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**CAPITAL
VC LIMITED**

首都創投有限公司

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*(Incorporated in the Cayman Islands with limited liability
and carrying on business in Hong Kong as CNI VC Limited)*
(Stock Code: 02324)

VOLUNTARY ANNOUNCEMENT
CHANGE OF INVESTMENT MANAGER

The Company and Insight HK, the existing investment manager of the Company, have mutually agreed to terminate the IM Agreement with effect from 1 January 2018. There is no penalty and/or compensation to any parties in relation to the termination of the IM Agreement.

The Company entered into the New IM Agreement on 29 December 2017 to appoint CES as its new investment manager for an initial term of three years commencing from 1 January 2018 up to 31 December 2020.

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

TERMINATION OF IM AGREEMENT

The Company and Insight HK, the existing investment manager of the Company, have mutually agreed to terminate the IM Agreement with effect from 1 January 2018. There is no penalty and/or compensation to any parties in relation to the termination of the IM Agreement.

The Board would like to take this opportunity to express its gratitude to Insight HK for its services and advice to the Company.

APPOINTMENT OF NEW INVESTMENT MANAGER

The Company entered into the New IM Agreement, the details of which are as follows:

Parties

The Company and CES

Date

29 December 2017

Terms and Conditions of the New IM Agreement

CES has been appointed as the investment manager of the Company for an initial term of three years commencing from 1 January 2018 up to 31 December 2020 and the appointment can be terminated at any time by either the Company or CES serving not less than 3 months' prior notice in writing on the other. The appointment of CES 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 CES in aggregate an investment management fee payable monthly in Hong Kong Dollars at HK\$50,000 with effect from 1 January 2018. The investment management fee was agreed after arm's length negotiations between the Company and CES.

Duties of CES

CES is responsible for providing non-discretionary investment advisory services 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 CES.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE NEW IM AGREEMENT

The Company has decided to engage CES to provide non-discretionary investment advisory services with effect from 1 January 2018 and has terminated the IM Agreement with effect from 1 January 2018. Under the New IM Agreement, the annual management fee of CES is HK\$600,000. There will be no performance fee payable to CES under the New IM Agreement. CES has extensive investment management experience in Hong Kong in relation to investment companies listed under Chapter 21 of the Listing Rules (it is currently the investment manager of six listed investment companies, namely, China Innovation Investment Limited, China Investment and Finance Group Limited, China Investment Development Limited, Unity Investments Holdings Limited, Earnest Investments Holdings Limited and China New Economy Fund Limited) and has strong business connections in the PRC. CES has the competitive advantage to act as the investment manager of the Company and to make available investment opportunities and research on underlying investments in listed and unlisted equities in Hong Kong and the PRC as required by the Company's investment objective and is capable of providing professional investment services to the Company. The Directors consider that the appointment of CES will be beneficial to the Company and its Shareholders as a whole.

BACKGROUND OF CES

CES is a licensed corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO.

The background and experience of the relevant senior executives of CES are as follows:

Mr. Tong Yim, Tony

Mr. Tong Yim Tony (“Mr. Tong”) is one of the responsible officers of CES. Mr. Tong is currently licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activity under the SFO accredited to CES. He is also licensed to carry out Type 4 (advising on securities) regulated activity accredited to China Everbright Research Limited and Type 9 (asset management) regulated activities accredited to China Everbright Securities Asset Management Limited. Mr. Tong has over ten years of experience in the finance and investment industry.

Mr. Chan Cheong Yee

Mr. Chan Cheong Yee (“Mr. Chan”) is one of the responsible officers of CES. Mr. Chan is currently licensed to carry out Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the SFO accredited to CES. He is also licensed to carry out Type 2 (dealing in futures contracts) and Type 3 (leveraged foreign exchange trading) regulated activities accredited to China Everbright Forex & Futures (HK) Limited. Mr. Chan is experienced in dealing in securities, fund management, corporate management, and managing investment companies listed under Chapter 21 of the Listing Rules. Mr. Chan has over twenty years of experience in the finance and investment industry and has been actively involved in the investment management industry for the last fifteen years.

Mr. Chan is also an executive Director. As at the date of this announcement, Mr. Chan does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

EXEMPTED CONTINUING CONNECTED TRANSACTION

CES 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 CES 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 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 CES 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. Mr. Chan, an executive Director, is a sales director and one of the responsible officers of CES. Save in relation to Mr. Chan, none of the Directors has any material interest in the entering into of the New IM Agreement and the transactions contemplated thereunder. By reason of his relationship with CES, Mr. Chan has abstained from voting in the board meeting of the Company considering and approving the entering into of the New IM Agreement and the transactions contemplated thereunder.

DEFINITIONS

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

“Board”	the board of directors of the Company
“CES”	China Everbright Securities (HK) Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Company”	Capital VC Limited, a company incorporated in the Cayman Islands with limited liability, 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
“IM Agreement”	the investment management agreement entered into by the Company and Insight HK on 17 October 2014 and to be terminated with effect from 1 January 2018

“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 29 December 2017 entered into between the Company and CES
“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
Kong Fanpeng
Executive Director

Hong Kong, 29 December 2017

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