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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 CONVERTIBLE BONDS UNDER GENERAL MANDATE

Placing Agent

福財 福財證券及期貨有限公司 (SFC CE No.: AGQ863)
FORDJOY SECURITIES AND FUTURES LIMITED

On 11 March 2013 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent has agreed to procure certain Places, on a best effort basis, for the subscription of the Convertible Bonds in the aggregate principal amount of up to HK\$20,000,000.

The Places will be entitled to convert the whole or any part of the Convertible Bonds into Conversion Shares at the Conversion Price, being HK\$0.10 (before the Capital Reorganisation becoming effective) or HK\$1.00 (after the Capital Reorganisation becoming effective) (subject to adjustment) during the Conversion Period. Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the initial Conversion Price, a maximum of 200,000,000 Shares (before the Capital Reorganisation becoming effective) or 20,000,000 Adjusted Shares (after the Capital Reorganisation becoming effective) will be allotted and issued, representing approximately 19.82% of the entire issued share capital of the Company as at the date of this announcement and approximately 16.54% of the entire issued share capital as enlarged by the issue of the Conversion Shares.

PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Date of the Placing Agreement:

11 March 2013 (after trading hours)

Parties to the Placing Agreement:

The Company and the Placing Agent

The Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent will be entitled to receive a placing commission of 2.25% of the actual principal amount of the Convertible Bonds placed by the Placing Agent, which was arrived at after arm's length negotiations between the Company and the Placing Agent.

Subject matters of the Placing Agreement:

The Placing Agent agreed to procure certain Placees who are Independent Third Parties, on a best effort basis, for the subscription of the Convertible Bonds in the aggregate principal amount of up to HK\$20,000,000.

It is expected that there will be not less than six Placees. In the event that the number of the Placees falls below six, information of the Placees will be disclosed in further announcement of the Company in accordance with the Listing Rules.

Major terms of the Convertible Bonds

Issuer	:	The Company
Total principal amount	:	HK\$20,000,000
Issue price	:	HK\$20,000,000
Interest	:	The Convertible Bonds bear interest on the principal amount thereof from, and including, the issue date of the Convertible Bonds at 10% per annum.
Maturity Date	:	The date falling on the day immediately before the first anniversary of the date of issue of the Convertible Bonds, or, if that is not a business day, the first business day thereafter.
Conversion rights	:	The Placees will have the right to convert the principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price at any time during the Conversion Period.

- Conversion Shares : Assuming the conversion rights attaching to the Convertible Bonds are exercised in full at the Conversion Price of HK\$0.10 (before the Capital Reorganisation becoming effective) or HK\$1.00 (after the Capital Reorganisation becoming effective) per Conversion Share, a maximum of 200,000,000 Shares (before the Capital Reorganisation becoming effective) (or 20,000,000 Adjusted Shares after the Capital Reorganisation becoming effective) will be allotted and issued, representing approximately 19.82% of the entire issued share capital of the Company as at the date of this announcement and approximately 16.54% of the entire issued share capital as enlarged by the issue of the Conversion Shares.
- Conversion Price : HK\$0.10 (before the Capital Reorganisation becoming effective) or HK\$1.00 (after the Capital Reorganisation becoming effective) per Conversion Share, subject to adjustments for, inter alia, the anti-dilution provisions summarised below:
- For illustration purposes, the Conversion Price of HK\$0.10 (before the Capital Reorganisation becoming effective) represents:
- (i) a premium of approximately 33.33% over the closing price of HK\$0.075 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
 - (ii) a premium of approximately 42.05% over the average closing price of HK\$0.0704 per Share as quoted on the Stock Exchange for the last five trading days ended on and including the date of the Placing Agreement;
 - (iii) a premium of approximately 43.06% over the average closing price of HK\$0.0699 per Share as quoted on the Stock Exchange for the last ten trading days ended on and including the date of the Placing Agreement; and
 - (iv) a discount of approximately 73.57% to the Group's unaudited consolidated net asset value per Share as at 31 December 2012.
- Redemption : Unless previously converted, the Company shall repay the outstanding Convertible Bonds in full on the Maturity Date.

Anti-dilution adjustments : The Conversion Price shall from time to time be adjusted upon the occurrence of certain events including but not limited to the following:

- (i) consolidation, sub-division or reclassification of the Shares;
- (ii) capitalisation of profits or reserves;
- (iii) capital distribution to the shareholders of the Company;
- (iv) rights issue of Shares or options, etc. over Shares;
- (v) rights issue of other securities; and
- (vi) subsequent issue of securities of the Company.

Notwithstanding the above, the Rights Issue as announced by the Company on 3 January 2013 will not be an adjustment event under the conditions of the Convertible Bonds.

Lock-up period for Conversion Shares and Convertible Bonds : Not applicable.

Transferability : The Convertible Bonds may be transferred to any person provided that any transfer to any connected person (as defined in the Listing Rules) of the Company shall be subject to the requirements (if any) that the Stock Exchange may impose from time to time.

Voting : The Placees will not be entitled to attend or vote at any meetings of the Company by reason only of it being a Bondholder.

Listing : No application will be made for the listing of the Convertible Bonds. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon conversion of the Convertible Bonds.

- Ranking of Conversion Shares : The Conversion Shares will rank pari passu in all respects among themselves and with other Shares in issue on the date on which the Conversion Shares are issued and registered on the Company's register of Shareholders.
- Events of Default : Bondholder may give notice to the Company that the Convertible Bonds are immediately due and repayable if:
- (i) a default is made in the payment of any interest on the Convertible Bonds when due and such default shall not have been cured by payment by the Company within 15 days after the due date; or
 - (ii) a default is made by the Company in the performance or observance of any covenant, condition or provision contained in the Instrument or in the Convertible Bonds and on its part to be performed or observed (other than the covenant to pay the principal, premium (if any) and interest in respect of any of the Convertible Bonds) and such default continues for the period of 14 days next following the service by any Bondholder on the Company of notice specifying brief details of such default and requiring such default to be remedied; or
 - (iii) a material breach of any of the terms of the Placing Agreement by the Company, including a breach of any warranty therein which is not discovered until after the issue and delivery of the Convertible Bonds; or
 - (iv) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved; or
 - (v) an encumbrancer takes possession or a receiver is appointed of the whole or a material part of the assets or undertaking of the Company; or

- (vi) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a material part of the assets or undertaking or property of the Company and is not discharged within seven days thereof; or
- (vii) the Company is unable to pay its debts as and when they fall due or the Company shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, winding up, reorganisation or insolvency law or make an assignment for the benefit of, or enter into any composition with, its creditors; or
- (viii) proceedings shall have been initiated against the Company under any applicable bankruptcy, winding up, reorganisation or insolvency law and such proceedings shall not have been discharged or stayed within a period of 21 days; or
- (ix) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (v) to (viii) (inclusive) above; or
- (x) if the Shares are suspended by the Stock Exchange for a period of 90 consecutive trading days (other than any suspension of trading pending the release of any announcement as required under Chapter 14 or Chapter 14A of the Listing Rules) or listing of the Shares on the Stock Exchange are being revoked or withdrawn; or
- (xi) if there is not a sufficient number of authorised but unissued Shares of the Company available for the fulfilment of the obligations regarding the conversion of the Convertible Bonds; or
- (xii) it is or will become unlawful for the Company to perform or comply with any one or more of its obligations under the Convertible Bonds or the Instrument.

Mandate to issue the Conversion Shares:

The Conversion Shares will be issued pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 31 December 2012. The Directors were authorised to allot and issue up to 201,857,366 Shares (before the Capital Reorganisation becoming effective) or 20,185,736 Adjusted Shares (after the Capital Reorganisation becoming effective) pursuant to the General Mandate. Up to the date of the Announcement, the Directors have not utilised any part of the General Mandate to issue Shares. Accordingly, the issue of the Conversion Shares is not subject to any additional approval by the shareholders of the Company.

Given that the Conversion Price may in the future be adjusted as a result of the happening of adjustment events as mentioned above, the number of Conversion Shares which may fall to be issued upon exercise of the conversion rights of the Convertible Bonds may exceed 200,000,000 (before the Capital Reorganisation becoming effective) or 20,000,000 (after the Capital Reorganisation becoming effective). In such case, the Company will ensure that it will have sufficient mandate, either from available unused General Mandate or by specific mandate to be obtained from Shareholders, to cover the issue of all Conversion Shares based on the adjusted Conversion Price before carrying out any transaction which will trigger any adjustment to the Conversion Price.

Conditions precedent to the completion of the issue of the Convertible Bonds:

The obligations of the Placing Agent under the Placing Agreement are conditional upon the following conditions being fulfilled (or, as to the condition (b), the waiver in writing of such condition by the Placing Agent) at or before 5:00 p.m. (Hong Kong time) on 10 June 2013 (or such later time and date as the Placing Agent and the Company shall agree in writing):

- (a) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, all the Shares falling to be issued on the exercise of the conversion rights to be attached to the Convertible Bonds either unconditionally or subject to conditions to which the Placing Agent accept and the satisfaction of such conditions (if any); and
- (b) no event having occurred or occurring before the completion date which would constitute an Event of Default (as defined in the Convertible Bonds) had the Convertible Bonds been issued.

If any of the conditions specified above is not fulfilled by the time specified therein (or being waived in writing by the Placing Agent), the Placing Agent may, at any time thereafter, terminate its obligations under the Placing Agreement by notice in writing to the Company, whereupon the obligations of the Placing Agent under the Placing Agreement shall forthwith cease and terminate and neither the Company nor Placing Agent shall have any claim against any of the others of them save for claims against the Company for antecedent breach of its obligations under the Placing Agreement.

Completion of the issue of the Convertible Bonds:

Completion of the issue of the Convertible Bonds is scheduled to take place on the 3rd business day after the date on which all the conditions precedent as described above have been fulfilled or waived (or such other date as the Placing Agent and the Company may agree in writing).

On the completion date, the Company shall issue to the Placers the Convertible Bonds and the Placing Agent shall make payment for the principal amounts of the Convertible Bonds being placed or subscribed (subject to deductions for the commissions, fees and expenses payable by the Company).

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming the maximum amount of the Convertible Bonds have been placed under the Placing, the following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon full conversion of the Convertible Bonds at the initial Conversion Price of HK\$0.10 assuming the Capital Reorganisation has not become effective; and (iii) immediately upon full conversion of the Convertible Bonds at the initial Conversion Price of HK\$1.00 assuming the Capital Reorganisation has become effective.

	Shareholding as at the date of this announcement		Shareholding immediately upon full conversion of the Convertible Bonds at the initial Conversion Price of HK\$0.10 assuming the Capital Reorganisation has not become effective		Shareholding immediately upon full conversion of the Convertible Bonds at the initial Conversion Price of HK\$1.00 assuming the Capital Reorganisation has become effective	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Adjusted Shares</i>	<i>%</i>
Willie International Holdings Limited	233,960,000	23.18	233,960,000	19.35	23,396,000	19.35
Bondholders	–	–	200,000,000	16.54	20,000,000	16.54
Other public Shareholders	775,326,831	76.82	775,326,831	64.11	77,532,683	64.11
Total:	1,009,286,831	100%	1,209,286,831	100%	120,928,683	100%

Note: The calculation of these percentages is based on the assumption that no other change in the shareholding structure of the Company (other than the Capital Reorganisation) before the issue of the Conversion Shares and takes no account of the allotment and issue of Shares upon the exercise of outstanding share options granted by the Company in accordance with its share option scheme and the Rights Issue.

REASONS FOR THE PLACING AND USE OF PROCEEDS

Assuming the maximum amount of the Convertible Bonds have been placed under the Placing, the aggregate gross proceeds and net proceeds to the Company from the issue of the Convertible Bonds will be HK\$20 million and approximately HK\$19.3 million respectively. The net price to the Company of each Conversion Share is approximately HK\$0.0965. The Directors consider various ways of raising funds and consider that the Placing represents an opportunity to enlarge the equity base of the Company and provide general working capital for the Company's business expansion. The Company intends to apply the net proceeds from the Placing for future investments pursuant to the investment objectives of the Company and general working capital of the Group. The Company currently does not have any specific plans of investments or business development at present.

The Directors consider that the terms of the Placing Agreement and the issue of the Convertible Bonds pursuant to the terms thereof are fair and reasonable based on the current market conditions and in the interests of the Company and its shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

Save as disclosed below, the Company has not conducted any equity fund raising exercise in the past 12-month period immediately before the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
3 January 2013	The Rights Issue	HK\$30.9 million to HK\$38.3 million	Approximately HK\$18 million for general working capital of the Group and the remaining balance for future investments pursuant to the investment objectives of the Company	N/A (<i>Note</i>)
23 August 2012	Placing of new Shares	HK\$9 million	For future potential investment and working capital	Use as intended

Note: The Rights Issue is subject to a number of conditions (including but not limited to the completion of the Capital Reorganisation) and has not yet been completed as at the date of this announcement. Please refer to the announcement of the Company dated 3 January 2013 for further details.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“Adjusted Share(s)”	ordinary Share(s) of HK\$0.001 each in the capital of the Company upon the Capital Reorganisation becoming effective
“Board”	the board of Directors
“Boldholder(s)”	holder(s) of the Convertible Bonds
“Capital Reorganisation”	collectively (i) the proposed consolidation of every ten (10) issued Shares of HK\$0.10 each into one (1) consolidated share of HK\$1.00; (ii) the proposed reduction of the nominal value of issued share capital of the Company and the application of the credit arising from such reduction in capital and (iii) the subdivision of authorised but unissued Shares, all as described in the Company’s announcement dated 3 January 2013
“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”	has the meaning as ascribed to it in the Listing Rules
“Convertible Bonds”	the convertible bonds in the aggregate principal amount of up to HK\$20,000,000 to be placed under the Placing
“Conversion Period”	the period commencing from the business day immediately after the record date for determining the entitlement under the Rights Issue up to 4:00 p.m. on the Maturity Date
“Conversion Price”	HK\$0.10 (before the Capital Reorganisation becoming effective) or HK\$1.00 (after the Capital Reorganisation becoming effective) per Conversion Share, subject to adjustments, pursuant to the terms and conditions of the Convertible Bonds

“Conversion Shares”	Shares to be issued upon conversion of the Convertible Bonds
“Directors”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 31 December 2012 to allot or otherwise deal with the unissued Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Part(ies)”	any person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties independent of and not connected with the Company and its connected persons
“Instrument”	the instrument to be executed by the Company on the date of completion of the Placing constituting the Convertible Bonds
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling on the day immediately before the first anniversary of the date of issue of the Convertible Bonds, or, if that is not a business day, the first business day thereafter
“Placee(s)”	the placee(s) to be procured by the Placing Agent under the Placing
“Placing”	the placing of the Convertible Bonds pursuant to the Placing Agreement
“Placing Agent”	Fordjoy Securities and Futures Limited, a company incorporated in Hong Kong
“Placing Agreement”	the placing agreement dated 11 March 2013 entered into between the Company and the Placing Agent in relation to the Placing

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Rights Issue”	the proposed issue by the Company by way of rights of one rights share for every two Adjusted Shares in issue on the terms and conditions as set out in the announcement of the Company dated 3 January 2013
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company or the Adjusted Shares after the Capital Reorganisation becoming effective
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

On behalf of the Board
Chan Cheong Yee
Executive Director

Hong Kong, 11 March 2013

As at the date of this announcement, the Board comprises executive directors Mr. Kong Fanpeng, Mr. Chan Cheong Yee and Mr. Tang Tsz Tung; non-executive director Mr. Hung Cho Sing; and independent non-executive directors Mr. Lam Kwan, Mr. Ong Chi King and Mr. Lee Ming Gin.