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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 RIGHTS ISSUE
AT THE PRICE OF HK\$0.30 PER RIGHTS SHARE ON THE BASIS OF
ONE RIGHTS SHARE
FOR EVERY TWO SHARES HELD ON THE RECORD DATE
AND
RESUMPTION OF TRADING

Underwriter of the Rights Issue
RADLAND INTERNATIONAL LIMITED

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$58.4 million before expenses (assuming (i) none of the outstanding Options has been exercised; (ii) the Scheme Mandate Limit is not utilized and (iii) no other issue of Shares, on or before the Record Date) to approximately HK\$63.9 million before expenses (assuming (i) the outstanding Options have been fully exercised; (ii) the Scheme Mandate Limit is fully utilized and the subscription rights attaching to the maximum number of Options to be granted pursuant to the Scheme Mandate Limit are fully exercised and (iii) no other issue of Shares, on or before the Record Date) before expenses by way of the Rights Issue of not less than 194,746,089 Rights Shares and not more than 212,875,197 Rights Shares at a price of HK\$0.30 per Rights Share payable in full on acceptance.

The Company will provisionally allot one Rights Share in nil-paid form for every two Shares in issue and held on the Record Date.

The Rights Issue is fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

The estimated net proceeds of the Rights Issue will be approximately HK\$56.3 million (assuming (i) none of the outstanding Options has been exercised; (ii) the Scheme Mandate Limit is not utilized and (iii) no other issue of Shares, on or before the Record Date) to approximately HK\$61.6 million (assuming (i) the outstanding Options have been fully exercised; (ii) the Scheme Mandate Limit is fully utilized and the subscription rights attaching to the maximum number of Options to be granted pursuant to the Scheme Mandate Limit are fully exercised and (iii) no other issue of Shares, on or before the Record Date). The Company intends to apply such net proceeds as set out in the section headed “Reasons for the Rights Issue and use of proceeds” in this announcement below.

The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out below under the section headed “Conditions of the Rights Issue”. In particular, the Rights Issue is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will bear the risk that the Rights Issue could not become unconditional and may not proceed.

GENERAL

The Rights Issue is not subject to Shareholders’ approval under the Listing Rules. The Company will despatch the Prospectus Documents to the Qualifying Shareholders and the Prospectus to the Non-Qualifying Shareholders for their information only on the Posting Date.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended at 9:30 a.m. on Wednesday, 12 January 2011 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on Thursday, 13 January 2011.

1. PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue: One Rights Share for every two Shares held on the Record Date

Number of Shares in issue as at the date of this announcement: 389,492,178 Shares

Number of Rights Shares: Not less than 194,746,089 Rights Shares (assuming (i) none of the outstanding Options has been exercised; (ii) the Scheme Mandate Limit is not utilized and (iii) no other issue of Shares, on or before the Record Date); and
Not more than 212,875,197 Rights Shares (assuming (i) the outstanding Options have been fully exercised; (ii) the Scheme Mandate Limit is fully utilized and the subscription rights attaching to the maximum number of Options to be granted pursuant to the Scheme Mandate Limit are fully exercised and (iii) no other issue of Shares, on or before the Record Date) (*Note*)

Subscription price: HK\$0.30 per Rights Share with nominal value of HK\$0.10 each

(*Note*)

As at the date of this announcement,

- (a) *there are outstanding 3,800,000 Options granted under the Share Option Scheme at exercise price of HK\$0.480 per Share. Assuming the outstanding Options are fully exercised on or before the Record Date, 3,800,000 Shares will be issued and an additional 1,900,000 Rights Shares will be issued.*
- (b) *there are unutilized Shares from the Scheme Mandate Limit up to 32,458,217 Shares, which was approved at the annual general meeting on 26 November 2010. If the Scheme Mandate Limit is fully utilized and the subscription rights attaching to the maximum number of Options to be granted pursuant to the Scheme Mandate Limit are fully exercised on or before the Record Date, an additional 16,229,108 Rights Shares will be issued.*

Based on the above, the maximum number of Rights Shares that may be issued under the Rights Issue would be 212,875,197.

Save for the outstanding Options, the Company has no other outstanding convertible securities, options or warrants in issue which confer any rights to subscribe for, convert or exchange into Shares.

Assuming (i) none of the outstanding Options has been exercised; (ii) the Scheme Mandate Limit is not utilized and (iii) no other issue of Shares, on or before the Record Date, the 194,746,089 nil-paid Rights Shares proposed to be provisionally allotted represent 50% of the Company's issued share capital as at the date of this announcement and approximately 33.33% of the Company's issued share capital as enlarged by the issue of the 194,746,089 Rights Shares.

Qualifying Shareholders

The Company will send the Prospectus Documents to Qualifying Shareholders only.

To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. be a Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, owners of Shares must lodge any transfers of Shares (together with the relevant share certificates) with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on 16 February 2011.

Holders of the Options who wish to participate in the Rights Issue should exercise the subscription rights attaching to their Options in accordance with the terms of the Share Option Scheme on or before 4:30 p.m. on 14 February 2011 so as to enable them to be registered as members of the Company on or before the Record Date.

Closure of register of members

The register of members of the Company will be closed from 17 February 2011 to 22 February 2011, both dates inclusive for the purpose of ascertaining entitlement to the Rights Issue. No transfer of Shares will be registered during this period.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, based on legal advice, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the

relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Rights Issue, to be despatched to the Qualifying Shareholders on the Posting Date. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL and EAF to them on the Posting Date.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefits of the Company. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.30 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 28.57% to the closing price of HK\$0.420 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 21.05% to the theoretical ex-rights price of approximately HK\$0.380 per Share based on the closing price of HK\$0.420 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 28.91% to the average closing price of approximately HK\$0.422 per Share for the five consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 29.74% to the average closing price of approximately HK\$0.427 per Share for the ten consecutive trading days up to and including the Last Trading Day; and
- (e) a discount of approximately 70.44% to the unaudited consolidated net asset value per Share of approximately HK\$1.0149 as at 30 November 2010.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares prior to the Last Trading Day. The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares (assuming (i) none of the outstanding Options has been exercised; (ii) the Scheme Mandate Limit is not utilized and (iii) no other issue of Shares, on or before the Record Date) will be approximately HK\$0.29.

Basis of provisional allotment

The basis of the provisional allotment shall be one Rights Share for every two Shares in issue and held on Record Date, being not less than 194,746,089 Rights Shares (assuming (i) none of the outstanding Options has been exercised; (ii) the Scheme Mandate Limit is not utilized and (iii) no other issue of Shares, on or before the Record Date) and not more than 212,875,197 Rights Shares (assuming (i) the outstanding Options have been fully exercised; (ii) the Scheme Mandate Limit is fully utilized and the subscription rights attaching to the maximum number of Options to be granted pursuant to the Scheme Mandate Limit are fully exercised and (iii) no other issue of Shares, on or before the Record Date) at a price of HK\$0.30 per Rights Share. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders otherwise entitled thereto. All fractions of nil-paid Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market, if a premium (net of expenses) can be achieved, and the Company will retain the proceeds from such sale(s) for its benefit. Any unsold aggregate of fractions of nil-paid Rights Shares will be made available for excess application by the Qualifying Shareholders.

Status of the Rights Shares

The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Application for excess Rights Shares

Qualifying Shareholders will be given the right to apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares may be made by completing the EAFs for application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse this mechanism; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for a smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive a lesser number of Rights Shares; whereas Qualifying Shareholders applying for a larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive a higher number of Rights Shares).

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on 16 February 2011.

Share certificates and refund cheques for Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before 23 March 2011. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 23 March 2011 by ordinary post to the applicants at their own risk.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 10,000), which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (a) the delivery to the Stock Exchange and the filing with and registration of the Prospectus Documents by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance on or before the Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting, to the extent reasonably practicable, of the Prospectus for information purposes only to the Non-Qualifying Shareholders;
- (c) the Listing Committee granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully paid forms, either unconditionally or subject to such conditions as the Underwriter may in its absolute discretion accept and the satisfaction of such conditions (if any and where relevant) before 8:00 a.m. on the date on which nil-paid Rights Shares commence dealings on the Stock Exchange, and not having withdrawn or revoked such listing and permission before 8:00 a.m. on the date (“dealing date”) dealings in the Rights Shares, in fully paid form, commence on the Stock Exchange;

- (d) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement not being terminated in accordance with the terms hereof;
- (e) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and
- (f) the Shares remaining listed on the Stock Exchange at all times prior to the dealing date and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 5 trading days and no indication being received before 4:00 p.m. on the Settlement Date from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason.

In the event that the above conditions have not been satisfied and/or waived in whole or in part by the Underwriter on or before 4:00 p.m. on 30 March 2011 (or such later date or dates as the Underwriter and the Company may agree in writing), the Underwriting Agreement shall be automatically terminated and all obligations of the parties to the Underwriting Agreement shall cease and neither party shall have any claim against the other save that all such reasonable costs, fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Rights Issue shall be borne by the Company, and the Rights Issue will not proceed.

The Underwriting Agreement

- Date : 11 January 2011
- Underwriter : Radland International Limited, is a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO. To the best of the Directors' knowledge and information, Radland International Limited and its ultimate beneficial owners are third parties independent of and not connected with the Company and its Connected Persons
- Total number of Rights Shares being underwritten by the Underwriter : The Underwriter has conditionally agreed pursuant to the Underwriting Agreement to underwrite the Rights Shares not subscribed by the Qualifying Shareholders on a fully underwritten basis, being not less than 194,746,089 Rights Shares and not more than 212,875,197 Rights Shares, subject to the terms and conditions of the Underwriting Agreement
- Commission : 3% of the aggregate Subscription Price of the Underwritten Shares as determined on the Record Date

The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue, the current and expected market condition and the commission rate of the Rights Issue. The Board considers the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

Termination of the Underwriting Agreement

If at any time on or before 6:00 pm on the second business day following the Latest Acceptance Date:

- (a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the warranties contained in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the absolute opinion of the Underwriter) material in the context of the Rights Issue; or
- (b) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - 1. any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
 - 2. any change in local, national or international financial, political, industrial or economic conditions;
 - 3. any change of an exceptional nature in local, national or international equity securities or currency markets;
 - 4. any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
 - 5. any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
 - 6. any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 5 business days save for the clearance of the announcement of the Rights Issue;
 - 7. any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere; or

8. any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out,

which event or events is or are in the absolute opinion of the Underwriter:

- (i) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (ii) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares “taken up”; or
- (iii) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then and in such case, the Underwriter may by notice in writing to the Company terminate this Underwriting Agreement whereupon all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and the Rights Issue shall not proceed.

WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from 15 February 2011. Dealings in the Rights Shares in the nil-paid form will take place from 25 February 2011 to 4 March 2011 (both dates inclusive). If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed.

Any Shareholders or other persons contemplating selling or purchasing Rights Shares in their nil-paid form during the period from 25 February 2011 to 4 March 2011 (both dates inclusive) who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period 25 February 2011 to 4 March 2011 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

2011
(Hong Kong time)

Last day of dealings in the Shares on a cum-right basis	Monday, 14 February
First day of dealings in the Shares on an ex-right basis.	Tuesday, 15 February
Latest time for lodging transfer of Shares in order to be qualified for the Rights Issue	4:30 p.m. on Wednesday, 16 February
Register of members closes (both dates inclusive)	Thursday 17 February to Tuesday 22 February
Record Date	Tuesday 22 February
Register of members re-opens	Wednesday 23 February
Prospectus Documents expected to be despatch	Wednesday 23 February
First day of dealings in nil-paid Rights Shares	Friday, 25 February
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Tuesday, 1 March
Last day of dealings in nil-paid Rights Shares	Friday, 4 March
Latest time for acceptance of and payment for Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Wednesday, 9 March
Rights Issue expected to become unconditional	Tuesday, 15 March
Announcement of results of acceptance and excess application of the Rights Issue	Thursday, 17 March
Refund cheques in respect of wholly and partially unsuccessful applications for excess Rights Shares expected to be posted on or before.	Wednesday, 23 March
Certificates for the Rights Shares expected to be despatched on or before.	Wednesday, 23 March
Dealings in fully-paid Rights Shares commence	Friday, 25 March

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above are indicative only. Any changes to the expected timetable will be published or notified to Shareholders as and when appropriate.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Rights Issue:

Scenario 1:

Assuming (i) none of the outstanding Options has been exercised; (ii) the Scheme Mandate Limit is not utilized and (iii) no other issue of Shares, on or before the Record Date:

	As at the date of this announcement		Immediately after completion of the Rights Issue and assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full		Immediately after completion of the Rights Issue and assuming no Qualifying Shareholders take up any of the Rights Shares and the Underwriter takes up the Rights Shares to the maximum extent	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Yau (Note 1)	34,250,000	8.79	51,375,000	8.79	34,250,000	5.86
Underwriter (Note 2)	0	0.00	0	0.00	194,746,089	33.33
Other Public Shareholders	355,242,178	91.21	532,863,267	91.21	355,242,178	60.81
Total	<u>389,492,178</u>	<u>100.00</u>	<u>584,238,267</u>	<u>100.00</u>	<u>584,238,267</u>	<u>100.00</u>

Scenario 2:

Assuming (i) the outstanding Options have been fully exercised; (ii) the Scheme Mandate Limit is fully utilized and the subscription rights attaching to the maximum number of Options to be granted pursuant to the Scheme Mandate Limit are fully exercised and (iii) no other issue of Shares, on or before the Record Date:

	As at the date of this announcement		Immediately after (i) the outstanding Options have been fully exercised (ii) the Scheme Mandate Limit being fully utilized and Options granted thereafter fully exercised		Immediately after completion of the Rights Issue assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders take up any of the Rights Shares and the Underwriter takes up the Rights Shares to the maximum extent	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Mr. Yau (Note 1)	34,250,000	8.79	34,250,000	8.04	51,375,000	8.04	34,250,000	5.36
Underwriter (Note 2)	0	0.00	0	0.00	0	0.00	212,875,197	33.33
Other Public Shareholders								
– outstanding Options have been fully exercised	0	0.00	3,800,000	0.89	5,700,000	0.89	3,800,000	0.60
– Scheme Mandate Limit being fully utilized and Options granted thereafter fully exercised	0	0.00	32,458,217	7.63	48,687,325	7.62	32,458,217	5.08
– Others	355,242,178	91.21	355,242,178	83.44	532,863,267	83.45	355,242,178	55.63
Total	389,492,178	100.00	425,750,395	100.00	638,625,592	100.00	638,625,592	100.00

Notes

- (1) As at the date of this announcement, Mr. Yau, an executive director of the Company, was personally interested in 30,850,000 Shares and deemed to be interested in 3,400,000 Shares by virtue of his control in Sellwell Enterprises Limited.

- (2) Pursuant to the Underwriting Agreement, the Underwriter declared that it had no intention of becoming, whether by itself or together with the parties acting in concert with it (if any), the controlling Shareholder (as defined in the Listing Rules) of the Company as a result of its performance of its obligations under this Agreement. The Underwriter had further undertaken to the Company that:
- (i) it shall, whether by itself or together with the parties acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with it (if any), be under no circumstances hold 30% or more of the issued share capital of the Company immediately after completion of the Rights Issue; and
 - (ii) it shall, in fulfillment of its underwriting obligations under the Underwriting Agreement to subscribe for (or procure subscribers for) any Underwritten Shares not taken up, procure that the subscribers procured by it and/or its subunderwriter(s) and/or the subscribers procured by such sub-underwriter(s), are not parties acting in concert with it, so that it, together with parties acting in concert with it (if any) will not become the controlling Shareholder of the Company immediately after completion of the Rights Issue.
- (3) The Company does not acknowledge any Shareholders have the intention to undertake the Rights Shares as at the date of this announcement

REASONS FOR THE RIGHTS ISSUE AND USE OF 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 Rights Issue, which is on a fully underwritten basis, will (i) allow the Group to strengthen its financial position without having to incur interest expenses as compared to debt financing; (ii) increase the capital base of the Company for future investment purposes; and (iii) provide funding to capture suitable investment opportunities when arises. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company, hence the Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The gross proceeds of the Rights Issue will be approximately HK\$58.4 million to approximately HK\$63.9 million. The estimated net proceeds of the Rights Issue will be approximately HK\$56.3 million to approximately HK\$61.6 million and the Company intends to apply such net proceeds for future potential investments and working capital.

FUND RAISING EXERCISES OF THE COMPANY

Save as disclosed below, the Company has not conducted any fund raising activities in the past twelve months before the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised <i>(approximately)</i>	Proposed use of the net proceeds	Actual use of the net proceeds
1 December 2010	Placing of new Shares	HK\$22.17 million	For future potential investments and working capital	Use as intended

POSSIBLE ADJUSTMENTS TO THE OPTIONS

As a result of the Rights Issue, the exercise price and the number of Shares to be issued pursuant to the Options may be adjusted in accordance with the respective terms and conditions of the Share Option Scheme. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

GENERAL

The Rights Issue is not subject to Shareholders' approval under the Listing Rules.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders and the Prospectus to the Non-Qualifying Shareholders for their information only on the Posting Date.

RESUMPTION IN TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 12 January 2011 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on 13 January 2011.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday and Sunday) on which banks are generally open for business in Hong Kong

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of 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, whose shares are listed on the main board of the Stock Exchange
“Connected Person(s)”	the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares in connection with the Rights Issue
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	10 January 2011, being the last trading day before the suspension of the trading of the Shares, pending the release of this announcement
“Latest Acceptance Date”	9 March 2011 or such other date as may be agreed between the Company and the Underwriter, being the latest date for acceptance of the offer of and payment for the Rights Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yau”	Mr. Yau Chung Hong, being a Shareholder and an executive director of the Company

“Non-Qualifying Shareholders”	those Overseas Shareholders whom the Directors, based on legal advice provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Issue to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Options”	the options to subscribe for Shares under the Share Option Scheme
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	23 February 2011 or such other date as the Underwriter may agree in writing with the Company, as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only (as the case may be) to the Non-Qualifying Shareholders
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be despatched to Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders
“Record Date”	22 February 2011 (or such other date as the Underwriter may agree in writing with the Company), as the date by reference to which entitlements to the Rights Issue are expected to be determined
“Registrar”	the branch share registrar of the Company in Hong Kong, being Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong

“Rights Issue”	the proposed 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
“Rights Shares”	Shares to be issued and allotted under the Rights Issue, being not less than 194,746,089 Shares but not more than 212,875,197 Shares
“Scheme Mandate Limit”	the maximum number of Shares that may be issued upon exercise of all Options to be granted under the Share Option Scheme and any other share option schemes of the Group
“Settlement Date”	11 March 2011, being the second Business Day following the Latest Acceptance Date (or such other time or date as the Underwriter and the Company may agree in writing)
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Option Scheme”	the share option scheme of the Company adopted on 30 September 2003
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.30 per Rights Share
“Underwriter”	Radland International Limited, (a company incorporated in Hong Kong with limited liability), is a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO
“Underwriting Agreement”	the underwriting agreement dated 11 January 2011 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue

“Underwritten Shares” not less than 194,746,089 but not more than 212,875,197 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement

“%” or “per cent.” percentage or per centum

On Order of the Board
Yau Chung Hong
Executive Director

Hong Kong, 12 January 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 and Dr. Liu Ta-pei; and independent non-executive directors Mr. Lam Kwan, Mr. Chan Ming Sun, Jonathan and Mr. Shiu Siu Tao.