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**Capital VC Limited**  
**首都創投有限公司**

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

**I. PROPOSED SHARE CONSOLIDATION;  
II. PROPOSED CHANGE IN BOARD LOT SIZE; AND  
III. PROPOSED OPEN OFFER ON THE BASIS OF  
SEVEN OFFER SHARES FOR EVERY ONE CONSOLIDATED SHARE  
HELD ON THE RECORD DATE AT HK\$0.25 PER OFFER SHARE**

**Financial adviser to the Company**



**Underwriter of the Open Offer**



**PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Shares of HK\$0.001 each will be consolidated into one (1) Consolidated Share of HK\$0.005 each.

### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Shares are traded in board lot size of 5,000 Shares. The Company proposes to change the board lot size for trading of the Shares and/or the Consolidated Shares on the Stock Exchange from 5,000 Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

### **PROPOSED OPEN OFFER**

Subject to the Share Consolidation becoming effective, the Company proposes to raise not less than approximately HK\$342.3 million and not more than approximately HK\$359.9 million, before expenses, by way of an open offer of not less than 1,369,384,905 Offer Shares and not more than 1,439,701,396 Offer Shares at a subscription price of HK\$0.25 per Offer Share on the basis of seven (7) Offer Shares for every one (1) Consolidated Share held on the Record Date. The Company intends to apply net proceeds from the Open Offer of not less than approximately HK\$337.7 million and not more than approximately HK\$355.3 million as to (i) approximately HK\$190.0 million for investment in listed securities in various industries including but not limited to energy and resources, movie distribution and film right licensing, money lending, properties investments, building construction, provision of advertising media services, environmental protection, insurance, Chinese medicine clinic operations, management of forestlands, securities-related financial services, food and beverages, trading of natural resources and commodities, industrial, provision of beauty and slimming services, software, information technology related businesses and distribution of juvenile and infant products; (ii) approximately HK\$130.0 million for investment in unlisted securities in various industries including but not limited to energy and resources, movie distribution and film right licensing, money lending, properties investments, building construction, provision of advertising media services, environmental protection, insurance, Chinese medicine clinic operations, management of forestlands, securities-related financial services, food and beverages, trading of natural resources and commodities, industrial, provision of beauty and slimming services, software, information technology related businesses and distribution of juvenile and infant products; and (iii) the remaining balance of not less than approximately HK\$17.7 million and not more than approximately HK\$35.3 million for general working capital of the Group for the coming two years.

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Record Date and must not be an Excluded Shareholder. In order to be registered as members of the Company at the close of business on the Record Date, holders of the Shares must lodge any transfers of Shares/Consolidated Shares (together with the relevant share certificates) with the Registrar for registration no later than 4:30 p.m. (Hong Kong time) on Wednesday, 13 May 2015.

The Open Offer will be fully underwritten by the Underwriter. Details of the underwriting arrangement are set out in the paragraph headed “The Underwriting Agreement” below in this announcement.

### **LISTING RULES IMPLICATIONS**

In accordance with Rule 7.24(5) of the Listing Rules, the Open Offer must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Open Offer. Since there is no controlling Shareholder as at the date of this announcement, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Open Offer in accordance with Rule 7.24(5) of the Listing Rules.

### **GENERAL**

The Independent Board Committee has been established to make recommendations to the Independent Shareholders in respect of the Open Offer. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

An EGM will be convened and held for the Shareholders and the Independent Shareholders (as the case may be) to consider, and if thought fit, to approve, among other things, the proposed Share Consolidation and the proposed Open Offer. The Circular containing, among other things, (i) further details about the Share Consolidation, the Change in Board Lot Size and the Open Offer; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Open Offer; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Open Offer; and (iv) the notice convening the EGM, will be despatched to the Shareholders on or before Wednesday, 22 April 2015.

### **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE CONSOLIDATED SHARES**

**Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealings in the Shares and Consolidated Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

**Shareholders should note that the Shares and Consolidated Shares will be dealt in on an ex-entitlement basis commencing from Tuesday, 12 May 2015 and that dealings in the Shares and Consolidated Shares will take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholder or other person dealings in the Shares and Consolidated Shares up to the date on which all conditions to which the Open Offer are subject to are fulfilled (which is expected to be at 4:00 p.m. on Wednesday, 10 June 2015), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating to sell or purchase any Shares and Consolidated Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.**

## **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Shares of HK\$0.001 each will be consolidated into one (1) Consolidated Share of HK\$0.005 each.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon (i) passing of an ordinary resolution to approve the Share Consolidation by the Shareholders by way of poll at the EGM; and (ii) the Listing Committee of the Stock Exchange granting approval to the listing of, and permission to deal in, the Consolidated Shares.

The Share Consolidation will become effective on the next Business Day immediately following the fulfillment of the above conditions.

### **Effect of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 200,000,000,000 Shares of HK\$0.001 each, of which 978,132,076 Shares have been issued and fully paid or credited as fully paid.

Assuming that no outstanding Warrants being exercised between the date of this announcement and the date of the EGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$200,000,000 divided into 40,000,000,000 Consolidated Shares of HK\$0.005 each, of which 195,626,415 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other. Fractional Consolidated Shares will not be issued by the Company to the Shareholders. Any fractional entitlements of the Consolidated Shares will be aggregated, sold and retained for the benefit of the Company, if feasible and applicable.

Other than the relevant expenses, including but not limited to professional fees and printing charges incurred, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled. The Directors believe that the Share Consolidation will not have any material adverse effect on the financial position of the Group.

### **Application for Listing of the Consolidated Shares**

An application will be made by the Company to the Listing Division of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

None of the Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Reasons for and benefits of the Share Consolidation**

The Share Consolidation will increase the nominal value of the Shares and it is expected to bring about corresponding upward adjustment in the trading price of the Consolidated Shares. In addition, the Share Consolidation will increase the market value per board lot of the Shares, which will reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot. Certain brokerage houses and institutional investors have internal policies and practices that either prohibit them from investing in low-priced shares or tend to discourage individual brokers from recommending low-priced shares to their customers. Therefore, with a higher trading price of the Consolidated Shares and reduction of the transaction and handling costs as a proportion of the market value of each board lot, the Company believes that the Share Consolidation will make investing in Shares more attractive to a broader range of institutional and professional investors and other members of the investing public. As such, the Board believes that the Share Consolidation may attract more investors and extend the shareholders' base of the Company. In view of the above, the Board considers that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

### **Free exchange of Consolidated Shares' certificates and trading arrangement**

Subject to the Share Consolidation becoming effective, Shareholders may, during the period from Monday, 11 May 2015 to Wednesday, 17 June 2015, submit share certificates for the existing Shares to the Registrar to exchange, at the expense of the Company, for new certificates of the Consolidated Shares. Thereafter, each share certificate for the existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be from time to time be specified by the Stock Exchange) for each new share certificate issued for the Consolidated Shares or each share certificate for the existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. With effect from Tuesday, 16 June 2015, trading will only be in Consolidated Shares in the form of new share certificates, and the share certificates for the existing Shares will cease to be valid for trading and settlement purpose but they will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares.

### **Odd lots arrangement and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint an agent to provide matching services for sale and purchase of odd lots of Consolidated Shares at the relevant market price per Consolidated Share, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lots matching arrangement will be set out in the Circular. Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangement, is recommended to consult his/her/its own professional advisers.

### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Shares are traded in board lot size of 5,000 Shares. The Company proposes to change the board lot size for trading of the Shares and/or the Consolidated Shares on the Stock Exchange from 5,000 Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.213 per Share (equivalent to HK\$1.065 per Consolidated Share) as at the Last Trading Day, the value of each board lot of 10,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$10.650.

The Change in Board Lot Size is expected to bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange, which will reduce the overall transaction and handling costs for dealings in the Consolidated Shares.

## **PROPOSED OPEN OFFER**

Basis of the Open Offer: Seven (7) Offer Shares for every one (1) Consolidated Share held on the Record Date

Subscription Price: HK\$0.25 per Offer Share

Number of Shares in issue as at the date of this announcement: 978,132,076 Shares

Number of Consolidated Shares in issue immediately upon the Share Consolidation having become effective: 195,626,415 Consolidated Shares (assuming no outstanding Warrants being exercised before the Share Consolidation)

205,671,628 Consolidated Shares (assuming the outstanding Warrants being exercised in full before the Share Consolidation)

Number of Offer Shares: Not less than 1,369,384,905 Offer Shares (assuming no outstanding Warrants being exercised on or before the Record Date)

Not more than 1,439,701,396 Offer Shares (assuming the outstanding Warrants being exercised in full on or before the Record Date)

The aggregate nominal value of the Offer Shares will not be less than approximately HK\$6,846,924.53 and not more than approximately HK\$7,198,506.98.

Number of Consolidated Shares in issue immediately upon completion of the Open Offer: Not less than 1,565,011,320 and not more than 1,645,373,024 Consolidated Shares

As at the date of this announcement, there are outstanding Warrants to subscribe for an aggregate of 50,226,068 Shares or 10,045,213 Consolidated Shares. Assuming full exercise of the subscription rights attaching to the outstanding Warrants on or before the Record Date, an additional 70,316,491 Offer Shares will be issued.

Save as disclosed, the Company has no other derivatives, outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

The Open Offer is fully underwritten by the Underwriter which shall ensure that the Company will maintain the minimum public float requirement in compliance with Rule 8.08 of the Listing Rules.

### **The Offer Shares**

Assuming no outstanding Warrants will be exercised on or before the Record Date, 1,369,384,905 Offer Shares will be issued and allotted representing approximately 700.00% of the issued share capital of the Company immediately after the Share Consolidation and approximately 87.50% of the issued share capital of the Company as enlarged by the Offer Shares.

Assuming the outstanding Warrants will be exercised in full on or before the Record Date, 1,439,701,396 Offer Shares will be issued and allotted representing approximately 735.94% of the issued share capital of the Company immediately after the Share Consolidation and approximately 87.50% of the issued share capital of the Company as enlarged by the Offer Shares.

### **Subscription Price**

The Subscription Price of HK\$0.25 per Offer Share will be payable in full upon application by a Qualifying Shareholder. The Subscription Price represents:

- (a) a discount of approximately 76.6% to the theoretical closing price of approximately HK\$1.07 per Consolidated Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (b) a discount of approximately 76.4% to the average theoretical closing price of approximately HK\$1.06 per Consolidated Share for the last 5 consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (c) a discount of approximately 76.6% to the average theoretical closing price of approximately HK\$1.07 per Consolidated Share for the last 10 consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation; and
- (d) a discount of approximately 28.6% to the theoretical ex-entitlement price (assuming no outstanding Warrants being exercised from the date of this announcement up to the Record Date) of approximately HK\$0.35 per Consolidated Share based on the theoretical closing price of approximately HK\$1.07 per Consolidated Share as quoted on the Stock exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation.



The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the market price of the Shares under the prevailing market conditions and the financial position of the Group. As all Qualifying Shareholders are entitled to subscribe for the Offer Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date, the Directors (excluding the independent non-executive Directors who will form their views after considering the advice of the independent financial adviser) consider that the discount of the Subscription Price would encourage the Qualifying Shareholders to take up their entitlements so as to maintain their shareholdings in the Company and participate in the future growth of the Group. The Directors (excluding the independent non-executive Directors who will form their views after considering the advice of the independent financial adviser) consider the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The net price per Offer Share after deducting the related expenses of the Open Offer will be approximately HK\$0.25.

### **Conditions of the Open Offer**

The Open Offer is conditional upon the fulfillment of the following conditions:

- (a) the passing of the following resolutions by way of poll at the EGM:–
  - (i) an ordinary resolution to approve the Share Consolidation by the Shareholders; and
  - (ii) an ordinary resolution to approve the Open Offer by the Independent Shareholders;
- (b) the Share Consolidation having become effective;
- (c) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached in the Underwriting Agreement) not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
- (d) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus stamped "For Information Only" to the Excluded Shareholders, if any, for information purpose only on or before the Prospectus Posting Date;

- (e) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Consolidated Shares and the Offer Shares, either unconditionally or subject to such conditions which the Underwriter in its opinion accepts and satisfies (if any);
- (f) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (g) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms of the Underwriting Agreement;
- (h) none of the Warranties being breached, untrue, inaccurate or misleading in any material respect; and
- (i) (if necessary) compliance with any other requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

If the conditions precedent referred to in the above paragraph (a) to (i) are not satisfied on or before the Latest Time for Termination, the Underwriting Agreement shall terminate and no Party will have any claim against any other party for costs, damages, compensation or otherwise save for, among others, any rights or obligations which may accrue under the Underwriting Agreement prior to such termination.

### **Status of the Offer Shares**

The Offer Shares, when allotted, issued and fully-paid, will rank *pari passu* with the Consolidated Shares then in issue in all respects. Holders of such Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid with a record date which falls on or after the date of allotment and issue of the Offer Shares. Dealings in the Offer Shares, which are registered in the register of members of the Company in Hong Kong, will be subject to payment of stamp duty and other applicable fees and charges in Hong Kong.

### **Qualifying Shareholders**

The Open Offer will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information only, to the Excluded Shareholders.

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Record Date and must be a Qualifying Shareholder.

In order to be registered as a member of the Company on the Record Date, Shareholders must lodge any transfers of the Shares/Consolidated Shares (together with the relevant share certificates) with the Registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Wednesday, 13 May 2015.

### **Closure of register of members**

The Company's register of members will be closed from Thursday, 14 May 2015 to Wednesday, 20 May 2015, both dates inclusive, for the purpose of, among other things, establishing entitlements to the Open Offer. No transfer of Shares or Consolidated Shares will be registered during this period.

### **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with Rule 13.36 of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If, based on legal advice, the Directors consider that it is necessary or expedient not to issue the Offer Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Open Offer will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus containing, among other things, details of the Open Offer, to be despatched to the Qualifying Shareholders on the Prospectus Posting Date. The Company will send copies of the Prospectus to the Excluded Shareholders for their information only, but will not send any Application Form to them.

**Overseas Shareholders should note that they may or may not be entitled to the Open Offer. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.**

### **No application for excess Offer Shares**

No Qualifying Shareholder is entitled to apply for any Offer Shares which are in excess to his/her/its entitlement. Any Offer Shares not taken up by the Qualifying Shareholders, and the Offer Shares to which the Excluded Shareholders would otherwise have been entitled under the Open Offer, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter.

The Directors hold the view that the Open Offer allows the Qualifying Shareholders to maintain their respective pro rata shareholding in the Company and to participate in the future growth and development of the Group. After arm's length negotiations with the Underwriter, and taking into account that the related administration costs would be lowered in the absence of excess applications, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

### **Fractions of Offer Shares**

On the basis of provisional allotment of seven (7) Offer Shares for every one (1) Consolidated Share held on the Record Date, no fractional entitlements to the Offer Shares will arise under the Open Offer.

### **Share certificates for the Offer Shares**

Subject to the fulfillment of the conditions of the Open Offer, share certificates for all Offer Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for and paid for the Offer Shares on or before Wednesday, 17 June 2015 by ordinary post at their own risk. If the Open Offer is terminated, refund cheques are expected to be posted on or before Wednesday, 17 June 2015 by ordinary post to the applicants at their own risk.

### **Application for listing of the Offer Shares**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange.

Subject to the granting of the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Offer Shares to be admitted into CCASS.

Dealings in the Offer Shares which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

### **Reasons for the Open Offer and the use of proceeds**

The Company is an investment company listed on the main board of the Stock Exchange under Chapter 21 of the Listing Rules. The Company and its subsidiaries are principally engaged in investment in listed and unlisted companies mainly in Hong Kong and the PRC.

As disclosed in the interim report of the Company for the six months ended 31 December 2014, The Group recorded a significant increase in profit attributable to the Shareholders for the six months ended 31 December 2014 which amounted to approximately HK\$130.6 million as compared with approximately HK\$85.8 million

for the corresponding period in 2013. Such an increase was mainly due to the Group's successful performance of the Group's associate, CNI Bullion Limited in Hong Kong. However, the significant increase in profits was produced at the expense of its capital structure. As at 28 February 2015, the Group has borrowed approximately HK\$37.8 million margin financing (that incurs interest expenses) in supporting its investment in listed securities.

The Group's cash and bank balances and cash balance held in securities accounts as at 28 February 2015 amounted in aggregate to approximately HK\$119.1 million. After netting off the cash and bank balances and cash balance held in securities accounts against the margin financing of the Group, the Group recorded a net cash position of approximately HK\$81.3 million.

Owing to the business nature of the Group, being an investment company, the Group requires extensive cash to grow. Unlike other companies with constant cash income from operations, investments of investment companies under Chapter 21 of the Listing Rules do not necessarily generate extensive cash income. With the view of increasing the size of its investment portfolio and taking into account the net cash position of the Group of approximately HK\$81.3 million as at 28 February 2015, the Directors consider that it will be not sufficient for the Group to capture suitable investment opportunities which may arise any time for expanding its investment portfolios and business and continue the growing performance without additional funding. As such, the Group would like to raise addition capital to equip itself with a healthier and stronger capital base to further invest in both the securities market and for future strategic investments when suitable opportunities arise to produce a satisfactory result.

In view of (i) the quantitative easing programme announced by European Central Bank (“**ECB**”) in January 2015 of which ECB commits monthly purchase of 60 billion Euros of asset-backed securities until at least September 2016 for supporting investment and consumption; (ii) China's economic growth rate of approximately 7.4% in 2014; and (iii) increase in money supply in China as illustrated from financial data of January 2015 as announced by the People's Bank of China which includes (a) the increase in narrow and broad money as compared with last year, (b) increase in loans and deposits dominated in RMB and other foreign currencies as compared with last year, there are positive signals for good investment environment.

The Group, being an investment company, requires readily available funds for capturing suitable investment opportunities in a timely fashion to provide investment return to the Group and Shareholders. Hence, the Directors are of the view that the Company should take the opportunity to increase capital via Open Offer for investments to capture the opportunity.

The Board has considered other fund raising alternatives before resolving to the Open Offer, including but not limited to debt financing, placing of new shares and rights issue. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms on a timely basis under volatile market conditions. Placing of new shares would only be available to certain places who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders. Although rights issue can provide a way out to those Shareholders who do not wish to take up the entitlements by selling nil-paid rights, rights issue will involve extra administrative work and cost for the trading arrangements in relation to the nil-paid rights. In addition, in view of the downward trend of the historical trading price of the Shares, there is uncertainty of the existence of a market to trade the nil-paid rights. In view of the above, the Board (excluding the independent non-executive Directors who will form their views after considering the advice of the independent financial adviser) considered that raising funds by way of the Open Offer is more cost effective and efficient and beneficial to the Company and its Shareholders as a whole than a rights issue. The Board considers it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs.

The Directors consider that the Open Offer, which is on a fully underwritten basis, provide funding to capture suitable investment opportunities in both listed and unlisted securities when arises. In addition, the Open Offer would give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interest in the Company and provide an opportunity to all Qualifying Shareholders to participate in the growth of the Company in proportion to their shareholdings. Therefore, the Directors (excluding the independent non-executive Directors who will form their views after seeking the advice from the independent financial adviser) consider that fund raising through the Open Offer is in the interests of the Company and the Shareholders as a whole.

The Company will receive gross proceeds of not less than approximately HK\$342.3 million and not more than approximately HK\$359.9 million. The estimated net proceeds of the Open Offer will be not less than approximately HK\$337.7 million and not more than approximately HK\$355.3 million. The Company intends to apply net proceeds from the Open Offer in the following manner:

- a) approximately HK\$190.0 million for investment in listed securities in various industries including but not limited to energy and resources, movie distribution and film right licensing, money lending, properties investments, building construction, provision of advertising media services, environmental protection, insurance, Chinese medicine clinic operations, management of forestlands, securities-related financial services, food and beverages, trading of natural resources and commodities, industrial, provision of beauty and slimming services, software, information technology related businesses and distribution of juvenile and infant products;

- b) approximately HK\$130.0 million for investment in unlisted securities in various industries including but not limited to energy and resources, movie distribution and film right licensing, money lending, properties investments, building construction, provision of advertising media services, environmental protection, insurance, Chinese medicine clinic operations, management of forestlands, securities-related financial services, food and beverages, trading of natural resources and commodities, industrial, provision of beauty and slimming services, software, information technology related businesses and distribution of juvenile and infant products; and
- c) remaining balance of not less than approximately HK\$17.7 million and not more than approximately HK\$35.3 million for general working capital of the Group for the coming two years.

As at the date of this announcement, the Company has not identified any specific investment targets (save for the aforesaid industry sectors).

The Company is an investment company and its principal business is restricted to making investments. Accordingly, net proceeds of the Open Offer will be and can only be used for making investments and for general working capital purpose. Upon receiving proceeds from the Open Offer, the Group will continue to explore suitable investment opportunities actively. In the event that suitable investments are not identified after completion of the Open Offer, the Company will place the proceeds from the Open Offer with financial institution in Hong Kong and such proceeds will be reserved for future investments when suitable investment opportunities arise.

### **Underwriting Agreement**

Date:	13 March 2015 (after trading hours)
Underwriter:	SBI China Capital Financial Services Limited
Number of Underwritten Shares:	Not less than 1,369,384,905 Offer Shares and not more than 1,439,701,396 Offer Shares
Commission:	1% of the aggregate Subscription Price of the maximum amount of the Underwritten Shares

The terms of the Underwriting Agreement are agreed after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Open Offer, and the current and expected market condition. The Directors (excluding the independent non-executive Directors who will form their views after considering the advice of the independent financial adviser) consider that the terms of the Underwriting Agreement are fair and reasonable so far as the Company and the Shareholders are concerned.

Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the subscription of the Underwritten Shares with selected subscribers with such authority and rights as the Underwriter has pursuant to its appointment under the Underwriting Agreement.

To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its Connected persons.

Pursuant to the Underwriting Agreement, the Company has undertaken not to issue any Shares or Consolidated Shares (save for Consolidated Shares to be issued under Share Consolidation or upon exercise of the Warrants) or issue any options or other securities which carry rights to acquire or convert into Shares or Consolidated Shares or repurchase its own Shares or Consolidated Shares from the date of the Underwriting Agreement until the Latest Time for Acceptance.

The Underwriter has irrevocably undertaken to the Company in the Underwriting Agreement that (i) the Underwriter will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter in respect of performing its obligations under the Underwriting Agreement; (ii) the Underwriter shall use its reasonable endeavours to ensure that the subscribers for Underwritten Shares shall be third parties independent of and not connected with the Company and its Connected Persons and their respective associates and the subscribers for Underwritten Shares are not acting in concert with the Underwriter and its associates; (iii) none of the persons to be procured by the Underwriter to subscribe for the Underwritten Shares will be a substantial Shareholder as a result of the Open Offer; and (iv) the Underwriter shall and shall cause the sub-underwriters to procure independent subscribers and/or places to take up such number of Offer Shares as necessary to ensure that the Company will comply with the public float requirement under the Listing Rules upon completion of the Open Offer.

### **Conditions of the Underwriting Agreement**

The conditions of the Underwriting Agreement have been set out in the section headed "Proposed Open Offer – Conditions of the Open Offer" above.

### **Termination of the Underwriting Agreement**

Notwithstanding anything contained in the Underwriting Agreement, if at any time prior to the Latest Time for Termination:

- (a) the success of the Open Offer would be materially and adversely affected by the development, occurrence or enforcement of:
  - (i) any new law or regulation or any change in existing laws or regulations which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect on the financial position of the Group as a whole;



- (ii) any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions which in the reasonable opinion of the Underwriter is or would be materially adverse to the success of the Open Offer;
  - (iii) any significant change (whether or not permanent) in local, national or international securities market conditions or currency exchange rates or exchange controls which in the reasonable opinion of the Underwriter is or would be materially adverse to the success of the Open Offer, or makes it impracticable or inadvisable or inexpedient to proceed therewith;
  - (iv) any suspension of dealings in the Shares for any period longer than five consecutive Business Days after the date of the Underwriting Agreement (other than as a result of the Open Offer); or
  - (v) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Latest Time for Termination; or
- (b) any breach of any of the Warranties in any material respect by the Company comes to the knowledge of the Underwriter;
  - (c) any event occurs or any matter arises on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of such representations, warranties and undertakings untrue or incorrect in any material respect in such a manner as would in the absolute opinion of the Underwriter materially and adversely affect the financial position or business of the Group as a whole; or
  - (d) there is any such adverse change in the general affairs, management, business, stockholders' equity or in the financial or trading position of the Group as a whole which in the absolute opinion of the Underwriter is materially adverse to the success of the Open Offer, or
  - (e) there is any change in the composition of the Board which in the absolute opinion of the Underwriter may affect the management and general affairs of the Company;

then and in any such case, the Underwriter may terminate the Underwriting Agreement without liability to the Company by giving notice in writing to the Company, served prior to the Latest Time for Termination.

In the event that the Underwriter terminates the Underwriting Agreement in accordance with the Underwriting Agreement, all obligations of each of the Parties under the Underwriting Agreement shall cease and no Party shall have any claim against any other Party in respect of any matter arising out of or in connection with the Underwriting Agreement except for, among others, any antecedent breach of any obligation under the Underwriting Agreement.

## SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structures of the Company (for illustration purpose only) (i) as at the date of this announcement; (ii) immediately after the Share Consolidation becoming effective but before completion of the Open Offer; and (iii) immediately after completion of the Open Offer:

### Scenario 1:

Assuming no outstanding Warrants will be exercised Shares on or before the Record Date:

	As at the date of this announcement		Immediately after the Share Consolidation becoming effective but before completion of the Open Offer		Immediately after completion of the Open Offer			
	Number of Shares	%	Number of Consolidated Shares	%	Assuming all the Offer Shares are subscribed for by the Qualifying Shareholders Number of Consolidated Shares	%	Assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders Number of Consolidated Shares (Note 1)	%
Underwriter, sub-underwriter(s) and subscribers procured by any of them (Note 1)	-	-	-	-	-	-	1,369,384,905	87.50%
Other Public shareholders	978,132,076	100.00%	195,626,415	100.00%	1,565,011,320	100.00%	195,626,415	12.50%
	<u>978,132,076</u>	<u>100.00%</u>	<u>195,626,415</u>	<u>100.00%</u>	<u>1,565,011,320</u>	<u>100.00%</u>	<u>1,565,011,320</u>	<u>100.00%</u>

## Scenario 2:

Assuming the full exercise of the Warrants on or before the Record Date:

	Immediately after completion of the Open Offer									
	As at the date of this announcement		Immediately after the outstanding Warrants being exercised in full but before the Share Consolidation has become effective		Immediately after the outstanding Warrants being exercised and the Share Consolidation becoming effective but before the completion of the Open offer		Assuming all the Offer Shares are subscribed for by the Qualifying Shareholders		Assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders	
	Number of Shares	%	Number of Shares	%	Number of Consolidated Shares	%	Number of Consolidated Shares	%	Number of Consolidated Shares	%
Underwriter sub-underwriter(s) and subscribers procured by any of them (Note 1)	-	-	-	-	-	-	-	-	1,439,701,396	87.50%
Warrants holders	-	-	50,226,068	4.88%	10,045,213	4.88%	80,361,704	4.88%	10,045,213	0.61%
Other Public shareholders	978,132,076	100.00%	978,132,076	95.12%	195,626,415	95.12%	1,565,011,320	95.12%	195,626,415	11.89%
	<u>978,132,076</u>	<u>100.00%</u>	<u>1,028,358,144</u>	<u>100.00%</u>	<u>205,671,628</u>	<u>100.0%</u>	<u>1,645,373,024</u>	<u>100.0%</u>	<u>1,645,373,024</u>	<u>100.0%</u>

### Note:

- The Underwriter has irrevocably undertaken to the Company that (i) the Underwriter will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter in respect of performing its obligations under the Underwriting Agreement; (ii) the Underwriter shall use its reasonable endeavours to ensure that the subscribers for Underwritten Shares shall be third parties independent of and not connected with the Company and its Connected Persons and their respective associates and the subscribers for Underwritten Shares are not acting in concert with the Underwriter and its associates; (iii) none of the persons to be procured by the Underwriter to subscribe for the Underwritten Shares will be a substantial Shareholder as a result of the Open Offer; and (iv) the Underwriter shall and shall cause the sub-underwriters to procure independent subscribers and/or placees to take up such number of Offer Shares as necessary to ensure that the Company will comply with the public float requirement under the Listing Rules upon completion of the Open Offer.

**WARNING OF THE RISKS OF DEALING IN SHARES AND CONSOLIDATED SHARES**

Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares and Consolidated Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares and Consolidated Shares will be dealt in on an ex-entitlement basis commencing from Tuesday, 12 May 2015 and that dealing in Shares and Consolidated Shares will take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholder or other person dealing in Shares and Consolidated Shares up to the date on which all conditions to which the Open Offer are subject to are fulfilled (which is expected to be at 4:00 p.m. on Wednesday, 10 June 2015), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing Shares and Consolidated Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

**EXPECTED TIMETABLE**

The expected timetable for the Share Consolidation, the Change in Board Lot Size and the Open Offer is set out below:

<b>Event</b>	<b>2015</b>
Expected date of despatch of the Circular and the notice of the EGM	Wednesday, 22 April
Latest time for return of proxy form of the EGM (not less than 48 hours prior to time of the EGM)	11:00 a.m. on Wednesday, 6 May
Expected date of the EGM	11:00 a.m. on Friday, 8 May
Announcement of results of the EGM	Friday, 8 May
Effective date of the Share Consolidation	Monday, 11 May
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Monday, 11 May

**Event****2015**

Original counter for trading in Shares (in board lots of 5,000 Shares) (in the form of existing share certificates) temporarily closes	.9:00 a.m. on Monday, 11 May
Temporary counter for trading in Consolidated Shares, (in the form of existing share certificates) opens	.9:00 a.m. on Monday, 11 May
First day for the free exchange of existing certificates of the Shares into new share certificates of Consolidated Shares commences	Monday, 11 May
Last day of dealings in Consolidated Shares on a cum-entitlement basis	Monday, 11 May
First day of dealings in Consolidated Shares on an ex-entitlement basis	Tuesday, 12 May
Latest time for lodging transfers of Consolidated Shares in order to qualify for the Open Offer	4:30 p.m. on Wednesday, 13 May
Register of members closes (both dates inclusive)	Thursday, 14 May to Wednesday, 20 May
Record Date	Wednesday, 20 May
Register of members re-opens	Thursday, 21 May
Despatch of the Prospectus Documents	Thursday, 21 May
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	.9:00 a.m. on Tuesday, 26 May
Original counter for trading in Consolidated Shares in new board lots of 10,000 Consolidated Shares (in the form of new share certificates) re-opens	.9:00 a.m. on Tuesday, 26 May
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences	.9:00 a.m. on Tuesday, 26 May

**Event****2015**

Latest time for acceptance of and payment . . . . .	4:00 p.m. on Friday, 5 June for the Offer Shares
Latest time for termination of the Underwriting . . . . .	4:00 p.m. on Wednesday, 10 June Agreement
Designated broker ceases to stand in the market to . . . . .	4:00 p.m. on Monday, 15 June provide matching services for the sale and purchase of odd lots of Consolidated Shares
Temporary counter for trading in board lots of . . . . .	4:00 p.m. on Monday, 15 June 1,000 Consolidated Shares (in the form of existing share certificates) closes
Parallel trading in Consolidated Shares (in the form . . . . .	4:00 p.m. on Monday, 15 June of new and existing certificates) ends
Announcement of the results of the Open Offer . . . . .	Tuesday, 16 June
Last day of free exchange of existing certificates . . . . .	Wednesday, 17 June for new certificates for Consolidated Shares
Despatch of certificates for the Offer Shares. . . . .	Wednesday, 17 June
Despatch of refund cheques if the Open Offer is . . . . .	Wednesday, 17 June terminated
Expected first day of dealings in the Offer Shares . . . . .	9:00 a.m. on Thursday, 18 June

*All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate*

## FUND RAISING EXERCISES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not carried out any fund raising exercises in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Date of completion	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
27 January 2014	17 April 2014	Open offer on the basis of four (4) offer shares for every one (1) share held on 25 March 2014 with bonus issue on the basis of 1 bonus warrant for every four (4) offer shares taken up under the said open offer	HK\$166 million	(i) Approximately HK\$50 million for repayment of margin financing and the unsecured loan;  (ii) approximately HK\$96 million for further investment in listed securities; and  (iii) approximately HK\$20 million for general working capital.	Used as intended

## ADJUSTMENTS IN RELATION TO THE OUTSTANDING WARRANTS

As at the date of this announcement, there are outstanding Warrants entitling the holders thereof to subscribe for up to an aggregate of 50,226,068 Shares. The Share Consolidation and the Open Offer may cause adjustments to the exercise price of the outstanding Warrants and/or the number of Consolidated Shares to be allotted and issued upon exercise of the outstanding Warrants. The Company will make further announcement in respect of such adjustments as and when appropriate.

## **LISTING RULES IMPLICATIONS**

In accordance with Rule 7.24(5) of the Listing Rules, the Open Offer must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders of the Company and their respective associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Open Offer. Since there is no controlling shareholder as at the date of this announcement, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Open Offer in accordance with Rule 7.24(5) of the Listing Rules.

## **GENERAL**

An independent board committee of the Company, comprising Mr. Lam Kwan, Mr. Ong Chi King and Mr. Lee Ming Gin, all being the independent non-executive Directors, has been established to make recommendations to the Independent Shareholders in respect of the Open Offer. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

An EGM will be convened and held for the Shareholders and the Independent Shareholders (as the case may be) to consider, and if thought fit, to approve, among other things, the proposed Share Consolidation and the proposed Open Offer. The Circular containing, among other things, (i) further details about the Share Consolidation, the Change in Board Lot Size and the Open Offer; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Open Offer; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Open Offer; and (iv) the notice convening the EGM, will be despatched to the Shareholders on or before Wednesday, 22 April 2015.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Application Form(s)”	the application form(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Open Offer
“associate(s)”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the Board of Directors



“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 5,000 Shares to 10,000 Consolidated Shares
“Circular”	the circular to be despatched by the Company on or before 22 April 2015 to provide, among other things, further details regarding the Share Consolidation, the Change in Board Lot Size and the Open Offer
“Company”	Capital VC Limited, a company incorporated in the Cayman Islands with limited Liability and carrying on business in Hong Kong as CNI VC Limited, the Shares of which are listed on main board of the Stock Exchange
“Connected Person”	has the meaning as ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.005 each in the issued share capital of the Company upon completion of the Share Consolidation
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the proposed Share Consolidation and the proposed Open Offer

“Excluded Shareholder(s)”	the Overseas Shareholders to whom the Board, based on legal opinions provided by the legal advisers, considers it necessary or expedient not to offer the Offer Shares to such Shareholders on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board (comprising Mr. Lam Kwan, Mr. Ong Chi King and Mr. Lee Ming Gin, all being independent non-executive Directors) established to advise the Independent Shareholders on the Open Offer
“Independent Shareholder(s)”	any Shareholders other than the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates
“Last Trading Day”	13 March 2015, being the date of the Underwriting Agreement
“Latest Time for Acceptance”	4:00 p.m. on 5 June 2015 or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of Offer Shares as described in the Prospectus
“Latest Time for Termination”	4:00 p.m. on 10 June 2015, or such other time as may be agreed between the Company and the Underwriter, being the third Business Day after (but excluding) the Latest Time for Acceptance
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time

“Offer Share(s)”	Not less than 1,369,384,905 Consolidated Shares and not more than 1,439,701,396 Consolidated Shares to be issued pursuant to the Open Offer on the basis of seven (7) Offer Shares for every one (1) Consolidated Share in issue on the Record Date
“Open Offer”	the proposed issue of seven (7) Offer Shares for every one (1) Consolidated Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“Parties”	the named parties to the Underwriting Agreement and their respective successors and permitted assignees, and “Party” means each of them
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be despatched to the Shareholders on the Prospectus Posting Date containing details of the Open Offer
“Prospectus Documents”	the Prospectus and the Application Forms
“Prospectus Posting Date”	21 May 2015 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only to the Excluded Shareholders
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) is/are registered on the register of the members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	20 May 2015 (or such other date as the Underwriter may agree in writing with the Company), as the date by reference to which entitlements to the Open Offer are expected to be determined

“Registrar”	the share registrar of the Company in Hong Kong, being Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“Share Consolidation”	the proposed consolidation of every five (5) Shares of HK\$0.001 each into one (1) Consolidated Share of HK\$0.005 each
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of Shares or Consolidated Shares, as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.25 per Offer Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on the Takeovers and Mergers
“Underwriter”	SBI China Capital Financial Services Limited, a licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 13 March 2015 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer
“Underwritten Shares”	not less than 1,369,384,905 and not more than 1,439,701,396 Offer Shares being underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement

“Warranties”	includes the warranties, representations and undertakings of the Company set out in the Underwriting Agreement
“Warrants”	outstanding unlisted warrants in the aggregate principal amount of HK\$12,556,517 issued by the Company on 17 April 2014 which entitle the holders thereof to subscribe for existing Shares at the price of HK\$0.25 per share at any time during a period commencing from the date of issue of the Warrants to 17 April 2016
“%”	per cent

By Order of the Board  
**Capital VC Limited**  
**Chan Cheong Yee**  
*Executive Director*

Hong Kong, 13 March 2015

*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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement contained in this announcement misleading.*

*In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*