

Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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)

VOLUNTARY ANNOUNCEMENT
APPOINTMENT OF INVESTMENT MANAGER

The Company entered into the New IM agreement on 17 October 2014 to appoint Insight HK as its new investment manager for an initial term of two years commencing from 21 October 2014 up to 20 October 2016.

This announcement is made by the Company on a voluntary basis.

Reference is made to the announcement of the Company dated 25 June 2014 in respect of termination of the Old IM Agreement. The Company entered into the New IM Agreement, the details of which are as follows:

Parties

The Company and Insight HK

Date

17 October 2014

Terms and Conditions of the New IM Agreement

Insight HK has been appointed as the investment manager of the Company for an initial term of two years commencing from 21 October 2014 up to 20 October 2016 and the appointment is to continue for successive periods of 2 years each unless terminated at any time by either the Company or Insight HK serving not less than 3 months' prior notice in writing on the other. The appointment of Insight HK as the new investment manager of the Company will be governed by the terms and conditions of the New IM Agreement.

The Company shall pay to Insight HK in aggregate an investment management fee payable monthly in Hong Kong Dollars at HK\$50,000 with effect from 21 October 2014. The investment management fee was agreed after arms-length negotiations between the Company and Insight HK.

Duties of Insight HK

Insight HK is responsible for making investment proposals in accordance with the New IM Agreement, the articles of association of the Company and the investment policies of the Company. The Board may then at its sole discretion resolve and decide on whether to approve any of the proposals submitted by Insight HK.

REASONS FOR ENTERING INTO THE NEW IM AGREEMENT

The Company is aware of China's huge economic growth potential in the next coming years. To capture this opportunity, The Company is intended to intensify the investments in the PRC region. Given Insight HK's outstanding investment record in the past, especially in the PRC region, and wealth of experience in the asset management industry, the Directors believe that Insight HK will contribute towards the Company's new business development and direction. The Directors also consider that the investment experience of Insight HK goes in line with the investment strategies of the Company and are of the view that its expertise will be beneficial to the Company and its shareholders as a whole.

BACKGROUND OF INSIGHT HK

Insight HK is a company incorporated in Hong Kong on 5 November 2013 with limited liability and is a licensed corporation registered under the SFO. It is principally engaged in the business of provision of asset management services to clients and is licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO. The particulars of the directors of Insight HK are as follows:

Mr. Cheng Chi Wai, Benny, *Executive Director*

Mr. Cheng holds a Bachelor's degree in economics from the University of New South Wales and a Master's degree in Business Administration from the California State University. He has over 16 years of experience in the financial service and fund management industry. Mr. Cheng started the fund management career at Baring Asset Management (Asia) Limited in 1999. In 2001, Mr. Cheng took further step to broaden and advance his career by joining Principal Asset Management Company as an equity analyst where he was responsible for overseeing the Asia (ex-Japan) equity market. Mr. Cheng was invited to join Maunakai Capital Partners (MCP) as a Partner in 2006 and he was acting as a responsible officer until June 2014. Mr. Cheng founded Insight HK in 2013 and is currently a responsible officer in respect of Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

Mr. Woo Wing Sum, Samuel, *Executive Director*

Mr. Woo obtained a Bachelor's degree in building construction management and a Master's degree in real estate from the University of New South Wales. He has around 9 years' of experience in the asset management industry. During the period from 2005 to 2013, he was the Investment Director of CLSA Capital Partners. Mr. Woo joined Insight HK in 2013 and is currently a responsible officer in respect of Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

EXEMPTED CONTINUING CONNECTED TRANSACTION

Insight HK is a connected person of the Company pursuant to the definition of connected person under the Listing Rules and shall also be deemed as a connected person of the Company pursuant to Rule 14A.08 of the Listing Rules upon the New IM Agreement becoming effective. The investment management fee payable to Insight HK is expected to fall below the de-minimis threshold under Rule 14A.76(1) of the Listing Rules, and accordingly, the New IM Agreement is fully exempted from the requirements of announcement, circular and independent shareholders' approval.

GENERAL

The Company was incorporated on 13 November 2002 as an exempted company with limited liability in the Cayman Islands. The Company is an investment company whose shares are listed on the Stock Exchange pursuant to Chapter 21 of the Listing Rules. The Company is principally engaged in investments in a diversified portfolio of listed and unlisted companies mainly in Hong Kong and the PRC.

The Directors (including the independent non-executive Directors) consider the New IM Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Company. The management fee is reached after arm's length negotiation between the Company and Insight HK and determined with reference to the prevailing market rates with reference to those charged by investment managers of other investment companies listed on the main board of the Stock Exchange. The Directors have no material interests in the New IM Agreement. The Directors believe that the terms of the New IM Agreement are fair and reasonable as far as the independent shareholders of the Company are concerned.

DEFINITIONS

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

“Board”	the board of directors of the Company
“CAFM”	China Angel Fund Management (HK) Company Limited, a company incorporated in Hong Kong on 30 September 2010 with limited liability and a licensed corporation registered under the SFO
“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, the shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Insight HK”	Insight Capital Management (HK) Limited, a company incorporated in Hong Kong on 5 November 2013 with limited liability and a licensed corporation registered under the SFO
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“New IM Agreement”	the investment management agreement dated 17 October 2014 entered into between the Company and Insight HK
“Old IM Agreement”	the agreement governing the appointment of CAFM as the investment manager of the Company dated 31 May 2012, entered into between the Company and CAFM, and terminated with effect from 13 September 2014
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 17 October 2014

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