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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 2023**

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 2023 together with the comparative figures in the year ended 30 September 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2023

	<i>Notes</i>	2023 HK\$	2022 HK\$
Turnover	3,4	(92,314,801)	(25,149,110)
Other income, net	5	(20,160,417)	(1,276,970)
Administrative expenses		(18,054,705)	(17,036,194)
Expected credit loss on financial assets at amortised cost, net of reversal		(9,584,454)	(19,312,686)
Expected credit loss on deposits and other receivables, net of reversal		(3,297,900)	(18,181,068)
Share-based payment expenses		–	(4,097,371)
Operating loss		(143,412,277)	(85,053,399)
Finance costs		(6,098,914)	(3,072,151)
Loss before tax	6	(149,511,191)	(88,125,550)
Income tax credit	7	451,555	–
Loss for the year		(149,059,636)	(88,125,550)

	<i>Notes</i>	2023 HK\$	2022 HK\$
Loss and total comprehensive expense for the year attributable to equity holders of the Company		<u>(149,059,636)</u>	<u>(88,125,550)</u>
Dividend	<i>8</i>	<u>–</u>	<u>–</u>
Loss per share	<i>9</i>		
Basic loss per share		(0.35)	(0.21)
Diluted loss per share		<u>(0.35)</u>	<u>(0.21)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2023

	<i>Notes</i>	2023 HK\$	2022 HK\$
Non-current assets			
Plant and equipment		381,120	553,608
Financial assets at fair value through profit or loss	<i>11</i>	–	2,147,000
Investments in financial assets at amortised cost	<i>12</i>	120,266,539	117,955,260
		<u>120,647,659</u>	<u>120,655,868</u>
Current assets			
Prepayments, deposits and other receivables	<i>10</i>	39,830,083	81,127,133
Financial assets at fair value through profit or loss	<i>11</i>	180,597,142	245,413,902
Investments in financial assets at amortised cost	<i>12</i>	4,444,275	47,808,407
Cash and cash equivalents		33,075,167	16,692,655
		<u>257,946,667</u>	<u>391,042,097</u>
Current liabilities			
Other payables and accruals	<i>13</i>	25,007,917	20,034,528
Overdrafts		14,813,705	6,079,340
		<u>39,821,622</u>	<u>26,113,868</u>
Net current assets		<u>218,125,045</u>	<u>364,928,229</u>
Total assets less current liabilities		<u>338,772,704</u>	<u>485,584,097</u>
Non-current liabilities			
Convertible bonds		18,511,206	15,811,408
Deferred tax liability		410,651	862,206
		<u>18,921,857</u>	<u>16,673,614</u>
Net assets		<u>319,850,847</u>	<u>468,910,483</u>
Capital and reserves			
Share capital		105,032,062	105,032,062
Reserves		214,818,785	363,878,421
		<u>319,850,847</u>	<u>468,910,483</u>
Total equity attributable to equity holders of the Company		<u>319,850,847</u>	<u>468,910,483</u>
Net asset value per share	<i>14</i>	<u>0.76</u>	<u>1.12</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2023

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”)

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 October 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Groups’ financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendment to HKFRS 16	Lease Liability in a Sale and Leaseback ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
HKAS 12	International Tax Reform – Pillar Two Model Rules (amendments) ¹
HKAS 7 and HKFRS 7	Supplier Finance Arrangements (amendments) ³
HKAS 21	Lack of Exchangeability (amendments) ⁴

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2024.

⁴ Effective for annual periods beginning on or after 1 January 2025.

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.

3. TURNOVER

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

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Net realised loss on financial assets at fair value through profit or loss (“FVTPL”)	(24,369,768)	(23,956,983)
Net unrealised loss on financial assets at FVTPL	(86,487,729)	(22,349,021)
Dividend income from investments in listed securities	931,715	370,581
Bank and bond interest income	17,610,981	20,585,504
Gain on disposal of investments in financial assets at amortised cost	–	200,809
	<u>(92,314,801)</u>	<u>(25,149,110)</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 2023

	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	(92,326,825)	–	12,024	(92,314,801)
Expected credit loss on financial assets at amortised cost, net of reversal	(9,584,454)	–	–	(9,584,454)
Expected credit loss on deposits and other receivables, net of reversal	–	(3,297,900)	–	(3,297,900)
Administrative expenses	(3,398,380)	–	(14,656,325)	(18,054,705)
Segment result	(105,309,659)	(3,297,900)	(14,644,301)	(123,251,860)
Other income, net	(20,157,236)	3,679,895	(3,683,076)	(20,160,417)
Finance costs	(3,399,116)	–	(2,699,798)	(6,098,914)
Loss before tax	(128,866,011)	381,995	(21,027,175)	(149,511,191)
Income tax credit	–	–	451,555	451,555
Loss for the year	(128,866,011)	381,995	(20,575,620)	(149,059,636)
Segment assets	306,638,561	39,577,891	32,377,874	378,594,326
Segment liabilities	36,584,870	–	22,158,609	58,743,479
Other segment information				
Net realised loss on financial assets at FVTPL	(24,369,768)	–	–	(24,369,768)
Net unrealised loss on financial assets at FVTPL	(86,487,729)	–	–	(86,487,729)
Interest income	17,598,957	3,679,895	12,024	21,290,876
Gain on disposal of plant and equipment	–	–	280,000	280,000
Amortisation of fair value adjustment on investments in financial assets at amortised cost	(3,398,380)	–	–	(3,398,380)
Expected credit loss on deposits and other receivables, net of reversal	–	(3,297,900)	–	(3,297,900)
Expected credit loss on financial assets at amortised cost, net of reversal	(9,584,454)	–	–	(9,584,454)

For the year ended 30 September 2022

	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	(20,128,186)	(5,022,180)	1,256	(25,149,110)
Expected credit loss on financial assets at amortised cost, net of reversal	(19,312,686)	–	–	(19,312,686)
Expected credit loss on deposits and other receivables, net of reversal	(3,193,440)	(14,987,628)	–	(18,181,068)
Administrative expenses	(5,658,584)	–	(11,377,610)	(17,036,194)
Segment result	(48,292,896)	(20,009,808)	(11,376,354)	(79,679,058)
Other income, net	(5,278,056)	4,007,878	(6,792)	(1,276,970)
Share-based payment expenses	–	–	(4,097,371)	(4,097,371)
Finance costs	(3,035,254)	–	(36,897)	(3,072,151)
Loss before tax	(56,606,206)	(16,001,930)	(15,517,414)	(88,125,550)
Income tax credit	–	–	–	–
Loss for the year	<u>(56,606,206)</u>	<u>(16,001,930)</u>	<u>(15,517,414)</u>	<u>(88,125,550)</u>
Segment assets	425,371,752	69,542,896	16,783,317	511,697,965
Segment liabilities	<u>21,955,902</u>	<u>–</u>	<u>20,831,580</u>	<u>42,787,482</u>
Other segment information				
Net realised loss on financial assets at FVTPL	(19,874,383)	(4,082,600)	–	(23,956,983)
Net unrealised loss on financial assets at FVTPL	(21,409,441)	(939,580)	–	(22,349,021)
Interest income	20,584,248	–	1,256	20,585,504
Amortisation of fair value adjustment on investments in financial assets at amortised cost	(5,658,584)	–	–	(5,658,584)
Expected credit loss on deposits and other receivables, net of reversal	(3,193,440)	(14,987,628)	–	(18,181,068)
Expected credit loss on financial assets at amortised cost, net of reversal	<u>(19,312,686)</u>	<u>–</u>	<u>–</u>	<u>(19,312,686)</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. OTHER INCOME, NET

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Other interest income	3,679,895	4,007,878
Gain on disposal of plant and equipment	280,000	–
Loss on extinguishment of investments in financial assets at amortised costs	(6,784,801)	–
Loss on modification of investments in financial assets at amortised costs	(1,577,236)	(5,278,056)
Loss on written off of financial assets at fair value through profit or loss	(2,147,000)	–
Loss on written off of investments in financial assets at amortised costs	(11,795,199)	–
Sundry income	599,200	173,880
Fair value loss on derivative asset	(2,415,276)	(180,672)
	<u>(20,160,417)</u>	<u>(1,276,970)</u>

6. LOSS BEFORE TAX

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

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Directors' emoluments	1,380,000	2,482,814
Staff costs		
– Salaries, allowances and other benefits	3,076,914	3,147,121
– MPF Scheme contributions	101,898	81,149
– Share-based payment expenses	–	2,995,757
	<u>4,558,812</u>	<u>8,706,841</u>
Total staff costs (including Directors' emoluments)		
Auditor's remuneration	595,000	550,000
Depreciation for plant and equipment	172,488	136,321
Amortisation of fair value adjustment on investments in financial assets at amortised cost	3,398,380	5,658,584
Operating lease rentals	146,000	145,200
Donation	28,000	393,000
	<u>4,558,812</u>	<u>8,706,841</u>

7. INCOME TAX CREDIT

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for the year ended 30 September 2023 and 2022.

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Current tax – Hong Kong Profit tax	–	–
Deferred tax credit	451,555	–
	<u>451,555</u>	<u>–</u>

8. DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 30 September 2023 (2022: Nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Loss:		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	(149,059,636)	(88,125,550)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic loss per share	420,128,249	417,130,523
Effect of dilutive potential ordinary shares:		
Share options	—*	—*
Convertible bonds	—*	—*
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u>420,128,249</u>	<u>417,130,523</u>

* The Company had no dilutive potential ordinary shares for the year ended 30 September 2023 and 2022. The share options and convertible bonds during the year ended 30 September 2023 and 2022 were anti-dilutive.

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<i>Notes</i>	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Prepayments, deposits and other receivables		221,328	609,302
Margin receivables	(a)	30,864	13,121,935
Amounts receivable on disposal of investments	(b)	<u>39,577,891</u>	<u>67,395,896</u>
		<u>39,830,083</u>	<u>81,127,133</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 0.875% (2022: 0.001% to 0.002%) per annum for the year.

(b) The balance is represented by receivables from the purchasers of:

	2023	2022
	HK\$	HK\$
Equity interests of:		
Starfame Investments Limited	–	3,379,234
Kendervon Profits Inc.	28,108,542	50,073,057
Bonds issued by:		
Profit Big Enterprises Limited	11,469,349	13,806,560
Others	–	137,045
	<u>39,577,891</u>	<u>67,395,896</u>

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVTPL as at 30 September comprise:

	<i>Notes</i>	2023	2022
		HK\$	HK\$
Fair value:			
Convertible bonds derivative		801,023	3,216,299
Unlisted security	<i>(b)</i>	–	2,147,000
Listed securities held for trading			
– listed in Hong Kong		179,796,119	242,197,603
Suspended stocks listed in Hong Kong	<i>(a)</i>	–	–
		<u>180,597,142</u>	<u>247,560,902</u>
Analysed as:			
Current assets		180,597,142	245,413,902
Non-current assets		–	2,147,000
		<u>180,597,142</u>	<u>247,560,902</u>

Notes:

- (a) The amount of suspended stocks represented the shares are uncertain to resume trading in foreseeable future.
- (b) The unlisted investment was dissolved in July 2023, the amount of unlisted security was written off and set out in note 5 to the consolidated financial statements in this announcement.

12. INVESTMENTS IN FINANCIAL ASSETS AT AMORTISED COST

The fair value of the Group's investments in bonds issued in Hong Kong were measured using valuation techniques in which some significant inputs are not based on observable market data.

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Investments in financial assets at amortised cost	113,009,257	154,892,293
Fair value adjustment at inception	20,758,521	16,529,958
Amortisation of fair value adjustment	<u>(9,056,964)</u>	<u>(5,658,584)</u>
	124,710,814	165,763,667
Less: Non-current assets	<u>(120,266,539)</u>	<u>(117,955,260)</u>
	4,444,275	47,808,407
Included in current assets	<u><u>4,444,275</u></u>	<u><u>47,808,407</u></u>

No fair value gain or loss at inception is recognised in profit or loss in the current year.

13. OTHER PAYABLES AND ACCRUALS

	2023 <i>HK\$</i>	2022 <i>HK\$</i>
Margin payables	21,771,165	15,876,562
Accruals	<u>3,236,752</u>	<u>4,157,966</u>
	<u><u>25,007,917</u></u>	<u><u>20,034,528</u></u>

Margin payables bear interest rates ranged from 8% to 9.25% (2022: 8% to 15.25%) 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

The calculation of net asset value per share is based on the net asset value of the Group as at 30 September 2023 of HK\$319,850,847 (2022: HK\$468,910,483) and on the number of 420,128,249 ordinary shares of HK\$0.25 each in issue as at 30 September 2023 (2022: 420,128,249 ordinary shares of HK\$0.25 each).

On 13 October 2023, the Company published an announcement titled "Net Asset Value" (the "NAV Announcement"), in which the net asset value per share of the Company as at 30 September 2023 was stated as HK\$0.8735. The decrease of net asset value per share of the Company as at 30 September 2023 from HK\$0.8735 based on the NAV Announcement to HK\$0.76 based on these consolidated financial statements is principally due to the valuation works on the expected credit loss on financial assets at amortised cost, net of reversal of HK\$9,584,454, the expected credit loss on deposits and other receivables, net of reversal of HK\$3,297,900, loss on extinguishment of investments in financial assets at amortised costs of HK\$6,784,801, and loss on written off of investments in financial assets at amortised cost of HK\$11,795,199, which were prepared by independent valuer, yet to be completed on the date of the NAV Announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 30 September 2023 (the “Year”), the Group reported a negative turnover of approximately HK\$92.3 million (Year ended 30 September 2022 (“Year 2022”): HK\$25.1 million) and net loss attributable to equity holders of the Company of approximately HK\$149.1 million (Year 2022: HK\$88.1 million).

During the Fiscal Year 2022/23, the Group’s loss on listed investments increased from HK\$40.9 million in Year 2022 to loss of HK\$109.9 million in the Year. The loss on listed investments for the Year of approximately HK\$109.9 million represented net realised loss of approximately HK\$24.4 million and net unrealised loss of approximately HK\$86.4 million, net of dividend income of approximately HK\$0.9 million. Set out below are further information of these net realised and unrealised losses:

NET REALISED LOSS

Company name	Stock code	Investment	Disposal	Unrealised	Net realised
		costs	consideration	loss/(gain)	
		<i>HK\$’ million</i>	<i>HK\$’ million</i>	<i>HK\$’ million</i>	<i>HK\$’ million</i>
China Carbon Neutral Development Group Limited	1372	18.1	8.1	1.0	(9.0)
Space Group Holdings Limited	2448	18.3	9.3	–	(9.0)
Silver Tide Holdings Limited	1943	14.8	13.3	(1.8)	(3.3)
Others					(3.1)*
					<u>(24.4)</u>

* Net realised loss from others represents realised gain from others of approximately HK\$3.0 million net of realised loss from others of approximately HK\$6.1 million.

The shares of the companies mentioned under Net Realised Loss above are listed on Main Board the Stock Exchange, and no stock included in others contributed the realised gain over HK\$1 million or realised loss over HK\$2 million during the Year.

NET UNREALISED LOSS

The net unrealised loss for the Year of approximately HK\$86.4 million represents the unrealised gain of approximately HK\$32.4 million net of unrealised loss of approximately HK\$118.8 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>
Fullsun International Holdings Group Co., Limited	627	15.8	–
hmvod Limited	8103	7.1	–
WLS Holdings Limited	8021	–	31.6
SEEC Media Group Limited	205	–	16.0
China Jicheng Holdings Limited	1027	–	6.8
Smart City Development Holdings Limited	8268	–	6.2
Hao Wen Holdings Limited	8019	–	5.8
Others		9.5	52.4
		<u>32.4</u>	<u>118.8</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\$4 million during the Year.

In connection with the unlisted equity investments, the Group recorded loss on written off of approximately HK\$2.1 million during the Year. In Year 2022, unrealised loss of HK\$0.9 million and realised loss of HK\$4.1 million were recorded.

Owing to the overall increase in interest rate since the second half of Year 2022, the global debt market during the Year did not perform well and many enterprises are in financial difficulties. Accordingly, the Group has adopted prudent approach on the valuation of its bonds investment and outstanding receivables. Expected credit loss on financial assets at amortised cost, net of reversal of approximately HK\$9.6 million and that on deposits and other receivables, net of reversal of approximately HK\$3.3 million were recorded during the Year.

As a result of the unsatisfactory performance of listed and unlisted financial assets investments, and the prudent approach on the valuation of bonds investment and outstanding receivables as mentioned above, the Group recorded net loss of approximately HK\$149.1 million for the Year, which increased as compared to the net loss of approximately HK\$88.1 million recorded in Year 2022.

Liquidity and Financial Resources

As at 30 September 2023, the Group held assets of approximately HK\$378.6 million (2022: HK\$511.7 million), including cash and cash equivalents of HK\$33.1 million (2022: HK\$16.7 million). The Group's current ratio (as defined by current assets/current liabilities) decreased from 15.0 as at 30 September 2022 to 6.5 as at 30 September 2023, which was maintained at a healthy level. The Board believes that the Group has sufficient resources to satisfy its working capital requirement.

Gearing Ratio

The gearing ratio (defined as total interest-bearing liabilities/total equity) was 17.2% (2022: 8.1%), which was considered by the Board at a low level.

Capital Structure

During the year ended 30 September 2023, the share capital of the Company remained unchanged at 420,128,249 shares.

The Group is principally engaged in listed investments in Hong Kong and in unlisted equity and debt securities. The Board has been actively seeking fund raising opportunities to strengthen the Company's financial position.

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

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

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

The Net Proceeds from the CB Placing were fully utilised as intended during the year ended 30 September 2023.

None of the convertible bonds were converted as of 30 September 2023.

The Group had margin payables and overdrafts totalling approximately HK\$36.6 million as at 30 September 2023 which bear interest rates ranged from 8% to 20.25% (2022: 8% to 16.0%) per annum. The margin payables and overdrafts are in Hong Kong Dollars, and secured by listed investments of the Group, repayable on demand and are guaranteed by the Company on behalf of subsidiaries. In view of such immaterial amount of the margin payables and overdrafts in Hong Kong Dollars as compared to the Group's listed stocks of approximately HK\$179.8 million as at 30 September 2023, 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.

	Fair value/ Carrying value of significant investments as at 30 September 2023 <i>HK\$' million</i>	Percentage of fair value/ carrying value of significant investments to the Company's total assets as at 30 September 2023	Realised loss recognised during the year ended 30 September 2023 <i>HK\$' million</i>	Unrealised (loss)/gain recognised during the year ended 30 September 2023 <i>HK\$' million</i>	Bond coupons received during the year ended 30 September 2023 <i>HK\$' million</i>
Equity investment in WLS Holdings Limited	23.7	6.3%	(1.7)	(31.6)	N/A
Equity investment in Fullsun International Holdings Group Co., Limited	21.3	5.6%	–	15.8	N/A
Bonds investment in Gold Medal Hong Kong Limited	59.9	15.8%	–	–	4.3
Bonds investment in Hao Wen Holdings Limited	42.2	11.1%	–	–	3.6
Bonds investment in Luxxu Group Limited	22.5	5.9%	–	–	1.5

Equity Investment – WLS Holdings Limited (“WLS”) (stock code: 8021)

The Group held approximately 607.8 million shares of WLS with market value of approximately HK\$23.7 million as at 30 September 2023.

WLS is a company incorporated in Cayman Islands with limit liability. WLS is principally engaged in the scaffolding and fitting out services and other auxiliary services for construction and buildings work, and money lending business. For the year ended 30 April 2023, the audited consolidated loss attributable to owners of WLS was approximately HK\$112.4 million, and the unaudited net loss attributable to owners of WLS of approximately HK\$11.7 million was recorded in the six months ended 31 October 2023.

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

Equity Investment – Fullsun International Holdings Group Co., Limited (“Fullsun”) (stock code: 627)

The Group held approximately 42.6 million shares of Fullsun with market value of approximately HK\$21.3 million as at 30 September 2023.

Fullsun is a company incorporated in Bermuda with limit liability. Fullsun is principally engaged in property development and property investment businesses in China. For the year ended 31 December 2022, the audited consolidated loss attributable to owners of Fullsun was approximately RMB663.6 million, and the unaudited net loss attributable to owners of Fullsun of approximately RMB322.3 million was recorded in the six months ended 30 June 2023.

Fullsun’s interim report for the six months ended 30 June 2023 stated that according to the data released by the National Bureau of Statistics of China, China’s gross domestic product reached RMB59.3 trillion in the first half of 2023, representing an increase of 5.5% as compared with the same period in the previous year. The China’s government continues to implement the spirit of the 20th National Congress of the Communist Party of China to accelerate the construction of a modernised and strong agricultural country. It is of utmost importance to develop and accelerate the modernisation of agricultural and rural areas to ensure the market stability of food and agricultural products towards a post-COVID 19 economic rebound. In view of this, Fullsun will consider starting the trading business including but not limited to construction material, food and health related products in China. Outside China, according to certain recent research reports, business activities and markets in Europe and Asia countries have recovered quickly since the relaxation of the border measures attracting international corporations to look for investment opportunities. Fullsun will also consider diversifying its investment portfolio outside China including but not limited to France, Japan, Malaysia, other European and Asian countries as well.

The Company agree the viewpoints of the management of Fullsun and believe that considerable amount of profit will be generated from investment in Fullsun in long terms. Unrealised gain of approximately HK\$15.8 million was recorded in the Company's books during the Year.

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, 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 2023, its net asset value was approximately HK\$383.9 million, and its current assets and total liabilities as at 31 October 2023 were approximately HK\$565.6 million and HK\$194.0 million respectively. The current assets can fully cover its total liabilities. Accordingly, the Company considers that there is no signal of default of bonds issued by Gold Medal to the Group.

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

Hao Wen is a company incorporated in Cayman Islands with limited liability. Hao Wen and its subsidiaries are principally engaged in money lending, manufacturing of biomass fuel product and trading of electronic parts. It is listed on GEM of the Stock Exchange (stock code: 8019). Based on Hao Wen's interim report for the six months ended 30 June 2023, its net asset value was approximately RMB308.8 million, its current assets were approximately RMB255.0 million and total liabilities were approximately RMB72.8 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 – Luxxu Group Limited (“Luxxu”) (stock code: 1327)

Luxxu is a company incorporated in Cayman Islands with limited liability. Luxxu and its subsidiaries are principally engaged in manufacturing, trading and retailing business of watches. It is listed on Main Board of the Stock Exchange (stock code: 1327). Based on Luxxu's interim report for the six months ended 30 June 2023, its net asset value was approximately RMB100.7 million, its current assets were approximately RMB113.5 million and total liabilities were approximately RMB30.2 million. In view of Luxxu's strong liquid assets and limited liabilities, the Company considers that Luxxu has sufficient financial resources to meet its ongoing operation, there is no signal of default of bonds issued by Luxxu to the Group.

Credit Risk Assessment on Bonds Investment and Amounts Receivables from Disposal of Investments

During the Year, the Group has made expected credit loss (“ECL”) on bonds investment of approximately HK\$9.6 million and that on amounts receivables from disposal of investments of HK\$3.3 million.

In relation to the bonds investment, it is the current practice of the Board to review the financial situation of the bond-issuers at least semi-annually. For any acquisition or disposal of bonds, the Board would seek the advice of the Company's investment manager before making investment and divestment decisions. In determining the amount of ECL provision, the Company engaged an independent valuer to evaluate the ECL on the bonds held by the Group.

In relation to the receivables from disposal of unlisted investments, it is the current practice of the Board to review the financial situation of the debtors at least semi-annually. For any extension of the repayment, the Board would review the financial situation of the debtors on a stand-alone basis, and request interest on receivables as compensation. In determining the amount of ECL provision, the Company engaged an independent valuer to evaluate the ECL on these receivables.

Dividend Policy

It is the Board's intention to distribute any excess balance by way of dividend to the extent permitted by law, the Memorandum and the Articles. Dividends will only be paid to the extent that they are covered by net income received from underlying investments. Distribution will be made annually after the annual accounts of the Company are approved by the shareholders but interim distribution may be made from time to time to shareholders as appear to the Board to be justified by the position of the Company. Distributions will be made in Hong Kong dollars.

As the Company does not have any pre-determined dividend distribution ratio, the declaration of future dividends will be subject to the decision by the Board and will depend on, among other things, the earnings, financial condition, cash requirements and availability, the availability of funds to meet the financial covenants of the Group's bank loans (if applicable) and any other factors that our Directors may consider relevant.

Capital Commitment and Operating Lease Commitment

As at 30 September 2023, the Group had no material commitment.

Contingent Liabilities

As at 30 September 2023, the Group had no material contingent liabilities.

Charge of Assets

As at 30 September 2023, the Group had pledged listed stocks of approximately HK\$105.9 million to secure the margin payables and overdraft.

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

In Year 2023, the investment market in China and Hong Kong extended the difficult time of prior years. The tension between US and China, and high interest rate of US Dollars continue to frustrate the investment market. The performance of most stocks listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") was affected accordingly. Hang Seng index maintained at a relative low level during the Fiscal Year 2022/23. It marked at 17,223 points as at 30 September 2022 and 17,809 points as at 29 September 2023, the last trading day of the Fiscal Year 2022/23.

In such pessimistic market atmosphere, the Group's listed securities performed unsatisfactorily. The loss on the Group's listed investments increased from approximately HK\$40.9 million in the year ended 30 September 2022 to approximately HK\$109.9 million in the Year.

In connection with the Group's unlisted investments, the Group continued its focus on bonds investments, which brought constant cash flows to the Group. The Group subscribed four bonds in total. All of these bonds are unsecured bonds, and their issuers are Hong Kong listed companies. The terms of these four bonds are between one and five years and the coupon rates are between 8% and 12%. During the Year, the Group redeemed a bond issued by AMCO United Holding Limited, a Hong Kong listed company, with principal of HK\$30 million. The principal and outstanding coupon totaling approximately HK\$33.4 million have been fully collected during the Year. In addition to the above subscription and redemption of the bonds, one of the bond investments, with principal of HK\$18 million, was written off during the Year. That bond issuer is Sincere Smart International Limited ("SSIL"), which was a private company and dissolved in July 2023. Loss on investment in the bonds issued by SSIL of approximately HK\$18.6 million was recorded during the Year. The Group has taken legal actions against the director of SSIL to recover the investment in the bonds issued by SSIL.

The total carrying amounts of the bonds held by the Group reported in the financial statements of this announcement decreased from HK\$165.8 million as at 30 September 2022 to HK\$124.7 million as at 30 September 2023. The decrease in the value of bonds held by the Group is principally due to the aforesaid redemption of the bonds with principal of HK\$30 million and write-off of the bonds issued by SSIL with principal of HK\$18 million. Aggregate bonds interest of approximately HK\$16.1 million was received during the Year.

There is no major important event affecting the Group which occurred since the end of the year ended 30 September 2023.

Looking forward, facing the tumultuous relationship between the United States and China and sustaining high interest rate of US Dollars, we expect global investment will not be very optimistic in the coming year. Accordingly, 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 C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same person. Decisions of the Company are made collectively by the executive Directors. The Board believes that this arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective oversight of management.

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.

The Audit Committee has specific written terms of reference which are of no less exacting terms than those stipulated in CG Code Provisions. In the Fiscal Year 2022/23, the Audit Committee held three meetings. At the meetings, it reviewed the final results and accounts for the year ended 30 September 2023, and the interim results and accounts for the six months ended 31 March 2023 and financial reporting system, and risk management and internal control systems. It also reviewed the Company’s progress in implementing the corporate governance requirements as set out in the CG Code.

SCOPE OF WORKS OF MESSRS. D & PARTNERS CPA LIMITED

The figures in respect of the Group's 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 2023 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 2023

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.