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## **HERITAGE INTERNATIONAL HOLDINGS LIMITED**

**漢基控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 412)

(Warrant Code: 1248)

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE**

**Underwriter of the Rights Issue**



**Financial Adviser to the Company**



#### **PROPOSED RIGHTS ISSUE**

The Board proposes to raise from approximately HK\$201.80 million before expenses (assuming no issue of other new Shares or no repurchase of Shares on or before the Record Date) to approximately HK\$203.08 million before expenses (assuming (i) no issue of other new Shares or no repurchase of Shares, (ii) the Scheme Mandate Limit is fully utilised, and (iii) exercise in full of the Warrants, on or before the Record Date) by issuing not less than 938,602,161 Rights Shares and not more than 944,561,995 Rights Shares to the Qualifying Shareholders by way of the Rights Issue at a Subscription Price of HK\$0.215 per Rights Share on the basis of one Rights Share for every two Shares held on the Record Date. The Rights Issue will not be available to the Non-Qualifying Shareholders.

\* For identification purposes only

The estimated net proceeds of the Rights Issue will be approximately HK\$195.80 million (assuming no issue of other new Shares or no repurchase of Shares on or before the Record Date) to approximately HK\$197.05 million (assuming (i) no issue of other new Shares or no repurchase of Shares, (ii) the Scheme Mandate Limit is fully utilised, and (iii) exercise in full of the Warrants on or before the Record Date). The Company intends to apply the net proceeds from the Rights Issue for the financing business development and general working capital of the Company.

**The Rights Issue is conditional, inter alia, upon the fulfillment or waiver of the conditions set out under the section headed “Conditions of the Rights Issue” of this announcement. In particular, the Rights Issue is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are subject to be fulfilled or being waived will bear the risk that the Rights Issue might not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.**

#### **GENERAL**

As the proposed Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders at the general meeting.

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Posting Date and the Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

## PROPOSED RIGHTS ISSUE

On 11 April 2013, the Company and the Underwriter entered into an Underwriting Agreement in respect of the proposed Rights Issue.

### Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) Shares held on the Record Date
Number of Shares in issue as at the date of this announcement	:	1,877,204,322 Shares
Number of Rights Shares	:	not less than 938,602,161 Rights Shares (assuming no issue of other new Shares or no repurchase of Shares on or before the Record Date) and not more than 944,561,995 Rights Shares (assuming (i) no issue of other new Shares or no repurchase of Shares, (ii) the Scheme Mandate Limit is fully utilised, and (iii) exercise in full of the Warrants, on or before the Record Date) ( <i>Notes</i> )
Subscription Price	:	HK\$0.215 per Rights Share with nominal value of HK\$0.001 each

### *Note:*

As the date of this announcement:

- (i) There are unutilised Shares from the Scheme Mandate Limit for 3,799,293 Shares. Assuming the Scheme Mandate Limit is fully utilised on or before the Record Date, an additional of 1,899,647 Rights Shares will be issued;
- (ii) There are 40,601,875 outstanding Warrants to subscribe for up to an aggregate of 8,120,375 Shares. Assuming full exercise of Warrants on or before the Record Date, an additional of 4,060,187 Rights Shares will be issued; and
- (iii) Accordingly, an additional 5,959,834 Rights Shares would be issued, in which case the maximum number of Rights Shares that may be issued by the Company pursuant to the Rights Issue will increase to 944,561,995.

Save as disclosed, as at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares. Assuming no issue of other new Shares or no repurchase of Shares on or before the Record Date, the 938,602,161 nil-paid Rights

Shares proposed to be provisionally allotted represent 50% of the Company's issued share capital as at the date of this announcement and 33.3% of the Company's issued share capital as enlarged by the issue of the 938,602,161 Rights Shares.

As at the date of this announcement, the Board had not received any information from any substantial Shareholders of their intention to take up all or any of the Rights Shares provisionally allotted to it.

### **Qualifying Shareholders**

The Company will send the Prospectus Documents to Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. be a Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Thursday, 2 May 2013.

### **Closure of register of members**

The register of members of the Company will be closed from Friday, 3 May 2013 to Thursday, 9 May 2013, both days inclusive. No transfer of Shares will be registered during this period.

### **Rights of Overseas Shareholders**

The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Company will make enquiries pursuant to Rule 13.36(2) of the Listing Rules regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL and EAF to them.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefits of the Company. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

### **Subscription Price**

The Subscription Price for the Rights Shares is HK\$0.215 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

1. a discount of approximately 41.89% to the closing price of HK\$0.370 per Share as quoted on the Stock Exchange on the Last Trading Day;
2. a discount of approximately 47.43% to the average closing price of HK\$0.409 per Share as quoted on the Stock Exchange for the five consecutive trading days prior to the Last Trading Day; and
3. a discount of approximately 32.39% to the theoretical ex-right price of approximately HK\$0.318 per Share based on the closing price of HK\$0.370 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to the prevailing market price of the Shares. The Directors consider the terms of the Rights Issue, including the Subscription Price which has been set as a discount to the closing price of the Shares on the Last Trading Day with an objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares (assuming no issue of other new Shares or no repurchase of Shares on or before the Record Date) will be approximately HK\$0.208.

### **Basis of provisional allotments**

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) Shares in issue and held on Record Date, being not less than 938,602,161 Rights Shares and not more than 944,561,995 Rights Shares at a price of HK\$0.215 per Rights Share. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

### **Fractions of Rights Shares**

The Company will not provisionally allot fractions of Rights Shares. The aggregate of fractions of the Rights Shares will be sold by the Company in the market, and, if a net premium can be obtained the proceeds will be retained by the Company for its own benefit. Any unsold aggregate of fractions of the Rights Shares will be made available for excess application under EAFs by the Qualifying Shareholders.

### **Status of the Rights Shares**

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* with the then existing Shares in issue in all respects. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares.

### **Application for excess Rights Shares**

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted. Applications for excess Rights Shares may be made by completing the EAFs for application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

1. preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and
2. subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for a smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive a lesser number of Rights Shares; whereas Qualifying Shareholders applying for a larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive a higher number of Rights Shares), and with board lot applications to be made on a best effort basis.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on Thursday, 2 May 2013.

### **Share certificates and refund cheques for Rights Issue**

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Wednesday, 5 June 2013. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Wednesday, 5 June 2013 by ordinary post to the applicants at their own risk.

### **Application for listings**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Both nil-paid Rights Shares and fully-paid Rights Shares will be traded in board lots of 10,000 Shares.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

## **Conditions of the Rights Issue**

The Rights Issue is conditional upon the following being fulfilled:

1. the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of and permission to deal in all the Rights Shares, in both nil-paid and fully-paid forms, by no later than the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully paid forms respectively);
2. the delivery to the Stock Exchange and registration by the Registrar of Companies in Hong Kong of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Directors (and all other documents required to be attached thereto) not later than the Posting Date and otherwise in compliance with the Listing Rules and the Companies Ordinance;
3. the posting of the Prospectus Documents to the Qualifying Holders and the posting, to the extent reasonably practicable, of the Prospectus for information purposes only to the Non-Qualifying Shareholder; and
4. compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement.

In the event that the above conditions have not been fulfilled and/or waived in whole or in part by the Underwriter on or before 31 July 2013 (or such other date as the Underwriter and the Company may agree), all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Underwriting Agreement and the Rights Issue will not proceed.

## **UNDERWRITING ARRANGEMENT**

### **The Underwriting Agreement**

Date	:	11 April 2013
Underwriter	:	Enerchine Securities Limited.
Total number of Rights Shares being underwritten by the Underwriter	:	The Underwriter has conditionally agreed pursuant to the Underwriting Agreement to underwrite the Rights Shares not subscribed by the Qualifying Shareholders on a fully underwritten basis to a maximum extent, being not less than 938,602,161 Rights Shares and not more than 944,561,995 Rights Shares, subject to the terms and conditions of the Underwriting Agreement
Commission	:	2.5% of the aggregate Subscription Price of the Underwritten Shares as determined on the Record Date



The underwriting commission was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rate. The Directors (including independent non-executive Directors) consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Termination of the Underwriting Agreement**

The Underwriter shall have the right to terminate the arrangements set out in the Underwriting Agreement by notice in writing given to the Company at any time prior to 4:30 p.m. on the third Business Day after the Acceptance Date, if:

- (a) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - i. the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - ii. the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement, of a political, financial, economic, currency market or other nature (whether or not ejusdem generis with any of the foregoing) or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - iii. any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
  - iv. any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - v. there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
  - vi. the commencement or taking by any third party of any litigation or claim or other action against any member of the Group which is or might be material to the Group taken as a whole; or

- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, Bermuda, the PRC or other jurisdiction relevant to the Group or any member of the Group and a change in currency conditions for the purpose of this clause includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which in the reasonable opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it; or
- (d) the Company commits any material breach of or omits to observe any of the material obligations or material undertakings expressed to be assumed by it under the Underwriting Agreement;
- (e) if, at or prior to the Latest Time for Termination:
  - i. any material breach of any of the warranties or undertakings of the Company contained under the Underwriting Agreement comes to the knowledge of the Underwriter; or
  - ii. any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties of the Company contained under the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter,

the Underwriter shall be entitled by notice in writing to the Company prior to the Latest Time for Termination to elect to rescind the Underwriting Agreement.

**Upon the giving of such notice, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine (save for any antecedent breaches thereof) and no party to the Underwriting Agreement shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.**

**WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

The Rights Issue is conditional, inter alia, upon the fulfillment or waiver of the conditions set out under the section headed “Conditions of the Rights Issue” of this announcement. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or other persons contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are subject to be fulfilled or being waived will bear the risk that the Rights Issue might not become unconditional and may not proceed. Shareholders and the public are reminded to exercise caution when dealing in the securities of the Company.

**EXPECTED TIMETABLE FOR THE RIGHTS ISSUE**

2013

Latest time of lodging the subscription of Warrants . . . . .	4:30 p.m. on
in order to be qualified for Subscription	Friday, 26 April
of the Rights Issue	
Last day of dealing in Shares on a cum-entitlement basis . . . . .	Monday, 29 April
First day of dealing in Shares on an ex-entitlement basis . . . . .	Tuesday, 30 April
Latest time for lodging transfer of Shares in order to be . . . . .	4:30 p.m.
qualified for Subscription of the Rights Issue	on Thursday, 2 May
Register of members of the Company closes . . . . .	Friday, 3 May to
(both dates inclusive)	Thursday, 9 May
Record Date . . . . .	Thursday, 9 May
Register of members for the Shares reopens . . . . .	Friday, 10 May
Despatch of Prospectus Documents . . . . .	Friday, 10 May
First day of dealing in nil-paid Rights Shares . . . . .	Tuesday, 14 May
Latest time for splitting nil-paid Rights Shares . . . . .	4:30 p.m. on
	Thursday, 16 May
Last day of dealing in nil-paid Rights Shares . . . . .	Wednesday, 22 May
Latest time for acceptance of and payment . . . . .	4:30 p.m. on
for Rights Shares	Monday, 27 May

Latest time for the Rights Issue to become unconditional . . . . . 4:30 p.m. on  
Thursday, 30 May

Announcement of the results of the Rights Issue to be . . . . . Tuesday, 4 June  
posted on the Stock Exchange's website

Refund cheques for wholly and partially unsuccessful . . . . . Wednesday, 5 June  
excess applications to be posted

Share certificates for Rights Shares to be posted. . . . . Wednesday, 5 June

Dealing in Rights Shares commences . . . . . 9:00 a.m. on  
Thursday, 6 June

## SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company assuming that there is no change in the shareholding structure of the Company from the date of this announcement to immediately after completion of the Rights Issue:

### Scenario 1:

Assuming no issue of other new Shares or no repurchase of Shares on or before the Record Date:

	As at the date of this announcement		Immediately after completion of the Rights Issue assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders take up any of the Rights Shares and the Underwriter takes up the Rights Shares to the maximum extent (Note)	
	<i>Number of Shares</i>		<i>Number of Shares</i>		<i>Number of Shares</i>	
	<i>Approx. %</i>	<i>Approx. %</i>	<i>Approx. %</i>	<i>Approx. %</i>	<i>Approx. %</i>	<i>Approx. %</i>
<b>Directors</b>						
Dr. Kwong Kai Sing Benny	1,269,496	0.07	1,904,244	0.07	1,269,496	0.05
Ong Peter	706,530	0.04	1,059,795	0.04	706,530	0.02
Wu Jian	25,000,000	1.33	37,500,000	1.33	25,000,000	0.89
<b>Underwriter</b>	–	–	–	–	938,602,161	33.33
<b>Public Shareholders</b>	1,850,228,296	98.56	2,775,342,444	98.56	1,850,228,296	65.71
<b>Total</b>	1,877,204,322	100.00	2,815,806,483	100.00	2,815,806,483	100.00

## Scenario 2:

Assuming (i) no issue of other new Shares or no repurchase of Shares, (ii) the Scheme Mandate Limit is fully utilised, and (iii) exercise in full of the Warrants, on or before the Record Date:

	As at the date of this announcement		Assuming (i) no issue of other new shares or no repurchase of shares, (ii) the Scheme Mandate Limit is fully utilised and (iii) exercise in full of the Warrants on or before the Record Date		Immediately after completion of the Rights Issue assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full		Immediately after completion of the Rights Issue assuming no Qualifying Shareholders takes up any of the Rights Shares and the Underwriter takes up the Rights Shares to the maximum extent (Note)	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
<b>Directors</b>								
Dr. Kwong Kai Sing Benny	1,269,496	0.07	1,269,496	0.07	1,904,244	0.07	1,269,496	0.05
Ong Peter	706,530	0.04	706,530	0.04	1,059,795	0.04	706,530	0.03
Wu Jian	25,000,000	1.33	25,000,000	1.32	37,500,000	1.32	25,000,000	0.88
<b>Underwriter</b>	-	-	-	-	-	-	944,561,995	33.33
<b>Public Shareholders</b>								
Scheme Mandate Limit is fully utilised	-	-	3,799,293	0.20	5,698,940	0.20	3,799,293	0.13
Warrants being fully converted	-	-	8,120,375	0.43	12,180,562	0.43	8,120,375	0.29
Other public Shareholders	1,850,228,296	98.56	1,850,228,296	97.94	2,775,342,444	97.94	1,850,228,296	65.29
<b>Total</b>	<b>1,877,204,322</b>	<b>100.00</b>	<b>1,889,123,990</b>	<b>100.00</b>	<b>2,833,685,985</b>	<b>100.00</b>	<b>2,833,685,985</b>	<b>100.00</b>

*Note:*

This scenario is for illustrative purpose only. Pursuant to the Underwriting Agreement, the Underwriter undertakes that in the event that the Underwriter is required to take up the Rights Shares pursuant to its underwriting obligations:

- i. The Underwriter shall not subscribe, for its own account, for such number of untaken Shares which will result in the shareholding of it and parties acting in concert (within meaning of the Takeovers Code) with it in the Company to exceed 29.9% or more of the issued share capital of the Company upon the completion of the Rights Issue; and
- ii. The Underwriter shall and shall cause the sub-underwriters to procure independent places to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with upon completion of the Rights Issue.

### **REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

The Company is an investment holding company and its subsidiaries are principally engaged in property related investments, investment in securities, money-lending business, operation of Chinese medicine clinic and investment and operation of forestlands.

Given that the prevailing market volatility may continue for a while, it is likely that the Group will have to hold on to its equity and debt investments for the time being and may not be able to realize the same within a short period of time. To enable the Group to take on good business opportunity promptly as and when it arises, the Directors consider that it is in the interest of the Company and the Shareholders as a whole if the Company can take this opportunity to strengthen its financial position.

The gross proceeds of the Rights Issue are approximately HK\$201.80 million to approximately HK\$203.08 million. The estimated net proceeds of the Rights Issue after deducting expenses are approximately HK\$195.80 million to approximately HK\$197.05 million. The Company intends to apply the net proceeds from the Rights Issue for the financing business development and general working capital of the Company

## **FUND RAISING EXERCISES OF THE COMPANY DURING THE PAST 12 MONTHS**

The Company's equity fund raising exercises over the past 12-month period immediately preceding the date of this announcement are set out below:

<b>Date of announcement</b>	<b>Fund raising activities</b>	<b>Net proceeds raised (approximately)</b>	<b>Proposed use of the net proceeds</b>	<b>Actual use of proceeds</b>
20 April 2012	Subscription of 56,989,403 shares under general mandate at the subscription price of HK\$0.12 per share	HK\$6.70 million	The net proceeds from the subscription intended to be used for general working capital of the Group	Utilised for general working capital of the Group
27 August 2012	Placing of 312,417,159 new Shares under general mandate on a fully underwritten basis at a price of HK\$0.26 per placing Share	HK\$77.9 million	The net proceeds from the placing intended to be used for general working capital of the Group	Utilised for general working capital of the Group

## **POSSIBLE ADJUSTMENTS TO THE WARRANTS**

As a result of the Rights Issue, the subscription price and rights of the Warrants will be adjusted in accordance with the terms and conditions of the Warrant instrument. The adjustment to the subscription price and rights of the Warrants is subject to certification by an approved merchant bank or the auditors of the Company and will be disclosed by the Company in the announcement to be issued after completion of the Rights Issue.

## **GENERAL**

As the proposed Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders at the general meeting.

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Posting Date and the Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

## DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“Acceptance Date”	27 May 2013 (or such other date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment for, Rights Shares and application and payment for excess Rights Shares)
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holidays) on which banks are generally open for business more than five hours in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Heritage International Holdings Limited (stock code: 412), a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EAF”	the form of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong



“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	11 April 2013, being the date of the Underwriting Agreement
“Latest Time for Termination”	4:30 p.m. on the third Business Day following the Acceptance Date
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholders”	those Overseas Shareholders whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“PAL”	the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	such date as maybe designated by the Company for the posting of the Prospectus Documents, which is currently expected to be 10 May 2013
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF

“Qualifying Shareholders”	Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	9 May 2013, the record date to determine entitlements to the Rights Issue
“Registrar”	the share registrar and transfer office of the Company in Hong Kong, being Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one Rights Share for every two Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Shares”	Shares to be issued and allotted under the Rights Issue, being not less than 938,602,161 Shares and not more than 944,561,995 Shares
“Scheme Mandate Limit”	the maximum number of Shares which may be issued upon exercise of all options to be granted under Share Option Scheme
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme adopted by the Company on 28 September 2004
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.215 per Rights Share

“Underwriter”	Enerchine Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) regulated activities within the meaning of the SFO
“Underwriting Agreement”	the underwriting agreement dated 11 April 2013 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	not less than 938,602,161 Rights Shares and not more than 944,561,995 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“Warrants”	the outstanding warrant(s) issued by the Company on 26 October 2011 of nominal value of HK\$1,624,075.08 which confers rights on the holder(s) thereof to subscribe for up to an aggregate of 8,120,375 Shares at a subscription price of HK\$0.20 per Share (subject to adjustment) on the terms and subject to the conditions set out in the warrant instrument
“%” or “per cent.”	percentage or per centum

By order of the Board  
**Heritage International Holdings Limited**  
**Mr. Chow Chi Wah, Vincent**  
*Executive Director*

Hong Kong, 11 April 2013

*As at the date of this announcement, the Board comprises:*

*Executive Directors*

Dr. Kwong Kai Sing, Benny  
*(Chairman and Chief Executive Officer)*  
Mr. Ong, Peter *(Managing Director)*  
Mr. Chow Chi Wah, Vincent  
Dr. Wu Jian

*Independent Non-Executive Directors*

Mr. To Shing Chuen  
Mr. Ha Kee Choy, Eugene  
Mr. Chung Yuk Lun  
Mr. Lo Wong Fung