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Capital VC Limited 首都創投有限公司

(Incorporated in the Cayman Islands with limited liability
and carrying on business in Hong Kong as CNI VC Limited)
(Stock Code: 02324)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2010 AND RESUMPTION OF TRADING

The board of directors (the “Board”) of Capital VC Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 June 2010 together with the comparative figures in 2009 as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	<i>Note</i>	2010 HK\$	2009 HK\$ (Restated)
Turnover	3	21,201,261	(5,550,573)
Other income	5	4,594,212	2,681,278
Administrative expenses		(12,360,234)	(12,445,054)
Reversal of impairment loss recognised in respect of other receivables		2,500,000	1,300,000
Net loss on disposal of available-for-sale investments		(2,581,220)	-
Operating profit (loss)		13,354,019	(14,014,349)
Finance costs	6	(2,135,301)	(2,127,863)
Share of results of an associate		24,290,040	13,789,366
Profit (loss) before tax	7	35,508,758	(2,352,846)
Income tax	8	461,433	-
Profit (loss) for the year		35,970,191	(2,352,846)
Dividend	9	-	-
Earnings (losses) per share	10		
- basic		0.1256	(0.0123)
- diluted		NA	NA

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010

	<u>2010</u> HK\$	<u>2009</u> HK\$ (Restated)
Profit (loss) for the year attributable to equity holders of the Company	<u>35,970,191</u>	<u>(2,352,846)</u>
Other comprehensive income (loss)		
Gain (loss) on fair value changes of available-for-sale investments	1,309,519	(12,541,069)
Transfer from investment revaluation reserves on disposal of available-for-sale investments	<u>2,581,220</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of tax	<u>3,890,739</u>	<u>(12,541,069)</u>
Total comprehensive income (loss) for the year attributable to equity holders of the Company	<u>39,860,930</u>	<u>(14,893,915)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2010

	<i>Note</i>	<u>2010</u> HK\$	<u>2009</u> HK\$ (Restated)	<u>2008</u> HK\$
Non-current assets				
Plant and equipment		987,277	2,427,110	3,350,491
Interest in an associate		49,338,592	25,048,552	11,259,186
Loan receivables		-	-	10,000,000
Available-for-sale investments		<u>58,249,017</u>	<u>57,992,368</u>	<u>97,492,972</u>
		<u>108,574,886</u>	<u>85,468,030</u>	<u>122,102,649</u>
Current assets				
Available-for-sale investments		63,056,070	118,003,200	71,043,665
Financial assets at fair value through profit or loss		56,632,226	15,694,078	24,484,446
Loan receivables		10,000,000	10,000,000	-
Prepayments, deposits and other receivables		58,948,774	8,767,406	3,228,165
Amounts due from investee companies		2,313,060	10,255,191	14,944,723
Amounts due from related companies		-	13,850	13,400
Amount due from an associate		30,220,000	35,063,500	19,378,500
Bank balances		<u>26,219,940</u>	<u>1,639,410</u>	<u>7,689,941</u>
		<u>247,390,070</u>	<u>199,436,635</u>	<u>140,782,840</u>
Current liabilities				
Other payables and accruals		35,384,873	9,118,717	16,992,516
Amounts due to directors		1,101,884	149,258	634,835
Amounts due to related companies		-	310,380	1,465,873
Tax payable		568,702	1,030,134	1,030,134
Debentures		1,000,000	11,000,000	10,000,000
Obligations under finance leases - due within one year		<u>452,906</u>	<u>818,566</u>	<u>779,564</u>
		<u>38,508,365</u>	<u>22,427,055</u>	<u>30,902,922</u>
Net current assets		<u>208,881,705</u>	<u>177,009,580</u>	<u>109,879,918</u>
		<u>317,456,591</u>	<u>262,477,610</u>	<u>231,982,567</u>
Capital and reserves				
Share capital		31,508,218	25,782,218	12,323,454
Reserves		<u>285,890,657</u>	<u>236,154,980</u>	<u>218,546,960</u>
Total equity attributable to equity holders of the Company		317,398,875	261,937,198	230,870,414
Non-current liability				
Obligations under finance leases - due after one year		<u>57,716</u>	<u>540,412</u>	<u>1,112,153</u>
		<u>317,456,591</u>	<u>262,477,610</u>	<u>231,982,567</u>
Net asset value per share	11	<u>1.0074</u>	1.0160	<u>0.1882</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010

	Attributable to equity holders of the Company						
	Note	Share capital HK\$	Share premium HK\$	Share option reserve HK\$	Investment revaluation reserve HK\$	Accumulated losses HK\$	Total HK\$
At 1 July 2008		12,323,454	188,055,355	-	64,688,417	(34,196,812)	230,870,414
Loss and total recognised expenses for the year (as previously reported)		-	-	-	-	(14,957,159)	(14,957,159)
Adjustment on share of results of an associate	12	-	-	-	-	12,604,313	12,604,313
Loss and total recognised expenses for the year (as restated)		-	-	-	-	(2,352,846)	(2,352,846)
Loss on fair value changes of available-for-sale investments		-	-	-	(12,541,069)	-	(12,541,069)
Issue of ordinary shares by right issues		6,161,728	24,646,909	-	-	-	30,808,637
Issue of ordinary shares by placing		3,697,036	5,245,928	-	-	-	8,942,964
Exercise of conversion right		3,600,000	4,500,000	-	-	-	8,100,000
Share issue expenses		-	(1,890,902)	-	-	-	(1,890,902)
At 30 June 2009 (restated)		25,782,218	220,557,290	-	52,147,348	(36,549,658)	261,937,198
At 1 July 2009		25,782,218	220,557,290	-	52,147,348	(36,549,658)	261,937,198
Gain and total recognised income for the year		-	-	-	-	35,970,191	35,970,191
Gain on fair value changes of available-for-sale investments		-	-	-	1,309,519	-	1,309,519
Release on disposal of available-for-sale investments		-	-	-	2,581,220	-	2,581,220
Share option scheme:							
- value of service		-	-	1,369,976	-	-	1,369,976
- proceeds from share issued		570,000	1,881,000	-	-	-	2,451,000
- transfer to share premium		-	116,916	(116,916)	-	-	-
Issue of ordinary shares by placing		5,156,000	7,218,400	-	-	-	12,374,400
Share issue expenses		-	(594,629)	-	-	-	(594,629)
At 30 June 2010		31,508,218	229,178,977	1,253,06	56,038,087	(579,467)	317,398,875

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010**

1. BASIS OF PREPARATION

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

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

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

During the year, the Group has adopted, for the first time, the following new standard, amendment and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning on 1 July 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) - Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) - Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendments to HKFRS 2, HKAS 38, Paragraph 80 to HKAS 39, HK(IFRIC) - Int 9 and HK(IFRIC) - Int 16

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current and previous periods.

HKFRS 8 - Operating Segments

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's senior management.

HKAS 1 (revised 2007) - Presentation of Financial Statements

As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expenses are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

Amendments to HKFRS 7 - Financial Instruments: Disclosures – improving disclosures about financial instruments

As a result of the adoption of the amendments to HKFRS 7, the financial statements included expanded disclosures about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

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

HKFRSs (Amendments)	Amendments to HKAS 1, HKAS 7, HKAS 17, HKAS 36, HKAS 39, HKFRS 5 and HKFRS 8 as part of Improvements to HKFRSs 2009 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2010 ²
HKAS 24 (Revised)	Related Party Disclosure ³
HKAS 32 (Amendment)	Classification of Rights Issues ⁴
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ¹
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ⁵
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ¹
HKFRS 9	Financial Instruments ⁶
HK(IFRIC) - Int 14 (Amendment)	Prepayments of Minimum Funding Requirement ³

¹ Effective for annual periods beginning on or after 1 January 2010

² Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

³ Effective for annual periods beginning on or after 1 January 2011

⁴ Effective for annual periods beginning on or after 1 February 2010

⁵ Effective for annual periods beginning on or after 1 July 2010

⁶ Effective for annual periods beginning on or after 1 January 2013

3. TURNOVER

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

	<u>2010</u>	<u>2009</u>
	HK\$	HK\$
Net profit (loss) on financial assets at FVTPL	21,155,138	(5,921,763)
Dividend income from financial assets at FVTPL	45,023	369,343
Interest income	<u>1,100</u>	<u>1,847</u>
	<u>21,201,261</u>	<u>(5,550,573)</u>

4. SEGMENT INFORMATION

HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor Standard (HKAS 14 - Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach.

In the past, the Group's primary reporting format was geographical segments and segment information reported externally was analysed on the basis of the geographical location of the investments. Information reported to the chief operating decision maker (i.e. board of directors of the Company) is analysed on the basis of the nature. Thus, the application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The principal activity of the Group is investing in listed and unlisted companies. The Group's operating and reportable segments under HKFRS 8 are therefore as follows:

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

4. SEGMENT INFORMATION (Continued)

	For the year ended 30 June 2010				
	Investment in financial assets at FVTPL	Investment in available- for-sale investments	Investment in associate	Unallocated	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Segment revenue	21,201,261	2,054,150	-	2,540,062	25,795,473
Administrative expenses	-	-	-	(12,360,234)	(12,360,234)
Segment result	21,201,261	2,054,150	-	(9,820,172)	13,435,239
Finance costs	(1,569,009)	-	-	(566,292)	(2,135,301)
Reversal of impairment loss recognised in respect of other receivables	-	-	-	2,500,000	2,500,000
Net loss on disposal of available-for-sale investments	-	(2,581,220)	-	-	(2,581,220)
Share of results of an associate	-	-	24,290,040	-	24,290,040
Profit before tax	19,632,252	(527,070)	24,290,040	(7,886,464)	35,508,758
Income tax	-	-	-	461,433	461,433
Profit for the year	<u>19,632,252</u>	<u>(527,070)</u>	<u>24,290,040</u>	<u>16,865,009</u>	<u>37,340,167</u>
Segment assets	57,915,461	164,477,471	79,558,592	54,013,432	355,964,956
Segment liabilities	<u>16,003,991</u>	<u>3,000,000-</u>	<u>-</u>	<u>19,562,090</u>	<u>38,566,081</u>
Other segment information					
Depreciation of plant and equipment	-	-	-	1,213,359	1,213,359
Purchase of plant and equipment	-	-	-	52,720	52,720
Gain on disposal of plant and equipment	-	-	-	73,602	73,602

4. SEGMENT INFORMATION (Continued)

	For the year ended 30 June 2009				
	Investment in financial assets at FVTPL	Investment in available- for-sale investments	Investment in associate	Unallocated	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Segment revenue	(5,550,573)	2,614,786	-	66,492	(2,869,295)
Administrative expenses	-	-	-	(12,445,054)	(12,445,054)
Segment result	(5,550,573)	2,614,786	-	(12,378,562)	(15,314,349)
Finance costs	(608,085)	-	-	(1,519,778)	(2,127,863)
Reversal of impairment loss recognised in respect of other receivables	-	-	-	1,300,000	1,300,000
Share of results of an associate	-	-	13,789,366	-	13,789,366
(Loss) profit before tax	(6,158,658)	2,614,786	13,789,366	(12,598,340)	(2,352,846)
Income tax	-	-	-	-	-
(Loss) profit for the year	<u>(6,158,658)</u>	<u>2,614,786</u>	<u>13,789,366</u>	<u>(12,598,340)</u>	<u>(2,352,846)</u>
Segment assets	19,618,563	189,802,070	60,112,052	15,371,980	284,904,665
Segment liabilities	<u>2,542,263</u>	<u>-</u>	<u>-</u>	<u>20,425,204</u>	<u>22,967,467</u>
Other segment information					
Depreciation of plant and equipment	-	-	-	1,277,996	1,277,996
Purchase of plant and equipment	-	-	-	133,348	133,348
Loss on disposal of plant and equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,733</u>	<u>66,733</u>

5. OTHER INCOME

	<u>2010</u> HK\$	<u>2009</u> HK\$
Interest income on amounts due from investee companies	1,558,150	2,159,553
Interest income on other receivables	496,000	455,233
Professional service income	2,020,000	
Net sundry income	<u>520,062</u>	<u>66,492</u>
	<u>4,594,212</u>	<u>2,681,278</u>

6. FINANCE COSTS

	<u>2010</u> HK\$	<u>2009</u> HK\$
Interest expenses on borrowings wholly repayable within five years:		
- bank overdrafts	1,150	21,239
- debentures	451,753	1,227,151
- margin accounts	1,569,009	608,085
- convertible bonds	-	57,534
- finance leases	<u>113,389</u>	<u>213,854</u>
	<u>2,135,301</u>	<u>2,127,863</u>

7. PROFIT (LOSS) BEFORE TAX

Profit (loss) before tax during the year has been arrived at after charging (crediting):

	<u>2010</u> HK\$	<u>2009</u> HK\$ (Restated)
Directors' emoluments	2,816,065	3,426,000
Staff costs		
Salaries, allowances and other benefits	678,168	978,623
Mandatory Provident Fund Scheme contributions	<u>27,220</u>	<u>79,091</u>
Total staff costs	3,521,453	4,483,714
Auditor's remuneration		
- Audit service	420,000	420,000
- Other services	100,000	-
Depreciation of plant and equipment		
- owned assets	399,382	405,346
- leased assets	813,977	872,650
Minimum lease payments under operating lease for rented premises	1,200,000	1,200,000
(Gain) loss on disposal of plant and equipment	(73,602)	66,733
Share of income tax expense of an associate	<u>4,561,201</u>	<u>2,744,109</u>

8. INCOME TAX

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the year ended 30 June 2010.

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

	<u>2010</u> HK\$	<u>2009</u> HK\$ (Restated)
Profit (loss) before tax	35,508,758	(2,352,846)
Tax at domestic income tax rate of 16.5% (2009: 16.5%)	5,858,945	(388,219)
Tax effect of share of results of an associate	(4,007,855)	(2,275,246)
Tax effect of income not taxable for tax purpose	(419,934)	(275,746)
Tax effect of expenses not deductible for tax purpose	106,685	210,869
Tax effect of tax losses not recognised	-	2,728,342
Tax effect of prior year's tax losses utilized	(1,913,277)	-
Tax effect of origination and reversal of temporary differences	53,205	-
Tax effect of loss not allowed	322,231	-
Adjustment for over-provision in previous years	(461,433)	-
Income tax income	(461,433)	-

At 30 June 2010, the Group has unused tax losses of HK\$37,870,258 (2009: HK\$48,190,105) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profits streams. The unrecognised tax losses may be carried forward indefinitely.

9. DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 30 June 2010 (2009: nil).

10. EARNINGS (LOSSES) PER SHARE

The calculation of the basic earnings (losses) per share is based on the Group's profit (loss) attributable to the equity holders of the Company of HK\$35,970,191 (2009 restated: loss of HK\$2,352,846).

The basic earnings (losses) per share is based on the weighted average number of 286,368,807 (2009: 192,023,506) ordinary shares in issue during the year.

There was no dilution effect on the basic earnings (losses) per share for the years ended 30 June 2010 and 30 June 2009 as there were no dilutive shares outstanding during the two years ended 30 June 2010 and 30 June 2009.

11. NET ASSET VALUE PER SHARE

The calculation of net asset value is based on the net asset value of the Group as at 30 June 2010 of HK\$317,398,875 (2009 restated: HK\$261,937,198) and on the number of 315,082,178 (2009: 257,822,178) ordinary shares in issue as at 30 June 2010.

12. PRIOR YEAR ADJUSTMENT

During the year, the Company discovered that the share of results of an associate in the Group's consolidated financial statement for the year ended 30 June 2009 was understated for the amount of HK\$12,604,313. The understatement was due to the difference between the management accounts and the audited financial statements of the associate. The comparative figures have been restated to correct the error.

The effects of correcting the error have resulted in:

- (1) an increase in share of results of an associate of HK\$12,604,313;
- (2) a decrease in loss for the year and accumulated loss of HK\$12,604,313; and
- (3) an increase in interest in an associate of HK\$12,604,313.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the year under review, the Group reported a turnover of HK\$21,201,261 (2009: negative HK\$5,550,573) and net profit attributable to equity holders of the Company of HK\$35,970,191 (2009 restated: loss of HK\$2,352,846).

As at 30 June 2010, the net assets value of the Group was HK\$317,398,875 (2009 restated: HK\$261,937,198), an increase of 21.17% over the same period in 2009.

Liquidity and Financial Resources

The Group continued to maintain a healthy statement of financial position as at 30 June 2010. The Group's bank balances amounted to HK\$26,219,940 (2009: HK\$1,639,410) which accounted for 10.60% (2009: 0.82%) of the Group's total current assets. The Board believes that the Group has sufficient resources to satisfy its working capital requirements.

Capital Structure

Pursuant to a resolution passed by the shareholders in an extraordinary general meeting held on 2 October 2009, the authorised share capital of the Company was increased from HK\$100,000,000 divided into 1,000,000,000 shares to HK\$200,000,000 divided into 2,000,000,000 shares.

Following a placing exercise, 51,560,000 shares were allotted and issued at HK\$0.24 each on 19 December 2009, and following an share option exercise, 5,700,000 shares were allotted and issued at HK\$0.43 each on 19 May 2010, making the total number of issued shares to 315,082,178.

Capital Commitment and Contingent Liabilities

As at 30 June 2010, the Group had no material contingent.

Foreign Currency Fluctuation

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

Human Resources

As at 30 June 2010, the Group had 2 employees excluding directors. Total staff costs excluding directors' remuneration amounted to HK\$705,388 (2009: HK\$1,057,714). They perform clerical, research, business development and administrative functions for the Group. The Group's policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees.

Significant Acquisition and Disposal of Subsidiaries

During the year under review, the Group has not made any significant acquisition or disposal of subsidiaries.

Charge of Assets

As at 30 June 2010, the Group had pledged the following assets to secure the finance leases,

debenture issued by the Company and the margin payables arising from dealing in financial assets at FVTPL:

	<u>2010</u> HK\$	<u>2009</u> HK\$
Plant and equipment	451,269	1,544,440
Available-for-sale investments	-	57,992,368
Financial assets at FVTPL	<u>56,632,226</u>	<u>15,694,078</u>
	<u>57,083,495</u>	<u>75,230,886</u>

BUSINESS REVIEW AND PROSPECT

In the wake of the international financial crisis, governments all have rapidly implemented various responsive measures, leading to gradual economic recovery around the world. Suffering from lesser impact from the crisis, China has remained its sustainable growth in economy. The stabilizing economic policies adopted by the Chinese government have further strengthened the investors' confidence. Backed by motherland and taking advantages of many favourable factors, Hong Kong has experienced influx of funds, resulting in boom in the stock market. Despite modest fluctuations, the year ended 30 June 2010 saw a gain of more than 1,900 points in the Hang Seng Index with active trading.

During the year ended 30 June 2010, the Group has actively adjusted its investment strategy succeeded in turning from loss to profit and bringing encouraging results to its shareholders. Considering the flexibility of the investment and developments in financial markets, the Group has been involved in reorganizing investment priorities, dedicated more resources and attention on our listed equities portfolio in Hong Kong in the first half of this fiscal year. In addition, the Group also systematically reduced the financing activities on new private equity investments.

To enhance our capital and shareholder bases, improve the Group's competitiveness as well as participate in diversified high quality projects, the Group obtained net proceeds of approximately HK\$ 11.97 million from a placing exercise in December 2009. With the injection of new capital, the Group will continue to make more sizeable new investments with attractive returns particularly in the PRC. Apart from listed securities in Hong Kong, the Group has also planned to use the proceeds on sunrise industries including projects related to China natural resources and green energy which has broad prospects and is actively promoted by the Chinese government.

In order to bolster the corporate image and to match our further development, the Company has changed its name from "Sino Katalytics Investment Corporation" to "Capital VC Limited" with effect from 1 April 2010.

Looking forward, we expect that global economy will remain on a solid upward trend, and the Hong Kong stock market will remain bullish in the foreseeable future. Riding on the wealth of experience of our management team in China and local markets, we are full of confidence for the future. We will persistently promote our portfolio companies to perform to their full potential. Meanwhile, with our ability in sourcing quality deals, mobilizing management and employing operations resources, the Group will also pursue business opportunities with high potential and continue to optimize the investment portfolio so as to enhance the efficiency of capital utilization massively, and tapping more fruitful returns for our shareholders.

CODE OF CORPORATE GOVERNANCE PRACTICE

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

1. Under provision A.2.1 of the CGP Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company had a Chairman until 17 March 2010 but had no Chief Executive. Decisions of the Group have all along been made collectively by the Executive Directors. The Board believes that the present arrangement enables the Company to make and implement decisions promptly.
2. Under provision A.4.1 of the CGP Code, non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation in accordance with the Company’s articles of association. The Board will review this practice from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”) as set out in Appendix 10 to the Listing Rules. The Company has made specific enquiry to all Directors regarding any non-compliance with the Model Code during the year and they all confirmed that they have fully complied with the required standard set out in the Model Code.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

AUDIT COMMITTEE

The audit committee has reviewed with management the accounting principles and practices adopted by the Group, and discussed auditing, internal control and financial reporting matters including the review of the audited annual results for the year ended 30 June 2010.

DISCLOSURE OF INFORMATION ON WEBSITES

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

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company has been suspended with effect from 9:30 a.m. on 28 September 2010 pending the issue of this annual results announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company with effect from 2:30 p.m. on 28 September 2010.

By Order of the Board
Yau Chung Hong
Executive Director

Hong Kong, 27 September 2010

As at the date of this announcement, the board of directors of the Company comprises executive directors Mr. Yau Chung Hong, Mr. Chui Tak Keung, Duncan, Mr. Kong Fanpeng and Dr. Liu Ta-pei; and independent non-executive directors Mr. Lam Kwan, Mr. Chan Ming Sun, Jonathan and Mr. Shiu Siu Tao.