

*Hong Kong Exchanges 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.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.*



**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)**

**I. PROPOSED SHARE CONSOLIDATION;  
II. PROPOSED RIGHTS ISSUE ON THE BASIS OF  
THREE RIGHTS SHARES FOR EVERY ONE  
CONSOLIDATED SHARE HELD ON THE RECORD DATE  
AT HK\$0.20 PER RIGHTS SHARE; AND  
III. APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

**Financial adviser to the Company**



**中毅資本有限公司**  
**Grand Moore Capital Limited**

**Underwriter of the Rights Issue**



**擎天證券有限公司**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**

**VINCO** 

**Grand Vinco Capital Limited**

**(A wholly-owned subsidiary of Vinco Financial Group Limited)**

**PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Shares of par value of HK\$0.005 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.025 each.

## **PROPOSED RIGHTS ISSUE**

The Company proposes, subject to the Share Consolidation becoming effective, to raise approximately HK\$375.7 million before expenses (assuming no other issue or repurchase of Shares or Consolidated Shares, on or before the Record Date) by issuing 1,878,361,872 Consolidated Shares to the Qualifying Shareholders by way of the Rights Issue at a Subscription Price of HK\$0.20 per Rights Share on the basis of three (3) Rights Shares for every one (1) Consolidated Share held on the Record Date and payable in full on acceptance. The Rights Issue will not be available to the Excluded Shareholders.

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

The gross proceeds of the Rights Issue will be approximately HK\$375.7 million. The estimated net proceeds of the Rights Issue after deducting all necessary expenses will be approximately HK\$368.8 million, which are intended to be used for (i) approximately HK\$300.0 million for the investment in listed securities in Hong Kong; (ii) approximately HK\$60.0 million for the investment in unlisted equity mainly in Hong Kong and the PRC; and (iii) the remaining of approximately HK\$8.8 million for general working capital of the Group and for future investments pursuant to the investment objectives of the Company.

## **WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out under section headed “Conditions of the Rights Issue” in this announcement. In particular, the Rights Issue is conditional, among others, upon:

- (i) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Underwriter, in its reasonable opinion, accepts and the subsequent satisfaction of such conditions (if any); and
- (ii) the Underwriter having not terminated the Underwriting Agreement in accordance with the terms set out thereunder (set out in the section headed “Termination of the Underwriting Agreement” in this announcement). If the conditions of the Rights Issue are not fulfilled on or before the Latest Time for Termination or if the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue may not proceed.

The Consolidated Shares will be dealt in on an ex-rights basis from 9:00 a.m. on Tuesday, 3 January 2017. Dealings in their Rights Shares in the nil-paid form will take place from 9:00 a.m. on Monday, 16 January 2017 to 4:00 p.m. on Monday, 23 January 2017 (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.

## **LISTING RULES IMPLICATIONS**

In accordance with Rule 7.19(6) of the Listing Rules, as the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the EGM by way of poll. Pursuant to Rule 7.19(6) (a) of the Listing Rules, any Controlling Shareholders and their associates or, where there are no Controlling Shareholders, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour relating to the Rights Issue.

As at the date of this announcement, Sorrento Securities Limited and their respective close associates have no shareholding interests in the Company. Therefore, no parties mentioned in this paragraph shall be required to abstain from voting on the resolution(s) approving the Rights Issue at the general meeting.

## **GENERAL**

An Independent Board Committee of the Company, comprising Mr. Lam Kwan, Mr. Ong Chi King and Mr. Lee Ming Gin, all being the independent non-executive Directors, has been established to make recommendations to the Independent Shareholders in respect of the Rights Issue. Vinco Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The circular containing, among other things, (i) further details of the Share Consolidation and the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; and (iv) the notice convening the EGM will be despatched to the Shareholders on or before Monday, 5 December 2016.

The EGM will be convened and held for the Shareholders and the Independent Shareholders to consider and, if thought fit, to approve, among other things, the proposed Share Consolidation and the proposed Rights Issue. Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM and the Share Consolidation becoming effective, the Prospectus Documents will be despatched to the Qualifying Shareholders on or before Thursday, 12 January 2017 whereas the Prospectus will be despatched to the Excluded Shareholders for information only.

## **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Shares of par value of HK\$0.005 each will be consolidated into one (1) Consolidated Share of par value of HK\$0.025 each.

## **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon (i) the passing of an ordinary resolution to approve the Share Consolidation by the Shareholders by way of poll at the EGM; and (ii) the Listing Division of the Stock Exchange granting approval to the listing of, and permission to deal in, the Consolidated Shares in issue arising from the Share Consolidation.

Assuming the above conditions are fulfilled, it is expected that the Share Consolidation will become effective on the next Business Day following the date on which the relevant resolution approving the Share Consolidation is passed.

## **Effect of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$200,000,000 divided into 40,000,000,000 Shares of HK\$0.005 each, of which 3,130,603,123 Shares have been issued and are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective and on the basis that no further Shares will be allotted and issued or bought back prior thereto, the authorised share capital of the Company will become HK\$200,000,000 divided into 8,000,000,000 Consolidated Shares of HK\$0.025 each, of which 626,120,624 whole Consolidated Shares will be in issue which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders. Fractional Consolidated Shares will not be issued by the Company to the Shareholders. Any fractional entitlements of Consolidated Shares will be aggregated, sold or retained for the benefit of the Company.

Other than the relevant expenses incurred, the implementation of the Share Consolidation will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the interests of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may be entitled. The Directors believe that the Share Consolidation will not have any material adverse effect on the financial position of the Group and that on the date the Share Consolidation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Share Consolidation would be, unable to pay its liabilities as they become due. The Share Consolidation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

## **Application for Listing of the Consolidated Shares**

An application will be made by the Company to the Listing Division of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Share Consolidation becoming effective, pursuant to which all necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC. The Share Consolidation will be conducted in accordance with the provisions of the articles of association of the Company.

None of the Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any other stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Reasons for the Share Consolidation**

Pursuant to the “Guide of Trading Arrangement for Selected Types of Corporate Actions” issued by the Hong Kong Exchange and Clearing Limited on 28 November 2008 and updated on 6 January 2012 (“the Guideline”), the expected board lot value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. As at the Last Trading Day, the share price of the Company is HK\$0.08 per Share, with a board lot size of 20,000 Shares, the Company is trading under HK\$2,000 per board lot. For the purpose of reducing transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes the Share Consolidation.

The Share Consolidation will increase the nominal value of the Shares and it is expected to bring about corresponding upward adjustment in the trading price of the Consolidated Shares (i.e. based on the closing price of HK\$0.08 per Share as quoted on the Stock Exchange as at the Last Trading Day, the trading price of the Consolidated Shares will be HK\$0.40 per Consolidated Share) on the Stock Exchange. The Board believes that it may attract more investors and extend the shareholders base of the Company, and expects that the liquidity in trading of the Shares will increase accordingly and the market value of the Shares will more precisely reflect the intrinsic value of the Company. The Board therefore considers that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

The Directors believed that such benefits from Share Consolidation could outweigh the effect of the creation of fractional share or odd lot holdings as the Company has made an odd lot arrangement and matching services such that it will appoint an agent to provide matching services, on a best effort basis, to those Shareholders who wish to top up to a full board lot or to dispose their holding of odd lots of the Consolidated Shares in the market as stated below.

### **Free exchange of Consolidated Shares’ certificates and trading arrangement**

Subject to the Share Consolidation becoming effective, which is expected to be on Friday, 30 December 2016, Shareholders may, during the period from Friday, 30 December 2016 to Thursday, 9 February 2017 (both days inclusive), submit share certificates for the Shares to the Company’s share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong to exchange, at the expense of the Company, for share certificates for the Consolidated Shares. Thereafter, share certificates for the Shares will remain effective as documents of title and may be exchanged only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each share certificate cancelled or each new share certificate (whichever is the higher) issued for the Consolidation Shares by the Shareholders, but are not acceptable for trading, settlement and registration upon the Share Consolidation becoming effective.

## **Odd lots arrangement and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint an agent to provide matching services, on a best effort basis, to those Shareholders who wish to top up to a full board lot or to dispose their holding of odd lots of the Consolidated Shares from 9:00 a.m. on Monday, 16 January 2017 to 4:00 p.m. on Tuesday, 7 February 2017 (both days inclusive). Details of the odd lots matching arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangement, is recommended to consult his/her/its own professional advisers.

## **Board Lot Size**

The Shares are traded on the Stock Exchange in the board lot size of 20,000 Shares. Upon Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 20,000 Consolidated Shares.

Based on the closing price of HK\$0.08 per Share (equivalent to HK\$0.40 per Consolidated Share) as at the Last Trading Day, the value of each board lot of the Shares is HK\$1,600 and the theoretical market value of each board lot of the Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$8,000.

## **PROPOSED RIGHTS ISSUE**

### **Issue Statistics**

Basis of Rights Issue:	Three (3) Rights Shares for every one (1) Consolidated Share held on the Record Date
Subscription Price:	HK\$0.20 per Rights Share
Number of Shares in issue as at the date of this announcement:	3,130,603,123 Shares
Number of Consolidated Shares expected to be in issue as at the Record Date:	626,120,624 Consolidated Shares
Number of Rights Shares:	1,878,361,872 Rights Shares
Number of enlarged Consolidated Shares in issue upon completion of the Rights Issue:	2,504,482,496 Shares (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date)

Based on the existing issued share capital of the Company and assuming the Share Consolidation becomes effective and no further Shares will be issued or bought back by the Company on or before the Record Date, a total of 1,878,361,872 Rights Shares will be issued and allotted upon the completion of the Rights Issue, representing 300% of the issued share capital of the Company immediately before the Rights Issue and 75% of the issued share capital of the Company as enlarged by the issue of the Rights Shares.

Save as disclosed, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into new Shares or new Consolidated Shares as at the date of this announcement.

### **Subscription Price**

The Subscription Price is HK\$0.20 per Rights Share, payable in full by the Qualifying Shareholders upon acceptance. The Subscription Price represents:

- (i) a discount of approximately 50% to the theoretical closing price of approximately HK\$0.40 per Consolidated Share, based on the closing price of HK\$0.08 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (ii) a discount of approximately 48.05% to the average theoretical closing price of approximately HK\$0.385 per Consolidated Share, based on the average closing price of approximately HK\$0.077 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iii) a discount of approximately 88.71% to the unaudited consolidated net assets value per Consolidated Share of approximately HK\$1.771 as at 30 September 2016, based on 626,120,624 Consolidated Shares in issue as at the Last Trading Day and adjusted for the effect of the Share Consolidation; and
- (iv) a discount of approximately 20% to the theoretical ex-rights price of approximately HK\$0.25 per Consolidated Share, based on the closing price of HK\$0.08 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation.

### **Basis of determining the Subscription Price**

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to (i) the low trading liquidity of the Shares for the recent 10 months; (ii) the prevailing market prices of the existing Shares as described above and the market conditions; and (iii) having considered the future business development of the Group. The Directors consider that the discount encourages the Qualifying Shareholders to maintain their respective shareholdings in the Company and participate in the potential growth of the Group. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the Subscription Price in proportion to his/her/its existing shareholding in the Company.

Apart from the aforesaid, in coming up with the current subscription ratio (3 Rights Shares for 1 Consolidated Share) for the Rights Issue and the Subscription Price, the Company has also considered the following factors:

- (i) given the fund raising size of the Rights Issue of a minimum of approximately HK\$375.7 million (before expenses) (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) was around 1.5 times of the market capitalisation of approximately HK\$250.4 million of the Company as at the Last Trading Day, it is the need for setting the Subscription Price at a relatively deep discount for inducing the Underwriter to provide underwriting services under the Rights Issue and attracting the Qualifying Shareholders to participate in the Rights Issue;
- (ii) the downward trend of the prevailing trading prices of the Shares in the past twelve months which decreased from HK\$0.19 on 11 November 2015 to HK\$0.08 as at the Last Trading Day, representing a decrease of its trading prices of approximately 57.8%;
- (iii) in view of the uncertainties in the financial market in Hong Kong as a result of the instabilities stemming from fluctuating market sentiment, capital flow, trend of interest rate, volatility in money supply in different major economies and different economic decisions made by different countries, the Directors consider that it will be difficult to attract the Qualifying Shareholders to reinvest in the Company through the Rights Issue if the Subscription Price was not set at a relatively deep discount to the historical trading prices of the Shares;
- (iv) under the Rights Issue, all the Qualifying Shareholders will be offered the same opportunity to maintain their proportionate interests in the Company and to participate in the growth and development of the Company. Should the Qualifying Shareholders participate in the Rights Issue, they will be subscribing the Rights Shares at a lower price as compared to the historical and prevailing market prices of the Shares;
- (v) inherent dilutive nature of the Rights Issue in general if the Qualifying Shareholders did not take up their entitlements under the Rights Issue in full. However, the Qualifying Shareholders have first right to decide whether to accept their entitlements of the Rights Shares;
- (vi) although the Rights Issue has an inherent dilutive nature, it is subject to the Shareholders' approval, which means that the Shareholders have a right to disapprove the Rights Issue and the Underwriter has also undertaken to the Company that it will not trigger a mandatory obligation under Rule 26 of Takeovers Code on the part of the Underwriter in respect of performing its obligations under the Underwriting Agreement as a result of the Rights Issue; and
- (vii) given the expected funding needs as stated in section "Reasons for the Rights Issue and Use of the Proceeds", the Group requires this fund-raising size in order to foster growth of its investment portfolio and to generate returns on investment in the viewpoint of its Shareholders and to the benefit of the Company.



In view of the above, the Board considers the terms of the Rights Issue, including the subscription ratio, and the Subscription Price which has been set a discount to the theoretical closing price of the Shares as at the Last Trading Day with an objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

However, those Qualifying Shareholders who do not take up in full the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted. If all the Qualifying Shareholders do not take up the Rights Shares to which they are entitled and the Underwriter takes up all the Rights Shares, the percentage of shareholding (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) of the existing public Shareholders will be reduced from 100.00% to approximately 25.00%, representing a dilution effect on the shareholding interests of approximately 75.00% as a result of the Rights Issue. Moreover, the dilution impact on shareholding after taking into account the monetary effect of the Rights Issue (estimated based on discount of the Subscription Price to the theoretical closing price of the Shares as at the Last Trading Day) is approximately 37.5%.

The estimated net proceeds from the Rights Issue after expenses and fees will be approximately HK\$368.8 million (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date) and, accordingly, the estimated net price per Rights Share after expenses and fees of the Rights Issue will be approximately HK\$0.196.

#### **Basis of selection of the Underwriter**

The Company approached 4 underwriters for the proposed Rights Issue. The Underwriter is, amongst the four underwriters approached by the Company, offered the lowest commission rate, i.e. 1.5% of the aggregate Subscription Price of the maximum amount of the Underwritten Shares as determined on the Record Date.

#### **Conditions of the Rights Issue**

The Rights Issue is conditional upon:

- i. the Share Consolidation becoming effective;
- ii. the passing by the Independent Shareholders at the EGM of the necessary resolutions approving, among others, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the allotment and issue of the Rights Shares;
- iii. the Listing Division of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares and the Rights Shares, (subject to allotment), and not having revoked, listing of, and permission to deal in the Rights Shares, in nil-paid and fully-paid forms;
- iv. the posting of the Prospectus Documents to Qualifying Shareholders;

- v. the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus Documents (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and in compliance with the Listing Rules and section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong); and
- vi. compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement.

If the conditions precedent referred to in the above paragraph (i) to (vi) are not satisfied on or before the Latest Time for Termination, or if the Underwriting Agreement shall be rescinded pursuant to the section “Termination of the Underwriting Agreement”, all obligations and liabilities of the Underwriter and the Company shall cease and determine and both shall not have any claim against the other (save for any antecedent breaches thereof).

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Consolidated Shares then in issue on the date of allotment and issue of the Rights Shares. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares in their fully-paid form. Dealings in the Rights Shares will be subject to payment of stamp duty in Hong Kong.

### **Qualifying Shareholders**

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information only, to the Excluded Shareholders.

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and must be a Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must lodge their transfers of Shares or Consolidated Shares (as the case may be) (together with the relevant share certificate(s) and/or instrument(s) of transfer) with the Company’s share registrar and transfer office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by no later than 4:30 p.m. on or before Wednesday, 4 January 2017. It is expected that the last day of dealings in the Consolidated Shares on a cum-rights basis is Friday, 30 December 2016 and the Consolidated Shares will be dealt in on an ex-rights basis from Tuesday, 3 January 2017.

## **Closure of register of members**

The register of members of the Company will be closed from Thursday, 5 January 2017 to Wednesday, 11 January 2017, both dates inclusive, for the purpose of, among other things, establishing entitlements to the Rights Issue. No transfer of Shares or Consolidated Shares (as the case may be) will be registered during this period.

## **Rights of Overseas Shareholders**

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

The Company will make enquiries pursuant to Rule 13.36(2) of the Listing Rules regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, based on legal opinions, 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 (“Excluded Shareholders”). Further information in this connection will be set out in the Prospectus containing among other things, details of the Rights Issue, to be despatched to the Qualifying Shareholders on the Prospectus Posting Date. The Company will send copies of the Prospectus to the Excluded Shareholders for their information only, but will not send any Application Forms to them.

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.**

## **No application for excess Rights Shares**

No Qualifying Shareholder is entitled to apply for any Rights Shares which are in excess to his/her/its entitlement. Any Rights Shares not taken up by the Qualifying Shareholders, and the Rights Shares to which the Excluded Shareholders would otherwise have been entitled under the Rights Issue, will not be available for subscription by other Qualifying Shareholders by way of excess application and will be taken up by the Underwriter.

If application for excess Right Shares is arranged, the Company will be required to put in additional effort and costs including preparing and arranging the excess application, reviewing the relevant documents, and liaising with professional parties and printing of application forms. It is estimated that an additional cost of approximately HK\$200,000 – HK\$300,000 to administer the excess application procedures will be incurred, which is not cost effective and time efficient from the viewpoint of the Company.

Taking into account that for the six months ended 31 March 2016, (i) the Group recorded net cash used in operating activities of approximately HK\$56.4 million; and (ii) the Group recorded net loss from continuing operation of approximately HK\$206.3 million, it is mainly attributable to net loss on financial assets at fair value through profit or loss of approximately HK\$201.5 million. In this connection, the Board considers that it is important for the Group to minimise all costs which may be incurred during the fund-raising exercise.

The absence of the excess application arrangement may not be desirable from the point of view of those Qualifying Shareholders who wish to take up additional Rights Shares in excess of their assured entitlements. However, the aforesaid should be balanced against the fact that (i) the Subscription Price is set at a discount to the prevailing market price of the Shares which provides reasonable incentives to all the Qualifying Shareholders who are positive about the future development of the Company to take up their respective assured entitlement of the Rights Shares by participating in the Rights Issue; (ii) the Qualifying Shareholders have the first right to decide whether to accept the Rights Issue and hence, to maintain their respective pro rata shareholding in the Company and to participate in the future growth and development of the Group; (iii) the Qualifying Shareholders can pursue the alternative to acquire nil-paid Right Shares from the open market if they are positive about the future prospect of the Company in addition to their respective assured entitlement as stated in (i); and (iv) the absence of excess application would avoid additional effort, and costs and time to administer the excess application procedures.

As such, the Directors consider that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.**

### **Fractions of Rights Shares**

On the basis of provisional allotment of three (3) Rights Shares for every one (1) Consolidated Share held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

### **Share certificates for the Rights Issue**

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all Rights Shares are expected to be posted to the Qualifying Shareholders who have accepted and applied for and paid for the Rights Shares on or before Wednesday, 8 February 2017 by ordinary post at their own risk. If the Rights Issue is terminated, refund cheques are expected to be posted on or before Wednesday, 8 February 2017 by ordinary post to the applicants at their own risk.

### **Application for listing**

The Company will apply to the Listing Division of the Stock Exchange for the listing of and permission to deal in, the Rights Shares. Subject to the granting of the listing of, and permission to deal in, the Rights Shares, the Rights Shares 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 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Rights Shares to be admitted into CCASS.

Dealings in the Rights Shares which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

## **Underwriting Agreement**

Date	:	11 November 2016
Underwriter	:	Sorrento Securities Limited
Total number of Rights Shares being underwritten by the Underwriter	:	1,878,361,872 Rights Shares (assuming no other issue or repurchase of Shares or Consolidated Shares, on or before the Record Date) on a fully underwritten basis
Commission	:	1.5% of the aggregate Subscription Price of the maximum amount of the Underwritten Shares as determined on the Record Date

The terms of the Underwriting Agreement are agreed 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, and the current and expected market condition. The Directors (excluding the independent non-executive Directors who will form their views after considering the advice of the Independent Financial Adviser) consider that the terms of the Underwriting Agreement are fair and reasonable insofar as the Shareholders and the Company as a whole.

Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the subscription of the Underwritten Shares with selected subscribers with such authority and rights as the Underwriter has pursuant to its appointment under the Underwriting Agreement.

To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its Connected Persons.

Pursuant to the Underwriting Agreement, the Company has undertaken not to issue any Shares or Consolidated Shares or issue any options or other securities which carry rights to acquire or convert into Shares or Consolidated Shares or repurchase its own Shares or Consolidated Shares from the date of the Underwriting Agreement until the Record Date for the Rights Issue.

The Underwriter has irrevocably undertaken to the Company in the Underwriting Agreement if the Underwriter or any of the sub-underwriter is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations: that (i) the Underwriter will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter in respect of performing its obligations under the Underwriting Agreement; (ii) the Underwriter shall and shall cause the sub-underwriters to procure independent subscribers and/or placees to take up such number of the Rights Shares as necessary to ensure that the public float requirement are complied with; (iii) none of the persons to be procured by the Underwriter to subscribe for the Underwritten Shares not taken up will become Substantial Shareholder(s) immediately after completion of the Rights Issue; and (iv) the Underwriter shall use its reasonable endeavours to ensure that the subscribers for the Underwritten Shares not taken up shall be third parties independent of and not connected with the Company nor its Connected Persons and their respective associates.

## **Conditions of the Underwriting Agreement**

The conditions of the Underwriting Agreement have been set out in the section headed “Proposed Rights Issue – Conditions of the Rights Issue” above.

## **Termination of the Underwriting Agreement**

If at any time on or before the Latest Time for Termination:

- (a) The Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the representations, warranties and undertakings in the Underwriting Agreement was untrue, inaccurate, misleading, or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or,
- (b) There shall be
  - (i) 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;
  - (ii) any change in local, national or international financial, political, industrial or economic conditions;
  - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
  - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
  - (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
  - (vi) any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 10 trading days (as defined in the Listing Rules); or
  - (vii) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere;

which is or are, in the reasonable opinion of the Underwriter:–

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

then the Underwriter may, by notice in writing given to the Company on or before Latest Time for Termination, rescind the Underwriting Agreement and thereupon all obligations of the Underwriter thereunder shall cease and determine and neither the Underwriter nor the Company shall have any claim against other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save for any antecedent breaches hereof) and the Rights Issue shall not proceed.

## **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.

As disclosed in the interim report of the Company for the six months ended 31 March 2016, the Group's cash and bank balances and cash balance held in securities accounts as at 31 March 2016 amounted to approximately HK\$195.5 million and its cash balance held in securities accounts as at 31 March 2016 were approximately HK\$16.7 million. The Group has no margin payable as at 31 March 2016. Accordingly, the Group recorded a net cash position of approximately HK\$212.2 million.

In the second half of fiscal year 2015/16, the Group enlarged its investment portfolio and its net cash position has changed. The Group has recorded cash and bank balance of approximately HK\$13.4 million, cash balance held in securities accounts of approximately HK\$4.7 million and margin payables of approximately HK\$102.3 million, which represented a net negative cash position of approximately HK\$84.2 million as at 30 September 2016.

Owing to the business nature of the Group, being an investment company, the Group requires extensive cash to grow. Unlike other companies with regular cash revenues from operations, investments of investment companies under Chapter 21 of the Listing Rules do not necessarily generate sufficient cash for its operations and its cash position is largely dependent on the market conditions and its investment strategies. The Group's revenues mainly comprise of amounts received and receivable on investments, net profit/loss on financial assets at fair value through profit or loss, dividend income and interest income. As mentioned above, the Group has recorded a net negative cash position of approximately HK\$84.2 million as at 30 September 2016. Should there be any change in the market value or fair value of the investments or the investment conditions becomes aversive, there is a risk that the Group may not generate sufficient cash for its business expansion. With the view of increasing the size of its investment portfolio and taking into account the net negative cash position of the Group of approximately HK\$84.2 million as at 30 September 2016, the Directors consider that the cash position on hand will not be sufficient for the Group to capture suitable investment opportunities as they arise in the near future. In summary, the Group, being an investment company by nature, requires readily available funds for capturing suitable investment opportunities in a timely fashion to provide investment returns to the Group and Shareholders.

As such, the Board considers that equity financing by way of the Rights Issue, which is on a fully underwritten basis, represents an opportunity for the Company to increase its liquidity, strengthen its capital base and enhance its financial position by reserving cash proceeds from the Rights Issue for future investment opportunities as they arise.

Apart from the Rights Issue, the Board has also considered other financing alternatives such as bank borrowing, issue of new shares and open offer. 1) Bank borrowing or debt financing will incur interest expenses and may not be achievable on favourable terms on a timely basis, and subject the Group to repayment obligations. 2) Placing of new shares would only be available to certain places who were not necessarily the existing Shareholders and would dilute the shareholding of the existing Shareholders. 3) The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group. As opposed to open offer, Rights Issue would also enable the Shareholders to sell the nil-paid rights in the market which has seen some improvement in liquidity in 2016. Hence, the Board considers raising funds by way of Rights Issue is more attractive in the current market condition than an open offer, and thus, in the interests of the Company and the Shareholders as a whole.

The gross proceeds from the Rights Issue will be approximately HK\$375.7 million. The estimated net proceeds from the Rights Issue after deducting all necessary expenses will be approximately HK\$368.8 million, assuming no material fluctuations in the stock market, the Company intended to apply (i) approximately HK\$300.0 million for the investment in listed securities in various industries in Hong Kong within six months from the date of receiving the proceeds from the Rights Issue; (ii) approximately HK\$60.0 million for the investment in unlisted securities in various industries mainly in Hong Kong and the PRC within one year from the date of receiving the proceeds from the Rights Issue; and (iii) the remaining of approximately HK\$8.8 million for general working capital needs (being “general and administrative expenses and financial expenses before depreciation”) of the Group within 8 months from the date of receiving the proceeds from the Rights Issue.

The Company intends to invest the net proceeds from the Rights Issue in listed and unlisted securities including but not limited to media and entertainment, information technology, environmental protection, mining, agricultural, property development, medical, telecommunication, financial services, printing, construction, food and beverages, medical and health care, textiles, electronics, forestry, construction and manufacturing.

As at the date of this announcement, given the cash and bank balance of the Group (including cash held at securities accounts) to be approximately HK\$21.8 million. After subtracting general working capital needs of approximately HK\$2.5 million for November and December 2016, the Directors estimated that it will have approximately HK\$19.3 million cash on hand before the completion of the Rights Issue. The Company estimated the total working capital needs to be incurred for the next 12 months will be approximately HK\$25.0 million, any shortfall will be met by cash realisation from listed securities. As such, including the net proceeds from Rights Issue to be applied to the investment in listed and unlisted securities as stated above, the Board estimated that the Group can satisfy its expected working capital needs for the next 12 months.

As at the date of this announcement, the Group has not identified any specific investment targets and is not currently in negotiations for any possible investments.

As at the date of the announcement, save for the Rights Issue, the Company does not have any other immediate plan or is not contemplating to have further fund raising for at least the next 12 months for financing its existing investments or any other new investments.



## EXPECTED TIMETABLE

<b>Event</b>	<b>Time and date 2016</b>
Despatch of the circular, notice and proxy form of the EGM . . . . .	Monday, 5 December
Latest time for lodging transfer of shares to qualify for attendance and voting at the EGM . . . . .	4:30 p.m. on Tuesday, 20 December
Closure of register of members of the Company . . . . .	Wednesday, 21 December to Thursday, 29 December (both dates inclusive)
Latest time for lodging proxy forms for the purpose of the EGM . . . . .	8:00 a.m. on Tuesday, 27 December
Expected date and time of the EGM . . . . .	11:00 a.m. on Thursday, 29 December
Announcement of poll results of the EGM . . . . .	Thursday, 29 December
Effective date of the Share Consolidation . . . . .	Friday, 30 December
Commencement of dealings in the Consolidated Shares . . . . .	9:00 a.m. on Friday, 30 December
Original counter for trading in Shares (in board lots of 20,000 Shares) temporarily closes. . . . .	9:00 a.m. on Friday, 30 December
Temporary counter for trading in Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of existing share certificates) opens . . . . .	9:00 a.m. on Friday, 30 December
First day for free exchange of existing share certificates for new share certificates for Consolidated Shares commences. . . . .	Friday, 30 December
Last day of dealings in Consolidated Shares on a cum-rights basis . . . . .	Friday, 30 December
<b>2017</b>	
First day of dealings in Consolidated Shares on an ex-rights basis. . . . .	Tuesday, 3 January
Latest time for lodging transfers of Consolidated Shares in order to qualify for the Rights Issue . . . . .	4:30 p.m. on Wednesday, 4 January
Register of members closes . . . . .	Thursday, 5 January to Wednesday, 11 January (both dates inclusive)

<b>Event</b>	<b>Time and date 2017</b>
Record Date . . . . .	Wednesday, 11 January
Register of members re-opens . . . . .	Thursday, 12 January
Despatch of the Prospectus Documents . . . . .	Thursday, 12 January
Original counter for trading in Consolidated Shares in new board lots of 20,000 Consolidated Shares (in the form of new share certificates) re-opens. . . . .	9:00 a.m. on Monday, 16 January
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares . . . . .	9:00 a.m. on Monday, 16 January
Parallel trading in Consolidated Shares (in the form of new and existing share certificates) begins . . . . .	9:00 a.m. on Monday, 16 January
First day of dealings in nil-paid Rights Shares . . . . .	9:00 a.m. on Monday, 16 January
Latest time for splitting nil-paid Rights Shares . . . . .	4:30 p.m. on Wednesday, 18 January
Last day of dealings in nil-paid Rights Shares. . . . .	4:00 p.m. on Monday, 23 January
Latest time for acceptance of and payment for the Rights Issue . . . . .	4:00 p.m. on Thursday, 26 January
Latest time for termination of the Underwriting Agreement . . . . .	4:00 p.m. on Wednesday, 1 February
Announcement of the results of the Rights Issue. . . . .	Tuesday, 7 February
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares. . . . .	4:00 p.m. on Tuesday, 7 February
Temporary counter for trading in board lots of 4,000 Consolidated Shares (in the form of existing share certificates) closes . . . . .	4:00 p.m. on Tuesday, 7 February
Parallel trading in Consolidated Shares (in the form of new and existing certificates) ends. . . . .	4:00 p.m. on Tuesday, 7 February
Despatch of certificates for the Rights Issue . . . . .	Wednesday, 8 February
Despatch of refund cheques if the Rights Issue is terminated . . . . .	Wednesday, 8 February
Expected first day of dealings in the Rights Shares. . . . .	9:00 a.m. on Thursday, 9 February

**Event****Time and date  
2017**

Last day for free exchange of existing certificates  
for new certificates for Consolidated Shares . . . . . Thursday, 9 February

All times and dates in this announcement refer to Hong Kong local times and dates.

Dates or deadlines specified in this announcement are indicative only. Any changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

**EFFECT ON THE 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:

Assuming no other issue or repurchase of Shares or Consolidated Shares, on or before the Record Date:

Shareholders	As at the date of this announcement		Immediately after the Share Consolidation becoming effective but before completion of the Rights Issue		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	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
<b>Substantial Shareholder</b>								
Lung Chung Chi	659,460,000	21.06	131,892,000	21.06	527,568,000	21.06	131,892,000	5.27
<b>Underwriter (Note)</b>	-	-	-	-	-	-	1,878,361,872	75.00
<b>Public Shareholders</b>	2,471,143,123	78.94	494,228,624	78.94	1,976,914,496	78.94	494,228,624	19.73
<b>Total</b>	<u>3,130,603,123</u>	<u>100.00</u>	<u>626,120,624</u>	<u>100.00</u>	<u>2,504,482,496</u>	<u>100.00</u>	<u>2,504,482,496</u>	<u>100.00</u>

**Notes:**

The Underwriter has irrevocably undertaken to the Company in the Underwriting Agreement if the Underwriter or any of the sub-underwriter is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations: that (i) the Underwriter will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter in respect of performing its obligations under the Underwriting Agreement; (ii) the Underwriter shall and shall cause the sub-underwriters to procure independent subscribers and/or placees to take up such number of Rights Shares as necessary to ensure that the public float requirement are complied with; (iii) none of the persons to be procured by the Underwriter to subscribe for the Underwritten Shares not taken up will become Substantial Shareholder(s) immediately after completion of the Rights Issue; and (iv) the Underwriter shall use its reasonable endeavours to ensure that the subscribers for the Underwritten Shares not taken up shall be third parties independent of and not connected with the Company nor its Connected Persons and their respective associates.

## **FUND RAISING EXERCISES OF THE COMPANY FOR THE PAST TWELVE MONTHS**

The Company has not conducted any fund-raising activities in the past twelve months before the date of this announcement.

## **WARNING OF THE RISKS OF DEALING IN SHARES, THE CONSOLIDATED SHARES AND NIL-PAID RIGHTS SHARES**

**The Rights Issue is conditional, inter alia, upon the fulfillment of the conditions set out under section headed “Conditions of the Rights Issue” in this announcement. In particular, the Rights Issue is conditional, among others, upon:**

- (i) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Underwriter, in its reasonable opinion, accepts and the subsequent satisfaction of such conditions (if any); and**
- (ii) the Underwriter having not terminated the Underwriting Agreement in accordance with the terms set out thereunder (set out in the section headed “Termination of the Underwriting Agreement” in this announcement). If the conditions of the Rights Issue are not fulfilled on or before the Latest Time for Termination or if the Underwriter exercises its right to terminate the Underwriting Agreement pursuant to the terms therein, the Rights Issue may not proceed.**

**The Consolidated Shares will be dealt in on an ex-rights basis from 9:00 a.m. on Tuesday, 3 January 2017. Dealings in the Rights Shares in the nil-paid form will take place from 9:00 a.m. on Monday, 16 January 2017 to 4:00 p.m. on Monday, 23 January 2017 (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 9:00 a.m. on Monday, 16 January 2017 to 4:00 p.m. on Monday, 23 January 2017 (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 or the Consolidated Shares (as the case may be) 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 from 9:00 a.m. on Monday, 16 January 2017 to 4:00 p.m. on Monday, 23 January 2017 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

## **LISTING RULES IMPLICATIONS**

In accordance with Rule 7.19(6) of the Listing Rules, as the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the EGM by way of poll. Pursuant to Rule 7.19(6)(a) of the Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on which any Controlling Shareholders and their associates or, where there are no Controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, Sorrento Securities Limited and their respective close associates have no shareholding interests in the Company. Therefore, no parties mentioned in this paragraph shall be required to abstain from voting on the resolution(s) approving the Rights Issue at the general meeting.

## **GENERAL**

An Independent Board Committee of the Company, comprising Mr. Lam Kwan, Mr. Ong Chi King and Mr. Lee Ming Gin, all being the independent non-executive Directors, has been established to make recommendations to the Independent Shareholders in respect of the Rights Issue. Vinco Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The circular containing, among other things, (i) further details of the Share Consolidation and the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; and (iv) the notice convening the EGM will be despatched to the Shareholders on or before 5 December 2016.

The EGM will be convened and held for the Shareholders and the Independent Shareholders to consider and, if thought fit, to approve, among other things, the proposed Share Consolidation and the proposed Rights Issue. Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM and the Share Consolidation becoming effective, the Prospectus Documents will be despatched to the Qualifying Shareholders on or before 12 January 2017 whereas the Prospectus will be despatched to the Excluded Shareholders for information only.

## **DEFINITIONS**

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

“Application Form(s)”	the application form(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue
-----------------------	---

“associate(s)”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the Board of Directors
“Business Day”	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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 main board of the Stock Exchange
“Connected Person”	has the meaning as ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.025 each in the issued share capital of the Company upon completion of the Share Consolidation
“Controlling Shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the proposed Share Consolidation and the proposed Rights Issue
“Excluded Shareholder(s)”	the Overseas Shareholders to whom the Board, based on legal opinions provided by the legal advisers, considers it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“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 PRC
“Independent Board Committee”	a committee of the Board (comprising Mr. Lam Kwan, Mr. Ong Chi King and Mr. Lee Ming Gin, all being independent non-executive Directors) established to advise the Independent Shareholders on the Rights Issue
“Independent Financial Adviser” or “Vinco Capital”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340) and a corporation licensed under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue
“Independent Shareholder(s)”	any Shareholders other than the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates
“Last Trading Day”	11 November 2016, being the date of the Underwriting Agreement
“Latest Time for Acceptance”	4:00 p.m. on 26 January 2017 or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of Rights Shares as described in the Prospectus
“Latest Time for Termination”	4:00 p.m. on 1 February 2017, or such other time as may be agreed between the Company and the Underwriter, being the third Business Day after (but excluding) the Latest Time for Acceptance
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“Parties”	the named parties to the Underwriting Agreement and their respective successors and permitted assignees, and “Party” means each of them

“PRC”	the People’s Republic of China
“Previous Open Offer”	the open offer previously conducted by the Company as announced on 13 March 2015
“Prospectus”	the prospectus to be despatched to the Shareholders on the Prospectus Posting Date containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the Application Forms
“Prospectus Posting Date”	12 January 2017 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only to the Excluded Shareholders
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) is/are registered on the register of the members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	11 January 2017 (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
“Rights Issue”	the issue of 1,878,361,872 Rights Shares at the Subscription Price on the basis of three (3) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date payable in full on acceptance
“Rights Share(s)”	new Consolidated Share(s) to be allotted and issued in respect of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.005 each in the share capital of the Company
“Share Consolidation”	the proposed consolidation of every five (5) issued and unissued Shares of HK\$0.005 each into one (1) Consolidated Share of HK\$0.025 each
“Shareholder(s)”	the holder(s) of Shares or Consolidated Shares, as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



“Subscription Price”	HK\$0.20 per Rights Share
“Substantial Shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on the Takeovers and Mergers
“Underwriter”	Sorrento Securities Limited, a licensed corporation to carry on type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 11 November 2016 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Share(s)”	1,878,361,872 Rights Shares being underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“Warranties”	includes the warranties, representations and undertakings of the Company set out in the Underwriting Agreement
“%”	per cent

By Order of the Board  
**Chan Cheong Yee**  
*Executive Director*

Hong Kong, 11 November 2016

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

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

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