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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stock broker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Capital VC Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the stockbroker, other registered dealer in securities, the bank, or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**PROPOSED PLACING OF NEW SHARES UNDER SPECIFIC MANDATE  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Placing Agent**

**CHUNG NAM SECURITIES LIMITED**

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A notice convening the extraordinary general meeting to be held on Friday, 12 August 2011 at 12:30 p.m. at Suite 7601B, Level 76, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong is set out on pages 18 to 20 of this circular. Whether or not you are able to attend and vote at the extraordinary general meeting, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the extraordinary general meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof should you so wish and in such event, the proxy form shall be deemed to be revoked.

28 July 2011

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:–*

“Announcement”	the announcement of the Company dated 9 June 2011 in relation to, inter alia, the Placing
“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which banks are generally open for business in Hong Kong
“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, and the shares of which are listed on main board of the Stock Exchange (Stock code: 02324)
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if appropriate, to approve, inter alia, the Placing Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	25 July 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules
“Listing (Review) Committee”	has the meaning ascribed to such term in the Listing Rules

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## DEFINITIONS

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“Placing”	placing of 250,000,000 new Shares by the Placing Agent pursuant to the terms of the Placing Agreement
“Placing Agent”	Chung Nam Securities Limited, a licensed corporation to carry out type 1 regulated activity, within the meaning of the SFO
“Placing Agreement”	a conditional placing agreement dated 9 June 2011 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.30 per Placing Share
“Placing Share(s)”	250,000,000 new Share(s) to be placed under the Placing
“Rights Issue”	the issue by way of rights of one Rights Share for every two Shares 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 dated 11 January 2011 and 23 February 2011, respectively
“Rights Shares”	Shares issued and allotted under the Rights Issue, being 194,746,089 Shares
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the EGM to allot and issue the Placing Shares pursuant to the Placing Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Willie International Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 00273).
“%”	per cent

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Yau Chung Hong  
Mr. Chui Tak Keung, Duncan  
Mr. Kong Fanpeng  
Dr. Liu Ta-pei

*Independent Non-executive Directors:*

Mr. Lam Kwan  
Mr. Chan Ming Sun, Jonathan  
Mr. Shiu Siu Tao

*Registered office:*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

*Head Office and Principal Place of  
Business in Hong Kong:*

Suite 7601B, Level 76  
International Commerce Centre  
1 Austin Road West  
Kowloon, Hong Kong

28 July 2011

*To the Shareholders,*

Dear Sir or Madam,

### **PROPOSED PLACING OF NEW SHARES UNDER SPECIFIC MANDATE AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **INTRODUCTION**

On 9 June 2011 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent and the Subscriber, whereby the Company conditionally agreed to place, through the Placing Agent, 250,000,000 Placing Shares at a price of HK\$0.30 per Placing Share, to the Subscriber and the Subscriber conditionally agreed to subscribe for the Placing Shares in full at the Placing Price. The Placing Shares represent approximately 42.29% of the Company's existing issued share capital of the Company of 591,169,847 Shares as at the Latest Practicable Date and approximately 29.72% of its issued share capital as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$25,000,000.

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## LETTER FROM THE BOARD

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The Placing Agreement and the transactions contemplated thereunder and the granting of the Specific Mandate for the allotment and issue of the Placing Shares are subject to shareholders' approval at the EGM.

The purpose of this circular is to provide you with information relating to (i) the Placing Agreement and the transactions contemplated thereunder and the Specific Mandate; and (ii) to give you notice of the EGM.

### THE PROPOSED PLACING UNDER SPECIFIC MANDATE

#### The Placing Agreement

##### *Date*

9 June 2011 (after trading hours)

##### *Issuer*

The Company

#### Placing Agent

Chung Nam Securities Limited, the Placing Agent, has conditionally agreed to procure the Subscriber to subscribe for 250,000,000 Placing Shares and in consideration thereof it will receive a placing commission of 2.5% on the gross proceeds of the Placing upon completion of the Placing, or if completion does not occur, a commission of 1% of the amount equal to the Placing Price multiplied by the number of Placing Shares.

The Company is aware that the Placing Agent will be rewarded of 1% of the Placing Price times Placing Shares as commission if the Placing is not completed and the Company understands that the Placing Agent had already procured the Subscriber to subscribe for 250,000,000 Placing Shares and provided more certainties to the Placing than other new share placing exercises that conducted on best effort basis which provides no commitment on the number of the subject placing shares. Further, taking into account the Company considers that the arrangement of a commission of 1% of the amount equal to the Placing Price multiplied by the number of the Placing Shares (if completion does not occur) is not exclusively imposed on the Company and given the mentioned precedents in the market, therefore, the Company considers that such arrangement is a commercial decision between the Company and the Placing Agent and is fair and reasonable for this arrangement given the effort and service provided to the Company as the Placing Agent had incurred expenses and utilized its network to conduct the Placing.

With reference to other listed companies' public disclosure, the Company believes such arrangement is in line with the market practice. Further, the Company is aware that even minimum commission was offered, those placings were completed with the maximum number of placing shares issued and allotted, which represents that those minimum commission arrangement had not adversely affected the placing agents' incentives to procure placee(s) to subscribe the placing shares. Given the

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## LETTER FROM THE BOARD

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fact that before the Placing Agreement was entered into, the Placing Agent had already utilized its network to have successfully procured the Subscriber for the Placing, the Company considered that such minimum commission arrangement would be a useful means to (i) show the Placing Agent the Company's appreciation in the effort the Placing Agent paid and the Placing Agent's network utilized when conducting the Placing; and (ii) maintain good business relationship with the Placing Agent by promising them a reasonable fee to cover their cost in case the Placing is not completed due to any unforeseen factor(s). Therefore, the Company considers such arrangement to be (i) in line with the market practice; and (ii) fair and reasonable.

The Directors are of the view that the placing commission accords with the market rate and is fair and reasonable. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its Connected Persons.

### **Subscriber**

Willie International Holdings Limited is a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 00273). The Subscriber and its subsidiaries are principally engaged in the business of property investment, investment in securities trading, money lending and investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is a third party independent of and not connected with the Company and its Connected Persons and the Subscriber did not hold any interest in the Company before the Placing.

The Subscriber was procured by the Placing Agent and agreed to subscribe the Placing Shares in full, as time is of the essence in the Placing and with the Subscriber's commitment, the Company would be able to receive the same amount of proceeds from the Placing (subject the terms and conditions of the Placing Agreement) regardless the number of placees to the Placing. The purpose of the Placing is to raise sufficient fund for the Company and it was not the Company's intended purpose to introduce the Subscriber to be the single largest Shareholder. As at the Latest Practicable Date, no concrete plan has been reached that there is no direction of the co-operation and future relationship between the Company and the Subscriber and the Subscriber has no intention to appoint any representative to the Board.

### **Number of Placing Shares**

The Placing Shares, being a total of 250,000,000 new Shares and represent approximately 42.29% of the Company's existing issued share capital of the Company of 591,169,847 Shares as at the Latest Practicable Date and approximately 29.72% of its issued share capital as enlarged by the Placing. The aggregate nominal value of the Placing Shares under the Placing will be HK\$25,000,000.

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## LETTER FROM THE BOARD

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### Placing Price

The Placing Price of HK\$0.30 per Placing Share represents (i) a discount of approximately 14.29% to the closing price of HK\$0.350 per Share as quoted on the Stock Exchange on 9 June 2011, being the date of the Placing Agreement; and (ii) a discount of approximately 17.13% to the average closing price of approximately HK\$0.362 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 8 June 2011.

The net Placing Price under the Placing is approximately HK\$0.290 per Placing Share.

Given the fact that the 10-day-average trading volume of the Shares (including the date of the Placing Agreement) is merely 4,988,000 Shares, representing approximately 0.84% of the issued share capital of the Company, the liquidity of the Shares is relatively low.

In addition, the Company has acknowledged that (i) the Placing Price is at 59% discount to the Company's net asset per share as at 30 April 2011; and (ii) the Shares have been trading under the net asset value per Share for certain period of time. Though the Company has once taken into consideration to set the placing price of the Placing Shares not less than the Company's net asset per share as at 30 April 2011, i.e. HK\$0.7333 ("NAV"), such price would represent (i) a premium of approximately 109.51% to the closing price of HK\$0.350 per Share as quoted on the Stock Exchange on 9 June 2011, being the date of the Placing Agreement; and (ii) a premium of approximately 102.57% to the closing price of approximately HK\$0.362 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including 8 June 2011. Accordingly, the Company considered that such pricing is unrealistic, not commercial and less likely to attract any placing agent and potential investor. It is an undeniable fact that the Shares might have been undervalued by the market, however, if the Placing Price had been benchmarked with the NAV, a placing agent and/or potential investor(s) would prefer buying in the market at a more favorable price even if they might be interested in investing in the Company, in which case no capital will be injected in the Company. Therefore, the Company believes it is justifiable for the Placing Price to be set at this range of discount if investor(s) can be successfully attracted and the Placing Agreement secured the commitment from the Subscriber through the efforts of the Placing Agent.

Furthermore, given the all along thin trading of the Shares together with the deep discount of the Share price to the NAV, the Directors believe that it is not an easy task for the Company to raise fund in a substantial amount. Since the Placing Price is within the benchmark price stipulated under the Listing Rules and the Placing Agent has conditionally agreed to procure the Subscriber to subscribe for 250,000,000 Placing Shares and hence enabled the Company to raise net proceeds of approximately HK\$72.43 million, the Directors (including the independent non-executive Directors) are of the view that the Placing Price is fair and reasonable.

In respect of the aforementioned reasoning and taken into account the normal practice of discounts for share placements in the market, the Directors consider that the Placing and Placing Price, which was agreed after arm's length negotiations between the Company and the Placing Agent with reference to current market price of the Shares, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.



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## LETTER FROM THE BOARD

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### **Ranking of Placing Shares**

The Placing Shares will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

### **Specific Mandate**

The Placing Shares will be allotted and issued under the Specific Mandate to be granted to the Directors by a resolution of the Shareholders passed at the EGM.

As at the Latest Practicable Date, 64,910,000 Shares had been issued and allotted pursuant to a placing agreement dated 1 December 2010, which had utilized over 99.99% of the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 26 November 2010. As a result, the remaining general mandate only allows the Directors to allot and issue up to 6,435 Shares, which is not sufficient for the issue and allotment of the Placing Shares under the Placing.

### **Conditions of the Placing**

The Placing is conditional upon:-

- (a) the passing of the resolution(s) by the Shareholders to approve the Placing Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate;
- (b) the passing of the resolution(s) by the Subscriber's shareholders to approve the Placing Agreement and the transactions contemplated thereunder (if necessary); and
- (c) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares.

The conditions must be fulfilled not later than 30 September 2011 (or such other date as agreed by the Company, the Placing Agent and the Subscriber), failing which the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for (i) certain professional fees; (ii) a minimum commission of 1% of the amount equal to the Placing Price multiplied by the Placing Shares; and (iii) any prior breaches of the Placing Agreement).

### **Termination and force majeure events**

The Placing Agreement may be terminated by the Placing Agent if at any time prior to 10:00 a.m. on the date of completion for the Placing Agreement, in the absolute opinion of the Placing Agent the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:-

- (i) any material breach of any of the representations and warranties under the Placing Agreement; or

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## LETTER FROM THE BOARD

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- (ii) any of the following events:
  - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
  - (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
  - (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
  - (d) a change or development involving a prospective change in taxation in Hong Kong, the Cayman Islands or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
  - (e) any change or deterioration in the conditions of local, national or international securities markets occurs.

### **Completion of the Placing**

Completion of the Placing shall take place not later than the second Business Day after the Placing Agreement has become unconditional (or such later date as may be agreed between the Company and the Placing Agent).

### **Reasons for the Placing and use of proceeds**

The Company is an investment company under Chapter 21 of the Listing Rules and makes its investments in accordance with its investment objectives and policies. The Company and its subsidiaries are principally engaged in investments in listed and unlisted companies mainly in Hong Kong and the People's Republic of China.

The Company has fully utilized its net proceeds subsequent to the fund-raising exercises during the past 12 months and improved the balance sheet of the Company, such that the net asset value of the Company during the period from 30 November 2010 to 30 April 2011 has actually increased from approximately HK\$329.42 million (i.e. HK\$1.0149 x 324,582,178 Shares) to approximately HK\$433.50 million (i.e. HK\$0.7333 x 591,169,847 Shares). The Company is aware that the increased number of the Shares has resulted in the decrease in the net asset value per Share but the Company is confident that

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## LETTER FROM THE BOARD

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by using the net proceeds of the Placing, the Company would be able to further improve its financials and generate positive return to the Shareholders in a long term since the performance for some of the Company's investment may take time to materialize earnings growth and capital appreciation. Accordingly, the Company considers that the deep discount to the net asset value per Share would be paid off by an improving balance sheet and be in the interests of the Company and the Shareholders as a whole and is fair and reasonable to the Shareholders, from the perspective of a longer time horizon.

The gross proceeds from the Placing will be HK\$75 million. The Company plans to use the net proceeds of approximately HK\$72.43 million from the Placing for funding the general working capital of the Group and/or funding of appropriate investment opportunities if arise.

As at the Latest Practicable Date, the Company has only identified one new project – the resumption proposal for 3D-Gold Jewellery Holdings Limited (“Project 3D-Gold”) (details of such can be referred to the Company's announcement dated 16 May 2011) and the Company has already paid HK\$2.5 million as a deposit. As at the Latest Practicable Date, the Project 3D-Gold is still uncertain. However, if the Company's proposed investment in Project 3D-Gold is aborted, the Company would re-allocate the proceeds to invest in listed securities in the industries including but not limited to natural resources, health and pharmaceutical, retail, communication technology, financial services and operation of cemetery and funeral services sectors, when it is timely and appropriate opportunities appear.

With respect to the net placing proceeds of HK\$72.43 million, the Company intends to invest not more than HK\$57.5 million in Project 3D-Gold, however if the Project 3D-Gold is aborted then the Company will seek alternative investment opportunities as mentioned above and the remaining HK\$14.93 million will be used as general working capital and/or in other potential projects to be identified in future.

The Directors are of the view that the Placing will enlarge the capital base of the Company. In addition, the net proceeds of the Placing will strengthen the Group's financial position for future development of the Group.

With respect to the other forms of pro rata equity financing method (other pre-emptive methods) such as rights issue and open offer, the Directors consider that such pro rata equity financing not only would incur substantial costs in form of legal costs and underwriting commission, but also more time consuming as a longer time horizon is required before completion. The Company's previous rights issue exercise had taken 45 business days (from 11 January 2011 to 17 March 2011) to complete, and the Company's previous placing of new Shares under general mandate had taken 16 business days (from 1 December 2010 to 22 December 2010) to complete. Meanwhile, the Company estimated that the Placing can be completed within 30 business days. Accordingly, the difference in the timetable between rights issue and the Placing is 15 business days and the Placing allows the Company to raise funds in a more timely manner than other pre-emptive methods. In fact in the course of this fund raising exercise, the Company has once re-considered fund raising by way of rights issue and thus approached two securities houses respectively. However, neither of them showed interest in providing underwriting service for our proposed rights issue without offering any manifest reasons. The Company has taken into consideration the advantages and disadvantages of different forms of equity fund-raising exercises including the pre-emptive issues and non-pre-emptive issues. However, given the shorter time horizon and less costs to be incurred the Company still considered Placing as a more appropriate fund-raising method.

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## LETTER FROM THE BOARD

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Based on the Company's experience that the underwriting commission of the Rights Issue (completed in March 2011) was 3%, the Company may not be able to procure a more favorable terms in commercial underwriting than the placing commission rate that the Placing Agent currently offers, being a placing commission of 2.5% on the gross proceeds of the Placing upon completion of the Placing, or if completion does not occur, a commission of 1% of the amount equal to the Placing Price multiplied by the number of the Placing Shares. Though the difference in commission between the Placing and the Rights Issue is only 0.5%, the Company considered that reduction in expenses of the Company in whatever scale (as long as it won't adversely affect the operations and existing business of the Company as well as the effect of the fund raising), being an additional advantage, is still in the interests of the Company and the Shareholders as a whole. Nevertheless, the commission rate is only one of the factors that the Company took into consideration when determining the forms of fund raising exercises. Accordingly, the Company had decided not to go for any of the abovementioned pre-emptive methods and had not approached any underwriter to arrange rights issue or open offer before deciding to go for the Placing. Therefore, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

The Company wishes to stress that it did take into consideration of the pre-emptive principle. As the fund raising need emerged, the Company had once considered the method of rights issue/open offer but the idea was turned down at an initial stage on the worries that a further rights issue subsequent to a rights issue just completed a few months ago might project a negative image to the Company in the eye of the public shareholders and potential underwriters and investors; relatively weaker bargaining power of the Company in selecting fund-raising methods; and though with lesser weight, the longer time needed and less favorable commission rate. After taking into account the above and some other fund raising methods the Company decided to enter into the Placing Agreement and considered that the Placing is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### FUND RAISING EXERCISES DURING THE PAST 12 MONTHS

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
12 January 2011	Rights Issue of 194,746,089 Rights Shares in the proportion of one Rights Share for every two Shares in issue and held on the record date	HK\$56.3 million	Investment in stocks in the industries including but not limited to the natural resources, health and pharmaceutical, forestry, retail, communication technology and operation of cemetery and funeral services sectors and for general working capital of the Group	Used as intended
1 December 2010	Placing of new Shares	HK\$22.17 million	For future potential investments and working capital	Used as intended in the following manner:– <ul style="list-style-type: none"> <li>(i) approximately HK\$16.7 million had been used for investments in listed securities in information technology- information technology hardware sector;</li> <li>(ii) approximately HK\$4.3 million had been used for investments in listed securities in telecommunications sector; and</li> <li>(iii) the remaining balance had been used for general working capital.</li> </ul>

Save as disclosed above, the Company has not conducted any other fund raising exercises in the past twelve months before the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the Latest Practicable Date, and (ii) immediately after completion of the Placing is as follows:

Shareholders	As at the date of the Latest Practicable Date		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
<b>Substantial Shareholders:</b>				
Mr. Yau Chung Hong ( <i>Note 1</i> )	131,145,000	22.18	131,145,000	15.59
– Subscriber	0	0	250,000,000	29.72
<b>Public Shareholders</b>	460,024,847	77.82	460,024,847	54.69
<b>Total</b>	<b>591,169,847</b>	<b>100.00</b>	<b>841,169,847</b>	<b>100.00</b>

*Notes:*

- As at the Latest Practicable Date, Mr. Yau Chung Hong, an executive Director, was personally interested in 117,680,000 Shares and deemed to be interested in 13,465,000 Shares by virtue of his control in Sellwell Enterprises Limited.
- The above calculation assumes (i) no new Shares would be issued; (ii) no Shares would be repurchased; (iii) no outstanding Share options would be exercised by the Company before completion of the Placing.
- To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, upon completion of the Placing, the Subscriber's shareholding interests in the Company would be accounted for as an investment of the Subscriber.

### INVESTMENT PORTFOLIO

Set out below are the top ten securities/investment made/bought by the Group for the year from 1 July 2008 to 30 June 2009:

Stock Code	Stock name	Investment cost <i>HK\$'000</i> <i>(approximate)</i>
Unlisted	UCCTV Holdings Limited	15,000
94	Greenheart Group Limited	7,364
362	China Zenith Chemical Group Limited	6,395
Unlisted	IIN Network Education (BVI) Limited	5,000
8139	Prosperity International Holdings (H.K.) Limited	2,969
1361	361 Degrees International Limited	2,946
660	Wai Chun Mining Industry Group Company Limited	1,855
295	Kong Sun Holdings Limited	888
716	Singamas Container Holdings Limited	815
3888	Kingsoft Corporation Limited	572

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## LETTER FROM THE BOARD

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Set out below are the top ten securities/investment made/bought by the Group for the year from 1 July 2009 to 30 June 2010:

<b>Stock Code</b>	<b>Stock name</b>	<b>Investment cost</b> <i>HK\$'000</i> <i>(approximate)</i>
692	Bao Yuan Holdings Limited	49,034
723	Sustainable Forest Holdings Limited	45,526
8037	Longlife Group Holdings Limited	41,233
948	Z-Obee Holdings Limited	33,237
851	Sheng Yuan Holdings Limited	19,502
8203	Kaisun Energy Group Limited	14,528
705	CVM Minerals Limited	12,693
821	Value Convergence Holdings Limited	11,963
8130	Zhi Cheng Holdings Limited	11,174
94	Greenheart Group Limited	10,260

Set out below are the top ten securities/investment made/bought by the Group for the year from 1 July 2010 to 30 June 2011:

<b>Stock Code</b>	<b>Stock name</b>	<b>Investment cost</b> <i>HK\$'000</i> <i>(approximate)</i>
8082	Sage International Group Limited	122,825
8037	Longlife Group Holdings Limited	49,216
8132	Fairson Holdings Limited	43,039
0309	Xinhua News Media Holdings Limited	29,830
1063	Suncorp Technologies Limited	28,927
8256	Netel Technology (Holdings) Limited	14,833
0094	Greenheart Group Limited	11,791
0956	China Suntien Green Energy Corporation Limited	10,863
8312	Brilliance Worldwide Holdings Limited	10,320
0342	NewOcean Energy Holdings Limited	9,662

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## LETTER FROM THE BOARD

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Set out below are the top three major investments which resulted in the most investment gain and loss respectively for the year from 1 July 2008 to 30 June 2009:

<b>Stock Code</b>	<b>Stock/company name</b>	<b>Investment gain/(loss)</b> <i>HK\$'000</i> <i>(approximate)</i>
94	Greenheart Group Limited	2,819
Unlisted	Four Gold OG Limited	1,617
8139	Prosperity International Holdings (H.K.) Limited	1,253
196	Honghua Group Limited	(5,919)
362	China Zenith Chemical Group Limited	(3,512)
326	China Star Entertainment Limited	(2,857)

Set out below are the top three major investments which resulted in the most investment gain and loss respectively for the year from 1 July 2009 to 30 June 2010:

<b>Stock Code</b>	<b>Stock/company name</b>	<b>Investment gain/(loss)</b> <i>HK\$'000</i> <i>(approximate)</i>
8037	Longlife Group Holdings Limited	10,347
94	Greenheart Group Limited	8,910
Unlisted	King Alliance Resources Limited	4,419
692	Bao Yuan Holdings Limited	(5,226)
Unlisted	Easymade Group Limited	(5,000)
723	Sustainable Forest Holdings Limited	(2,227)

Set out below are the top three major investments which resulted in the most investment gain and loss respectively for the year from 1 July 2010 to 30 June 2011:

<b>Stock Code</b>	<b>Stock/company name</b>	<b>Investment gain/(loss)</b> <i>HK\$'000</i> <i>(approximate)</i>
8082	Sage International Group Limited	15,961
8132	Fairson Holdings Limited	5,568
8312	Brilliance Worldwide Holdings Limited	3,107
1063	Suncorp Technologies Limited	(13,400)
8037	Longlife Group Holdings Limited	(5,392)
94	Greenheart Group Limited	(1,841)



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## LETTER FROM THE BOARD

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Set out below are the top ten securities/investment held by the Group as at the Latest Practicable Date:

<b>Stock Code</b>	<b>Stock/company name</b>	<b>Fair value/Market value</b> <i>HK\$'000</i> <i>(approximate)</i>
8082	Sage International Group Limited	82,622
Unlisted	Quidam Assets Limited	58,249
8037	Longlife Group Holdings Limited	55,546
Unlisted	UCCTV Holdings Limited	32,696
Unlisted	IIN Network Education (BVI) Limited	30,360
0094	Greenheart Group Limited	4,227
6828	China Print Power Group Limited	3,622
8132	Fairson Holdings Limited	3,339
2309	Birmingham International Holdings Limited	3,279
8256	Netel Technology (Holdings) Limited	2,755

### **RELATIONSHIPS BETWEEN THE COMPANY AND ITS MAJOR INVESTMENTS, ITS SUBSTANTIAL SHAREHOLDERS AND THE DIRECTORS**

As at the Latest Practicable Date, Mr. Yau Chung Hong, an executive Director and substantial Shareholder, was interested in 76,740,000 shares in the capital of Longlife Group Holdings Limited (“Longlife”), representing approximately 7.99% of the issued share capital of Longlife. The securities of Longlife were among the top-ten securities invested by the Company for the two years ended 30 June 2011 and up to the Latest Practicable Date. Save as aforesaid, none of the Directors was interested in any major investments of the Company for the three years ended 30 June 2011 and up to the Latest Practicable Date.

Mr. Yau Chung Hong had been an independent non-executive director of China Zenith Chemical Group Limited until his resignation on 8 April 2011. Save as aforesaid, none of the Directors is or had been a director of any company, the securities of which were one of the top-ten securities bought by the Company for the three years ended 30 June 2011 and up to the Latest Practicable Date.

As at the Latest Practicable Date, there were the following cross-shareholdings between the Company and Longlife, ie. the Company was interested in 222,185,000 shares in the capital of Longlife, representing approximately 23.14% of the issued share capital of Longlife; and Longlife was interested in 52,707,191 shares in the capital of the Company, representing approximately 8.92% of the issued share capital of the Company. The securities of Longlife were among the top-ten securities invested by the Company for the two years ended 30 June 2011 and up to the Latest Practicable Date. Save as aforesaid, there were no other cross-shareholdings between the Company and any of its major investments for the three years ended 30 June 2011 and up to the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### RELATIONSHIP BETWEEN THE COMPANY AND ITS INVESTMENT MANAGER

To the best knowledge of the Directors, there were no common investments made by the Company and Tripod Management Limited (“Tripod”), the investment manager of the Company, nor any common directorships between the Company and Tripod; and between Tripod and the Company’s major (top-ten bought) investments for the three years ended 30 June 2011 and up to the Latest Practicable Date.

### EGM

The EGM will be convened and held for the Shareholders to consider and, if thought fit, pass the relevant resolution(s) to approve the Placing Agreement and the transactions contemplated thereunder; and (ii) the grant of the Specific Mandate.

A notice convening the EGM to be held on Friday, 12 August 2011 at 12:30 p.m. at Suite 7601B, Level 76, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong is set out on pages 18 to 20 of this circular. Whether or not you are able to attend and vote at the EGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, together with a power of attorney or other authority, if any, under which it is signed or a certified copy of such power or authority, as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting thereof should you so wish and in such event, the proxy form shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of Listing Rules, (i) the Placing Agreement and transactions contemplated thereunder; and (ii) the granting of the Specific Mandate will be voted on by way of poll by the Shareholders at the EGM. The Company will make a further announcement on the results of the EGM.

No Shareholders are required to abstain from voting on the Placing Agreement and the transactions contemplated thereunder and the granting of the Specific Mandate.

### RECOMMENDATION

The Board is of the opinion that the Placing Agreement and the transactions contemplated thereunder and the granting of the Specific Mandate are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole and the Board recommends the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the notice to this circular.

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## LETTER FROM THE BOARD

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### RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

By Order of the Board

**Yau Chung Hong**

*Executive Director*

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## NOTICE OF EGM

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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)**

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Capital VC Limited (the “Company”) will be held at Friday, 12 August 2011 at 12:30 p.m. at Suite 7601B, Level 76, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution as an ordinary resolution:

#### ORDINARY RESOLUTION

1. “**THAT:**

- (a) the terms of the conditional placing agreement (the “Placing Agreement”) entered into on 9 June 2011 between the Company as issuer and Chung Nam Securities Limited as placing agent in relation to the placing of 250,000,000 new shares (the “Placing Shares”) of HK\$0.10 each in the capital of the Company, to the subscriber and the subscriber conditionally agreed to subscribe for the Placing Shares in full for cash at a price of HK\$0.30 per Placing Share, a copy of the Placing Agreement having been produced to this Meeting and marked “A” and signed by the Chairman of the Meeting for the purpose of identification, and the transactions contemplated under the Placing Agreement, be and are hereby confirmed, approved and ratified;
- (b) the directors (the “Directors”) of the Company be and are hereby authorised to exercise the powers of the Company to allot and issue the Placing Shares, pursuant to the terms of the Placing Agreement, such Placing Shares shall rank *pari passu* in all respects among themselves and with the existing ordinary shares of the Company in issue at the date of the allotment of the Placing Shares;
- (c) the Directors, be and are hereby authorised to take such actions, do such things, agree to such amendments, variations or extension to the Placing Agreement and execute such further documents or deeds which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or to implement the transactions contemplated in this resolution; and

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## NOTICE OF EGM

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- (d) to do or cause to be done all acts, matters or things and to sign and deliver or cause to be signed or delivered all agreements, deeds, documents, instruments, forms and certificates as it considers necessary, desirable or appropriate in order to effectuate, carry out and consummate, or relating to, the transactions contemplated under the Specific Mandate, and to otherwise perform or give effect to the transactions and obligations contemplated by and under the Specific Mandate and the compliance by the Company with the Company's obligations and covenants agreed therein.

and for the purpose of the Specific Mandate:

“**Relevant Period**” means the period from the passing of the ordinary resolution granting the Specific Mandate and the increase in the authorised share capital of the Company at the EGM until the earlier of:

- (a) the expiration of the 6-month period following the passing of the ordinary resolution; or
- (b) the date on which the Specific Mandate is revoked or varied by an ordinary resolution of the Shareholders in a shareholders' general meeting.

By Order of the Board  
**Yau Chung Hong**  
*Executive Director*

Dated 28 July 2011

*Head Office and Principal Place of  
Business in Hong Kong:*  
Suite 7601B, Level 76  
International Commerce Centre  
1 Austin Road West  
Kowloon, Hong Kong

*Registered office:*  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

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## NOTICE OF EGM

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*Notes:*

1. Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation is entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member of the Company could exercise.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.
3. The instrument appointing a proxy and (if required by the Board of Directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the extraordinary general meeting or adjourned meeting thereof at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.