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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)

PLACING OF NEW SHARES

Placing Agent



On 23 August 2012 after trading hours, the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Placing Shares. Pursuant to the Placing Agreement, the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, 84,000,000 Placing Shares at the Placing Price of HK\$0.113 per Placing Share.

The Placing Shares represent about 9.08% of the existing issued share capital of the Company of 925,286,831 Shares and about 8.32% of the issued share capital of the Company of 1,009,286,831 Shares as enlarged by the Placing.

The Placing Price represents (i) a discount of approximately 2.58% to the closing price of HK\$0.116 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of about 3.42% over the average closing price per Share of about HK\$0.117 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day; (iii) a discount of approximately 19.29% to the average closing price per Share of approximately HK\$0.140 in the last ten consecutive trading days immediately prior to and including the Last Trading Day; and (iv) a discount of about 73.00% to the unaudited net asset value per Share of HK\$0.4185 as at 31 July 2012.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares and the Company obtaining all consents and approvals from the relevant authorities in respect of the transactions contemplated under the Placing Agreement, if applicable.

The net proceeds from the Placing will be approximately HK\$9 million. Depending on market conditions and availability of investment opportunities, the Board intends to apply the net proceeds for future potential investment and working capital.

THE PLACING AGREEMENT DATED 23 AUGUST 2012

Parties

- (a) The Placing Agent; and
- (b) The Company

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and not connected persons of the Company.

The Placing

The Placing Agent has conditionally agreed with the Company to place the Placing Shares to not fewer than six Placees on a best-effort basis.

Placees

The Placees (and their respective ultimate beneficial owners) are not connected person(s) of the Company and are third parties independent of and not connected with the Company, connected persons of the Company and any of the directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates. No Placees will become substantial shareholders (as defined in the Listing Rules) of the Company as a result of the Placing.

Placing Shares

The Placing Shares of 84,000,000 new Shares represent about 9.08% of the existing issued share capital of the Company of 925,286,831 Shares and about 8.32% of the issued share capital of the Company of 1,009,286,831 Shares as enlarged by the Placing. The aggregate nominal value of the Placing Shares will be HK\$8,400,000.

The Placing Shares will rank, upon issue, pari passu in all respect with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price represents (i) a discount of approximately 2.58% to the closing price of HK\$0.116 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of about 3.42% over the average closing price per Share of about HK\$0.117 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the Last Trading Day; (iii) a discount of approximately 19.29% to the average closing price per Share of approximately HK\$0.140 in the last ten consecutive trading days immediately prior to and including the Last Trading Day; and (iv) a discount of about 73.00% to the unaudited net asset value per Share of HK\$0.4185 as at 31 July 2012.

The Placing Agent will receive a placing commission of 4 percent of the aggregate Placing Price of the number of Placing Shares actually placed by the Placing Agent.

The estimated expenses for the Placing are approximately HK\$492,000, comprising placing commission, and other professional fees and expenses. Assuming that all the Placing Shares could be successfully placed out, the net price to the Company of each Placing Share is approximately HK\$0.107 per Share.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent with reference to the recent trading price of the Shares. Given that the Group has been looking for investment opportunities in listed and unlisted securities, the Board is of the view that the Placing can strengthen the Group's financial resources to a certain extent in order seek for new investments.

The Board also considers that the terms of the Placing Agreement to be fair and reasonable and in the interest of the Company and its Shareholders as a whole. Through the Placing, the Company can broaden its capital and shareholder basis without any interest burden.

Conditions Precedent of the Placing Agreement

The Placing is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares, the Company obtaining all consents and approvals from the relevant authorities in respect of the transactions contemplated under the Placing Agreement.

Termination of the Placing

- (i) Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earlier of (a) Completion and (b) termination of the Placing by the Placing Agent in accordance with the terms and conditions of this Placing Agreement, whereby the Company will be formally notified by the Placing Agent in writing in accordance with the terms of this Placing Agreement.
- (ii) The Placing Agent reserves its right to terminate this Placing Agreement by notice in writing prior to 09:30 a.m. on the Completion Date, if in the absolute opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by any force majeure events (as defined below).

For this purpose, a "force majeure event" refers to

- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company and its subsidiaries (together the "**Group**") as a whole; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the

United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing of the Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Shares to potential investor(s)) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.
- (iii) If, at or prior to 09:30 a.m. on the Completion Date;
- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under this Placing Agreement; or
 - (b) the trading of the Shares on the Stock Exchange has been suspended for more than ten consecutive trading days save for the purposes of clearing of the announcement relating to this Placing Agreement or any announcements or circulars relating to the Placing; or
 - (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in this Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The Placing Agent shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under this Placing Agreement.

- (iv) Upon giving of notice pursuant to the paragraph above, all obligations of the Placing Agent hereunder shall cease and determine and no party shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with this Placing Agreement, save for any antecedent breaches.

Completion of the Placing

Completion of the Placing Agreement is expected to take place on or before 22 October 2012.

Mandate to Issue the New Shares

The Placing Shares will be issued pursuant to the General Mandate which was granted at the AGM and under which a maximum of 168,233,969 Shares may be issued. As of the date of this announcement, the Company has issued 84,116,984 Shares on 16 May 2012 pursuant to the General Mandate.

The Placing and the issue of Placing Shares are not subject to Shareholders' approval.

Reason for the Placing and Use of Net Proceeds

The Company and its subsidiaries are principally engaged in investment in listed and unlisted companies mainly in Hong Kong and the PRC. The Directors consider that the Placing will increase the capital base of the Company for future investment purposes. Accordingly, the Directors consider that the Placing Agreement is in the interest of the Company and its shareholders as a whole.

The net proceeds from the Placing will be approximately HK\$9 million. Depending on market conditions and availability of investment opportunities, the Board intends to apply the net proceeds for future potential investments and working capital.

EFFECTS ON SHAREHOLDING STRUCTURE

Shareholders	Existing (as at the date of this announcement)		Immediately after the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Willie International Holdings Limited	233,960,000	25.29	233,960,000	23.18
Yu Delei	54,058,492	5.84	54,058,492	5.36
Placees (<i>Note</i>)	-	-	84,000,000	8.32
Other public Shareholders	637,268,339	68.87	637,268,339	63.14
Total	925,286,831	100.00	1,009,286,831	100.00

Note: The Placees will be treated as public Shareholders of the Company.

DETAILS OF PREVIOUS FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company has not conducted any fund raising activities in the past 12 months before the date of this announcement:

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“AGM”	the annual general meeting of the Company held on 30 December 2011
“Board”	the board of Directors
“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, whose Shares are listed on the main board of the Stock Exchange
“Completion Date”	On or before 22 October 2012 or such later date to be agreed between the Company and the Placing Agent
“Connected Person(s)”	the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	22 August 2012, being the last day when the Stock Exchange was open for trading immediately prior to the date of the Placing Agreement
“Listing Committee”	The Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor(s) or person or entity procured by or on behalf of the Placing Agent or its agent(s) to purchase any of the Placing Shares
“Placing”	the placing of the Placing Shares to not fewer than six Placees on a best-effort basis by the Placing Agent pursuant to the Placing Agreement;
“Placing Agent”	Orient Securities Limited, a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Placing Agreement”	the placing agreement dated 23 August 2012 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	the placing price of HK\$0.113 per Share
“Placing Shares”	84,000,000 new Shares
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
Dr. Liu Ta-pei
Chairman

Hong Kong, 23 August 2012

As at the date of this announcement, the Board comprises executive directors Dr. Liu Ta-pei (Chairman) and Mr. Kong Fanpeng; non-executive director Mr. Hung Cho Sing; and independent non-executive directors Mr. Lam Kwan, Mr. Ong Chi King and Mr. Cheung Kwok Yu.