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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 31 MARCH 2016**

INTERIM FINANCIAL STATEMENTS

The board of directors (the “Board”) of Capital VC Limited (the “Company”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 March 2016 (the “Period”). The unaudited condensed consolidated interim financial statements (the “Interim Financial Statements”) have not been audited by the Company’s independent auditor but have been reviewed by the Company’s audit committee (the “Audit Committee”).

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 31 March 2016

| | | Six months ended | |
|---|--------------|-----------------------------|---------------------------|
| | | 31 March | 31 December |
| | | 2016 | 2014 |
| | | (unaudited) | (unaudited) |
| | <i>Notes</i> | HK\$ | HK\$ |
| Revenue | 5 | (199,741,056) | 167,302,305 |
| Other income | | 5,000,000 | 2,071 |
| Administrative expenses | | (11,593,916) | (4,415,920) |
| Loss on fair change of available- for-sale investment | | <u>–</u> | <u>(8,000,000)</u> |
| Operating (loss)/profit | | (206,334,972) | 154,888,456 |
| Finance costs | | (823,517) | (1,233,910) |
| Share of result of an associate | | (3,637,868) | 2,478,000 |
| (Loss)/Profit before tax | 7 | (210,796,357) | 156,132,546 |
| Income tax | 8 | 34,000,000 | (25,500,000) |
| (Loss)/Profit for the Period and total comprehensive income for the Period attributable to equity holders of the Company | | <u>(176,796,357)</u> | <u>130,632,546</u> |
| Dividend | 9 | <u>–</u> | <u>–</u> |
| (Loss)/Earnings per share (HK cents) | 10 | | (Restated) |
| – basic | | (5.65) | 14.38 |
| – diluted | | N/A | N/A |

There was no other comprehensive income during the six months ended 31 March 2016 and 31 December 2014.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

| | | 31 March 2016 (unaudited) HK\$ | 30 September 2015 (audited) HK\$ |
|---|--------------|---|---|
| | <i>Notes</i> | | |
| NON-CURRENT ASSETS | | | |
| Plant and equipment | 11 | 35,184,345 | 35,705,808 |
| Interest in an associate | 12 | 70,074,600 | 73,712,468 |
| Available-for-sale investments | 13 | 119,384,000 | 119,384,000 |
| Amounts receivable on disposal of available-for-sale investments | 14 | – | 5,000,000 |
| | | <hr/> 224,642,945 | <hr/> 233,802,276 |
| CURRENT ASSETS | | | |
| Financial assets at fair value through profit or loss | 15 | 664,471,688 | 982,276,147 |
| Prepayments, deposits and other receivables | 14 | 60,777,504 | 130,143,656 |
| Amount due from an associate | 12 | 30,595,174 | 95,842,223 |
| Bank balances and cash | | 195,465,448 | 191,513,142 |
| | | <hr/> 951,309,814 | <hr/> 1,399,775,168 |

| | | 31 March 2016 (unaudited) HK\$ | 30 September 2015 (audited) HK\$ |
|--|----|---|---|
| CURRENT LIABILITIES | | | |
| Other payables and accruals | | <u>4,071,374</u> | <u>250,949,702</u> |
| NET CURRENT ASSETS | | <u>947,238,440</u> | <u>1,148,825,466</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,171,881,385 | 1,382,627,742 |
| NON-CURRENT LIABILITIES | | | |
| Deferred tax liabilities | | <u>14,717,471</u> | <u>48,717,471</u> |
| | | <u>1,157,163,914</u> | <u>1,333,910,271</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | 16 | 15,653,010 | 7,825,408 |
| Reserves | | <u>1,141,510,904</u> | <u>1,326,084,863</u> |
| | | <u>1,157,163,914</u> | <u>1,333,910,271</u> |
| NET ASSET VALUE PER SHARE | 17 | <u>0.3696</u> | <u>0.8523</u> |

NOTES TO INTERIM FINANCIAL STATEMENTS

For the six months ended 31 March 2016

1. GENERAL INFORMATION

Capital VC Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. 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 was Room 2302, 23/F, New World Tower 1, 18 Queen’s Road Central, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). These condensed consolidated interim financial information are presented in Hong Kong dollars, unless otherwise stated.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The unaudited condensed consolidated financial statements (“Interim Financial Statements”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The Interim Financial Statements should be read in conjunction with the 2014/15 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the fifteen months ended 30 September 2015.

3. ACCOUNTING POLICIES

The Company and its subsidiaries (the “Group”) has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 October 2015. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); HKAS; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years/period.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Company has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

In preparing the Interim Financial Statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the fifteen months ended 30 September 2015.

5. REVENUE

Revenue represents the amounts received and receivable on investments, net gains on financial assets at fair value through profit or loss (“FVTPL”) and bank and other interest income during the Period as follows:

| | Six months ended | |
|--|---|--|
| | 31 March 2016 (unaudited) HK\$ | 31 December 2014 (unaudited) HK\$ |
| Net (loss)/ profit on financial assets at FVTPL | (201,525,141) | 163,416,375 |
| Interest income on amounts due from investee companies | 1,776,797 | 3,883,182 |
| Bank and other interest income | 7,288 | 2,748 |
| | <u>(199,741,056)</u> | <u>167,302,305</u> |

6. 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 their review of the performance of those components.

The principal activity of the Group is investing in listed and unlisted companies. The Group has identified the operating and reportable segments as follows.

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

| | For the six months ended 31 March 2016 | | | | |
|---------------------------------|--|--|--|---------------------|----------------------|
| | Investment in financial assets at FVTPL HK\$ | Investment in available- for-sale investments HK\$ | Investment in an associate HK\$ | Unallocated HK\$ | Total HK\$ |
| Segment revenue | (201,525,141) | 1,225,000 | 551,797 | 5,007,288 | (194,741,056) |
| Administrative expenses | – | – | – | (11,593,916) | (11,593,916) |
| Segment result | <u>(201,525,141)</u> | <u>1,225,000</u> | <u>551,797</u> | <u>(6,586,628)</u> | <u>(206,334,972)</u> |
| Share of result of an associate | – | – | (3,637,868) | – | (3,637,868) |

| | For the six months ended 31 December 2014 | | | | |
|---------------------------------|---|---|---|----------------------------|----------------------|
| | Investment in financial assets at FVTPL <i>HK\$</i> | Investment in available- for-sale investments <i>HK\$</i> | Investment in an associate <i>HK\$</i> | Unallocated <i>HK\$</i> | Total <i>HK\$</i> |
| Segment revenue | 163,416,375 | (6,901,070) | 2,784,252 | 4,819 | 159,304,376 |
| Administrative expenses | – | – | – | (4,415,920) | (4,415,920) |
| Segment result | <u>163,416,375</u> | <u>(6,901,070)</u> | <u>2,784,252</u> | <u>(4,411,101)</u> | <u>154,888,456</u> |
| Share of result of an associate | <u>–</u> | <u>–</u> | <u>2,478,000</u> | <u>–</u> | <u>2,478,000</u> |

7. (LOSS)/PROFIT BEFORE TAX

| Six months ended | |
|--|---|
| 31 March 2016 (unaudited) <i>HK\$</i> | 31 December 2014 (unaudited) <i>HK\$</i> |

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

| | | |
|---|------------------|-----------|
| Total staff costs (including directors' remuneration) | 1,859,988 | 1,348,700 |
| Depreciation on plant and equipment | 4,950,615 | 155,709 |
| Operating lease charges on rented premises | 514,295 | 576,002 |
| Interest on borrowings | 823,517 | 1,233,910 |

8. INCOME TAX

The amount of taxation (credited)/charged to the consolidated statement of comprehensive income represents:

| | Six months ended | |
|-----------------------------|--|---|
| | 31 March 2016 (unaudited) <i>HK\$</i> | 31 December 2014 (unaudited) <i>HK\$</i> |
| Income tax (credit)/expense | (34,000,000) | 25,500,000 |

As at 30 September 2015, the Group has unused tax losses of HK\$7,253,980 available for offset against future profits. The unrecognised tax losses may be carried forward indefinitely. No provision for Hong Kong Profits Tax has been made for the six months ended 31 March 2016.

9. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 31 March 2016 (six months ended 31 December 2014: Nil).

10. (LOSS)/EARNINGS PER SHARE

The calculations of basic (loss)/earnings per share are based on the Group's loss attributable to the equity holders of the Company for the Period of HK\$176,796,357 (2014: Profit of HK\$130,632,546).

The basic (loss)/earnings per share is based on the weighted average number of 3,130,412,247 (2014 restated: 908,137,818) ordinary shares in issue for the Period.

There was no dilution effect on the basic (loss)/earnings per share for the six months ended 31 March 2016 and 31 December 2014 as there were no dilutive shares outstanding during the six months ended 31 March 2016 and 31 December 2014.

11. PLANT AND EQUIPMENT

During the Period, the Group acquired two motor vehicles at cost of approximately HK\$1,342,000 in aggregate, and leasehold improvement for the vessel of approximately HK\$3,088,000, for business purpose.

12. INTEREST IN AN ASSOCIATE

| | 31 March 2016 (unaudited) HK\$ | 30 September 2015 (audited) HK\$ |
|---|---|---|
| Cost of investment in an unlisted associate | 4,500,000 | 4,500,000 |
| Share of post-acquisition profit | 65,574,600 | 69,212,468 |
| | <u>70,074,600</u> | <u>73,712,468</u> |
| Amount due from an associate | <u>30,595,174</u> | <u>95,842,223</u> |

The amount due from an associate was unsecured, bearing interest at 8% per annum and repayable on demand.

As at 31 March 2016, the Group has interests in the following associate:

| Name of associate | Form of business structure | Class of shares held | Place of incorporation and operations | Nominal value of issued share capital | Percentage of equity attributable to the Group | Principal activities |
|---------------------|----------------------------|----------------------|---------------------------------------|---------------------------------------|--|---|
| CNI Bullion Limited | Incorporated | Ordinary share | Hong Kong | HK\$15,000,000 | 30% | Provision of services on trading of gold in Hong Kong gold market |

13. AVAILABLE-FOR-SALE INVESTMENTS

| | 31 March 2016 (unaudited) <i>HK\$</i> | 30 September 2015 (audited) <i>HK\$</i> |
|--|--|--|
| Unlisted equity securities representing investments in private entities, at fair value | 119,384,000 | 119,384,000 |

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The prepayments, deposits and other receivables of HK\$60,777,504 as at 31 March 2016 (30 September 2015: HK\$135,143,656) included receivables for two (30 September 2015: three) disposed available-for-sale investments of HK\$32,529,609 (30 September 2015: HK\$52,304,595) and margin receivables generated from investment in financial assets at FVTPL of HK\$16,739,426 as at 31 March 2016 (30 September 2015: HK\$69,428,532). The balances bear interest at 5% per annum and repayable within one year from 31 March 2016.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 31 March 2016 (unaudited) <i>HK\$</i> | 30 September 2015 (audited) <i>HK\$</i> |
|---|--|--|
| Fair value | | |
| Listed equity securities held for trading, – listed in Hong Kong | 664,471,688 | 982,276,147 |

The fair value of the Group's equity investments at fair value through profit or loss was determined based on the quoted market bid prices available on the relevant exchanges.

16. SHARE CAPITAL

| | Number of ordinary shares of HK\$0.001 each | Number of ordinary shares of HK\$0.005 each | Nominal value HK\$ |
|--|--|--|--------------------------|
| Authorised | | | |
| At 1 July 2014 and 31 December 2014 | 200,000,000,000 | – | 200,000,000 |
| At 1 October 2015 and 31 March 2016 | – | 40,000,000,000 | 200,000,000 |
| Issued and fully paid | | | |
| At 1 October 2015 | | | |
| Ordinary Shares of HK\$0.005 each | – | 1,565,081,441 | 7,825,408 |
| Bonus issue (<i>Note a</i>) | – | 1,565,221,684 | 7,826,108 |
| Exercise of warrants (<i>Note b</i>) | – | 298,779 | 1,494 |
| At 31 March 2016 | – | 3,130,601,904 | 15,653,010 |
| At 1 July 2014 | | | |
| Ordinary shares of HK\$0.001 each | 956,395,739 | – | 956,396 |
| Exercise of warrants (<i>Note c</i>) | 21,736,337 | – | 21,736 |
| At 31 December 2014 | 978,132,076 | – | 978,132 |

Notes:

- (a) At the extraordinary general meeting held on 11 December 2015, an ordinary resolution was passed for issuance of bonus shares. 1,565,221,684 ordinary shares of HK\$0.005 each were issued to shareholders on the basis of one bonus share for every then existing share as at the record date of 22 December 2015.
- (b) As a result of the bonus issue detailed in note (a) above, the exercise price of warrants was adjusted from HK\$0.41 to HK\$0.205, with effect from 23 December 2015. During the six months ended 31 March 2016, 158,536 warrants were exercised at a price of HK\$0.205 and 140,243 warrants were exercised at a price of HK\$0.41 into 298,779 ordinary shares of the Company, in aggregate.
- (c) During the six months ended 31 December 2014, 21,736,337 warrants were exercised at a price of HK\$0.25 into 21,736,337 ordinary shares of the Company.

17. 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 31 March 2016 of HK\$1,157,163,914 (30 September 2015: HK\$1,333,910,271) and on the number of 3,130,601,904 (30 September 2015: 1,565,081,441) ordinary shares in issue as at 31 March 2016.

18. RELATED PARTY AND CONNECTED TRANSACTIONS

- (a) During the Period, significant transactions with related parties and connected parties are as follows:

| | | Six months ended | |
|--|-------|------------------|-------------|
| | | 31 March | 31 December |
| | | 2016 | 2014 |
| | | (unaudited) | (unaudited) |
| | Notes | HK\$ | HK\$ |
| China Angel Fund Management (HK) Company Limited (“CAFM”) Investment management fee paid | (i) | – | 96,000 |
| Insight Capital Management (HK) Limited (“Insight HK”) Investment management fee paid | (ii) | 300,000 | 117,742 |
| CNI Bullion Limited Interest income from | (iii) | 551,797 | 2,784,252 |

- (b) Compensation of key management personnel. The remuneration of directors and other members of key management during the Period was as follows:

| | Six months ended | |
|--------------------------|------------------|----------------|
| | 31 March | 31 December |
| | 2016 | 2014 |
| | (unaudited) | (unaudited) |
| | HK\$ | HK\$ |
| Short-term benefits | 1,130,000 | 780,000 |
| Post-employment benefits | – | – |
| | <u>1,130,000</u> | <u>780,000</u> |

Notes:

- (i) Pursuant to an investment management agreement (“CAFM Agreement”) dated 31 May 2012 entered into between the Company and CAFM, CAFM agreed to provide the Company with investment management services (excluding general administrative services) commencing on 1 June 2012. Pursuant to its terms, the monthly investment advisory fee is HK\$40,000.

The Company and CAFM mutually agreed to terminate the CAFM Agreement with no penalty and/or compensation with effect from 13 September 2014.

- (ii) Pursuant to an investment agreement (“Insight HK Agreement”) dated 17 October 2014 entered into between the Company and Insight HK, Insight HK agreed to provide the Company with investment management services (excluding general administrative services) commencing on 21 October 2014. Pursuant to its terms, Insight HK Agreement is renewable automatically for successive periods of two years each upon expiry unless terminated by either the Company or Insight HK serving not less than 3 months’ prior notice in writing on the other party. Currently the monthly investment advisory fee is HK\$50,000.
- (iii) The Group had 30% equity interest in CNI Bullion Limited at 31 March 2016. The term loan is unsecured, bears interest at 8% per annum and repayable on demand.

19. PLEDGE OF ASSETS

The Group has pledged its financial assets at fair value through profit or loss, which are HK\$561,169,117 (30 September 2015: HK\$738,561,777) to secure margin financing facilities obtained from regulated securities dealers.

20. PENDING LITIGATION

In HCA 1700/2011, since the legal representative of the Company filed the Defence on behalf of the Company in December 2011, for more than 4 years, the Plaintiff has not taken any further steps at all in respect of the proceedings. The said law suit involves a dishonoured cheque for the amount of HK\$39,000,000 allegedly payable to the Plaintiff. It has always been the view of the Company’s legal representative that the Plaintiff’s claim is totally without ground. The Company has taken legal advice and has already given instructions to their legal representative to make an application to strike out the claim with costs, for (1) lack of merits of the claim, and (2) want of prosecution.

Save as disclosed above, so far as the Board is aware, there are no litigation or arbitration proceedings made or threatened to be made against the Company, which would have a significant impact on the business or operations of the Company. No provision was made for the six months ended 31 March 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

For the six months ended 31 March 2016, the Group reported a negative turnover of approximately HK\$199.7 million (six months ended 31 December 2014: positive amount of HK\$167.3 million) and net loss attributable to equity holders of the Company of approximately HK\$176.8 million (six months ended 31 December 2014: profit of HK\$130.6 million). The changes in the Group's turnover and results are principally due to the unstable performance of listed securities held by the Group. The Group recorded a net loss on listed securities investment of approximately HK\$201.5 million in the six months ended 31 March 2016 (six months ended 31 December 2014: profit HK\$163.4 million). The result of CNI Bullion Limited shared to the Group changed from profit of approximately HK\$2.5m million in the six months ended 31 December 2014 to loss of approximately HK\$3.6 million in the Period.

As at 31 March 2016, the net asset value ("NAV") of the Group was approximately HK\$1,157.2 million (30 September 2015: HK\$1,333.9 million), representing a decrease of approximately 13.2% over the Period. The NAV per share of the Group was HK\$0.3696 (30 September 2015: HK\$0.8523), which decreased by approximately 56.6% during the Period. In addition to the net loss attributable to equity holders of the Company of approximately HK\$176.8 million, the bonus issue on the basis of one offer share for one share led to the decrease in the net asset value per share over the Period as well.

Business Review and Prospect

Following the stock market crash in late fiscal year 2014/15, the overall stock market in Hong Kong continued behaved unstable in the first half of fiscal year 2015/16. Hang Seng Index ("HSI") experienced a sharp rebound in October 2015, rose from 20,846 as at the end of September 2015 to over 23,000 in October 2016. The lift-off, however, cannot sustain and HSI fell below 18,500 in February 2016. HSI eventually marked at 20,803 as at 31 March 2016. In such unstable market environment, the Group's listed securities performed not as good as previous years. Loss on listed investments of approximately HK\$201.5 million was recorded during the Period.

As mentioned in 2014/15 annual report of the Company, it was widely expected that, should economic performance in the US remain on track, the Federal Reserve would begin to remove excess liquidity gradually by tapering off Quantitative Easing sometime in near future. The Federal Reserve in December 2015 lifted rates for the first time in nearly a decade, but since then the US outlook has been clouded by a series of setbacks overseas. In their March meeting of 2016, the policymakers of the Federal Reserve halved their median forecast for the number of quarter-point interest rate increases projected for this year to two. The pace of interest rate normalization is questioned. The price of gold twisted from the weak position in previous years, and rose from around US\$1,100 per ounce in September 2015 to over US\$1,250 per ounce in March 2016. Even so, as the interest rate movement, together with the gold price, are difficult to predict, less transactions of bullion trading were recorded in the Period. As a result, a slight loss of HK\$3.6 million was shared from the Group's associate – CNI Bullion Limited during the Period.

Looking forward, we expect the investment environment in the US and other advanced economies will be relatively stable. Anticipated mild and slow interest rate normalization will not cause significant influence of global investment market. In the East, as the China economy is maturing and a more sustainable development is desired, slower future growth levels are to be expected. The Directors will continue to adopt cautious measures to manage the Group's investment portfolio.

LIQUIDITY, FINANCIAL RESOURCES, CHARGE ON ASSETS, GEARING, CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

There is no significant change in the Group's liquidity position over the Period and the Group's bank balances as at 31 March 2016 amounted to approximately HK\$195.5 million (As at 30 September 2015: approximately HK\$191.5 million). The Group's current ratio (as defined by current assets/current liabilities) maintained a satisfactory level of 233.7 as at 31 March 2016 (30 September 2015: 5.6). The Board believes that the Group has sufficient resources to satisfy its working capital requirements.

During the Period, the Group maintained low level of gearing ratio (as defined by total liabilities/total assets) (31 March 2016: 1.6%; 30 September 2015: 18.3%), and the Group had no material commitment and contingent liabilities as at 31 March 2016.

FOREIGN CURRENCY FLUCTUATION

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

SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the Period the Company does not have any significant acquisition and disposal of subsidiaries.

HUMAN RESOURCES

As at 31 March 2016, the Group had 5 employees, excluding the directors of the Company. Total staff costs excluding Directors' remuneration amounted to approximately HK\$0.9 million. They perform clerical, research, business development and administrative functions for the Group. The Group's remuneration policies are in line with the prevailing market practice and the staff remuneration is determined on the basis of the performance and experience of individual employees.

CAPITAL STRUCTURE

During the six months ended 31 March 2016, the Company issued 158,536 shares at HK\$0.205 each per share and 140,243 shares at HK\$0.41 each per share due to the exercise of warrants and 1,565,221,684 shares were issued to the shareholders on the basis of one bonus share for every then existing share as at the record date of 22 December 2015. The number of the Company's issued shares increased from 1,565,081,441 to 3,130,601,904 during the Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries repurchased, redeemed or sold any of the Company's listed securities during the six months ended 31 March 2016.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely, Mr. Lam Kwan, Mr. Ong Chi King and Mr. Lee Ming Gin with written terms of reference in compliance. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Company, and discussed internal control and financial reporting matters including the review of the unaudited interim results for the six months ended 31 March 2016.

CODE OF CORPORATE GOVERNANCE PRACTICE

During the Period, 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 CGP Code as described below:

CGP Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same person. Decisions of the Company are made collectively by the executive directors. The Board believes that this arrangement enables the Company to make and implement decisions promptly, and thus achieve the Company's objectives efficiently and effectively in response to the changing environment. The Board also believes that the Company already has a strong corporate governance structure in place to ensure effective oversight of management.

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

Pursuant to CGP Code provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings. An Independent Non-executive Director could not attend the annual general meeting held on 3 February 2016 due to other business commitments.

On behalf of the Board
Chan Cheong Yee
Executive Director

Hong Kong, 10 May 2016

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