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**CAPITAL  
VC LIMITED**

首都創投有限公司

## **Capital VC Limited** **首都創投有限公司**

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

### **PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE**

#### **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares will be consolidated into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM.

#### **CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 20,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 20,000 Existing Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

#### **GENERAL**

The Share Consolidation is conditional upon, among other things, the passing of an ordinary resolution by the Shareholders at the EGM and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution relating to the proposed Share Consolidation.

A circular containing, among other things, details of the Share Consolidation and the Change in Board Lot Size, and the notice convening the EGM is expected to be despatched to the Shareholders on or about Tuesday, 23 June 2020.

**Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraphs headed “Conditions of the Share Consolidation” above and the Change in Board Lot Size is conditional upon the Share Consolidation becoming effective. Accordingly, the Share Consolidation and the Change in Board Lot Size may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.**

## **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares will be consolidated into one (1) Consolidated Share.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution to approve the Share Consolidation by the Shareholders at the EGM;
- (ii) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the Listing Rules to effect the Share Consolidation; and
- (iii) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares.

Subject to the satisfaction of all the above conditions, it is expected that the Share Consolidation will become effective on the Effective Date, i.e. being the second Business Day immediately following the date of passing the ordinary resolution approving the Share Consolidation at the EGM.

### **Effects 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 8,000,000,000 Existing Shares with par value of HK\$0.025 each.

Upon the Share Consolidation becoming effective and assuming that there are no changes on the authorised share capital of the Company from the date hereof until the Effective Date, the authorised share capital of the Company will become HK\$200,000,000 divided into 800,000,000 Consolidated Shares with par value of HK\$0.25 each.

As at the date of this announcement, 2,754,882,496 Existing Shares have been allotted and issued. Upon the Share Consolidation becoming effective and assuming that no new Existing Shares are issued or repurchased from the date hereof until the Effective Date, 275,488,249 Consolidated Shares will be in issue.

### **Status of the Consolidated Shares**

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other. Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the shareholdings, proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

### **Listing application**

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date 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 for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

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

### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

### **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular of the Company in relation to, among others, the Share Consolidation.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

### **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, which is currently expected to be on Tuesday, 14 July 2020, being the second Business Day immediately after the date of the EGM, the Shareholders may during the period from Tuesday, 14 July 2020 to Wednesday, 19 August 2020 (both days inclusive) submit existing share certificates for the Existing Shares (in the colour of yellow) to the Company's share registrar and transfer office in Hong Kong, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange for new share certificates for the Consolidated Shares (in the colour of purple) at the expense of the Company.

Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher.

After Wednesday, 19 August 2020, share certificates for the Existing Shares will remain effective as documents of title and may be exchanged for share certificates for the Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

As at the date of this announcement, there are outstanding Share Options for subscription of an aggregate of 220,000,000 Shares under the Share Option Scheme. The Share Consolidation may lead to adjustments to the exercise price and/or the number of Consolidated Shares falling to be issued upon exercise of the outstanding Share Options pursuant to the terms and conditions of the Share Option Scheme and the Listing Rules. The Company will make further announcement(s) on such adjustments as and when appropriate.

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

## **CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 20,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 20,000 Existing Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.026 per Existing Share (equivalent to the theoretical closing price of HK\$0.26 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$520; and (ii) the value of each board lot of 10,000 Consolidated Shares would be HK\$2,600 assuming the Share Consolidation and the Change in Board Lot Size becoming effective.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

## **REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE**

According to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Stock Exchange on 28 November 2008 and updated on 30 August 2019, (i) market price of the securities of an issuer at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000. Based on the closing price of HK\$0.026 per Existing Share as at the date of this announcement and the existing board lot size of 20,000 Existing Shares, the Board resolved to propose the Share Consolidation and the Change in Board Lot Size, resulting in HK\$0.26 per Consolidated Share and HK\$2,600 per board lot of 10,000 Consolidated Shares with the view to complying with the trading requirements under the Listing Rules.

It is expected that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. The Board considers that the Share Consolidation and the Change in Board Lot Size will reduce the overall transaction and handling costs of dealings in each board lot of the Consolidated Shares and will, in turn, improve the liquidity of the Consolidated Shares since most of the banks/securities houses will charge a minimum transaction cost for each securities transaction.

In view of the above reasons, the Company considers the Share Consolidation and Change in Board Lot Size is justifiable notwithstanding of the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation and Change in Board Lot Size is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, there is no understanding, agreement or arrangement for any such fund raising activity nor is there any plan or conclusion for the format of any such corporate actions or arrangements for such fund raising.

## **EXPECTED TIMETABLE**

The expected timetable for the Share Consolidation and the Change in Board Lot Size is set out below. The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

<b>Event</b>	<b>Time and date</b>
Despatch date of circular with notice of EGM. . . . .	Tuesday, 23 June 2020
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM . . . . .	4:30 p.m. on Monday, 6 July 2020
Closure of the register of members for the entitlement to attend and vote at the EGM . . . . .	Tuesday, 7 July 2020 to Friday, 10 July 2020 (both days inclusive)
Latest date and time for lodging the proxy forms for the EGM. . . . .	11:00 a.m. on Wednesday, 8 July 2020
Date and time of the EGM . . . . .	11:00 a.m. on Friday, 10 July 2020
Publication of announcement of voting results of the EGM . . . . .	Friday, 10 July 2020

**The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation and the Change in Board Lot Size:**

<b>Event</b>	<b>Time and date</b>
Effective date of the Share Consolidation .....	Tuesday, 14 July 2020
First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares .....	Tuesday, 14 July 2020
Dealing in the Consolidated Shares commence .....	9:00 a.m. on Tuesday, 14 July 2020
Original counter for trading in the Existing Shares in board lots of 20,000 Existing Shares temporarily closes .....	9:00 a.m. on Tuesday, 14 July 2020
Temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) opens .....	9:00 a.m. on Tuesday, 14 July 2020
Original counter for trading in the Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new share certificates) re-opens .....	9:00 a.m. on Tuesday, 28 July 2020
Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) commences .....	9:00 a.m. on Tuesday, 28 July 2020
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares .....	9:00 a.m. on Tuesday, 28 July 2020
Temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) closes .....	4:10 p.m. on Monday, 17 August 2020

<b>Event</b>	<b>Time and date</b>
Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) ends .....	4:10 p.m. on Monday, 17 August 2020
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares .....	4:10 p.m. on Monday, 17 August 2020
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares .....	Wednesday, 19 August 2020

## **GENERAL**

The Share Consolidation is conditional upon, among other things, the passing of an ordinary resolution by the Shareholders at the EGM and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution relating to the proposed Share Consolidation.

A circular containing, among other things, details of the Share Consolidation and the Change in Board Lot Size, and the notice convening the EGM is expected to be despatched to the Shareholders on or about Tuesday, 23 June 2020.

**Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraphs headed "Conditions of the Share Consolidation" above and the Change in Board Lot Size is conditional upon the Share Consolidation becoming effective. Accordingly, the Share Consolidation and the Change in Board Lot Size may or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.**



## DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday, Sunday, public holiday or any day on which 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 throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 20,000 Existing Shares to 10,000 Consolidated Shares
“Company”	Capital VC Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2324)
“Consolidated Share(s)”	ordinary share(s) of HK\$0.25 each in the share capital of Company upon the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Share Consolidation shall become effective, being the second Business Day immediately following the date of passing the ordinary resolution approving the Share Consolidation at the EGM
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, the Share Consolidation
“Existing Share(s)”	ordinary share(s) of HK\$0.025 each in the share capital of the Company before the Share Consolidation becoming effective

“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	Existing Share(s) and/or Consolidated Share(s), as the case may be
“Shareholder(s)”	registered holders of the Existing Share(s) or the Consolidated Shares, as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares into one (1) Consolidated Share
“Share Option(s)”	share option(s) granted under the Share Option Scheme entitling the holders thereof to subscribe for Share(s)
“Share Option Scheme”	the share option scheme of the Company adopted on 10 December 2013
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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

Hong Kong, 26 May 2020

*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. Lee Ming Gin, Ms. Lai Fun Yin and Mr. Cheung Wai Kin.*