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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)

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE AND PLACING OF NEW SHARES UNDER SPECIFIC MANDATE**

**Placing Agent**

### **CHUNG NAM SECURITIES LIMITED**

#### **THE GENERAL MANDATE PLACING AND THE SPECIFIC MANDATE PLACING**

During the trading hours on 29 September 2009, the Company and the Placing Agent entered into (i) the General Mandate Placing Agreement in relation to the placing, on a fully underwritten basis, of 61,350,000 General Mandate Placing Shares at a price of HK\$0.44 per Share; and (ii) the Specific Mandate Placing Agreement in relation to the placing, on a best effort basis, of 300,000,000 Specific Mandate Placing Shares at a price of HK\$0.44 per Share.

The General Mandate Placing Shares represent approximately (i) 20% of the existing issued share capital of the Company as at the date of this announcement; (ii) 16.67% of the issued share capital of the Company as enlarged by the issue of 61,350,000 General Mandate Placing Shares; and (iii) 9.18% of the issued share capital of the Company as enlarged by the issue of 361,350,000 Placing Shares.

The Specific Mandate Placing Shares represent approximately (i) 97.79% of the existing issued share capital of the Company as at the date of this announcement; (ii) 49.44% of the issued share capital of the Company as enlarged by the issue of 300,000,000 Specific Mandate Placing Shares; and (iii) 44.90% of the issued share capital of the Company as enlarged by the issue of 361,350,000 Placing Shares.

Assuming the 361,350,000 Placing Shares are successfully placed by the Placing Agent pursuant to the Placing Agreements, the net proceeds of approximately HK\$154,394,000 is intended to be used as to approximately (i) HK\$127,400,000 for general working capital of the Group to replenish the loss in capital of the Company caused by the recent financial tsunami and for future strategic investments; and (ii) HK\$26,994,000 for general working capital of the Group.

#### **GENERAL**

The General Mandate Placing is not subject to Shareholders' approval as the General Mandate Placing Shares will be issued under the existing General Mandate.

The SGM will be convened and held for the purpose of considering and, if thought fit, approving the Specific Mandate Placing. To the best knowledge of the Directors, no Shareholder has a material interest in the transactions contemplated under the Specific Mandate Placing Agreement. Accordingly, no Shareholder is required to abstain from voting at the SGM to approve the Specific Mandate Placing.

A circular containing, among other things, further details of the Specific Mandate Placing and a notice convening the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Completion of the General Mandate Placing and the Specific Mandate Placing are not inter-conditional.

**Shareholders and potential investors should note that completion of each of the General Mandate Placing and the Specific Mandate Placing is subject to fulfillment of the conditions under the General Mandate Placing Agreement and the Specific Mandate Placing Agreement respectively. As the General Mandate Placing and the Specific Mandate Placing may or may not proceed, Shareholders and potential investor are reminded to exercise caution when dealing in the Shares.**

#### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended with effect from 11:09 a.m. on 29 September 2009 pending the release of this announcement relating to proposed issue of new Shares. Application for the resumption of trading in the Shares with effect from 2:30 p.m. on 30 September 2009 has been made by the Company.

#### **THE PLACING AGREEMENTS**

**Date** : 29 September 2009

**Issuer** : The Company

**Placing Agent** : Chung Nam Securities Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

### **Placees**

The Placing Shares will be placed to the Placees, who are independent institutional, professional and/or individual investors and not concert parties with the controlling Shareholder(s) (as defined under the Takeovers Code issued by the SFC), and not connected with any directors, chief executive or substantial shareholder of the Company or its subsidiaries and their respective associates (as defined under the Listing Rules).

### **General Mandate Placing Shares**

Pursuant to the General Mandate Placing Agreement, the Placing Agent agreed to procure, the Placees to subscribe for or failing which itself as principal to subscribe for 61,350,000 General Mandate Placing Shares at the Placing Price. The 61,350,000 General Mandate Placing Shares represent approximately (i) 20% of the existing issued share capital of the Company as at the date of this announcement; (ii) 16.67% of the issued share capital of the Company as enlarged by the issue of 61,350,000 General Mandate Placing Shares; and (iii) 9.18% of the issued share capital of the Company as enlarged by the issue of 361,350,000 Placing Shares.

### **Specific Mandate Placing Shares**

Pursuant to the Specific Mandate Placing Agreement, the Placing Agent agreed to procure, on a best effort basis, the Placees to subscribe for 300,000,000 Specific Mandate Placing Shares at the Placing Price. The 300,000,000 Specific Mandate Placing Shares represent approximately (i) 97.79% of the existing issued share capital of the Company as at the date of this announcement; (ii) 49.44% of the issued share capital of the Company as enlarged by the issue of 300,000,000 Specific Mandate Placing Shares; and (iii) 44.90% of the issued share capital of the Company as enlarged by the issue of 361,350,000 Placing Shares.

### **Ranking of Placing Shares**

The Placing Shares will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

### **Placing Price**

The Placing Price of HK\$0.44 represents :

- (i) a discount of approximately 8.33% to the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 17.91% to the average closing price of HK\$0.536 per Share in the last five consecutive trading days up to and including the Last Trading Day; and

- (iii) a discount of approximately 32.52% to the average closing price of HK\$0.652 per Share in the last ten consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent on the date of the Placing Agreements with reference to the prevailing market price of the Shares. The Directors consider that the Placing Price is fair and reasonable.

### **Conditions precedent to the Placing Agreements**

Completion of the General Mandate Placing is conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the General Mandate Placing Shares. Completion of the Specific Mandate Placing is conditional upon fulfillment of the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Specific Mandate Placing at the SGM; and
- (ii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Specific Mandate Placing Shares; and

The General Mandate Placing Agreement and the Specific Mandate Placing Agreement shall automatically become null and void and of no effect if the corresponding conditions set forth above remain unfulfilled on 30 October 2009 and 28 February 2010 respectively or such date mutually agreed by both the Company and the Placing Agent and in such event either party shall have no claim against each other and hold each other harmless, save for those expressly reserved and agreed in the corresponding Placing Agreements.

Completion of the General Mandate Placing and the Specific Mandate Placing are not inter-conditional.

### **Termination and force majeure**

The Placing Agreements may be terminated by the Placing Agent if at any time at or before 4:00 p.m. on the date of completion of the Placing Agreements, there occurs, among others.

- (i) any new law or regulation or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent will materially and adversely affect the business or the financial or trading position or prospects of the Group or any part thereof or the Placing; or

- (ii) any 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 Placing Agreements) in local, national, international, financial, political, military, economic, or other nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market which in the reasonable opinion of the Placing Agent will materially and adversely affect the business or the financial or trading position or prospects of the Company or any part thereof or the General Mandate Placing or the Specific Mandate Placing; or
- (iii) any adverse change in market conditions reasonable (including without limitation suspension or material restriction on trading in securities) which reasonable opinion of the Placing Agent materially or in expedient affect the General Mandate Placing or the Specific Mandate Placing makes it inexpedient or inadvisable to proceed with the General Mandate Placing or the Specific Mandate Placing; or
- (iv) the declaration of a banking moratorium in Hong Kong which in the reasonable opinion of the Placing Agent materially and prejudicially affects the General Mandate Placing and the Specific Mandate Placing and makes it inadvisable or inexpedient to proceed therewith; or
- (v) any adverse announcement, determination or ruling of any governmental or other regulatory body (including but not limited to the absence of reasonable prospect for obtaining a clearance or approval of the General Mandate Placing and the Specific Mandate Placing Announcement from the Stock Exchange).

### **Completion**

Completion of each of the General Mandate Placing and the Specific Mandate Placing shall take place on the second Business Days after all the conditions as set out in each of the corresponding Placing Agreements are fulfilled or such later date to be agreed between the Company and the Placing Agent.

### **Placing Commission**

The Placing Agent shall receive a placing commission of 2.5% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed together with a total of HK\$400,000 being the documentation fee payable under the General Mandate Placing and the Specific Mandate Placing.

### **General Mandate**

The 61,350,000 General Mandate Placing Shares will be issued and allotted under the General Mandate. As at the date of this announcement, the General Mandate has not been utilized since it was granted and the number of new Shares that could be issued by the Company under the General Mandate is 61,353,749 Shares.

### Specific mandate

The 300,000,000 Specific Mandate Placing Shares will be issued under a specific mandate to be sought at the SGM.

### Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

### EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon completion of the General Mandate Placing; and (iii) upon completion of the General Mandate Placing and Specific Mandate Placing.

	As at the date of this announcement		Upon completion of the General Mandate Placing		Upon completion of the General Mandate Placing and the Specific Mandate Placing	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
<b>Directors</b>						
Mr. Kwong Kai Sing, Benny	1,544,400	0.50%	1,544,400	0.42%	1,544,400	0.23%
Mr. Ong Peter	859,536	0.28%	859,536	0.23%	859,536	0.13%
Ms. Poon Chi Wan	118,800	0.04%	118,800	0.03%	118,800	0.02%
<b>Public Shareholders</b>						
The Placees ( <i>Note 4</i> )	–	–	61,350,000	16.67%	361,350,000	54.08%
Other public Shareholders	304,246,009	99.18%	304,246,009	82.65%	304,246,009	45.54%
Sub-total	<u>304,246,009</u>	<u>99.18%</u>	<u>365,596,009</u>	<u>99.32%</u>	<u>665,596,009</u>	<u>99.62%</u>
Total	<u><u>306,768,745</u></u>	<u><u>100%</u></u>	<u><u>368,118,745</u></u>	<u><u>100%</u></u>	<u><u>668,118,745</u></u>	<u><u>100%</u></u>

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

<b>Date of Announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds up to the date of this announcement</b>
28 April 2009	Placing under general mandate of the Company	Approximately HK\$24.59 million	To be used for general working capital	Approximately HK\$24.59 was used as general working capital

Save as disclosed above, the Company had not carried out any equity fund raising exercise in the 12-month period immediately preceding the date of this announcement.

### **REASONS FOR THE GENERAL MANDATE PLACING AND THE SPECIFIC MANDATE PLACING**

The Company is an investment holding company and its subsidiaries are principally engaged in property related investments, investment in securities, investment in advertising and lottery related businesses and money-lending businesses.

The Directors consider that the General Mandate Placing and the Specific Mandate Placing represent a good opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company. The Directors consider that the terms of the Placing Agreements are fair and reasonable and the General Mandate Placing and Specific Mandate Placing are in the interest of the Company and the Shareholders as a whole.

Assuming all the 361,350,000 Placing Shares are successfully placed by the Placing Agent, the gross proceeds from the General Mandate Placing and the Specific Mandate Placing will be HK\$158,994,000. After taking into account the estimated expenses of approximately HK\$4,600,000 in relation to the General Mandate Placing and the Specific Mandate Placing, the net proceeds of approximately HK\$154,394,000 is intended to be used as to approximately (i) HK\$127,400,000 for general working capital of the Group to replenish the loss in capital of the Company caused by the recent financial tsunami and for future strategic investments; and (ii) HK\$26,994,000 for general working capital of the Group.

### **GENERAL**

The General Mandate Placing is not subject to Shareholders' approval as the General Mandate Placing Shares will be issued under the existing General Mandate.

The SGM will be convened and held for the purpose of considering and, if thought fit, approving the Specific Mandate Placing. To the best knowledge of the Directors, no Shareholder has a material interest in the transactions contemplated under the Specific Mandate Placing Agreement. Accordingly, no Shareholder will be required to abstain from voting at the SGM in respect of the resolution(s) relating to the Specific Mandate Placing.

A circular containing, among other things, further details of the Specific Mandate Placing and a notice convening the SGM will be dispatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

**Shareholders and potential investors should note that completion of each of the General Mandate Placing and the Specific Mandate Placing is subject to fulfillment of the conditions under the General Mandate Placing Agreement and the Specific Mandate Placing Agreement respectively. As the General Mandate Placing and the Specific Mandate Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## **SUSPENSION OF TRADING**

At the request of the Company, trading in the Shares was suspended with effect from 11:09 a.m. on 29 September 2009 pending the release of an announcement relating to proposed issue of new Shares. Application for the resumption of trading in the Shares with effect from 2:30 p.m. on 30 September 2009 has been made by the Company.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following terms have the meanings as set out below:-

“associates”	has the meaning ascribed to it in the Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	any day (excluding a Saturday and Sunday) on which banks generally are open for business in Hong Kong;
“Company”	Heritage International Holdings Limited, a company incorporated under the laws of Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it in the Listing Rules;
“Directors”	directors of the Company;
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 31 August 2009 to issue and allot up to 61,353,749 new Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date thereof;



“General Mandate Placing”	the placing of 61,350,000 General Mandate Placing Shares;
“General Mandate Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 29 September 2009 in respect of the General Mandate Placing;
“General Mandate Placing Shares”	61,350,000 Shares to be issued under the General Mandate Placing;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Last Trading Day”	28 September 2009, being the last full trading day of the Shares before the release of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placee(s)”	any independent institutional, professional and/or individual investors who are not concert parties with the controlling Shareholder(s) (as defined under the Takeovers Code issued by the SFC), and not connected with any directors, chief executive or substantial shareholder of the Company or its subsidiaries and their respective associates (as defined under the Listing Rules);
“Placing Agent”	Chung Nam Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Placing Agreements”	together, the General Mandate Placing Agreement and the Specific Mandate Placing Agreement;
“Placing Price”	HK\$0.44 per Placing Share;
“Placing Share(s)”	together, the General Mandate Placing Share(s) and/or the Specific Mandate Placing Share(s);
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan;

“SFC”	the Securities and Futures Commission of Hong Kong;
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Specific Mandate Placing;
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholders”	Holders of the Shares;
“Specific Mandate Placing”	the placing of 300,000,000 Specific Mandate Placing Shares;
“Specific Mandate Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 29 September 2009 in respect of the Specific Mandate Placing;
“Specific Mandate Placing Shares”	300,000,000 new Shares to be issued under the Specific Mandate Placing;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“%”	per cent.

By Order of the Board  
**Heritage International Holdings Limited**  
**Poon Chi Wan**  
*Executive Director*

Hong Kong, 30 September 2009

*As at the date of this announcement, the Company has five executive Directors, being Mr. Kwong Kai Sing, Benny, Mr. Wong Chun Hung, Mr. Ong Peter, Ms. Poon Chi Wan and Mr. Chow Chi Wah, Vincent and five independent non-executive Directors, being Mr. Chan Sze Hung, Mr. To Shing Chuen, Mr. Ha Kee Choy Eugene, Mr. Chung Yuk Lun and Mr. Lo Wong Fung.*

\* *For identification purposes only*