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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)

PROPOSED CAPITAL REORGANISATION

The Board proposes to put forward a proposal to the Shareholders to effect the Capital Reorganisation which will involve (i) the consolidation of every 10 Shares in the issued share capital of the Company into one issued Consolidated Share; and (ii) the reduction of the nominal value of every issued Consolidated Share from HK\$1.00 each to HK\$0.10 each by cancelling HK\$0.90 of the paid up capital on each issued Consolidated Share.

The Capital Reorganisation is conditional upon, inter alia, the approval of the Capital Reorganisation by the Shareholders at the EGM and the confirmation of the Capital Reduction by the Court and the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Adjusted Shares.

A circular containing, among other things, (i) further details about the Capital Reorganisation; and (ii) the notice convening the EGM, will be despatched by the Company to the Shareholders as soon as practicable.

PROPOSED CAPITAL REORGANISATION

The Board proposes to put forward to the Shareholders a proposal for reorganizing the capital of the Company. The Capital Reorganisation will involve:

- (a) the consolidation of every 10 Shares in the issued share capital of the Company into one issued Consolidated Share; and
- (b) the Capital Reduction under which the nominal value of every issued Consolidated Share will be reduced from HK\$1.00 to HK\$0.10.

The reduction of the nominal value of the issued Consolidated Shares will involve the cancellation of the paid-up capital of the Company to the extent of HK\$0.90 per issued Consolidated Share.

As at the date of this announcement, the Company has 1,431,093,843 Shares in issue. Assuming no Share will be issued or repurchased from the date of this announcement up to the date of the EGM, there will be 143,109,384 Adjusted Shares in issue following the Capital Reorganisation, and a credit of approximately HK\$128.8 million will arise on the cancellation of the paid-up capital which will be credited to a distributable reserve account of the Company. The sum in the account will be applied for such purposes as permitted by the laws of the Cayman Islands, including setting off the accumulated losses of the Company. As at 31 December 2009, the Company has an audited accumulated losses of about HK\$405.1 million and as at 30 June 2010, the Company has an unaudited accumulated losses of about HK\$356.2 million. The total of HK\$128.8 million will be used to set off the accumulated losses of the Company. The reserves of the Company were approximately HK\$94.86 million as shown in the audited financial statements of the Company for the year ended 31 December 2009.

As at the date of this announcement, the authorised capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Shares of HK\$0.10 each, of which 1,431,093,843 Shares have been issued and are fully paid. Immediately upon completion of the Capital Reorganisation, the paid-up capital of the Company will be reduced from HK\$143,109,348.30 to HK\$14,310,938.43. Immediately upon the Capital Reorganisation becoming effective, the authorised capital of the Company will be HK\$1,000,000,000 divided into 10,000,000,000 Adjusted Shares and the issued share capital of the Company will be HK\$14,310,938.43 divided into approximately 143,109,384 Adjusted Shares.

As at the date of this announcement, there are 117,189 outstanding share options under the share option scheme of the Company, and the Company has no warrants or other securities convertible into or giving rights to subscribe for the Shares as at the date of this announcement.

Based on the closing price of HK\$0.061 per Share as at the lasting trading day before this announcement, the value of each board lot of 20,000 Adjusted Shares, assuming the Capital Reorganisation had already been effective, would be HK\$12,200.

CONDITIONS OF THE CAPITAL REORGANISATION

The implementation of the Capital Reorganisation is conditional upon:

- (i) the passing of the necessary resolutions by the Shareholders at the EGM to approve the Capital Reorganisation;
- (ii) compliance with any conditions which the Court may impose;
- (iii) the confirmation of the Capital Reduction by the Court and the registration by the Registrar of Companies in the Cayman Islands of a copy of the Court order and the minute containing the particulars required under the Companies Law; and
- (iv) the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares.

No Shareholder is required to abstain from voting on the Capital Reorganisation at the EGM.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares.

EXPECTED EFFECTIVE DATE OF THE CAPITAL REORGANISATION

Subject to the above conditions being fulfilled, the Capital Reorganisation will become effective after the Court's approval and registration of the order of the Court confirming the reduction of issued share capital and the minutes approved by the Court at the Registrar of Companies in the Cayman Islands, which is expected to take approximately 4 to 6 months from the date of this announcement. Further announcement will be made by the Company to inform the Shareholders of the effective date of the Capital Reorganisation.

STATUS OF THE ADJUSTED SHARES

The Adjusted Shares will rank *pari passu* in all respects with each other and the Capital Reorganisation will not result in any change in the relative rights of the Shareholders. Fractional Adjusted Shares will not be issued by the Company to Shareholders. Any fractional entitlement to the Adjusted Shares will be aggregated, sold and retained for the benefit of the Company. In order to alleviate the difficulties arising from the existence of odd lots of Adjusted Shares, the Company has agreed to procure an agent to arrange for matching service regarding the sale and purchase of odd lots of Adjusted Shares. Further details in respect of the odd lots arrangement and colour of the new share certificates will be set out in the circular of the Company to be despatched to the Shareholders.

Shareholders should note that successful matching of the sale and purchase of odd lots of Adjusted Shares is not guaranteed.

REASONS FOR THE CAPITAL REORGANISATION

The proposed Capital Reorganisation will ensure compliance with Rule 13.64 of the Listing Rules. After the Capital Reorganisation, it is expected to bring about a corresponding upward adjustment in the trading price of the Adjusted Shares on the Stock Exchange which will reduce the overall transaction costs for dealings in the Adjusted Shares.

On the basis of 1,431,093,843 Shares in issue, a credit of approximately HK\$128.8 million will arise as a result of the Capital Reduction and the amount will be credited to a distributable reserve account of the Company and will be applied to set off the accumulated losses of the Company. Based on the unaudited accumulated losses as at 30 June 2010 and the number of Shares in issue as at the date of this announcement, the unaudited accumulated losses of the Company will be eliminated by approximately HK\$128.8 million upon the Capital Reorganisation becoming effective. The Directors believe that implementation of the Capital Reorganisation will therefore provide greater flexibility to the Company in conducting fund raising exercises for future expansion.

Other than the expenses to be incurred by the Company in relation to the Capital Reorganisation, the implementation thereof will not, by itself, affect the underlying assets, business operations, management or financial position of the Group or the interests of the Shareholders as a whole.

FREE EXCHANGE OF CERTIFICATES FOR ADJUSTED SHARES AND TRADING ARRANGEMENTS

If the Capital Reorganisation becomes effective, the Shareholders may submit existing certificates for the Shares to the Registrar for exchange, at the expense of the Company, for certificates for the Adjusted Shares. In order to facilitate the trading of odd lots (if any), the Company shall procure an agent to arrange for the sale and purchase of odd lots on behalf of the Shareholders. Details of the arrangements and timetable regarding such free exchange of share certificates, fractions of Adjusted Shares, odd lot trading (if any) and other relevant trading arrangements will be announced as soon as the effective date of the Capital Reorganisation is ascertainable.

GENERAL

A circular containing, among other things, information as regards the Capital Reorganisation together with a notice convening the EGM will be despatched to the Shareholders as soon as practicable.

Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt about any of the above matters.

EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation is set out below:

2010

Despatch of circular and proxy form of EGM Friday, 24 September

Latest time for return of proxy form of
EGM (not less than 48 hours). 9:00 a.m., Monday, 18 October

Expected date and time of EGM 9:00 a.m., Wednesday, 20 October

Announcement of results of EGM Wednesday, 20 October

The following events are conditional on the results of the EGM and the relevant Court hearings. The dates are therefore tentative.

2011

Effective date of the Capital Reorganisation After 4:00 p.m., Friday, 21 January

Commencement of dealings in Adjusted Shares Monday, 24 January

Original counter for trading in Shares
(in board lots of 20,000 Shares) to be closed. 9:30 a.m., Monday, 24 January

Temporary counter for trading in Adjusted Shares
in board lots of 2,000 Adjusted Shares
(in form of existing share certificates) to be opened 9:30 a.m., Monday, 24 January

Free exchange of existing share certificates
for new share certificates for
the Adjusted Shares commences Monday, 24 January

Designated broker starts to stand in the market
to provide matching services for the sale and
purchase of odd lots of Adjusted Shares 9:30 a.m., Wednesday, 9 February

Original counter for trading in Adjusted Shares
(in board lots of 20,000 Adjusted Shares)
to be re-opened 9:30 a.m., Wednesday, 9 February

Parallel trading in Adjusted Shares
(in form of new certificate and
existing certificate) begins. 9:30 a.m., Wednesday, 9 February

Temporary counter for trading in Adjusted Shares
in board lots of 2,000 Adjusted Shares
(in form of existing share certificates) to be closed. 4:00 p.m., Tuesday, 1 March

Parallel trading in Adjusted Shares
(in form of new and existing certificate) ends 4:00 p.m., Tuesday, 1 March

Designated broker ceases to stand in the market
to provide matching services for the sale and
purchase of odd lots of Adjusted Shares 4:00 p.m., Tuesday, 1 March

Free exchange of existing share certificates
for new share certificates ends. 4:00 p.m., Thursday, 3 March

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in expected timetable above are indicative only. Any changes to the expected timetable will be published or notified to Shareholders appropriately.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Adjusted Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company resulting from the Share Consolidation and the Capital Reduction
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday) on which banks in Hong Kong are generally open for business
“Capital Reduction”	the proposed reduction of the nominal value of the issued Consolidated Share from HK\$1.00 to HK\$0.10
“Capital Reorganisation”	the Share Consolidation and Capital Reduction as described in the section headed “Proposed Capital Reorganisation” in this announcement
“Company”	Radford Capital Investment Limited 萊福資本投資有限公司 (Stock code: 901), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Companies Law”	the Company Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consolidated Shares”	ordinary shares of HK\$1.00 each in the share capital of the Company immediately following the Share Consolidation but before the Capital Reduction
“Court”	the Grand Court of the Cayman Islands
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Capital Reorganisation
“Group”	the Company and its subsidiaries
“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 Consolidation”	the proposed consolidation of every ten issued Shares of HK\$0.10 each into one issued Consolidated Share of HK\$1.00 each before the Capital Reduction
“Share(s)”	existing ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	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, 2 September 2010

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. Kan Kwok Shu, Albert, Mr. Wong Wai Man, Raymond and Mr. Lum Pak Sum as independent non-executive directors.