1 June 2020.
- ⁷ Effective for annual periods beginning on or after 1 January 2023.

The directors anticipate that the application of above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, “the Amendments to References to the Conceptual Framework in HKFRS Standards”, will be effective for annual periods beginning on or after 1 January 2020.

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

Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of “obscuring” material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from “could influence” to “could reasonably be expected to influence”; and
- include the use of the phrase “primary users” rather than simply referring to “users” which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group’s annual period beginning on 1 October 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

3. TURNOVER

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

	2020 HK\$	2019 <i>HK\$</i>
Net realised loss on financial assets at fair value through profit or loss ("FVTPL")	(23,594,852)	(55,262,869)
Net unrealised loss on financial assets at FVTPL	(46,341,135)	(108,297,208)
Dividend income from investments in listed securities	180,107	385,415
Interest income on other receivables	–	4,756,352
Bank and bond interest income	17,233,277	15,630,632
Gain on disposal of investments in financial assets at amortised cost	123,129	–
	<u>(52,399,474)</u>	<u>(142,787,678)</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 activities of the Group are investments 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
- (ii) Investment in unlisted securities

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 2020

	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>
Segment revenue	(43,657,691)	(8,742,000)	217	(52,399,474)
Expected credit losses on financial assets at amortised cost, net of reversal	(20,150,585)	–	–	(20,150,585)
Expected credit losses on deposits and other receivables, net of reversal	(1,302,003)	(19,028,703)	(183,207)	(20,513,913)
Administrative expenses	–	–	(16,868,968)	(16,868,968)
Segment result	(65,110,279)	(27,770,703)	(17,051,958)	(109,932,940)
Other income	–	4,952,496	3,673,856	8,626,352
Share-based payment expenses	–	–	(2,106,500)	(2,106,500)
Finance costs	(2,039,024)	–	(30,843)	(2,069,867)
Loss before tax	(67,149,303)	(22,818,207)	(15,515,445)	(105,482,955)
Income tax expenses	–	–	–	–
Loss for the year	<u>(67,149,303)</u>	<u>(22,818,207)</u>	<u>(15,515,445)</u>	<u>(105,482,955)</u>
Segment assets	371,140,544	97,621,408	21,021,845	489,783,797
Segment liabilities	<u>23,710,871</u>	–	<u>17,402,207</u>	<u>41,113,078</u>
Other segment information				
Net realised loss on financial assets at FVTPL	(23,594,852)	–	–	(23,594,852)
Net unrealised loss on financial assets at FVTPL	(46,341,135)	–	–	(46,341,135)
Depreciation of plant and equipment	–	–	26,100	26,100
Gain on disposal of plant and equipment	–	–	3,000,000	3,000,000
Expected credit losses on deposits and other receivables, net of reversal	(1,302,003)	(19,028,703)	(183,207)	(20,513,913)
Expected credit losses on investments in financial assets at amortised costs, net of reversal	<u>(20,150,585)</u>	–	–	<u>(20,150,585)</u>

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>
Segment revenue	<u>(134,579,370)</u>	<u>(8,208,488)</u>	<u>180</u>	<u>(142,787,678)</u>
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	<u>(141,779,370)</u>	<u>(8,634,165)</u>	<u>(30,963,839)</u>	<u>(181,377,374)</u>
Other income	–	900,000	95,567	995,567
Share-based payment expenses	–	–	(1,875,500)	(1,875,500)
Finance costs	<u>(1,302,252)</u>	<u>–</u>	<u>–</u>	<u>(1,302,252)</u>
Loss before tax	<u>(143,081,622)</u>	<u>(7,734,165)</u>	<u>(32,743,772)</u>	<u>(183,559,559)</u>
Income tax expenses	–	–	–	–
Loss for the year	<u><u>(143,081,622)</u></u>	<u><u>(7,734,165)</u></u>	<u><u>(32,743,772)</u></u>	<u><u>(183,559,559)</u></u>
Segment assets	407,960,150	146,982,496	21,064,796	576,007,442
Segment liabilities	<u>22,095,019</u>	<u>–</u>	<u>6,786,067</u>	<u>28,881,086</u>
Other segment information				
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 plant and equipment	–	–	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	<u>(7,200,000)</u>	<u>–</u>	<u>–</u>	<u>(7,200,000)</u>

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:

	2020 <i>HK\$</i>	2019 <i>HK\$</i>
Directors' emoluments	1,910,500	1,881,500
Staff costs		
– Salaries, allowances and other benefits	2,884,817	2,669,636
– MPF Scheme contributions	74,300	58,900
– Share-based payment expenses	1,584,000	1,254,000
	<hr/>	<hr/>
Total staff costs (including Directors' emoluments)	6,453,617	5,864,036
	<hr/>	<hr/>
Auditor's remuneration	450,000	580,000
Depreciation for plant and equipment	26,100	8,718,290
Operating lease rentals	145,200	145,200
Donation	819,800	1,438,479
	<hr/> <hr/>	<hr/> <hr/>

6. INCOME TAX EXPENSES

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for the year (2019: Nil).

7. DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 30 September 2020 (2019: Nil).

8. BASIC AND DILUTED LOSS PER SHARE

On 14 July 2020, the Company implemented a share consolidation on the basis that every ten (10) issued and unissued existing shares were consolidated into one (1) consolidated share. The calculation of basic and diluted loss per share for all period presented was adjusted retrospectively to reflect the effect of this share consolidation.

The calculation of the basic and diluted loss per share is based on the Group's loss for the year ended 30 September 2020 attributable to the equity holders of the Company of HK\$105,482,955 (2019: HK\$183,559,559).

The above basic loss per share based on the weighted average number of 275,488,249 (2019: 275,488,249 (restated)) ordinary shares in issue during the year.

The Company had no potentially dilutive ordinary shares in issue both years ended 30 September 2020 and 2019. The share options and convertible bonds outstanding during the year ended 30 September 2020 were anti-dilutive.

9. PLANT AND EQUIPMENT

During the year, the Group disposed a vessel at price at consideration in aggregate HK\$3,000,000 (2019: HK\$260,000). The carrying amount of the vessel upon disposal was fully depreciated (2019: Nil). No additional plant and machinery was acquired during the year ended 30 September 2020 (2019: Nil).

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<i>Notes</i>	2020 HK\$	2019 <i>HK\$</i>
Prepayments, deposits and other receivables		8,996,328	218,370
Margin receivables	<i>(a)</i>	6,935,304	8,032,207
Prepayment on subscription of new bonds	<i>(b)</i>	57,032,864	–
Amounts receivable on disposal of investments	<i>(c)</i>	91,595,088	132,214,176
		<u>164,559,584</u>	<u>140,464,753</u>

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 0.05% (2019: 0.001% to 0.125%) per annum for the year.
- (b) Upon the maturity of bonds issued by Gold Medal Hong Kong Limited (“Gold Medal”) on 11 September 2020, the Company entered into a memorandum of understanding (“MOU”) to consider the subscription (the “New Subscription”) of new bonds of Gold Medal. As agreed by both parties, the outstanding principal and interests amount from the aforesaid matured bonds were treated as prepayment for the New Subscription. This prepayment was refundable, unsecured, interest-bearing at 8% per annum and repayable, fully or partially, at the issuance of the new bonds of Gold Medal within two months from the date of the MOU. The amount of prepayment was subsequently settled within the agreed terms of the MOU.
- (c) The balance is represented by receivables from the purchasers of:

	2020 HK\$	2019 <i>HK\$</i>
Starfame Investments Limited	7,367,012	8,502,084
Uni-Venture International Investment Limited	16,212,292	29,978,449
34% equity interest of Kendervon Profits Inc.	1,496,978	5,160,225
66% of Kendervon Profits Inc. <i>(note d)</i>	62,463,198	79,039,275
Others	4,055,608	9,534,143
	<u>91,595,088</u>	<u>132,214,176</u>

- (d) During the year ended 30 September 2019, the Company disposed of 66% equity interest in Kendervon Profits Inc., which holds 30% equity interest in CNI Bullion Limited. The amount advanced by the Group to CNI Bullion Limited was assigned to the purchaser upon disposal.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL as at 30 September comprise:

	<i>Notes</i>	2020 HK\$	2019 <i>HK\$</i>
Fair value:			
Convertible bonds derivative		4,398,568	–
Unlisted securities		6,026,320	14,768,320
Listed securities held for trading			
– listed in Hong Kong other than suspended stocks	<i>(a)</i>	178,069,173	227,028,786
– suspended stocks listed in Hong Kong	<i>(b)</i>	–	–
		188,494,061	241,797,106
Analysed as:			
Current assets		182,467,741	227,028,786
Non-current assets		6,026,320	14,768,320
		188,494,061	241,797,106

Notes:

- (a) Included in the listed securities held for trading, which are listed in Hong Kong, is investment in 27,312,000 shares of Hong Kong Education (Int'l) Investments Limited (stock code: 1082) at market value of HK\$32,228,160 as at 30 September 2020.
- (b) The amount of suspended stocks represented the shares are uncertain to resume trading in foreseeable future.

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. The unlisted bonds were reclassified to the financial assets at amortised cost upon initial application of HKFRS 9 at 1 October 2018.

12. INVESTMENTS IN FINANCIAL ASSETS AT AMORTISED COST

	2020	2019
	HK\$	HK\$
Investments in financial assets at amortised cost	119,886,778	167,674,481
Less: Non-current assets	(93,661,595)	(84,446,250)
	<hr/>	<hr/>
Included in current assets	26,225,183	83,228,231
	<hr/> <hr/>	<hr/> <hr/>

Particulars of the bonds held as at 30 September 2020, are as follows:

Name	Place of incorporation	Acquisition cost HK\$	Imputed interest HK\$	Expected credit loss HK\$	Carrying amount HK\$	Fair value HK\$	Terms	Coupon rate p.a.
Hao Wen Holdings Limited	Cayman Islands	30,000,000	2,332,000	(6,106,817)	26,225,183	31,200,000	From 12 January 2018 to 11 January 2021	11%
Gold Medal Hong Kong Limited	Hong Kong	20,000,000	1,558,333	(6,458,333)	15,100,000	15,100,000	From 28 October 2019 to 27 October 2022	8.5%
Sincere Smart International Limited	British Virgin Islands	18,000,000	1,573,548	(3,697,021)	15,876,527	15,900,000	From 9 January 2020 to 8 January 2023	12%
AMCO United Holding Limited	Bermuda	30,000,000	2,905,479	(6,215,135)	26,690,344	28,900,000	From 12 October 2018 to 11 October 2021	10%
VIP Credit Limited	Hong Kong	25,000,000	1,500,003	(5,005,279)	21,494,724	23,800,000	From 3 January 2019 to 2 January 2022	8%
Luxxu Group Limited	Cayman Islands	17,000,000	1,020,000	(3,520,000)	14,500,000	14,500,000	From 31 January 2020 to 30 January 2023	9%

13. OTHER PAYABLES AND ACCRUALS

	2020	2019
	HK\$	HK\$
Margin payables	23,710,871	21,480,019
Accruals	4,498,218	7,401,067
	<hr/>	<hr/>
	28,209,089	28,881,086
	<hr/> <hr/>	<hr/> <hr/>

Margin payables bear interest rates ranged from 8% to 10% (2019: 8% to 10%) 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.

14. NET ASSET VALUE PER SHARE

On 14 July 2020, the Company implemented a share consolidation on the basis that every ten (10) issued and unissued then existing shares were consolidated into one (1) consolidated share.

The calculation of net asset value per share is based on the net asset value of the Group as at 30 September 2020 of HK\$448,670,719 (2019:HK\$547,126,356) and on the number of 275,488,249 ordinary shares of HK\$0.25 each in issue as at 30 September 2020 (2019: 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\$8,742,000, which was included in net unrealised loss on financial assets at FVTPL, and net expected credit loss on financial assets at amortised cost and deposits and other receivables of HK\$40,664,498, were made with reference to independent valuation reports. The valuation reports were obtained by the Company after 15 October 2020, 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 2020 from HK\$1.8249 as stated in the NAV Announcement to HK\$1.63 as stated in this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 30 September 2020 (the “Year”), the Group reported a negative turnover of approximately HK\$52.4 million (Year ended 30 September 2019 (“Year 2019”): HK\$142.8 million) and net loss attributable to equity holders of the Company of approximately HK\$105.5 million (Year 2019: HK\$183.6 million).

During the Fiscal Year 2019/20, the Group’s loss on listed investments decreased from HK\$150.6 million in Year 2019 to HK\$61.0 million in the Year. The loss on listed investments for the Year of approximately HK\$61.0 million represented net realised loss of approximately HK\$23.6 million and net unrealised loss of approximately HK\$37.6 million, net of dividend income of approximately HK\$0.2 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 loss recognised in prior years <i>HK\$’ million</i>	Net realised loss <i>HK\$’ million</i>
Ruicheng (China) Media Group Limited	1640	29.5	13.3	0	16.2
Eternity Technology Holdings Limited	1725	21.7	15.6	2.6	3.5
Hands Form Holdings Limited	1920	21.0	16.2	1.8	3.0
Others					0.9
					<u>23.6</u>

The shares of Ruicheng (China) Media Group Limited, Eternity Technology Holdings Limited and Hands Form Holdings Limited are listed on main board the Stock Exchange, and no stock included in others contributed the realised gain or loss over HK\$3.0 million during the Year.

NET UNREALISED LOSS

The net unrealised loss of approximately HK\$37.6 million represents the unrealised gain of approximately HK\$26.8 million net of unrealised loss of approximately HK\$64.4 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>
WLS Holdings Limited	8021	10.9	–
Hong Kong Education (Int'l) Investments Limited	1082	7.5	–
Fire Rock Holdings Limited	1909	2.0	–
Shineroad International Holdings Limited	1587	–	2.2
Asia Grocery Distribution Limited	8413	–	2.5
Luxxu Group Limited	1327	–	2.5
Sec Media Group Limited	0205	–	3.1
Eternity Technology Holdings Limited	1725	–	4.2
China National Culture Group Limited	0745	–	4.9
China Properties Investment Holdings Limited	0736	–	5.8
EJE (Hong Kong) Holdings Limited	8101	–	12.7
Others		6.4	26.5
		<u>26.8</u>	<u>64.4</u>

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\$2.0 million during the Year.

In connection with the unlisted investments, the Group recorded an unrealised loss of approximately HK\$8.7 million during the Year (Year 2019: 13.0 million). The unrealised loss on unlisted investments of approximately HK\$8.7 million represented loss on investment in Easy Ideas Limited of approximately HK\$4.1 million and Merit Advisory Limited of approximately HK\$4.6 million.

As a result of the unsatisfactory performance of listed and unlisted financial assets investments, the Group recorded net loss of approximately HK\$105.5 million for the Year. Even so, the loss significantly reduced as compared to that for Year 2019 of approximately HK\$183.6 million.

Liquidity and Financial Resources

As at 30 September 2020, the Group held assets of approximately HK\$489.8 million (2019: HK\$576.0 million), including cash and cash equivalents of HK\$16.8 million (2019: HK\$26.0 million). Although the Group's current ratio (as defined by current assets/current liabilities) decreased from 16.5 as at 30 September 2019 to 13.8 as at 30 September 2020, it was maintained at a healthy level. The Board believes that the Group has sufficient resources to satisfy its working capital requirement.

Capital Structure

During the year ended 30 September 2020, the Company has adopted (i) the share consolidation on the basis that every ten (10) issued and unissued then existing shares of HK\$0.025 each were consolidated into one share of HK\$0.25 each (the “Share Consolidation”), which were completed on 14 July 2020, and (ii) placing of convertible bonds to raise net proceeds of approximately HK\$13.1 million, which were completed on 18 September 2020. Owing to the Share Consolidation, the share capital of the Company changed from 2,754,882,496 issued shares with par value of HK\$0.025 each as at 30 September 2019 to 275,488,249 issued shares with par value of HK\$0.25 each as at 30 September 2020. The Group had margin payables of approximately HK\$23.7 million as at 30 September 2020 which bear interest rates ranged from 8% to 10% (2019: 8% to 10%) 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\$178.1 million as at 30 September 2020, 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 and listed equity investments as detailed in notes 12 and 11 to the consolidated financial statements of this announcement, respectively. 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 2020, its net asset value was approximately RMB354.0 million, its current assets were approximately RMB297.7 million and total liabilities were approximately RMB56.3 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 – 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 2020, its net asset value was approximately HK\$117.4 million, its current assets were approximately HK\$170.7 million and total liabilities were approximately HK\$56.1 million. Included in current assets of approximately HK\$170.7 million were substantially assets liquid in nature, which were cash and cash equivalents of approximately HK\$27.7 million, listed stocks investments of approximately HK\$12.7 million, trade receivables of approximately HK\$7.8 million and loan receivables of approximately HK\$110.6 million, totalling HK\$158.8 million. These liquid assets can fully cover AMCO’s total liabilities of approximately HK\$56.1 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.

Equity Investment – Hong Kong Education (Int’l) Investments Limited (“HKEI”) (stock code: 1082)

HKEI group are principally engaged in the provision of private educational services, investment in securities and money lending business. For the year ended 30 June 2020, the audited consolidated loss attributable to owners of HKEI was HK\$107.2 million. The unfavourable market conditions, such as decreasing enrolment of secondary school students, declining number of candidates participating in the Diploma of Secondary Education Examination (“DSE”), increasing number of students studying abroad, and fierce competition among the industry peers to recruit and retain quality tutors as well as to attract and retain students for enrolments, coupled with the continuing impact of the social incidents and the outbreak of coronavirus disease 2019 (“COVID-19”) in Hong Kong, not only caused a distinct reduction in course enrolments but also suspension of face-to-face classes in HKEI’s centres.

The HKEI’s management believes that the business environment for the industry of private education remains tough as it is uncertain when the COVID-19 pandemic will end. The adverse impacts to the industry of private education persist. Despite the difficult situation, HKEI is flexibly adjusting its business strategies in order to strengthen the core businesses. In view of the decreasing DSE student numbers and the high rent situation in Hong Kong, it is believed that the closure of the Secondary Tutoring Centres as a result of a revised and decisive business strategy will benefit the Group in the long term. The COVID-19 pandemic has presented an opportunity for HKEI to accelerate its endeavour in exploring the transition from the traditional face-to-face classroom teaching to online classes. HKEI is actively managing the drastic change by focusing and strengthening its online services for long term sustainability. HKEI remains confident in the demand for private education in Hong Kong. The secondary and primary tutoring services, which are provided through the brands of “Modern Education (現代教育)” and “Modern Bachelor Education (現代小學士)”, continuously serve as the key income drivers of HKEI. Especially for the primary tutoring service, HKEI will continue to explore more new potential franchisees and seek opportunities to expand its presence to better serve the demand for primary tuition. In addition, the HKEI’s management team will make dedicated efforts to explore potential education-related business partners for business collaboration and to seek for potential merger and acquisition opportunities in both Hong Kong and the People’s Republic of China for business diversification in order to maximize returns to HKEI.

The Company shares the similar viewpoints of HKEI’s management and believes that the adverse business environment will improve, and bring the return to us, as HKEI’s shareholders in medium to long terms.

Capital Commitment and Operating Lease Commitment

As at 30 September 2020, the Group had no material commitment.

Contingent Liabilities

As at 30 September 2020, the Group had no material contingent liabilities.

Charge of Assets

As at 30 September 2020, the Group had pledged listed stocks of approximately HK\$101.8 million to secure the margin payables.

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

In Year 2020, the global investment market has experienced the largest crisis since the bankruptcy of Lehman Brothers in Year 2008, which is due to the outbreak of COVID-19. Hang Seng Index dropped sharply from the peak of 29,056 points in January 2020 to the bottom of 21,696 points within two months in March 2020. Many nations, including China and United States, have adopted lockdown and quarantine policies and the business activities are influenced significantly. In spite of such severe business environment, Hang Seng Index sharply rebounded to over 25,700 points in July 2020 and marked at 23,459 points on the last trading day of the Year. In such unstable market atmosphere, the Group's listed securities performed not so satisfactorily. The Group continued to make loss on listed investments of approximately HK\$69.9 million for the Year and corresponding loss of approximately HK\$163.6 million was recorded during the year ended 30 September 2019.

In connection with the Group's unlisted investments, the Group continued its focus on bonds investments, which bring constant cash flows to the Group. The Group acquired three new bonds. One of them was issued by Gold Medal Hong Kong Limited, a wholly owned subsidiary of WLS Holdings Limited, which is listed on GEM of the Stock Exchange, with bond size of HK\$20.0 million and coupons of 8.5%. In addition, the Group subscribed bonds issued by Sincere Smart International Limited ("SSIL"). The bond size and coupon rate of SSIL are HK\$18.0 million and 12% respectively. The last one was issued by Luxxu Group Limited, which is listed on Main Board of the Stock Exchange, with bond size of HK\$17.0 million and coupons of 9%.

The value of the bonds held by the Group reported in the financial statements of this announcement decreased from HK\$167.7 million as at 30 September 2019 to HK\$119.9 million as at 30 September 2020. The decrease in the value of bonds held by the Group because certain bonds matured over the Year, and expected loss on the bonds of approximately HK\$20.2 million was recorded during the Year. Aggregate bond coupons of approximately HK\$17.2 million were received during the Year.

During the Year, the Group did not acquire or dispose of any unlisted equity investment.

Below are the important events affecting the Group which occurred since the end of the year ended 30 September 2020:

- (a) Subsequent to 30 September 2020 and up to the date of this announcement, all holders of the convertible bonds ("CB") converted the CB to shares of the Company, and 54,000,000 new shares of HK\$0.25 each were issued and allotted accordingly.
- (b) Subsequent to 30 September 2020 and up to the date of this announcement, certain grantees of share options exercised the share options and 13,750,000 new shares of HK\$0.25 each were issued and allotted accordingly.

- (c) Cheng & Cheng Limited has resigned as the auditor of the Company with effect from 20 October 2020 and D & PARTNERS CPA LIMITED has been appointed as the Company's new auditor on 23 October 2020.
- (d) The investment management agreement entered into between the Company and China Everbright Securities (HK) Limited was terminated with effect from 1 December 2020, and Evergrande Securities (Hong Kong) Limited was appointed as the Company's new investment manager with effect from 8 December 2020.

Looking forward, along with the uncertainties brought from COVID-19 and the potential restart of trade war between China and the US, the global investment will be challenging in the coming year. However, the "QE Infinity" launched by the Federal Reserve in March 2020 may give investors good chances to make their investments. As such, the Directors 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. D & PARTNERS CPA 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 2020 as set out in this announcement have been agreed by the Group’s auditors, Messrs. D & PARTNERS CPA LIMITED to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by Messrs. D & PARTNERS CPA 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. D & PARTNERS CPA 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, 29 December 2020

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.