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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)

**SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO PLACING OF NEW SHARES
UNDER GENERAL MANDATE**

Reference is made to the announcement (“**Placing Announcement**”) of Capital VC Limited (the “**Company**”) dated 4 October 2021. Unless otherwise defined, capitalized terms used herein shall have the same meaning as defined in the Placing Announcement.

The Board wishes to provide additional information in respect of the Placing as follows:

The unaudited net asset value of the Group and the total number of issued share capital of the Company as at 31 August 2021 were approximately HK\$535.6 million and 343,238,249 Shares respectively. The net asset value per Share as at 31 August 2021 is approximately HK\$1.5605, and the Placing Price of HK\$0.250 per Placing Share represents approximately 84.0% discount to it. Assuming the maximum amount of 68,640,000 Shares are placed and net proceeds of approximately HK\$16.9 million is raised, upon completion of the Placing, the proforma net asset value of the Group as at 31 August 2021 and the total number of enlarged issued share capital of the Company are approximately HK\$552.5 million and 411,878,249 Shares respectively, and the proforma net asset value per Share as at 31 August 2021 is HK\$1.3414. The rate of dilution of net asset value of the Company due to the Placing is approximately 14.0%.

As mentioned in the Placing Announcement, the Board has considered that the Placing represented a good opportunity for the Company to raise additional funds and widen the Company’s shareholder base. The terms of the Placing Agreement (including the Placing Price and the placing commission) were determined after arm’s length negotiations between the Company and the Placing Agent. In connection with appointing the placing agent for the Placing, the Company has approached four securities firms. The terms offered by the Placing Agent, including the Placing Price and the commission for Placing, are the best among the four securities firms approached by the Company. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement (including the Placing Price and the placing commission) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

For raising funds for the Group's business, the Board has considered both debt financing and equity financing. Before conducting the Placing, the Company has approached certain banks and securities firms for discussion on potential bank borrowing and/or debt issuing. There was no reply from these financial institutions or the Company was rejected. As such, the Company could only select equity financing to raise funds. Based on the year ended 30 September 2021, the Shares were traded between HK\$0.60 and HK\$0.23 and the unaudited net asset value of the Share as at each month-end date of the same period was between HK\$1.5605 and HK\$1.3992. Considerable discount amount of market value of the Share to its net asset value in a prolonged period was noted. Therefore, raising funds by issuing new Shares at a price with discount to net asset value of the Share was considered inevitable.

Although there is 14.0% dilution of net asset value of the Company due to the Placing and the Placing Price per Placing Share represents approximately 84.0% discount to the net asset value per Share as at 31 August 2021 as mentioned above, as the Company is an investment company under Chapter 21 of the Listing Rules and unlike other companies with constant cash income from operation, it is crucial for the Group to have readily available funds for capturing suitable investment opportunities in a timely fashion to provide potential investment returns to the Group and the Shareholders and/or increase the size of its investment portfolio to diversify the risks of its investments since the Company constantly aims to increase and improve its investment portfolio in order to generate returns.

Save as disclosed above, all other information disclosed in the Placing Announcement remains unchanged.

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

Hong Kong, 19 October 2021

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.