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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 UNDER SPECIFIC MANDATE

Placing Agent

CHUNG NAM SECURITIES LIMITED

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 date of this announcement 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.

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

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

The Placing is conditional upon (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares; and (ii) passing of the resolution(s) in relation to the Placing and the transactions contemplated thereunder and the grant of the Specific Mandate by the Shareholders at EGM.

A circular containing, among other things, (i) further details of the Placing Agreement and the transactions contemplated thereunder including the Specific Mandate; and (ii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

9 June 2011 (after trading hours)

Issuer

The Company

Placing Agent

Chung Nam Securities Limited is the Placing Agent, has conditionally agreed to procure the Subscriber to subscribe for 250,000,000 Placing Shares 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 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.

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 date of this announcement 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.

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.

The Directors consider that the 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.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, 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 date of this announcement, 64,910,000 Shares had been issued and allotted pursuant to the placing agreement dated 1 December 2010, of 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
- (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 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.

The Directors are of the view that the Placing will enlarge the shareholder base and 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. Accordingly, they consider that the Placing is in the interests of the Company and the Shareholders as a whole.

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:- (i) approximately HK\$16.7 million had been used for investments in listed securities in information technology- information technology hardware sector; (ii) approximately HK\$4.3 million had been used for investments in listed securities in telecommunications sector; and (iii) the remaining balance had been used for general working capital.

Save as disclosed above, the Company has not conducted any other fund raising exercises in the past twelve months before the date of this announcement.

SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Placing is as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Substantial Shareholder:				
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
- Other public Shareholders	<u>460,024,847</u>	<u>77.82</u>	<u>460,024,847</u>	<u>54.69</u>
Total	<u>591,169,847</u>	<u>100.00</u>	<u>841,169,847</u>	<u>100.00</u>

Notes:

1. As at the date of this announcement, 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.
2. The above calculation assumes no new Shares would be issued and no Shares would be repurchased by the Company before completion of the Placing.

GENERAL

Pursuant to the termination provision in the Placing Agreement, the Placing Agent has the right in certain circumstances, in the absolute discretion of the Placing Agent, to terminate the Placing Agreement prior to the date of completion of the Placing Agreement. Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the Placing Shares.

An 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.

To the best knowledge of the Directors, none of the Shareholders has a material interest in the transaction contemplated under the Placing Agreement as at the date of this announcement, accordingly, none of the Shareholders will be required to abstain from voting at the EGM in respect of the resolution relating to the Placing.

A circular containing, among other things, (i) further details of the Placing Agreement and the transactions contemplated thereunder including the Specific Mandate; and (ii) a notice convening the EGM will be despatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“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)
“Completion Date”	Not later than the second Business Day following the satisfaction of the conditions (or such later date as the Company and the Placing Agent shall agree)
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 Shares 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 the 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).
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
Yau Chung Hong
Executive Director

Hong Kong, 9 June 2011

As at the date of this announcement, the Board comprises:

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