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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 2024**

**INTERIM FINANCIAL STATEMENTS**

The board (the “Board”) of directors (the “Director(s)”) 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 2024 (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 2024**

	<i>Notes</i>	<b>Six months ended</b>	
		<b>31 March 2024 (unaudited) HK\$</b>	<b>31 March 2023 (unaudited) HK\$</b>
Turnover	5	<b>48,513,038</b>	(60,228,181)
Other income, net		<b>(400,511)</b>	19,200
Administrative expenses		<b>(7,589,623)</b>	(8,426,649)
Reversal of expected credit loss on financial assets at amortised cost		–	6,331,277
Expected credit loss/(Reversal of expected credit loss) on deposits and other receivables		<b>(19,108,542)</b>	3,914,498
Operating profit/(loss)		<b>21,414,362</b>	(58,389,855)
Finance costs		<b>(3,235,343)</b>	(1,371,370)
Profit/(Loss) before tax	7	<b>18,179,019</b>	(59,761,225)
Income tax credit	8	<b>205,325</b>	–
<b>Profit/(Loss) for the Period and total comprehensive income/(loss) for the Period attributable to equity holders of the Company</b>		<b><u>18,384,344</u></b>	<b><u>(59,761,225)</u></b>
Dividend	9	<u>–</u>	<u>–</u>
<b>Earnings/(Loss) per share (HK cents)</b>	10		
– Basic		<b>4.38</b>	(14.22)
– Diluted		<b>4.38</b>	(14.22)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 MARCH 2024**

	<i>Notes</i>	<b>31 March 2024 (unaudited) HK\$</b>	30 September 2023 (audited) HK\$
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	<i>11</i>	<b>294,876</b>	381,120
Investments in financial assets at amortised cost	<i>13</i>	<b>119,930,404</b>	120,266,539
		<b>120,225,280</b>	120,647,659
<b>CURRENT ASSETS</b>			
Prepayments, deposits and other receivables	<i>14</i>	<b>8,124,209</b>	39,830,093
Financial assets at fair value through profit or loss	<i>12</i>	<b>239,931,146</b>	180,597,142
Investments in financial assets at amortised cost	<i>13</i>	<b>4,499,397</b>	4,444,275
Cash and cash equivalents		<b>33,043,996</b>	33,075,167
		<b>285,598,748</b>	257,946,667
<b>CURRENT LIABILITIES</b>			
Other payables and accruals		<b>27,880,821</b>	25,007,917
Overdrafts		<b>19,747,087</b>	14,813,705
		<b>47,627,908</b>	39,821,622
<b>NET CURRENT ASSETS</b>		<b>237,970,840</b>	218,125,045
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>358,196,120</b>	338,772,704
<b>NON-CURRENT LIABILITIES</b>			
Convertible bonds		<b>19,755,603</b>	18,511,206
Deferred tax liability		<b>205,326</b>	410,651
		<b>19,960,929</b>	18,921,857
<b>NET ASSETS</b>		<b>338,235,191</b>	319,850,847
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>15</i>	<b>105,032,062</b>	105,032,062
Reserves		<b>233,203,129</b>	214,818,785
		<b>338,235,191</b>	319,850,847
<b>NET ASSET VALUE PER SHARE</b>	<i>16</i>	<b>0.81</b>	0.76

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 31 MARCH 2024**

	Share capital <i>HK\$</i>	Share premium <i>HK\$</i>	Convertible bonds equity reserve <i>HK\$</i>	Capital reduction reserve <i>HK\$</i>	Share options reserve <i>HK\$</i>	Accumulated gain losses <i>HK\$</i>	Total equity <i>HK\$</i>
At 1 October 2023 (audited)	105,032,062	1,314,905,133	7,760,254	22,826,010	6,900,317	(1,137,572,929)	319,850,847
Profit for the period and total comprehensive income for the period	-	-	-	-	-	18,384,344	18,384,344
Lapse of share options	-	-	-	-	(2,802,996)	2,802,996	-
<b>At 31 March 2024 (unaudited)</b>	<b><u>105,032,062</u></b>	<b><u>1,314,905,133</u></b>	<b><u>7,760,254</u></b>	<b><u>22,826,010</u></b>	<b><u>4,097,321</u></b>	<b><u>(1,116,385,589)</u></b>	<b><u>338,235,191</u></b>
At 1 October 2022 (audited)	105,032,062	1,314,905,133	7,760,254	22,826,010	6,900,317	(988,513,293)	468,910,483
Loss for the period and total comprehensive loss for the period	-	-	-	-	-	(59,761,225)	(59,761,225)
<b>At 31 March 2023 (unaudited)</b>	<b><u>105,032,062</u></b>	<b><u>1,314,905,133</u></b>	<b><u>7,760,254</u></b>	<b><u>22,826,010</u></b>	<b><u>6,900,317</u></b>	<b><u>(1,048,274,518)</u></b>	<b><u>409,149,258</u></b>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE SIX MONTHS ENDED 31 MARCH 2024**

	<b>Six months ended</b>	
	<b>31 March 2024 (unaudited) HK\$</b>	<b>31 March 2023 (unaudited) HK\$</b>
NET CASH USED IN OPERATING ACTIVITIES	<b>(17,979,171)</b>	(29,149,284)
NET CASH FROM INVESTING ACTIVITIES	<b>17,948,000</b>	68,731,741
NET CASH FROM FINANCING ACTIVITIES	<u>—</u>	<u>—</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<b>(31,171)</b>	39,582,457
CASH AND CASH EQUIVALENTS AT 1 OCTOBER 2023 AND 2022	<u><b>33,075,167</b></u>	<u>16,692,655</u>
CASH AND CASH EQUIVALENTS AT 31 MARCH 2024 AND 2023		
Represented by:		
Bank balances and cash	<u><b>33,043,996</b></u>	<u>56,275,112</u>

## **NOTES TO INTERIM FINANCIAL STATEMENTS**

### **FOR THE SIX MONTHS ENDED 31 MARCH 2024**

#### **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 Unit 506, 5/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 D2 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 2022/23 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 year ended 30 September 2023.

#### **3. ACCOUNTING POLICIES**

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 2023. 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.

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 year ended 30 September 2023.

## 5. TURNOVER

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 six months ended 31 March 2024 (the “Period”) as follows:

	Six months ended	
	31 March 2024 (unaudited) HK\$	31 March 2023 (unaudited) HK\$
Net realised loss on financial assets of FVTPL	(623,723)	(4,564,583)
Net unrealised gain/(loss) on financial assets of FVTPL	42,024,823	(63,790,160)
Dividend income from investments in listed securities	–	7,164
Interest income on other receivables	333,333	1,732,971
Bank and bond interest income	6,778,605	6,386,427
	<u>48,513,038</u>	<u>(60,228,181)</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 investment	–	Investments in unlisted securities

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

	For the six months ended 31 March 2024				
	Investment in unlisted bonds HK\$	Investment in listed equity securities HK\$	Investment in unlisted equity securities HK\$	Unallocated HK\$	Total HK\$
Segment revenue	6,771,000	41,401,100	333,333	7,605	48,513,038
Other income, net	–	–	–	(400,511)	(400,511)
Expected credit loss on deposits and other receivables	–	–	(19,108,542)	–	(19,108,542)
Administrative expenses	(2,103,996)	–	–	(5,485,627)	(7,589,623)
Segment result	<u>4,667,004</u>	<u>41,401,100</u>	<u>(18,775,209)</u>	<u>(5,878,533)</u>	<u>21,414,362</u>

	For the six months ended 31 March 2023				
	Investment in unlisted bonds <i>HK\$</i>	Investment in listed equity securities <i>HK\$</i>	Investment in unlisted equity securities <i>HK\$</i>	Unallocated <i>HK\$</i>	Total <i>HK\$</i>
Segment revenue	6,383,054	(68,347,579)	1,732,971	22,573	(60,208,981)
Reversal of expected credit loss on financial assets at amortised cost	6,331,277	–	–	–	6,331,277
Reversal of expected credit loss on deposits and other receivables	–	–	3,914,498	–	3,914,498
Administrative expenses	(1,402,931)	–	–	(7,023,718)	(8,426,649)
Segment result	<u>11,311,400</u>	<u>(68,347,579)</u>	<u>5,647,469</u>	<u>(7,001,145)</u>	<u>(58,389,855)</u>

## 7. PROFIT/(LOSS) BEFORE TAX

	Six months ended	
	31 March 2024 (unaudited) <i>HK\$</i>	31 March 2023 (unaudited) <i>HK\$</i>
The Group's profit/(loss) before tax has been arrived at after charging:		
Total staff costs (including directors' remuneration)	<b>2,036,593</b>	2,393,732
Depreciation on plant and equipment	<b>86,244</b>	86,244
Operating lease charges on rented premises	<b>75,000</b>	72,600
Interest expenses	<b>3,235,343</b>	1,371,370

## 8. INCOME TAX

As at 30 September 2023, the Group has unused tax losses of approximately HK\$998,142,641 available for offset against future profits. The unrecognised tax losses may be carried forward indefinitely. As the aforesaid tax losses of HK\$998,142,641 can fully offset the taxable profit of the Group for the six months ended 31 March 2024, no provision for Hong Kong Profits Tax has been made for the six months ended 31 March 2024.

The income tax credit of HK\$205,325 for the six months ended 31 March 2024 represented deferred tax credit (2023: nil).

## 9. DIVIDEND

The directors did not recommend the payment of an interim dividend for the six months ended 31 March 2024 (2022: Nil).

## 10. EARNINGS/(LOSS) PER SHARE

The calculations of basic and diluted profit/(loss) per share are based on the Group's profit for the Period attributable to the equity holders of the Company of HK\$18,384,344 (2023: loss of HK\$59,761,225).



The basic earnings/(loss) per share for the Period are based on the weighted average number of 420,128,249 ordinary shares in issue for the Period (2023: 420,128,249 ordinary shares). The Company had no potentially dilutive ordinary shares in the six months ended 31 March 2024. The outstanding share options and convertible bonds during the Period were anti-dilutive.

## 11. PLANT AND EQUIPMENT

During the Period, the Group did not purchase or dispose of any fixed assets. During the six months ended 31 March 2023, the Group purchased a motor vehicle at cost of HK\$689,929. Except for this motor vehicle, other plant and equipment have been fully depreciated in prior years.

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

		<b>31 March 2024 (unaudited) HK\$</b>	30 September 2023 (audited) HK\$
	<i>Note</i>		
Fair value:			
Convertible bonds derivative		<b>400,512</b>	801,023
Listed equity securities in Hong Kong	(a)	<b>239,530,634</b>	179,796,119
		<b>239,931,146</b>	180,597,142

*Note:*

- (a) Included in the financial assets at fair value through profit or loss as at 31 March 2024 were approximately 51.8 million shares of Japan Kyosei Group Company Limited (stock code: 627) at market value of approximately HK\$85.4 million.

## 13. INVESTMENTS IN FINANCIAL ASSETS AT AMORTISED COST

	<b>31 March 2024 (unaudited) HK\$</b>	30 September 2023 (audited) HK\$
Investments in financial assets at amortised cost	<b>114,832,240</b>	113,009,257
Fair value adjustment at inception	<b>20,758,521</b>	20,758,521
Amortisation of fair value adjustment	<b>(11,160,960)</b>	(9,056,964)
	<b>124,429,801</b>	124,710,814
Less: Non-current assets	<b>(119,930,404)</b>	(120,266,539)
	<b>4,499,397</b>	4,444,275

Particulars of the major bonds held as at 31 March 2024, are as follows:

Name of issuer	Notes	Place of incorporation	Acquisition cost HK\$	Fair value adjustment at inception HK\$	Interest HK\$	Loss on modification HK\$	Expected credit loss HK\$	Carrying amount HK\$	Percentage of carrying amount of significant investments to the Group's portfolio HK\$	Percentage of carrying amount of significant investments to the Group's total assets HK\$	Terms HK\$	Coupon rate p.a.
Gold Medal Hong Kong Limited ("Gold Medal")	(a)	Hong Kong	42,000,000	(7,021,948)	8,324,309	(1,910,616)	(17,108,653)	24,283,092	6.7%	6.0%	From 31 October 2020 to 30 October 2025	6.5%
Gold Medal	(a)	Hong Kong	20,000,000	-	2,345,078	(1,845,905)	(11,324,670)	9,174,503	2.5%	2.3%	From 28 October 2019 to 27 October 2027	6.5%
Hao Wen Holdings Limited ("Hao Wen")	(b)	Cayman Islands	42,500,000	(2,587,472)	3,055,555	(3,729,854)	(12,221,340)	27,016,889	7.4%	6.7%	From 1 November 2020 to 31 October 2025	8.0%

**Notes:**

- (a) Gold Medal is a company incorporated in Hong Kong with limited liability and principally engaged in money lending business. It is a wholly owned subsidiary of WLS Holdings Limited which is listed on the GEM of the Stock Exchange (stock code: 8021). According to the terms of the agreement and subject to certain conditions, both the Group and Gold Medal have the early redemption rights as follows:

The Group can request early redemption of the bonds at 100% of the outstanding principal amount and 50% of the outstanding coupon.

Gold Medal can early redeem the bonds at 100% of the total amount of such bond together with any payment of interests accrued up to the date of such early redemption. An additional 1% will be given to the Group, together with the outstanding principal and coupon. No coupons was received from these bonds issued by Gold Medal for the six months ended 31 March 2024.

As the fair values of the early redemption rights of both Gold Medal and the Group as at 31 March 2024 were insignificant and the Group intended to hold the bonds issued by Gold Medal to maturity, the Group's investment in these bonds was recorded as financial assets at amortised cost.

- (b) Hao Wen is a company incorporated in Cayman Islands with limited liability and principally engaged in money lending and processing and trading of electronic parts. It is listed on the GEM of the Stock Exchange (stock code: 8019). There is no provision of terms in the agreement regarding early redemption rights. Coupons of HK\$3,400,000 was received from the bonds issued by Hao Wen for the six months ended 31 March 2024.

**14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

	Notes	31 March 2024 (unaudited) HK\$	30 September 2023 (audited) HK\$
Prepayments and deposits		290,652	221,328
Margin receivables	(a)	30,879	30,864
Amounts receivable on disposal of unlisted investments	(b)	7,802,678	39,577,891
		<b>8,124,209</b>	<b>39,830,083</b>

The carrying amounts of prepayments, deposits and other receivables at the end of the reporting period approximated their fair values.

*Notes:*

- (a) Margin receivables are generated from investment in financial assets at FVTPL, with interest rates ranged from 0.000% to 0.025% (30 September 2023: 0.001% to 0.875%) per annum.
- (b) The balance principally represented receivable from the purchaser of bonds issued by Profit Big Enterprises Limited of HK\$7,802,678 (30 September 2023: HK\$11,469,349). The balance as at 30 September 2023 included the receivable from the purchaser of equity interest of Kendervon Profits Inc. (“KPI Debtor”) of HK\$28,108,542. HK\$9,000,000 was repaid during the Period. As the Company noted that High Court has granted a bankruptcy against KPI Debtor subsequent to 31 March 2024, an expected credit loss provision against the receivable from KPI Debtor of HK\$19,108,542 was recorded in the financial statements of the Group for the six months ended 31 March 2024.

## 15. SHARE CAPITAL

	<i>Note</i>	Number of ordinary shares of HK\$0.25 each	Share Capital <i>HK\$</i>
<b>Authorised:</b>			
At 1 October 2022, 30 September 2023, 1 October 2023 and 31 March 2024		800,000,000	200,000,000
<b>Issued and fully paid:</b>			
At 1 September 2023, 30 September 2023, 1 October 2023 and 31 March 2024		420,128,249	105,032,062

## 16. 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 2024 of HK\$338,235,191 (30 September 2023: HK\$319,850,847) and on the number of 420,128,249 ordinary shares of HK\$0.25 each in issue as at 31 March 2024 (30 September 2023: 420,128,249 ordinary shares of HK\$0.25 each).

On 15 April 2024, 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 31 March 2024 was stated as HK\$0.8646. The decrease of net asset value per share of the Company as at 31 March 2024 from HK\$0.8646 based on the NAV announcement to HK\$0.81 based on this announcement is principally due to the expected credit loss on a receivable of HK\$19,108,542 (see Note 14 for details). The aforesaid expected credit loss was related to the bankruptcy order against a debtor of the Group granted by the High Court, which was noted by the Group after the date of the NAV announcement.

## 17. RELATED PARTY AND CONNECTED TRANSACTIONS

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

		<b>Six months ended</b>	
		<b>31 March</b>	31 March
		<b>2024</b>	2023
		<b>(unaudited)</b>	(unaudited)
	<i>Note</i>	<b>HK\$</b>	<i>HK\$</i>
Evergrande Securities (Hong Kong) Limited (“ESL”)			
Investment management fee paid	(i)	<u><b>300,000</b></u>	<u>300,000</u>

*Note:*

- (i) ESL is an investment manager of the Company and considered as a connected person under 14A.08 of Chapter 21 of the Listing Rules. Pursuant to an investment management agreement (“ESL Agreement”) dated 30 November 2020 entered into between the Company and ESL, ESL agreed to provide the Company with investment management services for an initial term of three years commencing on 8 December 2020 and extended to 7 December 2024. Pursuant to the terms of ESL Agreement, the monthly investment advisory fee is HK\$50,000.
- (b) Compensation of key management personnel. The remuneration of directors and other members of key management during the Period was as follows:

	<b>Six months ended</b>	
	<b>31 March</b>	31 March
	<b>2024</b>	2023
	<b>(unaudited)</b>	(unaudited)
	<b>HK\$</b>	<i>HK\$</i>
Short-term benefits (including share-based payments)	<u><b>2,036,593</b></u>	<u>2,393,732</u>

## 18. PLEDGE OF ASSETS

The Group has pledged its financial assets at fair value through profit or loss, which are HK\$130,327,523 as at 31 March 2024 (30 September 2023: HK\$105,944,151), to secure margin financing facilities obtained from regulated securities dealers.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL HIGHLIGHTS**

For the six months ended 31 March 2024 (the “Period”), the Group recorded a turnover of approximately HK\$48.5 million (2023: negative amount of HK\$60.2 million) and net profit attributable to equity holders of the Company of approximately HK\$18.2 million (2023: loss of HK\$59.8 million). The performance of the Group’s listed investments was satisfactory during the Period. As compared to net loss on listed investment of approximately HK\$68.3 million recognised during the six months ended 31 March 2023, the performance of the Group’s listed investments changed to profit of approximately HK\$41.4 million for the Period. The performance in the Group’s listed investment principally led to the change of overall financial performance from net loss of approximately HK\$59.8 million for the six months ended 31 March 2023 to net profit of approximately HK\$18.2 million for the Period.

The Group maintained the bonds portfolio and did not further subscribe and dispose of its bonds investment during the Period.

Subsequent to the period end date of 31 March 2024, the Group noted that an independent third party had filed a petition to seek a bankruptcy order against a debtor of the Group, and the bankruptcy order was granted by High Court in April 2024. The Group has made a further provision of approximately HK\$19.1 million during the Period, and the receivable from that debtor has been fully provided as at 31 March 2024.

As at 31 March 2024, the net asset value (“NAV”) of the Group was approximately HK\$338.2 million (30 September 2023: HK\$319.9 million), representing an increase of approximately 5.7% over the Period. The increase in NAV is principally attributable to the net profit for the Period attributable to equity holders of the Company of approximately HK\$18.2 million during the Period.

### **PERFORMANCE OF THE GROUP’S LISTED SECURITIES**

The performance of Group’s listed investments changed from loss of HK\$68.3 million in six months ended 31 March 2023 to gain of HK\$41.4 million for the Period. The gain on listed investments for the Period of approximately HK\$41.4 million represented net realised loss of approximately HK\$0.6 million net of net unrealised gain of approximately HK\$42.0 million. Set out below are further information of these net realised loss and unrealised gain:

#### **NET REALISED LOSS**

Net realised loss of approximately HK\$0.6 million represented realised gain of approximately HK\$0.7 million net of realised loss of approximately HK\$1.3 million.

## NET UNREALISED GAIN

The net unrealised gain of approximately HK\$42.0 million represents the unrealised gain of approximately HK\$77.5 million net of unrealised loss of approximately HK\$35.5 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>
Japan Kyosei Group Company Limited	627	58.4	–
China Jicheng Holdings Limited	1027	10.3	–
WLS Holdings Limited	8021	–	(9.1)
Hang Tai Yue Group Holdings Limited	8081	–	(7.2)
SunCorp Technologies Limited	1063	–	(3.2)
Wealth Glory Holdings Limited	8269	–	(3.1)
Others		8.8	(12.9)
		<u>77.5</u>	<u>(35.5)</u>

The above shares are listed either on Main Board or GEM of the Stock Exchange, and no stock included in others contributed the unrealised gain or loss over HK\$3.0 million during the Period.

## BUSINESS REVIEW AND PROSPECT

In Year 2023, except for China and Hong Kong, the global stock markets generally have a better performance compared to that in last year. Although Hang Seng Index (“HSI”) has dropped significantly in prior years, HSI has no obvious direction in six months ended 31 March 2024. HSI dropped from 17,089 points as at 30 September 2023 to the lowest point of 14,961 points in January 2024, but bounced back to 16,541 points as at 31 March 2024.

Although in such inactive market atmosphere, the Group’s listed securities performed satisfactorily. The performance of the Group’s listed investments changed from loss of approximately HK\$68.3 million in the six months ended 31 March 2023 to profit of approximately HK\$41.4 million during the Period.

In connection with unlisted investments, the Group generally maintained its bonds portfolio during the Period. The details of the Group’s bonds investments have been stated under the headline of “Financial Highlights” of this announcement. Bond interest income of approximately HK\$6.8 million were recorded in the Period.

Looking forward, as the complicated global political environment is difficult to be predicted and there is no obvious signal of improvement or recession at the moment, we do not expect the global investment market will have distinguished or tragic performance in the rest of this year. Accordingly, we 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

The Group's liquidity position has maintained steady over the Period. The Group's bank balances as at 31 March 2024 only decreased slightly to approximately HK\$33.0 million (30 September 2023: approximately HK\$33.1 million) and its current ratio (as defined by current assets/current liabilities) maintained a healthy level of 6.0 as at 31 March 2024 (30 September 2023: 6.5). 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 2024: 16.7%; 30 September 2023: 17.2%), and the Group had no material commitment and contingent liabilities as at 31 March 2024.

Included in the Group's listed securities of HK\$239.5 million as at 31 March 2024 were amount of approximately HK\$130.3 million secured for the margin payables.

## SIGNIFICANT INVESTMENTS

The Group's investments with fair value over 5% of value of its total assets are considered as significant investments. The Group's significant investments as at 31 March 2024 include (i) 51.8 million shares of Japan Kyosei Group Company Limited (stock code: 627), (ii) bonds in principal of HK\$62.0 million in aggregate issued by Gold Medal Hong Kong Limited, which is a wholly owned subsidiary of WLS Holdings Limited and (iii) the bonds issued by Hao Wen Holdings Limited (stock code: 8019) in principal of HK\$42.5 million. Set out below are certain information of the Group's significant investments as at 31 March 2024:

Significant Investments	Fair value/ Carrying value of significant investments as at 31 March 2024 <i>HK\$' million</i>	Percentage of fair value/ carrying value of significant investments to the Group's investment portfolio	Percentage of fair value/carrying value of significant investments to the Group's total assets as at 31 March 2024	Realised gain recognised during the six months ended 31 March 2024 <i>HK\$' million</i>	Unrealised gain recognised during the six months ended 31 March 2024 <i>HK\$' million</i>	Bond coupons received during the six months ended 31 March 2024 <i>HK\$' million</i>
Equity investment in Japan Kyosei Group Company Limited	85.4	23.4%	21.0%	–	58.4	N/A
Bonds investment in Gold Medal Hong Kong Limited	33.5	9.2%	8.2%	–	–	–
Bonds investment in Hao Wen Holdings Limited	27.0	7.4%	6.7%	–	–	3.4

## **Equity Investment – Japan Kyosei Group Company (stock code: 627)**

The Group held approximately 51.8 million shares of Japan Kyosei Group Company with market value of approximately HK\$85.4 million as at 31 March 2024.

Japan Kyosei Group Limited (“Japan Kyosei”) is listed on Main Board of the Stock Exchange (stock code: 627), and is a company incorporated in Bermuda with limit liability. Japan Kyosei is principally engaged in property development and property investment businesses. For the year ended 31 December 2023, the audited loss attributable to owners of Japan Kyosei was approximately RMB489.5 million, which decreased from RMB663.6 million for the year ended 31 December 2022.

Japan Kyosei’s annual report for the year ended 31 December 2023 stated that due to credit crisis faced by property developers in China, diminishing domestic demand for properties purchase and cash crunch in real estate development sector in Mainland China, the domestic property industry has experienced turbulence and an on-going deep correction, putting the entire industry in China into an unprecedented difficult situation amid a perplexing operating environment.

In addition, Japan Kyosei completed the capital reorganisation (comprising the Shares Consolidation, the Capital Reduction and issue of shares), the very substantial disposal in respect of transfer of equity interest in Scheme Subsidiaries to the SchemeCo (the “Group Reorganisation”) in July 2023. Upon the completion of the Group Reorganisation, Japan Kyosei appointed new members to the Board and established a new management team. Its Board and the new management team shall earnestly seek potential projects for investment and look for feasible solutions to diversify the investment portfolio of Japan Kyosei. They shall also explore investment opportunities of land and real estate projects beyond Mainland China, such as France in Europe and, Japan and Malaysia in Asia, with an aim to expand the Japan Kyosei’s business globally.

Looking forward to 2024, the Board of Japan Kyosei will actively approach those companies engaging real estate resources and land development in Japan to explore cooperation opportunities by leveraging its operating and development experience in real estate sector in Japan. They believe that taking part in a project at prime location would enhance the profitability of Japan Kyosei and create better returns to its shareholders.

The Company agree the viewpoints of the management of Japan Kyosei and believe that considerable amount of profit will be generated from investment in Japan Kyosei in long terms. Unrealised gain of approximately HK\$58.4 million was recorded in the Company’s books during the Period.



### **Bonds Investment – Gold Medal Hong Kong Limited (“Gold Medal”)**

Gold Medal is a company incorporated in Hong Kong with limited liability and principally engaged in money lending business. It is a wholly owned subsidiary of WLS Holdings Limited (“WLS”), the guarantor of the bonds, which is listed on GEM of the Stock Exchange (stock code: 8021). Based on WLS’ interim report for the six months ended 31 October 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 annual report for the year ended 31 December 2023, its net asset value was approximately RMB292.7 million, its current assets were approximately RMB211.6 million and total liabilities were approximately RMB85.9 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.

### **SEGMENTAL INFORMATION**

There is no material change in the Group’s investment segment, which are principally investments in listed and unlisted equity securities, and unlisted bonds, during the Period.

### **FOREIGN CURRENCY FLUCTUATION**

The Group’s exposures to foreign currencies mainly arises from its investments in companies located in the PRC, which are financed internally. In order to mitigate the potential impact of currency fluctuations, the Group closely monitors its foreign currency exposures and will use suitable hedging instruments against significant foreign currency exposures, where necessary. No foreign currency hedge contract was entered into by the Group during the Period. As at 31 March 2024, the Group had no outstanding foreign currency hedge contracts (30 September 2023: Nil).

### **SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATES**

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

## **HUMAN RESOURCES**

As at 31 March 2024, the Group had 14 employees, excluding the directors of the Company. Total staff costs excluding Directors' remuneration amounted to approximately HK\$1.4 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 2024, there is no change in the share capital of the Company. Included in other payables and overdrafts as at 31 March 2024 were margin payables and overdrafts totalling approximately HK\$44.9 million bearing interest rates ranged from 8% to 13.38% (30 September 2023: 8% to 20.25%) 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 a subsidiary. 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\$239.5 million, the Company considers the currency and interest rate risks exposure of its debt and obligation are manageable.

The Company did not run any capital exercise during the Period.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND THEIR EXPECTED OF FUNDING IN COMING YEAR**

As at 31 March 2024 and up to the date of this announcement approved, the Company does not have any concrete plan for material investments or capital assets.

## **DIRECTORS AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES**

As at 31 March 2024, save as 2,750,000 ordinary shares of the Company held by Mr. Kong Fanpeng, and the share options granted to Mr. Chan Cheong Yee and Mr. Kong Fanpeng as detailed in the section "SHARE OPTION SCHEME" below, none of the Directors or the chief executive of the Company had or were deemed to have any Discloseable Interests or Short Position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance ("SFO") (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

## SUBSTANTIAL SHAREHOLDERS

As at 31 March 2024, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

## SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed by shareholders of the Company at the annual general meeting on 10 December 2013, the Company adopted a new share option scheme (the “Scheme”). Under the Scheme, the directors of the Company may, at their absolute discretion, invite any employee (full-time or part-time), director, consultant or advisor of any member of the Group, or any substantial shareholder of any member of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of any member of the Group, or any company wholly owned by one or more persons belonging to any of the above classes to subscribe for shares in the Company representing up to a maximum of 10% of the shares in issue on date of the aforesaid annual general meeting. The Scheme has expired on 10 December 2023.

No share option was granted during the six months ended 31 March 2024.

The movements of the outstanding share options during the Period were as follows:

Category	Date of Grant	Exercise Price	Option Period	Number of options held as at 1 October 2023	Number of options granted during the Period	Number of options exercised during the Period	Number of options cancelled/lapsed during the Period	Number of options held as at 31 March 2024
<b>Directors</b>								
Mr. Kong Fanpeng	16 February 2021	HK\$0.25	Three years from date of grant	3,430,000	–	–	3,430,000	–
	9 March 2022	HK\$0.251	Three years from date of grant	4,200,000	–	–	–	4,200,000
Mr. Chan Cheong Yee	16 February 2021	HK\$0.25	Three years from date of grant	3,430,000	–	–	3,430,000	–
	9 March 2022	HK\$0.251	Three years from date of grant	4,200,000	–	–	–	4,200,000
Employees	16 February 2021	HK\$0.25	Three years from date of grant	20,580,000	–	–	20,580,000	–
	16 February 2022	HK\$0.275	Three years from date of grant	25,200,000	–	–	–	25,200,000
Total				61,040,000	–	–	27,440,000	33,600,000

## 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 2024.

## **AUDIT COMMITTEE**

As at 31 March 2024, the Audit Committee comprises two independent non-executive directors, namely, Mr. Cheung Wai Kin and Ms. Lai Fun Yin 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 risk management, internal control and financial reporting matters including the review of the unaudited interim results for the six months ended 31 March 2024.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”) as set out in Appendix C3 to the Listing Rules. The Company has made specific enquiry to all directors regarding any non compliance with the Model Code during the Period and they all confirmed that they have fully complied with the required standard set out in the Model Code.

## **CORPORATE GOVERNANCE PRACTICE**

During the Period, the Company has complied with the code provisions in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Listing Rules, except 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.

## **NON-COMPLIANCE WITH RULES 3.10(1) AND 3.21 OF LISTING RULES**

Following the retirement of Mr. Lee Ming Gin at the annual general meeting held on 5 March 2024, the Company had two independent non-executive Directors and members of the Audit Committee only. As such, the number of independent non-executive Directors falls below the minimum number as required under Rule 3.10(1) of the Listing Rules and the number of the Audit Committee members also falls below the minimum number as required under Rule 3.21 of the Listing Rules. The Company is identifying a right candidate to fill the vacancy of independent non-executive Director resulting from the retirement of Mr. Lee Ming Gin as soon as practicable.

On behalf of the Board  
**Chan Cheong Yee**  
*Executive Director*

Hong Kong, 31 May 2024

*As at the date of this announcement, the Board comprises Mr. Kong Fanpeng and Mr. Chan Cheong Yee as executive directors; and Ms. Lai Fun Yin and Mr. Cheung Wai Kin as independent non-executive directors.*