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**CAPITAL  
VC LIMITED**

首都創投有限公司

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

**Clarification Announcement**

Reference is made to the circular of Capital VC Limited (the “Company”) of 28 July 2011 on a proposed placing of new shares under specific mandate and a notice of the extraordinary general meeting (the “Circular”). The Circular disclosed the holding of 23.14% of the issued share capital of Longlife Group Holdings Limited (“Longlife”) by the Company and the holding of 7.99% of the issued share capital of Longlife by Mr. Yau Chung Hong (“Mr. Yau”), an executive director and substantial shareholder of the Company.

On 12 August 2011 the Executive (as defined under the Codes on Takeovers and Mergers and Share Repurchases (the “Codes”)) wrote to the Company in relation to an obligation to make a general offer for the shares in Longlife that has arisen under the Codes on the part of the Company and Mr. Yau unless they establish that they are not acting in concert.

In relation to the abovementioned shareholding and the aforesaid inquiries, the board of directors (“the Board”) announces that:

- (1) As part of the Company’s compliance system, the Company Secretariat would be copied with the Disclosure of Interests Notices filed by Mr. Yau and the Company in relation to their respective shareholding in Longlife. As on 2 June 2011, Mr. Yau was holding 7.3% of the issued share capital of Longlife whilst the Company was holding 19.5% of the issued share capital of Longlife.
- (2) From 3 June 2011 to 10 June 2011 Mr. Yau acquired a total of 6,650,000 shares of Longlife (increasing Mr. Yau’s shareholding of the issued share capital of Longlife to 7.99%), for which no filing of Disclosure of Interests Notice was necessary.

- (3) From 7 June 2011 to 10 June 2011 the Company acquired a total of 26,000,000 shares of Longlife (increasing the Company's shareholding of the issued share capital of Longlife to 22.2%), for which the Company's acquisitions on 7 June 2011 for 5,000,000 shares of Longlife and on 10 June 2011 for 15,000,000 shares of Longlife Disclosure of Interests Notices were filed by the Company.
- (4) On 14 June 2011 to 25 July 2011 the Company acquired a total of 9,005,000 shares of Longlife (increasing the Company's shareholding of the issued share capital of Longlife to 23.14%) for which, save and except the acquisition of 2,100,000 shares on 12 July 2011, no filing of Disclosure of Interests Notice was necessary. Out of inadvertence, (i) the Company was not aware of the obligation to disclose the said acquisition on 12 July 2011 until 29 July 2011, and a Disclosure of Interest Notice therefor was subsequently filed on 1 August 2011; and (ii) the aforesaid Disclosure of Interests Notice was not copied to the Company Secretariat.
- (5) The information of the respective shareholding of the Company and Mr. Yau in the issued shares of Longlife as disclosed in the Circular was obtained by reference to the various statements from the brokerage firms concerned. The due diligence of such information did not call for a calculation of the cumulative shareholding concerned.
- (6) As a result of a series of transactions by Mr. Yau and the Company respectively took place between 26 July 2011 and 29 July 2011, for which no filing of Disclosure of Interests Notice was made by Mr. Yau, as at 29 July 2011 the Company held 22.75% of the issued share capital of Longlife and Mr. Yau held 7.06% of the issued share capital of Longlife.
- (7) In the premises, the Company did not reckon until after the aforementioned inquiries with the Company was made that as between 10 June 2011 to 28 July 2011, the total shareholding in the issued share capital of Longlife of the Company and Mr. Yau was over 30%.
- (8) Whilst the Company is presumed to be acting in concert with Mr. Yau under the Takeovers Code, as a matter of fact which the Company believes it is in the position to establish, at all material times the Company did not have any agreement or understanding (whether formal or informal), with Mr. Yau or otherwise, to cooperate to obtain or consolidate control of Longlife through acquisition of voting rights in Longlife.
- (9) Accordingly the Company does not consider that any obligation to make a general offer for the shares in Longlife has arisen and neither the Company nor Mr. Yau contemplates making any general offer for the shares in Longlife.

At all material times, Tripod Management Limited was the investment manager of the Company (the “Investment Manager”). All dealings in shares in Longlife by the Company were executed and approved by the Board’s investment committee, which comprises all the executive directors of the Company including Mr. Yau and a representative of the Investment Manager, upon the recommendation of the Investment Manager.

The Company accepts that there is room for improvement for its compliance system. The Company will consult the Stock Exchange in this respect proactively.

The Company will consult the Executive for a ruling that the Company and Mr. Yau were not concerted parties in relation to the aforesaid shareholding in Longlife, or further or alternatively a waiver from making a general offer, although no application has been made to the Executive to rebut the presumption that Mr. Yau is acting in concert with the Company in respect of Longlife under the Codes. Irrespective of the result of such consultation with the Executive, the Company will not make a general offer of the shares of Longlife and has been informed by Mr Yau that he will not make such a general offer either.

In the circumstances, the Executive has urged the Company and Mr. Yau to comply with all relevant provisions of the Codes forthwith and indicated that it will not hesitate to take appropriate action including disciplinary action against the relevant parties in respect of any breach of the Codes.

The Company will make a further announcement as and when appropriate.

By Order of the Board  
**Chui Tak Keung, Duncan**  
*Executive Director*

Hong Kong, 17 August 2011

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint 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 in this joint announcement misleading.*

*As at the date of this announcement, the Board comprises executive directors Mr. Yau Chung Hong, Mr. Chui Tak Keung, Duncan and Mr. Kong Fanpeng and Dr. Liu Ta-pei; and independent non-executive directors Mr. Lam Kwan, Mr. Chan Ming Sun, Jonathan and Mr. Shiu Siu Tao.*