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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)

PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Placing Agent



中國保盛證券有限公司
CHINA PROSPECT SECURITIES LIMITED

On 7 September 2022 (after trading hours), the Company entered into Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to issue and the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six Placées to subscribe for the Convertible Bonds with an aggregate principal amount of up to HK\$21,000,000 at the Placing Price.

Assuming the Convertible Bonds are fully placed, based on the Conversion Price of HK\$0.25 per Conversion Share, 84,000,000 Conversion Shares, will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the Convertible Bonds, representing: (a) approximately 20.0% of the existing issued share capital of the Company; and (b) approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares in full (assuming that there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

The Conversion Price represent:

- (i) a premium of approximately 19.0% to the closing price of HK\$0.21 per Share as quoted on the Stock Exchange on the date of signing of the Placing Agreement; and
- (ii) a premium of approximately 16.1% to the average closing price of HK\$0.2154 per Share as quoted on the Stock Exchange for the last five trading days immediately before the date of signing of the Placing Agreement.

Assuming the Convertible Bonds are fully placed by the Placing Agent, the gross and net proceeds from the Placing are estimated to be HK\$21,000,000 and approximately HK\$20,500,000, respectively. The Company intends to use the net proceeds from the Placing for general working capital of the Group and future investments pursuant to the investment objectives of the Company. The Placing is not subject to the Shareholders' approval as the Conversion Shares falling to be issued upon conversion of the Convertible Bonds will be issued under the Existing General Mandate.

Shareholders and potential investors should note that the Placing is subject to the fulfillment of the conditions precedent set out in Placing Agreement, and may or may not proceed. Shareholders and investors should exercise caution when dealing in the Shares.

The Company will make an application to the Listing Committee for the listing of, and permission to deal in the Conversion Shares on the Stock Exchange. No application will be made by the Company to the Listing Committee for listing of the Convertible Bonds.

PLACING AGREEMENT

On 7 September 2022 (after trading hours), the Company entered into Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to issue and the Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six Places to subscribe for the Convertible Bonds with an aggregate principal amount of up to HK\$21,000,000 at the Placing Price.

Details of Placing Agreement are summarised as follow:

Date

7 September 2022 (after trading hours)

Parties

- (1) The Company (as the issuer); and
- (2) The Placing Agent (as the placing agent)

To the best knowledge, information and belief of the Board, having made all reasonable enquiries, the Placing Agent, its associates and their respective ultimate beneficial owner(s) are Independent Third Parties.

Placing of the Convertible Bonds

The Placing Agent has conditionally agreed to procure, on a best effort basis, not less than six Placees to subscribe for the Convertible Bonds with an aggregate principal amount of up to HK\$21,000,000 at the Placing Price.

Placees

The Convertible Bonds will be placed to not less than six Placees (which will be independent individual, corporate and/or institutional investors), their ultimate beneficial owners will be Independent Third Parties, and the placees are professional investors (as defined in the SFO as extended by the Professional Investor Rules).

It is expected that none of the Placees will become a substantial shareholder (as defined in the Listing Rules) of the Company.

Placing Commission

The Placing Agent will receive a placing commission at 2% of the aggregate principal amount of the Convertible Bonds successfully placed by the Placing Agent. Such placing commission was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market rates.

Placing Period

The period commencing from the execution of Placing Agreement and ending at 5:00 p.m. on the tenth business day after the date of Placing Agreement.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are summarised below:

Principal amount:

Up to HK\$21,000,000

Issue price:

100% of the principal amount of the Convertible Bonds

Interest:

1.5% per annum payable upon maturity or redemption

Maturity Date:

The date falling on the second anniversary of the date of issue of the Convertible Bonds

Conversion Price:

The Conversion Price is HK\$0.25 per Conversion Share, which is subject to adjustment provisions as summarised in the sub-paragraph headed “Adjustments to the Conversion Price” below.

Conversion Period:

The Bondholder(s) shall be entitled to exercise the conversion right during the period commencing from the date of the issue of the Convertible Bonds up to 4:00 p.m. (Hong Kong time) immediately prior to and exclusive of the Maturity Date.

Transferability:

The Convertible Bonds are freely transferable by the Bondholder(s) in whole amounts or multiples of units of principal amount of the Minimum Denomination to any person, provided that no transfer of the Convertible Bonds to any connected person (as defined in the Listing Rules) of the Company shall be made without the prior written consent of the Company.

Redemption:

The Company shall be entitled to redeem the Convertible Bonds at 102% of the face value of the Convertible Bonds prior to the Maturity Date and at 100% of the face value of the Convertible Bonds on the Maturity Date.

In the event that the Company gives notice of redemption and receives a notice of conversion under the Convertible Bonds on the same date (regardless of the time), the notice of redemption shall take priority against the notice of conversion.

The holders of the Convertible Bonds may not early redeem the Convertible Bonds in any event.

Conversion Price

The Conversion Price represent:

- (i) a premium of approximately 19.0% to the closing price of HK\$0.21 per Share as quoted on the Stock Exchange on the date of signing of the Placing Agreement; and
- (ii) a premium of approximately 16.1% to the average closing price of HK\$0.2154 per Share as quoted on the Stock Exchange for the last five trading days immediately before the date of signing of the Placing Agreement.

The Conversion Price were determined after arm’s length negotiations between the Company and the Placing Agent after considering the current market sentiment, and the recent market prices and performance of the Shares, and the Group’s existing financial position.

Adjustments to the Conversion Price:

The Conversion Price shall be, from time to time, subject to adjustment upon occurrence of, any of the following events:

- i. consolidation or sub-division of Shares;
- ii. capitalisation of profits or reserves;
- iii. capital distribution;
- iv. offer of new Shares for subscription by way of a rights issue, an open offer or a grant of options or warrants to subscribe for new Shares, at a price which is less than 90% of the market price at the date of the announcement of the terms of such offer or grant per Share to Shareholders;
- v. issue of Shares being made wholly for cash at a price less than 90% of the market price per Share at the date of announcement of the terms of such issue;
- vi. issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share receivable is less than 90% of the market price at the date of the announcement of the terms of issue of such securities, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration receivable per Share initially is less than 90% of such market price at the date of announcement of the terms of such issue; and
- vii. issue of Shares for the acquisition of asset at a total effective consideration per new Share receivable is less than 90% of the market price at the date of the announcement of the terms of such issue.

No adjustment will be made to the Convertible Bonds to the extent that they will cause the Company to allot and issue Shares in excess of the Existing General Mandate in aggregate.

Conversion Shares:

Based on the Conversion Price of HK\$0.25, the maximum number of 84,000,000 Conversion Shares may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent:

- i. approximately 20.0% of the existing issued share capital of the Company as at the date hereof; and
- ii. approximately 16.7% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon exercise of the conversion right attaching to the Convertible Bonds in full (assuming that there is no other change in the existing share capital of the Company).

Ranking of the Conversion Shares:

The Conversion Shares will rank pari passu in all respects with the Shares in issue.

Voting:

The Bondholder(s) shall not be entitled to attend or vote at any meetings of the Company by reason only they being the Bondholder(s).

Listing:

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

CONDITIONS PRECEDENT TO THE PLACING

Completion of the Placing is conditional upon the fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange agreeing to grant a listing of and permission to deal in the Conversion Shares which fall to be issued upon conversion of the Convertible Bonds (either unconditionally or subject to conditions which are acceptable to the Company and the Placing Agent);
- (ii) no representation, warranty or undertaking under this Agreement having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the Completion Date; and
- (iii) where necessary, the increase in the authorised share capital of the Company to accommodate the allotment and issue of any Conversion Shares having been approved in the general meeting of the Company.

If the conditions precedent in respect of the Placing are not fulfilled by 5:00 p.m. on 28 September 2022 (or such other date as may be agreed between the Placing Agent and the Company), all rights, obligations and liabilities of the parties in respect of the Placing shall cease and determine and none of the parties therein shall have any claim against any other in respect of the Placing, save for any liability arising out of any antecedent breaches of the Placing Agreement.

COMPLETION OF THE PLACING

Subject to termination of Placing Agreement, completion of the Placing shall take place on the Completion Date (unless otherwise agreed between the Placing Agent and the Company in writing) provided that the conditions precedent have been fulfilled no later than 5:00 p.m. on the fourth Business Day preceding the Completion Date (or such later date as may be agreed between the Company and the Placing Agent in writing).

TERMINATION OF PLACING AGREEMENT

- (A) Notwithstanding anything contained in Placing Agreement, if at any time on or prior to 5:00 p.m. on the Completion Date:
- (i) there shall have been, since the date of Placing Agreement, such a change in national or international financial, political or economic conditions or taxation or exchange controls as would, in the opinion of the Placing Agent, be likely to prejudice materially the consummation of the Placing; or
 - (ii) any material breach of any of the representations and warranties set out in Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provisions of Placing Agreement; or
 - (iii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances

then and in any such case, the Placing Agent may after consultation with the Company (to the extent that the same is reasonably practicable) terminate Placing Agreement without liability to the Company (subject to Clause (B) below) by giving notice in writing to the Company, provided that such notice is received prior to 5:00 p.m. on the Completion Date.

- (B) In the event the Placing Agent terminates Placing Agreement pursuant to Clause (A) above, all obligations of each of the parties under Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with Placing Agreement except for any antecedent breach of any obligation under Placing Agreement and liabilities under Placing Agreement.

EXISTING GENERAL MANDATE

The Placing is not subject to the Shareholders' approval as the Conversion Shares falling to be issued upon conversion of the Convertible Bonds will be issued under the Existing General Mandate, which was granted to the Directors pursuant to a resolution passed by the Shareholders at the annual general meeting of the Company held on 31 March 2022.

REASONS FOR ENTERING INTO PLACING AGREEMENT AND USE OF PROCEEDS

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are securities trading and investment holding. The Board considers that the Placing represents a good opportunity for the Company to raise low interest-bearing external funds and to widen the Company's shareholder base potentially, and the terms of Placing Agreement are on normal commercial terms. Accordingly, the Directors consider that the terms of the Placing are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming the Convertible Bonds are fully placed by the Placing Agent, the gross and net proceeds from the Placing are estimated to be approximately HK\$21,000,000 and HK\$20,500,000 respectively. The net price per Conversion Share is approximately HK\$0.244.

The Company intends to use the net proceeds from the Placing for general working capital of the Group and future investments pursuant to the investment objectives of the Company.

The terms of the Convertible Bonds and the Placing (including the Conversion Price) were determined after arm's length negotiations between the Company and the Placing Agent with reference to the current market sentiment, and the recent market prices and performance of the Shares, and the Group's existing financial position. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market rates.

The Directors consider that the Placing provides a suitable opportunity to raise capital for the Group. The Directors consider that the terms of the Placing Agreement, the Convertible Bonds (including the interest rate, the Conversion Price and the placing commission) are on normal commercial terms, fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

WARNING OF THE RISKS OF DEALING IN SHARES

Shareholders and potential investors should note that the Placing is subject to the fulfillment of the conditions precedent set out in Placing Agreement, and may or may not proceed. Shareholders and investors should exercise caution when dealing in the Shares.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

Equity Fund Raising Activity during the Past Twelve Months

Save as discussed below, the Company has not conducted any equity fund raising activities in the twelve months immediately prior to the date of this announcement.

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of proceeds	Actual use of proceeds
4 October 2021	Placing of new shares at placing price of HK\$0.25 each under general mandate	Approximately HK\$16.9 million	For the general working capital of the Group and for future investments pursuant to the investment objectives of the Company	Used as intended

EFFECT ON SHAREHOLDING

Assuming there is no change in the issued share capital of the Company from the date of this announcement to the Completion Date and all the Convertible Bonds are placed in full, the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after full conversion of the Conversion Bonds are summarised as follows:

	As at the date of this announcement		Immediately after full conversion of the Convertible Bonds at the Conversion Price	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Public Shareholders				
– Placees	–	–	84,000,000	16.7
– Other Public Shareholders	420,128,249	100.0	420,128,249	83.3
Total	<u>420,128,249</u>	<u>100.0</u>	<u>504,128,249</u>	<u>100.0</u>

DEFINITIONS

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

“associate(s)”	has the same meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	a holder(s) of the Convertible Bonds and in whose name such Convertible Bonds are for the time being registered in the register of bondholder(s) kept by the Company
“Business Day(s)”	a day on which banks in Hong Kong are open for business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon on which banks generally are open for business in Hong Kong
“Company”	Capital VC Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange
“Completion”	completion of the Placing pursuant to the terms and conditions of Placing Agreement
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Conversion Price”	HK\$0.25, being the conversion price per Share at which the Convertible Bonds may be converted into Shares and subject to adjustments (if any)
“Conversion Share(s)”	the new Share(s) which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the convertible bonds in an aggregate principal amount of up to HK\$21,000,000 to be issued by the Company
“Director(s)”	the director(s) of the Company

“Existing General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 31 March 2022 to allot, issue and otherwise deal with new Shares up to a maximum of 20% of the total number of issued share capital of the Company
“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
“Independent Third Parties”	parties which are not connected persons of the Company (as defined in the Listing Rules) and are independent of the Company and its connected persons
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Rules”	the Rule Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the third anniversary of the date of issue of the Convertible Bonds
“Minimum Denomination”	the minimum denomination of the Convertible Bonds for the purposes of registration, holding, transfer, conversion or redemption, being HK\$250,000
“Placees”	any individual, corporate and/or institutional investor(s) who are professional investors as defined in the SFO as extended by the Professional Investor Rules, or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Convertible Bonds under the Placing pursuant to the Placing Agent’s obligations under Placing Agreement
“Placing”	the placing of the Convertible Bonds by the Company, through the Placing Agent, pursuant to Placing Agreement
“Placing Agent”	China Prospect Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) and Type 4 (Advising on Securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Placing Agreement”	the placing agreement dated 7 September 2022 entered into between the Placing Agent and the Company in relation to Placing
“Placing Price”	the subscription price of the Convertible Bonds, being the face value of the principal amount of such portion of the Convertible Bonds
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 7 September 2022

As at the date of this announcement, the Board comprises Mr. Kong Fanpeng and Mr. Chan Cheong Yee as executive directors; and Mr. Lee Ming Gin, Ms. Lai Fun Yin and Mr. Cheung Wai Kin as independent non-executive directors.

The Directors jointly and severally accept full responsibility for 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 in this announcement misleading.

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