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RADFORD CAPITAL INVESTMENT LIMITED
萊福資本投資有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 901)

**ISSUE OF CONVERTIBLE BONDS
AND
RESUMPTION OF TRADING**

ISSUE OF CONVERTIBLE BONDS

The Board announces that on 24 September 2008, as supplemented by supplemental deeds on 26 September 2008, a subsidiary of the Company and the Company entered into the First Settlement Deed and the Second Settlement Deed with the First Lender and the Second Lender respectively, pursuant to which the Company will issue the First Convertible Bonds and the Second Convertible Bonds to Freeman and Heritage, respectively, for the settlement of the Freeman Loan and the Heritage Loan.

Upon full conversion of the First Convertible Bonds and the Second Convertible Bonds at the Conversion Price of HK\$0.15 per Share, a total of approximately 300,000,000 Conversion Shares will be issued, representing approximately 58% of the existing issued share capital of the Company and approximately 37% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

A circular containing details regarding the Proposed Issue and a notice of convening the EGM will be dispatched to the Shareholders as soon as practicable.

As completion of the Proposed Issue is subject to a number of conditions, which may or may not be fulfilled, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

RESUMPTION OF TRADING

Trading in the Shares has been suspended at the request of the Company with effect from 9:30 a.m. on 25 September 2008 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 29 September 2008.

INTRODUCTION

The Board announces that on 24 September 2008, as supplemented by supplemental deeds on 26 September 2008, a subsidiary of the Company and the Company entered into the First Settlement Deed and the Second Settlement Deed with the First Lender and the Second Lender respectively, pursuant to which the Company will issue the First Convertible Bonds and the Second Convertible Bonds to Freeman and Heritage, respectively, for the settlement of the Freeman Loan and the Heritage Loan.

THE FIRST SETTLEMENT DEED

Date : 24 September 2008 (as supplemented by a supplemental deed dated 26 September 2008)

Parties : Winning Horse Limited, a wholly-owned subsidiary of the Company; and

The First Lender, a wholly-owned subsidiary of Freeman, which is a company listed on the main board of the Stock Exchange (Stock Code: 279) and is primarily engaged in the provision of finance services, trading of securities and goods, property holding and investment, investment activities, insurance agency and brokerage business. As at the date of this announcement, Freeman is interested in approximately 4.74% of the issued share capital of the Company. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, Freeman is an independent third party not connected with the Company or its connected persons.

Pursuant to the First Settlement Deed, the Company will issue the First Convertible Bonds to Freeman to settle the Freeman Loan, which has an outstanding principal amount of approximately HK\$25 million as at the date of this announcement and is repayable on 10 October 2008.

THE SECOND SETTLEMENT DEED

Date : 24 September 2008 (as supplemented by a supplemental deed dated 26 September 2008)

Parties : The Company; and

The Second Lender, which is a wholly-owned subsidiary of Heritage. Heritage is a company listed on the main board of the Stock Exchange (Stock Code: 412) and is primarily engaged in the business of property investment, investments in securities, money lending and investment holding. As at the date of this announcement, Heritage is interested in approximately 6.97% of the issued share capital of the Company. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, Heritage is an independent third party not connected with the Company or its connected persons except that Mr. Chung Yuk Lun, Chairman of the Company, is an independent non-executive director of Heritage, and Mr. Chan Sze Hung is an independent non-executive director of both the Company and Heritage.

Pursuant to the Second Settlement Deed, the Company will issue the Second Convertible Bonds to Heritage to settle the Heritage Loan, which has an outstanding principal amount of approximately HK\$20 million as at the date of this announcement and is repayable on 14 November 2008.

The First Settlement Deed and the Second Settlement Deed contain identical terms.

CONVERSION SHARES

Assuming full conversion of the First Convertible Bonds and the Second Conversion Bonds at the Conversion Price, the Convertible Bonds will be convertible into approximately 300,000,000 Conversion Shares, representing approximately 58% of the existing issued share capital of the Company and approximately 37% of the enlarged issued share capital of the Company as enlarged by the issue of the Conversion Shares.

CONVERSION PRICE

The Conversion Price of HK\$0.15 per Conversion Share was arrived at after arm's length negotiation between Freeman, Heritage and the Company and represents a discount of approximately 9.09% of the closing price of HK\$0.165 per Share as quoted on the Stock Exchange on 23 September 2008, being the last trading day immediately before the date of the Settlement Deeds, and a discount of approximately 12.59% to the average closing price of HK\$0.175 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 23 September 2008.

The Conversion Price will be subject to adjustment, the details of which are summarised in the "Terms of the Convertible Bonds" of this announcement.

CONDITIONS OF THE PROPOSED ISSUE

Completion of the Proposed Issue is conditional upon:

- the Listing Committee having granted approval for the listing of and permission to deal in the Conversion Shares; and
- the passing by Shareholders in the EGM of a resolution to approve the Proposed Issue and the issue of the Convertible Bonds and the Conversion Shares thereunder in accordance with the Listing Rules.

If any of the above conditions have not been fulfilled by 30 November 2008 (or such later date as the Company, Freeman and Heritage may agree), the Settlement Deeds will lapse and become null and void and the Company will remain liable for the repayment of the Freeman Loan and the Heritage Loan.

Application will be made by the Company to the Listing Committee for the grant of the listing of and permission to deal in the Conversion Shares.

COMPLETION

Completion of the issue of the Convertible Bonds will take place within three Business Days upon the fulfillment of the conditions of the Proposed Issue (or such other date as the parties may agree).

TERMS OF THE CONVERTIBLE BONDS

The principal terms of the Convertible Bonds are arrived after arm's length negotiation between the Company, Freeman and Heritage and are summarised as follows:

Principal Terms:

Aggregated Principal amount	:	HK\$45,000,000
Conversion Price	:	HK\$0.15 per Conversion Share, subject to adjustments in certain events including, among other things, share consolidation, share subdivision, capitalization issue, capital distribution and rights issue.
Interest rate:	:	zero
Maturity	:	the third anniversary of the date of issue of the Convertible Bonds
Transferability	:	The Convertible Bonds are not transferable without the prior written consent of the Company, except by a transfer to subsidiaries or the holding company of the holders of the Convertible Bonds. The Convertible Bonds may not be transferred by the holder of the Convertible Bonds, without the prior written consent of the Company, to any connected person (as defined under the Listing Rules) of the Company.

- Conversion period : The holders of the Convertible Bonds shall have the right to convert on any business day at any time from the date of issue of the Convertible Bonds until the date 7 days before (and excluding) the Maturity Date the whole or any part (in an amount or integral multiple of HK\$1,000,000) of the outstanding principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price.
- Deemed conversion : Unless previously converted into Shares, the holders of the Convertible Bonds shall be deemed to have delivered a conversion notice and exercised in full their conversion rights under the outstanding principal amount of the Convertible Bonds at the Conversion Price if the closing price of the Shares as published on the Stock Exchange daily quoted sheets for each dealing day during a consecutive 30 dealing days period is equal to or in excess of 150% of the initial Conversion Price of HK\$0.15 (subject to adjustments described therein).
- Conversion restriction : Notwithstanding the conversion rights attaching to the Convertible Bond, holders of the Convertible Bonds may not exercise their conversion rights and the Company will not issue any Shares if, upon such issue, (i) the bondholder and the parties acting in concert with it, will be interested in 30% (or such amount as may from time to time be specified in the Hong Kong Code on Takeovers and Mergers as being the level for triggering a mandatory general offer) or more of the then enlarged issued share capital of the Company on the relevant conversion date, or (ii) the shareholding in the Company by the public will be less than 25% or the minimum prescribed percentage as set out in the Listing Rules from time to time.

- Voting : The holders of the Convertible Bonds will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of it being the holders of the Convertible Bonds.
- Listing : No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other securities exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Bonds.
- Ranking : The Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Convertible Bonds will rank pari passu in all respects with all other existing Shares outstanding at the date of conversion of the Convertible Bonds.

The Convertible Bonds has not provided for early redemption by the Company.

EFFECT ON SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE PROPOSED ISSUE

Set out below is the table for the shareholding in the Company before and after completion of the Proposed Issue:

Shareholders	Shareholding as at the date of this announcement		Shareholding after full conversion of the Convertible Bonds (assuming no adjustment to the Conversion Price and no further issue of Shares as at the date of this announcement)	
	<i>Shares</i>	<i>% of shareholding</i>	<i>Shares</i>	<i>% of shareholding</i>
	<i>Shares</i>	<i>% of shareholding</i>	<i>Shares</i>	<i>% of shareholding</i>
Directors	4,000,000	0.77%	4,000,000	0.49%
Unity Investments Holdings Limited	79,947,321	15.48%	79,947,321	9.79%
Heritage	36,000,000	6.97%	169,333,333	20.74%
Freeman	24,481,716	4.74%	191,148,383	23.41%
Other public shareholders	372,078,249	72.04%	372,078,249	45.57%
Total	<u>516,507,286</u>	<u>100%</u>	<u>816,507,286</u>	<u>100%</u>

As at the date of this announcement, the Company has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into Shares.

ANNOUNCEMENT ON THE STATUS OF THE CONVERTIBLE BONDS

The Company will disclose by way of announcement all relevant details in relation to the conversion of the Convertible Bonds in the following manner:

- (i) the Company will make a monthly announcement (“**Monthly Announcement**”) on the website of the Stock Exchange on or before the fifth Business Day following the end of each calendar month and will include the following details in a table form:
 - (a) whether there is any conversion of the Convertible Bonds during the relevant month. If there is a conversion, details thereof including the conversion date, number of new Shares issued and conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect;
 - (b) the amount of outstanding Convertible Bonds after the conversion, if any;
 - (c) the total number of Shares issued pursuant to other transactions during the relevant month, including Shares issued pursuant to the exercise of options under the share option scheme of the Company; and
 - (d) the total issued share capital of the Company as at the commencement and the last day of the relevant months.
- (ii) in addition to the Monthly Announcement, if the cumulative amount of the Conversion Shares issued pursuant to the conversion of the Convertible Bonds reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be) (and thereafter in a multiple of such 5% threshold), the Company will make an announcement on the website of the Stock exchange including details as stated in (i) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be) up to the date on which the total number of Shares issued pursuant to the conversion amounted to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Bonds (as the case may be); and

(iii) if the Company forms the view that any issue of Conversion Shares will trigger the disclosure requirements under Rule 13.09 of the Listing Rules, then the Company is obliged to make such disclosures regardless of the issue of any announcements in relation to the Convertible Bonds as mentioned in (i) and (ii) above.

CAPITAL-RAISING ACTIVITIES DURING PAST 12 MONTHS

Apart from the capital raising activities mentioned below, the Company has not carried out other capital raising activities during the 12 months immediately preceding the date of this announcement. The actual use of proceeds of approximately HK\$155.5 million raised by the Company from the capital raising activities during the 12 months immediately preceding the date of this announcement are summarized below, which is in line with the intended use of proceeds as disclosed in the relevant announcements of the Company:

Date of announcement	Capital Raising Activity	Net Proceeds Raised (HK\$)	Intended use of proceeds	Actual Use of Proceeds
8 October 2007	Subscription of 92,000,000 shares at HK\$0.22 per share	19.60 million	To be used for investment purposes	The entire HK\$19.60 million has been used for investment in listed shares.
25 October 2007	Rights issue on the basis of three rights shares for every two existing shares held by qualifying shareholders	106.20 million	To be used for investment purposes	The entire HK\$106.20 million has been used for investment in listed shares.
3 January 2008	Placing of 145,300,000 shares at HK\$0.091 per share	12.60 million	To be used for the repayment of loans	The entire HK\$12.60 million has been used for the repayment of loans.
8 April 2008	Placing of 80,000,000 shares at HK\$0.22 per share	17.10 million	To be used for the repayment of loans	The entire HK\$17.10 million has been used for the repayment of loans.
	Total	155.50 million		

REASONS FOR THE PROPOSED ISSUE

The Company is principally engaged in the business of investing in both listed and unlisted companies.

Owing to the recent turmoil in the financial market and the resulting credit crunch has tightened the availability of fund and increased the cost of funding for the Company. Thus, the Directors consider that the Proposed Issue is an appropriate means to set-off the loans that it owes to the First Lenders and the Second Lenders and reducing the debts of the Company.

Given that the Conversion Price was at an approximately 9.09% discount to the closing price of the Shares on 23 September 2008, being the last trading day immediately before the date of the Settlement Deeds, and was not at a deep discount, the Directors (including the independent non-executive Directors) consider that the terms of the First Settlement Deed and the Second Settlement Deed (including the Conversion Price) are fair and reasonable under the current market conditions and in the best interest of Shareholders and the Company as a whole.

GENERAL

A circular containing details regarding the Proposed Issue and a notice convening the EGM will be dispatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 25 September 2008 pending the release of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. on 29 September 2008.

DEFINITIONS

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

“Board” board of Directors

“Business Day(s)” any day (other than a Saturday and Sunday) on which licensed banks are open for business in Hong Kong

“Company”	Radford Capital Investment Limited 萊福資本投資有限公司, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“Conversion Shares”	new Shares which would fall to be issued by the Company upon the exercise of the conversion rights attached to the Convertible Bonds
“Convertible Bonds”	the First Convertible Bonds and the Second Convertible Bonds
“Conversion Price”	the conversion price of HK\$0.15 per Conversion Share (subject to adjustment)
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and if though fit, approving the Proposed Issue
“First Convertible Bonds”	zero coupon convertible bonds due 2011 in an aggregate principal amount of HK\$25,000,000 proposed to be issued to Freeman pursuant to the First Settlement Deed
“First Lender”	Hansom Finance Limited, a company incorporated in Hong Kong, a wholly-owned subsidiary of Freeman and the lender of the Freeman Loan
“First Settlement Deed”	the conditional settlement deed dated 24 September 2008 and as supplemented by a supplemental deed dated 26 September 2008 entered into between Winning Horse Limited, a wholly-owned subsidiary of the Company, and the First Lender in relation to the settlement of the Freeman Loan by the First Convertible Bonds, subject to the terms and conditions contained therein

“Freeman”	Freeman Corporation Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange, the holding company of the First Lender
“Freeman Loan”	the loan in the principal amount of HK\$25 million extended to the Company pursuant to the loan agreement between the First Lender and Winning Horse Limited, a wholly owned subsidiary of the Company, dated 11 July 2008
“Heritage”	Heritage International Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange, the holding company of the Second Lender
“Heritage Loan”	the loan in the principal amount of HK\$20 million extended to the Company pursuant to the loan agreement between the Second Lender and the Company dated 15 May 2008
“Group”	the Company, its subsidiaries and its associated companies
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the third anniversary of the Issue Date
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Proposed Issue”	the proposed issue of the First Convertible Bonds and the Second Convertible Bonds pursuant to the Settlement Deeds

“Second Convertible Bonds”	zero coupon convertible notes due 2011 in an aggregate principal amount of HK\$20,000,000 proposed to be issued to Heritage pursuant to the Second Settlement Deed
“Second Lender”	Double Smart Finance Limited, a company incorporated in Hong Kong, a wholly-owned subsidiary of Heritage and the lender of the Heritage Loan
“Second Settlement Deed”	the conditional settlement deed dated 24 September 2008 and as supplemented by a supplemental deed dated 26 September 2008 entered into between the Company and the Second Lender in relation to the settlement of the Heritage Loan by the Second Convertible Bonds, subject to the terms and conditions contained therein
“Settlement Deeds”	the First Settlement Deed and the Second Settlement Deed
“Share(s)”	share(s) of a nominal value of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
Radford Capital Investment Limited
 萊福資本投資有限公司
Chung Yuk Lun
Chairman

Hong Kong, 29 September 2008

As at the date of this announcement, the board of directors of the Company comprises Mr. Chung Yuk Lun, Mr. Shimazaki Koji and Mr. Liu On Bong, Peter as executive directors; Mr. Chan Sze Hung, Mr. Kan Kwok Shu, Albert and Mr. Wong Wai Man, Raymond as independent non-executive directors.