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POLY CAPITAL HOLDINGS LIMITED

保興資本控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1141)

DISCLOSEABLE TRANSACTION IN RELATION TO SUBSCRIPTION OF SHARES

The Board announces that on 30 June 2014, the Subscriber (an indirect wholly-owned subsidiary of the Company) and the Issuer entered into the Subscription Agreement, pursuant to which the Issuer has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe 38,000,000 Subscription Shares of the Issuer at the consideration of HK\$228,000,000 (subject to adjustment). The Subscription Shares represent approximately 4.08% of the issued share capital of the Issuer as at the date of the Subscription Agreement and approximately 3.92% of the enlarged issued share capital of the Issuer.

As the highest applicable percentage ratio calculated in accordance with the Listing Rules exceeds 5% but is less than 25% in relation to the Subscription, the Subscription constitutes a discloseable transaction of the Company pursuant to the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

THE SUBSCRIPTION AGREEMENT

On 30 June 2014 (after trading hours), the Subscriber (an indirect wholly-owned subsidiary of the Company) and the Issuer entered into the Subscription Agreement, pursuant to which the Issuer has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe 38,000,000 Subscription Shares of the Issuer at the consideration of HK\$228,000,000 (subject to adjustment). The Subscription Shares represent approximately 4.08% of the issued share capital of the Issuer as at the date of the Subscription Agreement and approximately 3.92% of the enlarged issued share capital of the Issuer. Details of the Subscription Agreement are set out below.

Date

30 June 2014

Parties

Issuer: HEC Capital Limited

Subscriber: Xin Corporation (HK) Limited, which is an indirect wholly-owned subsidiary of the Company

The Issuer is incorporated in the Cayman Islands and is an investment holding company. Immediately prior to the execution of the Subscription Agreement: (i) the Subscriber, an indirect wholly-owned subsidiary of the Company, held 3,000,000 shares of the Issuer, representing approximately 0.32% of the issued share capital of the Issuer, and (ii) the Issuer through its wholly-owned subsidiary held 191,328,800 Shares, representing approximately 5.59% of the total issued Shares as at the date of this announcement.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Issuer and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons (as defined under the Listing Rules).

Assets to be acquired

38,000,000 Subscription Shares, being approximately 4.08% of the issued share capital of the Issuer as at the date of the Subscription Agreement and approximately 3.92% of the enlarged issued share capital of the Issuer. The Subscription Shares shall upon full payment of balance of the aggregate Subscription Price as mentioned hereinafter, be fully paid and rank pari passu in all respects with the shares of the Issuer then in issue and in particular will rank in full for all dividends and other distributions declared, made or paid at any time on or after the date of issue of the Subscription Shares.

Upon completion of the Subscription, the Subscriber will hold an aggregate of 41,000,000 shares of the Issuer, representing approximately 4.23% of the enlarged issued share capital of the Issuer.

Subscription Price

Pursuant to the Subscription Agreement, the subscription price is HK\$6.00 per Subscription Share (the "Subscription Price") and the aggregate of the subscription price for the 38,000,000 Subscription Shares is HK\$228,000,000 (subject to adjustment), of which HK\$100,000,000 shall be paid by the Subscriber to the Issuer as part payment of the Subscription Price upon the signing of the Subscription Agreement and the balance of HK\$128,000,000 shall be paid within one month from the actual date of the completion of the Subscription Agreement.

The Subscription Price will be adjusted on the basis of the audited consolidated net asset value per share of the Issuer's Group as shown in the audited consolidated accounts of the Issuer's Group for the accounting period ended 31 March 2014 (the "Final NAV per share") (calculated on the basis of the total number of issued shares of the Issuer as at 31 March 2014) in the manner as follows:–

- (a) if the Final NAV per share is less than HK\$6.50 per share, the difference (i.e. HK\$6.50 minus the Final NAV per share rounded up to the nearest Hong Kong cent) multiplied by the total number of Subscription Shares will be deducted from the aggregate Subscription Price (i.e. HK\$228,000,000) and shall be refunded by the Issuer to the Subscriber within 7 Business Days from the receipt of the audited consolidated accounts of the Issuer's Group by the Subscriber (or such later date as the Issuer and the Subscriber may otherwise agree); and
- (b) no upward adjustment is required if the Final NAV per share exceeds HK\$6.50.

The Subscription Price was determined by the Issuer and the Subscriber after arm's length negotiations with reference to the unaudited consolidated net asset value per share of the Issuer's Group as at 31 March 2014.

Conditions

The respective obligations of the Issuer and the Subscriber to effect completion of the Subscription shall be conditional upon the following:–

- (i) all consents or approval of any relevant governmental authorities, regulatory bodies or other relevant third parties in Hong Kong or elsewhere which if required for the entry into and the implementation of the Subscription Agreement having been obtained, including all filings with any relevant governmental authorities or other relevant third parties in Hong Kong or elsewhere which if required for the entering into and the implementation of the Subscription Agreement having been made; and
- (ii) the due diligence investigation on the Issuer's Group to be carried out pursuant to the Subscription Agreement having been completed to the satisfaction of the Subscriber in its sole discretion.

If the conditions have not been fulfilled (or waived by the Subscriber except for the condition (i) above which cannot be waived) on or before 5:00 p.m. (Hong Kong time) on 31 July 2014 (or such other time and date as the parties hereto may agree in writing), the Subscription Agreement shall terminate whereupon the Issuer shall refund the part payment paid pursuant to the Subscription Agreement in full, without interest, to the Subscriber within 7 Business Days after lapse or termination of the Subscription Agreement and neither parties thereto shall have any further claims against each other under the Subscription Agreement for costs, damages, compensation or otherwise, save in respect of antecedent breaches and claims.

Completion

Completion of the Subscription shall take place at 5:00 p.m. (Hong Kong time) on the date on which all of the conditions shall have been satisfied or waived by the Subscriber (or such other time and date as the parties hereto may agree in writing).

Profit Guarantee

Under the Subscription Agreement, the Issuer guarantees and warrants to the Subscriber that the audited consolidated net profit after tax of the Issuer's Group for the accounting period ended 31 March 2014 shall be not less than HK\$250,000,000 (the "Guaranteed Profit") and in the event that the audited consolidated net profit after tax of the Issuer's Group for the accounting period ended 31 March 2014 shall be less than the Guaranteed Profit, the Issuer shall pay the Subscriber an amount in cash in Hong Kong dollars in accordance with the following formula:

Shortfall of the Guaranteed Profit x Agreed Shareholding Percentage (i.e. approximately 4.08%)

Note: Agreed Shareholding Percentage = the number of Subscription Shares (i.e. 38,000,000 shares) to be divided by the total number of issued shares of the Issuer as at 31 March 2014 as enlarged by the number of the Subscription Shares (i.e. 892,792,321 shares + 38,000,000 shares)

as liquidated damages within 7 Business Days from the date when the audited consolidated accounts of the Issuer's Group are made available to the Subscriber (or such later date as the Issuer and the Subscriber may otherwise agree).

DIVIDENDS TARGET

Pursuant to the Subscription Agreement, the Issuer shall use its reasonable endeavours to procure for the distribution, to the extent permitted by law, having regard to the capital expenditure and working capital requirements of the Issuer, by way of dividends of its profits after tax for each financial year, being equivalent to an amount of not less than 2.5 per cent of the Subscription Price for each of its issued shares.

INFORMATION ON THE ISSUER

The Issuer is a limited liability company incorporated in the Cayman Islands and is an investment holding company. Its subsidiaries are principally engaged in the business of property investment, investment advisory and financial services, investment in securities trading and money lending.

The following is the financial information of the Issuer's Group for the accounting period ended 31 March 2013 and 31 March 2014 respectively, which was prepared in accordance with the Hong Kong Financial Reporting Standards:–

	For the year ended 31 March	
	2014	2013
	<i>(HK\$' million)</i>	<i>(HK\$' million)</i>
	(unaudited)	(audited)
Net profit before tax	396	287
Net profit after tax	395	288
Net asset value	6,284	5,803

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company and its subsidiaries are principally engaged in supply and procurement of commodities, provision of finance and securities investment.

Upon completion of the Subscription, the Subscriber will hold an aggregate of 41,000,000 shares of the Issuer, representing approximately 4.23% of the enlarged issued share capital of the Issuer. Having regard to the financial performance of the Issuer, and coupled with the benefit of the Guaranteed Profit and the dividend target described above provided under the Subscription Agreement, the Directors believe that the investment in the Issuer would bring stable returns and capital gains to the Group.

In view of the above, the Directors consider that the terms of the Subscription are on normal commercial terms and are fair and reasonable and the Subscription is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in accordance with the Listing Rules exceeds 5% but is less than 25% in relation to the Subscription, the Subscription constitutes a discloseable transaction of the Company pursuant to the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

Shareholders and potential investors should note that completion of the Subscription is subject to the satisfaction of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the Board of Directors
“Business Day”	a day (except a Saturday or Sunday) on which banks are generally open for business in Hong Kong
“Company”	Poly Capital Holdings Limited (Stock Code: 1141), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region
“Issuer”	HEC Capital Limited
“Issuer’s Group”	the Issuer and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Xin Corporation (HK) Limited, an indirect wholly-owned subsidiary of the Company
“Subscription”	the subscription of the 38,000,000 Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the shares subscription agreement dated 30 June 2014 made between the Issuer and the Subscriber in relation to the Subscription

“Subscription Share(s)” the share(s) of the Issuer to be subscribed by the Subscriber pursuant to the Subscription Agreement

“subsidiaries” has the meaning ascribed thereto under the Listing Rules

“%” per cent.

By Order of the Board
Suen Cho Hung, Paul
Chairman

Hong Kong, 30 June 2014

As at the date of this announcement, the Board comprises Mr. Suen Cho Hung, Paul (Chairman), Mr. Sue Ka Lok (Chief Executive Officer) and Ms. Lee Chun Yeung, Catherine as Executive Directors and Mr. Wong Kwok Tai, Mr. Weng Yixiang and Mr. Huang Zhencheng as Independent Non-executive Directors.

* *For identification purpose only*