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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 TWELVE MONTHS ENDED 30 JUNE 2015**

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 twelve months ended 30 June 2015 (the “Period”). The unaudited condensed consolidated interim financial statements for the Period (the “Second 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 twelve months ended 30 June 2015

		Twelve months ended 30 June 2015 (unaudited) HK\$	Year ended 30 June 2014 (audited) HK\$
	<i>Notes</i>		
Turnover	5	1,320,945,168	136,230,385
Other income		3,875	265,600
Administrative expenses		(9,923,175)	(9,976,699)
Loss on fair value change of available-for-sale investment		(8,000,000)	–
Operating profit		1,303,025,868	126,519,286
Finance costs		(3,051,614)	(9,230,692)
Share of results of an associate		(1,182,496)	(56,928,183)
Profit before tax	7	1,298,791,758	60,360,411
Income tax	8	(214,500,000)	12,204,732
Profit for the Period/Year		<u>1,084,291,758</u>	<u>72,565,143</u>
Dividend	9	<u>–</u>	<u>–</u>
			(Restated)
Earnings per share	10		
– basic		5.5830	1.0385
– diluted		N/A	1.0098

	Twelve months ended 30 June 2015 (unaudited) HK\$	Year ended 30 June 2014 (audited) HK\$
Profit for the Period/Year attributable to equity holders of the Company	<u>1,084,291,758</u>	<u>72,565,143</u>
Other comprehensive loss		
Other comprehensive loss to be reclassified to profit or loss subsequently:		
Transfer from investment revaluation reserve upon disposal of available-for-sale investment	<u>—</u>	<u>(3,238,500)</u>
Other comprehensive loss for the Period/Year, net of tax	<u>—</u>	<u>(3,238,500)</u>
Total comprehensive income for the Period/Year attributable to equity holders of the Company	<u><u>1,084,291,758</u></u>	<u><u>69,326,643</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

		30 June 2015	30 June 2014
		(unaudited)	(audited)
	<i>Notes</i>	HK\$	HK\$
NON-CURRENT ASSETS			
Plant and equipment	11	2,673,177	209,168
Interest in an associate	12	70,312,870	71,495,366
Available-for-sale investments	13	133,640,000	86,940,000
Amounts receivable on disposal of available-for-sale investments	14	–	37,500,000
Deferred tax assets		–	12,204,732
		<hr/>	<hr/>
		206,626,047	208,349,266
CURRENT ASSETS			
Financial assets at fair value through profit or loss	15	1,438,598,019	209,992,210
Prepayments, deposits and other receivables	14	115,855,870	106,732,628
Amount due from an associate	12	94,321,484	79,453,359
Bank balances and cash		207,248,899	147,384,719
		<hr/>	<hr/>
		1,856,024,272	543,562,916

		30 June 2015 (unaudited) <i>HK\$</i>	30 June 2014 (audited) <i>HK\$</i>
	<i>Notes</i>		
CURRENT LIABILITIES			
Other payables and accruals		84,417,725	65,700,698
Tax payables		70,295,268	—
		<u>154,712,993</u>	<u>65,700,698</u>
NET CURRENT ASSETS		<u>1,701,311,279</u>	<u>477,862,218</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,907,937,326</u>	<u>686,211,484</u>
NON-CURRENT LIABILITIES			
Deferred tax liabilities		132,000,000	—
		<u>1,775,937,326</u>	<u>686,211,484</u>
CAPITAL AND RESERVES			
Share capital	16	978,132	956,396
Reserves		1,774,959,194	685,255,088
		<u>1,775,937,326</u>	<u>686,211,484</u>
NET ASSET VALUE PER SHARE	17	<u>9.0782</u>	<u>0.7175</u>

NOTES TO THE SECOND INTERIM FINANCIAL STATEMENTS

For the twelve months ended 30 June 2015

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 Second Interim Financial Statements are presented in Hong Kong dollars, unless otherwise stated.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The unaudited Second 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”).

During the Period, the Company changed its financial year end date from 30 June to 30 September in order to align the Company’s financial year end date with that of its principal associate, CNI Bullion Limited which is the Group’s substantial investments. Accordingly, the current interim financial period covered a twelve-month period from 1 July 2014 to 30 June 2015 and the comparatives covered a twelve-month period from 1 July 2013 to 30 June 2014.

The Second 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 year ended 30 June 2014.

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2014, as described in those annual financial statements.

Adoption of new and revised Hong Kong Financial Reporting Standard (HKFRSs)

In the Period, the Group has applied the following new and revised HKFRs and interpretations issued by the HKICPA.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) – INT 21	Levies
Amendments to HKAS 19	Defined benefits plans: Employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle

The application of the above amendments to HKFRSs in the Period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

In preparing the Second 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 June 2014.

5. TURNOVER

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

	Twelve months ended 30 June 2015 (unaudited) HK\$	Year ended 30 June 2014 (audited) HK\$
Turnover		
Net profit on financial assets at FVTPL	1,313,532,483	134,698,295
Dividend income from investment in listed securities	307,877	32,138
Interest income on amounts due from investee companies	1,098,930	3,338,578
Interest income on amount due from an associate	5,844,985	5,829,302
Bank and other interest income	160,893	5,659
Loss on disposal of a subsidiary, net	–	(7,673,587)
	<u>1,320,945,168</u>	<u>136,230,385</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
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 twelve months ended 30 June 2015				
	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	1,313,840,360	(6,751,070)	5,844,985	14,768	1,312,949,043
Administrative expenses	-	-	-	(9,923,175)	(9,923,175)
Segment result	<u>1,313,840,360</u>	<u>(6,751,070)</u>	<u>5,844,985</u>	<u>(9,908,407)</u>	<u>1,303,025,868</u>
Share of result of an associate	<u>-</u>	<u>-</u>	<u>(1,182,496)</u>	<u>-</u>	<u>(1,182,496)</u>

	For the year ended 30 June 2014				
	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	134,734,669	(4,335,009)	5,829,302	267,023	136,495,985
Administrative expenses	-	-	-	(9,976,699)	(9,976,699)
Segment result	<u>134,734,669</u>	<u>(4,335,009)</u>	<u>5,829,302</u>	<u>(9,709,676)</u>	<u>126,519,286</u>
Share of result of an associate	<u>-</u>	<u>-</u>	<u>(56,928,183)</u>	<u>-</u>	<u>(56,928,183)</u>

7. PROFIT BEFORE TAX

	Twelve months ended 30 June 2015 (unaudited) HK\$	Year ended 30 June 2014 (audited) HK\$
The Group's profit before tax has been arrived at after charging:		
Total staff costs (including directors' remuneration)	2,774,125	3,004,816
Depreciation on plant and equipment	282,490	517,037
Operating lease charges on rented premises	1,158,681	1,607,443
Interest on borrowings	<u>3,051,614</u>	<u>9,230,692</u>

8. INCOME TAX

The amount of taxation charged/(credited) to the consolidated statement of profit or loss represents:

	Twelve months ended 30 June 2015 (unaudited) HK\$	Year ended 30 June 2014 (audited) HK\$
Hong Kong Profits Tax		
– Current tax	82,500,000	–
Deferred tax charge/(credit)	132,000,000	(12,204,732)
	<u>214,500,000</u>	<u>(12,204,732)</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profit for the Period. No provision for Hong Kong Profits Tax has been made for the year ended 30 June 2014 as the taxable profits for that year has been set-off by previous years' losses.

9. DIVIDEND

The directors did not recommend the payment of an interim dividend for the Period (Year ended 30 June 2014: Nil).

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the Group's profit for the period attributable to the equity holders of the Company of HK\$1,084,291,758 (2014: HK\$72,565,143), based on the weighted average number of 194,213,582 (Year ended 30 June 2014 (restated): 69,872,169) ordinary shares in issue during the Period.

The weighted average number of ordinary shares in issue during the year ended 30 June 2014 was adjusted to reflect the share consolidation effected on 12 June 2015.

There was no dilution effect on the basic losses per share for the Period as there was no dilutive shares outstanding during the Period.

The profits used in the calculation of diluted earnings per share for the year ended 30 June 2014 was the same as those for the basic earnings per share, as set out above.

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

	Year ended 30 June 2014 (unaudited) (Restated)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	69,872,169
Effect of dilutive potential ordinary shares	1,990,040
	<hr/>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>71,862,209</u>

11. PLANT AND EQUIPMENT

During the Period, the Group acquired two motor vehicles at cost of approximately HK\$2,746,000 for business purpose.

12. INTEREST IN AN ASSOCIATE

	30 June 2015 (unaudited) <i>HK\$</i>	30 June 2014 (audited) <i>HK\$</i>
Cost of investment in an unlisted associate	4,500,000	4,500,000
Share of post-acquisition profit	65,812,870	66,995,366
	<hr/>	<hr/>
	70,312,870	71,495,366
	<hr/>	<hr/>
Amount due from an associate	94,321,484	79,453,359
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The amount due from an associate was unsecured, bearing interest at 8% per annum and repayable on demand.

As at 30 June 2015, 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

	30 June 2015 (unaudited) <i>HK\$</i>	30 June 2014 (audited) <i>HK\$</i>
Unlisted equity securities representing investments in private entities, at fair value	<u>133,640,000</u>	<u>86,940,000</u>

During the Period, the Group acquired three unlisted investments namely, (i) Sincere Smart International Limited (“SSIL”), the group of which is engaged in software application industry, (ii) Merit Advisory Limited (“MAL”), an investor relationship service company, and (iii) Latest Venture Limited (“LVL”), with its group business of provision of building construction works, electrical and mechanical engineering works and fitting-out works. The Group invested amounts of HK\$42,700,000, HK\$12,000,000 and HK\$12,450,000 in SSIL, MAL and LVL respectively.

In January 2015, the listing project of LVL has completed and the Group has converted its shares in LVL into 34,650,000 shares of Deson Construction International Holdings Ltd (“DCIH”, HKSE code: 8268). Based on DCIH’s listing price of HK\$0.385 per share, the value of 34,650,000 shares of DCIH held by the Group is HK\$13,340,250.

The value of the Group investment in Pure Power Holdings Limited, the group of which is principally engaged in the exploration and exploitation of natural resources in the United States of America, decreased by HK\$8,000,000 during the Period.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The prepayments, deposits and other receivables of HK\$115,855,870 as at 30 June 2015 (2014: HK\$144,232,628) included amounts receivables for three disposed available-for-sale investments of HK\$58,484,610 (2014: HK\$94,685,606) and margin receivables generated from investment in financial assets at FVTPL of HK\$49,165,124 as at 30 June 2015 (2014: HK\$48,004,016).

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2015 (unaudited) <i>HK\$</i>	30 June 2014 (audited) <i>HK\$</i>
Fair value		
Listed equity securities held for trading, – listed in Hong Kong	<u>1,438,598,019</u>	<u>209,992,210</u>

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

	<i>Notes</i>	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 2013, 30 June 2014 and 1 July 2014		200,000,000,000	–	200,000,000
Share consolidation		(200,000,000,000)	40,000,000,000	–
		<u>–</u>	<u>40,000,000,000</u>	<u>200,000,000</u>
At 30 June 2015				
Issued and fully paid:				
At 1 July 2013		100,928,683	–	100,929
Issue of shares by rights issue	(a)	50,464,341	–	50,464
Issue of shares by open offer	(b)	685,572,096	–	685,572
Conversion of convertible bonds	(c)	20,000,000	–	20,000
Exercise of warrants	(d)	99,430,619	–	99,431
		<u>956,395,739</u>	<u>–</u>	<u>956,396</u>
At 30 June 2014 (audited) and 1 July 2014		956,395,739	–	956,396
Exercise of warrants	(e)	21,736,337	–	21,736
Share consolidation	(f)	(978,132,076)	195,626,415	–
		<u>–</u>	<u>195,626,415</u>	<u>978,132</u>
At 30 June 2015 (unaudited)				

Notes:

- (a) On 29 July 2013, the Company issued 50,464,341 ordinary shares under the rights issue of rights shares at the subscription price of HK\$0.65 each on the basis of one rights share for every two existing shares held on 2 July 2013. Total consideration amounted to HK\$32,801,822 of which HK\$50,464 was credited to share capital and the remaining proceeds of HK\$31,067,303, after offsetting the share issuance costs of HK\$1,684,055, were credited to the share premium account.
- (b) On 17 April 2014, the Company completed the open offer (“Open Offer”) on the basis of four offer shares for every one existing share held on 25 March 2014 with the bonus issue on the basis of one bonus warrant for every four offer shares taken up. 685,572,096 offer shares were issued at an offer price of HK\$0.25 with 171,393,024 warrant shares being issued. Total consideration amounted to HK\$171,393,024 of which HK\$685,572 was credited to share capital and the remaining proceeds of HK\$166,422,626, after offsetting the share issuance costs of HK\$4,284,826, were credited to the share premium account.

- (c) During the year ended 30 June 2014, convertible bonds with principal amount of HK\$20,000,000 were converted into 20,000,000 ordinary shares of the Company of HK\$0.001 each at a conversion price of HK\$1 each.
- (d) During the year ended 30 June 2014, 99,430,619 warrants were exercised at a price of HK\$0.25 into 99,430,619 ordinary shares of HK\$0.001 each in the Company. The net proceeds from the exercise of warrants were approximately HK\$24,857,655.
- (e) During the twelve months ended 30 June 2015, 21,736,337 warrants were exercised at a price of HK\$0.25 into 21,736,337 ordinary shares of HK\$0.001 each in the Company. The net proceeds from the exercise of warrants were approximately HK\$5,434,084.
- (f) With effect from 12 June 2015, every five (5) issued and unissued shares of the Company of HK\$0.001 each were consolidated into one (1) consolidated share of the Company of HK\$0.005 each.

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 30 June 2015 of HK\$1,775,937,326 (30 June 2014: HK\$686,211,484) and the number of 195,626,415 (30 June 2014: 956,395,739) ordinary shares in issue as at 30 June 2015.

18. RELATED PARTY AND CONNECTED TRANSACTIONS

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

	<i>Notes</i>	Twelve months ended 30 June 2015 (unaudited) HK\$	Year ended 30 June 2014 (audited) HK\$
Quidam Assets Limited (“Quidam”)			
Interest income	(i)	–	3,338,578
China Angel Fund Management (HK) Company Limited (“CAFM”)			
Investment management fee paid	(ii)	96,000	480,000
Insight Capital Management (HK) Limited (“Insight HK”)			
Investment management fee paid	(iii)	417,742	–
CNI Bullion Limited			
Interest income	(iv)	5,844,985	5,829,427

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

	Twelve months ended 30 June 2015 (unaudited) HK\$	Year ended 30 June 2014 (audited) HK\$
Short-term benefits	<u>1,960,000</u>	<u>1,808,000</u>

Notes:

- (i) The Group had disposed of 18.25% equity interest in Quidam during the year ended 30 June 2014. The term loan was unsecured, bore interest at 8% per annum and has been fully collected before 30 June 2014.
- (ii) 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.

- (iii) 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 from 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.
- (iv) The Group had 30% equity interest in CNI Bullion Limited at 30 June 2015 and 2014. 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\$1,299,154,757 (30 June 2014: HK\$194,767,210) 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 almost 3 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 twelve months ended 30 June 2015.

21. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the open offer has completed and 1,369,384,905 shares of the Company were issued and allotted at offer price of HK\$0.25 per share on 21 July 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

For the twelve months ended 30 June 2015 (the “Period”), the Group reported a turnover of approximately HK\$1,320.9 million (2014: HK\$136.2 million) and net profit attributable to equity holders of the Company of approximately HK\$1,084.3 million (2014: HK\$72.6 million). The significant changes in the Group’s turnover and the net profit are principally due to the sustaining outstanding performance of listed securities held by the Group and the improving performance of CNI Bullion Limited, the Group’s associate. The Group recorded a net profit of listed securities of approximately HK\$1,313.5 million in the twelve months ended 30 June 2015 (2014: HK\$134.7 million). The loss of CNI Bullion Limited shared to the Group decreased from approximately HK\$56.9 million in the year ended 30 June 2014 to approximately HK\$1.2 million in the Period.

As at 30 June 2015, the net asset value (“NAV”) of the Group was approximately HK\$1,775.9 million (2014: HK\$686.2 million), a significant increase of approximately 158.8% over the Period. The NAV per share of the Group was HK\$9.0782 (2014: HK\$0.7175), which also increased significantly during the Period. The significant increase in NAV per share over the Period is principally due to (i) the net profit attributable to equity holders of the Company of approximately HK\$1,084.3 million and (ii) every five issued and unissued shares of the Company of HK\$0.001 consolidated into one consolidated share of HK\$0.005 (the “Share Consolidation”) which was effective on 12 June 2015. During the Period, approximately 21.7 million warrants at a price of HK\$0.25 each were exercised. The proceeds of approximately HK\$5.4 million also have minor contribution to the increase in the Company’s NAV.

As a result of the Share Consolidation and open offer adopted during the Period, pursuant to the terms of the warrants, the exercise price of the warrants was adjusted to HK\$0.41, and the number of outstanding warrants as at 30 June 2015 became 30,625,651.

Business Review and Prospect

The Period continues the amazing time to investors holding securities listed in Hong Kong. Hang Seng Index maintained at a high level from 23,190 at the end of June 2014 to 26,250 at 30 June 2015. The Group’s portfolio of listed securities outperformed the Blue Chips. The prices of certain listed stocks held by the Group rose remarkably during the Period. Accordingly, the Group’s net profit on financial assets at FVTPL increased significantly to approximately HK\$1,313.5 million in the Period from approximately HK\$134.7 million for the year ended 30 June 2014.

In contrast to the environment of low interest rate in years before, it is widely expected in the second quarter of year 2015 that, should economic performance in the US remain on track, the Federal Reserve will launch the interest rate normalization sometime in the near future. Accordingly, it is generally believed that US Dollars will continue to appreciate in the year 2015 and coming years. However, sharp depreciation of Renminbi in mid-August this year caused uncertainties of the pace of the aforesaid interest rate normalization.

Although the gold price maintained low level between approximately US\$1,150 per ounce and US\$1,350 per ounce during the Period, many analysts expected that further significant decrease of the gold price unlikely happen in short to medium terms. This stimulated the bullion trading activities. As such, the performance of the Group's associate – CNI Bullion Limited improved from loss of approximately HK\$56.9 million during the fiscal year of 2013/14 to approximately HK\$1.2 million for the Period shared to the Group.

To diversify the portfolio risk, the Group has acquired three new unlisted investments, details of which are stated in note 13 to the Second Interim Financial Statements. About the unlisted investments brought forward, as the crude oil WTI (NYMEX) price dropped from approximately US\$100 per barrel in June 2014 to approximately US\$60 per barrel in June 2015, our investment in Pure Power Group, which is principally engaged in the exploration and exploitation of natural resources in the United States of America, decreased by HK\$8 million during the Period.

Looking forward, we expect the global investment environment is more complicated than that in the previous years. The performance for global equity market in near future was expected rather flattish, as the Greek debt woes, Fed rate normalization and Renminbi depreciation further kept investors staying risk-averse. We, however, expect the fear of financial market turmoil caused by Greek politics and US and Renminbi rates moves will gradually fade very soon. 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 improved significantly as compared to the situation as at 30 June 2014 and its bank balances as at 30 June 2015 amounted to approximately HK\$207.2 million (2014: approximately HK\$147.4 million). The Group's current ratio (as defined by current assets/current liabilities) maintained a satisfactory level of 12.0 as at 30 June 2015 (2014: 8.3). 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) (30 June 2015: 13.9%; 30 June 2014: 8.7%), and the Group had no material commitment and contingent liabilities as at 30 June 2015 and 2014.

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 30 June 2015, the Group had 5 employees, excluding the directors of the Company. Total staff costs excluding Directors' remuneration incurred in the Period 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 twelve months ended 30 June 2015, the Company issued 21,736,337 Shares at HK\$0.25 each per share due to the exercise of warrants and the Share Consolidation was effected on 12 June 2015. The number of the Company's issued shares decreased from 956,395,739 to 195,626,415 during the Period.

Approximately 30.6 million warrants with exercise price of HK\$0.41 remain outstanding as at 30 June 2015.

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 30 June 2015.

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 twelve months ended 30 June 2015.

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. Certain Independent Non-executive Directors could not attend the general meetings held during the Period due to other business commitments.

On behalf of the Board
Chan Cheong Yee
Executive Director

Hong Kong, 27 August 2015

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