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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)

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
22 RIGHTS SHARES FOR EVERY SHARE HELD ON THE RECORD DATE  
WITH BONUS WARRANTS ON THE BASIS OF  
ONE BONUS WARRANT FOR EVERY FIVE RIGHTS SHARES TAKEN UP,  
(2) CHANGE IN BOARD LOT SIZE  
AND  
(3) RESUMPTION OF TRADING**

### **PROPOSED RIGHTS ISSUE**

The Company proposes to raise approximately HK\$388 million (before expenses) by way of rights issue on the basis of 22 Rights Shares for every Share held on the Record Date at the Subscription Price of HK\$0.062 per Rights Share. Under the Rights Issue, 6,268,834,396 Rights Shares will be allotted and issued, representing approximately 95.65% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

The Rights Issue is fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement. The Company intends to use the net proceeds of the Rights Issue for general working capital and, where appropriate, future expansion of existing business, future development and/or acquisition of new businesses and assets where suitable opportunities arise.

Subject to the fulfillment or waiver (as appropriate) of the conditions to the Rights Issue and the Bonus Warrant Issue, Bonus Warrants will be issued to the first registered holders of the Rights Shares on the basis of one Bonus Warrant for every five Rights Shares taken up. On the basis of 6,268,834,396 Rights Shares to be issued under the Rights Issue, the total number of Bonus Warrants to be issued will be 1,253,766,879. Each of the Bonus Warrants will entitle the holder(s) thereof to subscribe for one Share at the Exercise Price of HK\$0.04 per Share (subject to

\* For identification purposes only

adjustments), at any time between the date of issue of the Bonus Warrants and the day immediately preceding the date which is 24 months after the date of issue.

If the Underwriter terminates the Underwriting Agreement (see the paragraph headed “Termination of the Underwriting Agreement” below) or the conditions precedent to the Rights Issue (see the paragraph headed “Conditions precedent to the Rights Issue and the Underwriting Agreement” below) are not fulfilled or waived in whole or in part by the Underwriter, the Rights Issue will not proceed. **The attention of the investors and Shareholders is drawn to the paragraph headed “Warning of the risks of dealings in the Shares and the nil-paid Rights Shares” below.**

The last day of dealings in the Shares on a cum-rights basis is expected to be 22 September 2011. The Shares are expected to be dealt in on an ex-rights basis from 23 September 2011. Dealings in the Rights Shares in nil-paid form are expected to take place from 7 October 2011 to 14 October 2011 (both days inclusive). To qualify for the Rights Issue, any transfer of the Shares (together with the relevant certificate(s)) must be lodged for registration with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, by 4:30 p.m. on 26 September 2011.

The last day for acceptance and payment of the Rights Shares is expected to be on 19 October 2011. The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares.

#### **CHANGE IN BOARD LOT SIZE**

The Board also proposed that the board lot size of the Shares for trading on the Stock Exchange be changed from 5,000 Shares to 50,000 Shares with effect from 4 October 2011. In the event that the Rights Issue is not approved by the Shareholders at the SGM, the board lot size of the Shares will remain unchanged. No parallel trading of the Shares and exchange of certificates will be provided.

#### **GENERAL**

Pursuant to Rule 7.19(6) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue. As at the date of this announcement, the Company does not have any controlling Shareholders. Therefore, Dr. Kwong Kai Sing, Benny, Mr. Ong Peter and Ms. Poon Chi Wan, being the executive Directors, and their respective associates, together holding approximately 0.13% of the issued share capital of the Company as at the date of this announcement, will abstain from voting in favour of the resolution relating to the Rights Issue at the SGM.

An independent Board committee, comprising all the independent non-executive Directors, will be established to make recommendations to the Independent Shareholders in relation to the Rights Issue. An independent financial adviser will be appointed to advise the independent Board committee and the Independent Shareholders in this regard.

A circular containing, among other things, further particulars of the Rights Issue and the Bonus Warrant Issue, a letter of recommendation from the independent Board committee to the Independent Shareholders in respect of the Rights Issue, a letter of advice from the independent financial adviser to the independent Board committee and the Independent Shareholders in respect of the Rights Issue and the notice convening the SGM, will be despatched to the Shareholders on or before 2 September 2011.

Subject to the approval of the Rights Issue by the Independent Shareholders, the Company will also despatch the Rights Issue Documents to the Qualifying Shareholders and the Prospectus to the Excluded Shareholders for their information only in due course in accordance with the Listing Rules and the applicable law and regulations.

#### **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 8 August 2011 at the request of the Company pending the release of this announcement and application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 12 August 2011.

#### **PROPOSED RIGHTS ISSUE**

The Company proposes to raise approximately HK\$388 million (before expenses) by way of rights issue on the basis of 22 Rights Shares for every Share held on the Record Date at the Subscription Price of HK\$0.062 per Rights Share.

##### **Issue statistics**

Basis of the Rights Issue:	22 Rights Shares for every Share held on the Record Date with Bonus Warrants on the basis of one Bonus Warrant for every five Rights Shares taken up
Number of Shares in issue on the Record Date:	284,947,018 Shares
Subscription Price:	HK\$0.062 per Rights Share
Number of Rights Shares:	6,268,834,396 Rights Shares
Number of Bonus Warrants:	1,253,766,879 Bonus Warrants

Underwriter: Chung Nam Securities Limited, a licensed corporation to carry out Type 1 regulated activities under the SFO

Under the Rights Issue, 6,268,834,396 Rights Shares will be allotted and issued, representing approximately 95.65% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. The aggregate nominal value of the Rights Shares will be HK\$62,688,343.96.

As at the date of this announcement, there are no outstanding options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares.

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date. The register of members of the Company will be closed from 27 September 2011 to 3 October 2011 (both days inclusive) for ascertaining entitlements of the Shareholders under the Rights Issue. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, by 4:30 p.m. (Hong Kong time) on 26 September 2011. The address of the branch share registrar of the Company in Hong Kong is:

Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

The Company will send the Rights Issue Documents to the Qualifying Shareholders, and the Prospectus only to the Excluded Shareholders for information purposes.

### **Excluded Shareholders**

As at the date of this announcement, the Company has certain Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong. The Company will ascertain on the Record Date whether there are any Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong and make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges for the Company's offering the Rights Shares to the Excluded Shareholders in compliance with the Listing Rules to determine who will be the Excluded Shareholders. Further details regarding the Excluded Shareholders will be set out in the Prospectus.

Arrangements will be made for as many as possible of the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The Company will then distribute such proceeds in Hong Kong dollars to the Excluded Shareholders pro rata to their shareholdings on the Record Date (but rounded down to the nearest cent), except that individual amount of HK\$100 or less shall not be so distributed but shall be retained for the benefit of the Company. Any such nil-paid Rights Shares remaining unsold at the Latest Time for Acceptance shall be made available for excess application.

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

The register of members of the Company will be closed from 27 September 2011 to 3 October 2011, both days inclusive. No transfer of Shares will be registered during this period.

### **TERMS OF THE RIGHTS ISSUE**

#### **Subscription Price**

HK\$0.062 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares or application for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 86.52% to the closing price of HK\$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a discount of approximately 86.81% to the average closing price of approximately HK\$0.47 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Date; and
- (c) a discount of 22.50% to the theoretical ex-rights price of approximately HK\$0.08 per Share based on the closing price of HK\$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market price of the Shares.

#### **Basis of allotment**

The Company will allot and issue 22 Rights Shares for every Share held by the Qualifying Shareholders as at the close of business on the Record Date. The Rights Shares (nil-paid) will be provisionally allotted to all the Qualifying Shareholders who are entitled to them before despatch of the Rights Issue Documents, details of which are set out in the timetable below.

## **Bonus Warrants**

Subject to the fulfillment or waiver (as appropriate) of the conditions to the Rights Issue and the Bonus Warrant Issue, Bonus Warrants will be issued to the first registered holders of the Rights Shares on the basis of one Bonus Warrant for every five Rights Shares taken up. Fractional entitlements to the Bonus Warrants will not be allotted but will be aggregated and sold for the benefit of the Company. On the basis of 6,268,834,396 Rights Shares to be issued under the Rights Issue, the total number of Bonus Warrants to be issued will be 1,253,766,879. Each of the Bonus Warrants will entitle the holder(s) thereof to subscribe for one Share at the Exercise Price of HK\$0.04 per Share (subject to adjustments), at any time between the date of issue of the Bonus Warrants and the day immediately preceding the date which is 24 months after the date of issue. The Bonus Warrant Shares to be issued upon exercise of the Bonus Warrants represent approximately 16.06% of issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares and the Bonus Warrant Shares.

The Exercise Price represents:

- (a) a discount of approximately 82.61% to the closing price of HK\$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a discount of approximately 82.98% to the average closing price of approximately HK\$0.47 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Date; and
- (c) a discount of 50% to the theoretical ex-rights price of approximately HK\$0.08 per Share based on the closing price of HK\$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date.

The Exercise Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market price and the theoretical ex-rights price of the Shares as calculated above. It is subject to customary anti-dilutive adjustments in certain events, including, among other things, share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and further issue of shares or convertible securities with conversion price less than the then market price provided that the Exercise Price shall not at any time fall below the par value of the Shares.

The Bonus Warrant Issue is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders at the SGM approving the Bonus Warrant Issue and the allotment and issue of the Bonus Warrant Shares; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Warrants and the Bonus Warrant Shares.

## **Certificates for the Rights Shares and the Bonus Warrants**

Subject to the fulfillment or the waiver in whole or in part by the Underwriter of the conditions of the Rights Issue and the Bonus Warrant Issue, certificates for the fully-paid Rights Shares and the Bonus Warrants are expected to be posted on or before 26 October 2011 to those Qualifying Shareholders and applicants who have accepted or (as the case may be) applied and paid for the Rights Shares, at their own risks.

## **Application for excess Rights Shares**

The Qualifying Shareholders shall be entitled to apply for any unsold entitlements of the Excluded Shareholders and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders. Application may be made by completing the form of 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, but on a fair basis in accordance with the Listing Rules on the following principles:

- (a) 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
- (b) subject to availability of excess Rights Shares after allocation under principle (a) above, the excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding scale with reference to the number of excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive less number of Rights Shares; whereas Qualifying Shareholders applying for larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive greater number of Rights Shares).

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 26 October 2011 by ordinary post to the relevant unsuccessful applicants therefor at their own risk.

The Shareholders 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, Shareholders should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually. Beneficial owners who hold their Shares through a nominee company are advised to consider whether they would like to arrange registration of their Shares in their own names prior to the Record Date.

For the Shareholders whose Shares are held by their nominee(s) and would like to have their names registered on the register of members of the Company, they must complete the relevant registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, by 4:30 p.m. on 26 September 2011.

### **Application for listing**

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares.

Nil-paid Rights Shares and Bonus Warrants are expected to be traded in board lots of 50,000. Dealings in the Rights Shares (in both nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong.

### **Status of the Rights Shares and the Bonus Warrant Shares**

The Rights Shares and the Bonus Warrant Shares, when fully paid and issued, will rank pari passu in all respects with the Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares or the Bonus Warrant Shares (as the case may be).

## **CONDITIONS PRECEDENT TO THE RIGHTS ISSUE AND THE UNDERWRITING AGREEMENT**

The Rights Issue and the underwriting obligations of the Underwriter under the Underwriting Agreement are conditional upon the following:

- (a) the passing of the necessary resolution by the Independent Shareholders at the SGM approving the Rights Issue in accordance with the bye-laws of the Company and the Listing Rules;
- (b) the delivery to the Stock Exchange and the filing with and registration of the Rights Issue Documents by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance on or before the Posting Date;
- (c) the posting of the Rights Issue Documents to the Qualifying Shareholders on or before the Posting Date;
- (d) the Listing Committee granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares, either unconditionally or subject to such conditions as the Underwriter may in its absolute discretion accept and the satisfaction of such conditions (if any and where



relevant) before 8:00 a.m. on the date on which nil-paid Rights Shares commence dealings on the Stock Exchange, and not having withdrawn or revoked such listing and permission before 8:00 a.m. on the date (“dealing date”) on which dealings in the Rights Shares, in fully-paid form, and the Bonus Warrants commence on the Stock Exchange;

- (e) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof; and
- (f) the Shares remaining listed on the Stock Exchange at all times prior to the dealing date and the current listing of the Shares not having been withdrawn and no indication being received before 8:00 a.m. on the dealing date from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason.

If any of the above conditions precedent is not satisfied and/or waived at or prior to the respective time specified therein or, if no time or date is specified, 4:00 p.m. on 30 November 2011 or such other date as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall be automatically terminated and all obligations of the parties to the Underwriting Agreement shall cease and neither party shall have any claim against the other save that all such reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Rights Issue shall be borne by the Company, and the Rights Issue will not proceed.

## **UNDERWRITING ARRANGEMENT**

### **Underwriting Agreement**

Date:	the Underwriting Agreement was entered into on 8 August 2011 and amended by a supplemental underwriting agreement entered into on 10 August 2011
Parties:	(i) the Company as the issuer; and  (ii) Chung Nam Securities Limited, a licensed corporation to carry out Type 1 regulated activities under the SFO, as the underwriter
Number of Rights Shares underwritten by the Underwriter:	all the Rights Shares, not exceeding 6,268,834,396 Shares, under the Rights Issue
Commission:	3% of the aggregate Subscription Price in respect of the Underwritten Shares

## TERMINATION OF THE UNDERWRITING AGREEMENT

If at any time on or before 6:00 p.m. on the second business day following the Latest Acceptance Date:

- (a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the warranties contained in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or
- (b) there shall be:
  - (i) any new law or regulation enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
  - (ii) any change in local, national or international financial, political, industrial or economic conditions;
  - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
  - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
  - (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange; or
  - (vi) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere,

which event or events is or are in the reasonable opinion of the Underwriter:

- (1) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or
- (2) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or
- (3) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then and in such case, the Underwriter may by notice in writing to the Company terminate the Underwriting Agreement whereupon all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and the Rights Issue shall not proceed.

## CHANGE IN BOARD LOT SIZE

As the value of each board lot of Shares is expected to decrease after dealings in the Shares on an ex-rights basis commence, the Board proposes that the board lot size of the Shares for trading on the Stock Exchange be changed from 5,000 Shares to 50,000 Shares with effect from 9:00 a.m. on 4 October 2011. In the event that the Rights Issue is not approved at the SGM, the board lot size of the Shares will remain unchanged. No parallel trading of the Shares and exchange of certificates will be provided.

In order to alleviate the difficulties arising from the existence of odd lots of Shares, the Company will procure a designated broker to arrange for the matching of the sales and purchases of odd lots of Shares on behalf of the Shareholders.

Holders of Shares in odd lots should note that successful matching of the sales and purchases of odd lots of Shares are not guaranteed. Shareholders are advised to consult their professional advisers if they are in doubt about the above procedures.

## CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The effects of the Rights Issue and the Bonus Warrant Issue on the shareholding of the Company are as follows:

	Current shareholding		Before exercise of Bonus Warrants				After exercise of all Bonus Warrants			
			Shareholding after the Rights Issue (assuming all Shareholders take up their entitlements)		Shareholding after the Rights Issue (assuming no Shareholders take up their entitlements)		Shareholding after the Rights Issue (assuming all Shareholders take up their entitlements)		Shareholding after the Rights Issue (assuming no Shareholders take up their entitlements)	
			No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Directors</b>										
Kwong Kai Sing, Benny	231,660	0.082	5,328,180	0.082	231,660	0.003	6,347,484	0.082	231,660	0.003
Ong Peter	128,929	0.045	2,965,367	0.045	128,929	0.002	3,532,654	0.045	128,929	0.001
Poon Chi Wan	17,820	0.006	409,860	0.006	17,820	0.001	488,268	0.006	17,820	0.001
<b>Public</b>	284,568,609	99.867	6,545,078,007	99.867	284,568,609	4.342	7,797,179,887	99.867	284,568,609	3.645
<b>Underwriter</b>	-	-	-	-	6,268,834,396	95.652	-	-	7,522,601,275	96.350
<b>Total</b>	<b>284,947,018</b>	<b>100.000</b>	<b>6,553,781,414</b>	<b>100.000</b>	<b>6,553,781,414</b>	<b>100.000</b>	<b>7,807,548,293</b>	<b>100.000</b>	<b>7,807,548,293</b>	<b>100.000</b>

As shown above, in the event that the Underwriter is called upon to subscribe for all the Rights Shares pursuant to its obligations under the Underwriting Agreement, the interest of the Underwriter in the issued share capital of the Company immediately after completion of the Rights Issue would increase from nil to approximately 95.65% before exercise of the Bonus Warrants or from nil to approximately 96.35% assuming full exercise of the Bonus Warrants. However, pursuant to the Underwriting Agreement, the Underwriter has undertaken to the Company that:

- (a) it shall, whether by itself or together with the parties acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with it (if any), be under no circumstances hold 30% or more of the issued share capital of the Company immediately after completion of the Rights Issue;
- (b) it shall, in fulfillment of its underwriting obligations under the Underwriting Agreement to subscribe for (or procure subscribers for) any Underwritten Shares not taken up, procure that the subscribers procured by it and/or its sub-underwriter(s) and/or the subscribers procured by such sub-underwriter(s), are not parties acting in concert with it, so that it, together with parties acting in concert with it (if any) will not become the controlling shareholder of the Company immediately after completion of the Rights Issue; and
- (c) it shall, in fulfillment of its underwriting obligations under the Underwriting Agreement to subscribe for (or procure subscribers for) any Underwritten Shares not taken up, procure that the subscribers procured by it and/or its sub-underwriter(s) and/or the subscribers procured by such sub-underwriter(s) are independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates such that the Company will be able to comply with the minimum public float requirement set out in Rule 8.08 of the Listing Rules.

**EXPECTED TIMETABLE**

The expected timetable for the Rights Issue and change in board lot size is set out below:

*2011*

Expected date of despatch of the circular to the Shareholders .....	Friday, 2 September
Latest time for lodging proxy form for the SGM .....	9:00 a.m. on Monday, 19 September
Expected date of the SGM .....	9:00 a.m. on Wednesday, 21 September
Announcement of the results of the SGM .....	Wednesday 21 September

Last day of dealings in the Shares on a cum-rights basis. . . . .	Thursday, 22 September
Commencement of dealings in the Shares on an ex-rights basis. . . . .	Friday, 23 September
Latest time for lodging transfer of the Shares in order to qualify for the Rights Issue . . . . .	4:30 p.m. on Monday, 26 September
Register of members closes. . . . .	Tuesday, 27 September to Monday, 3 October (both days inclusive)
Record Date . . . . .	Monday, 3 October
Register of members re-opens. . . . .	Tuesday, 4 October
Change of board lot size from 5,000 Shares to 50,000 Shares . . . . .	9:00 a.m. on Tuesday, 4 October
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Shares . . . . .	9:00 a.m. on Tuesday, 4 October
Posting Date . . . . .	Tuesday, 4 October
First day of dealings in nil-paid Rights Shares . . . . .	Friday, 7 October
Latest time for splitting nil-paid Rights Shares . . . . .	4:30 p.m. on Tuesday, 11 October
Last day of dealings in nil-paid Rights Shares . . . . .	Friday, 14 October
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares . . . . .	4:00 p.m. on Wednesday, 19 October
Latest Time for Termination of the Underwriting Agreement. . . . .	6:00 p.m. on Friday, 21 October
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Shares . . . . .	Monday, 24 October
Announcement of results of the Rights Issue . . . . .	Tuesday, 25 October

Refund cheques in respect of wholly or partially  
 unsuccessful applications for excess Rights Shares  
 expected to be despatched on or before . . . . . Wednesday, 26 October

Certificates for the Rights Shares and the Bonus  
 Warrants expected to be despatched on or before . . . . . Wednesday, 26 October

Dealings in fully-paid Rights Shares and  
 Bonus Warrants commence . . . . . Friday, 28 October

All times in this announcement refer to Hong Kong times. Dates stated in this announcement for events mentioned in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the Rights Issue will be announced as appropriate in accordance with the Listing Rules.

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

**The Shares are expected to be dealt in on an ex-rights basis from 23 September 2011. Dealings in the Rights Shares in nil-paid form are expected to take place from 7 October 2011 to 14 October 2011 (both days inclusive). If prior to 6:00 p.m. on 21 October 2011 (or such other time as the Underwriter may agree with the Company), the Underwriter terminates the Underwriting Agreement (see the paragraph headed “Termination of the Underwriting Agreement” above) or if any of the conditions precedent to the Rights Issue (see the paragraph headed “Conditions precedent to the Rights Issue and the Underwriting Agreement” above) cannot be fulfilled or is not waived, the Rights Issue will not proceed.**

**Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled or waived (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases), and any dealings in the Rights Shares in their nil-paid form between 7 October 2011 to 14 October 2011, both days inclusive, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or the Rights Shares in their nil-paid form are recommended to consult their own professional advisers.**

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

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.

As stated in the Company's annual report for the year ended 31 March 2011, the Group's audited consolidated loss for the year ended 31 March 2011 was HK\$391,908,000. The loss was mainly attributable to loss on sale of equity and debt investments, unrealised fair value losses arisen from equity and debt investments and share of losses of associates as at the fiscal year end date. 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 realise 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.

Although the Subscription Price and the Exercise Price are substantially below the current traded prices of the Shares, the Directors (excluding the independent non-executive Directors who will form their view after receiving the advice of the independent financial adviser) consider that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole as the discount would encourage existing Shareholders to take up their entitlements so as to participate in the future growth of the Group. Further, since the Rights Issue will allow the Qualifying Shareholders to maintain their shareholdings in the Company, the executive Directors consider raising capital through the Rights Issue is in the interest of the Company and the Shareholders as a whole.

The gross proceeds of the Rights Issue are approximately HK\$388 million. The estimated net proceeds of the Rights Issue after deducting expenses are approximately HK\$374 million, and the net price per Rights Share upon full acceptance of the relevant provisional allotment of the Rights Shares is approximately HK\$0.060. It is intended that the entire amount of the net proceeds will be used for the general working capital of the Group and, where appropriate, for future expansion of existing business, future development and/or acquisition of new businesses and assets where suitable opportunities arise.

## 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>Actual use of proceeds</b>	<b>Date of grant of issue mandate</b>
6 January 2011	Rights issue of 94,982,339 new shares on the basis of one rights share for every two shares held on the record date	HK\$45.90 million	Utilised for general working capital of the Group	Not applicable
5 October 2010	Placing of 316,607,798 new shares under general mandate at the placing price of HK\$0.102 per share	HK\$31.39 million	Utilised for general working capital of the Group	Granted at the annual general meeting of the Company held on 20 August 2010

## GENERAL MATTERS

Pursuant to Rule 7.19(6) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue. As at the date of this announcement, the Company does not have any controlling Shareholders. Therefore, Dr. Kwong Kai Sing, Benny, Mr. Ong Peter and Ms. Poon Chi Wan, being the executive Directors, and their respective associates, together holding approximately 0.13% of the issued share capital of the Company as at the date of this announcement, will abstain from voting in favour of the resolution relating to the Rights Issue at the SGM.



An independent Board committee, comprising all the independent non-executive Directors, will be established to make recommendations to the Independent Shareholders in relation to the Rights Issue. An independent financial adviser will be appointed to advise the independent Board committee and the Independent Shareholders in this regard.

A circular containing, among other things, further particulars of the Rights Issue and the Bonus Warrant Issue, a letter of recommendation from the independent Board committee to the Independent Shareholders in respect of the Rights Issue, a letter of advice from the independent financial adviser to the independent Board committee and the Independent Shareholders in respect of the Rights Issue and the notice convening the SGM, will be despatched to the Shareholders on or before 2 September 2011.

Subject to the approval of the Rights Issue by the Independent Shareholders, the Company will also despatch the Rights Issue Documents to the Qualifying Shareholders and the Prospectus to the Excluded Shareholders for their information only in due course in accordance with the Listing Rules and the applicable law and regulations.

## **RESUMPTION OF TRADING**

Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 8 August 2011 at the request of the Company pending the release of this announcement and application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 12 August 2011.

## **DEFINITIONS**

In this announcement, the following terms shall have the meanings set opposite them unless the context requires otherwise:

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bonus Warrant(s)”	warrant(s) proposed to be issued by the Company under the Rights Issue entitling the holder(s) thereof to subscribe for new Share(s) at the Exercise Price of HK\$0.04 per Share (subject to adjustments)
“Bonus Warrant Issue”	the proposed issue of the Bonus Warrants on the basis of one Bonus Warrant for every five Rights Shares taken up under the Rights Issue
“Bonus Warrant Share(s)”	the Share(s) to be allotted and issued pursuant to the exercise of the subscription rights attached to the Bonus Warrants

“business day”	any day on which banks in Hong Kong are generally open for business, except a Saturday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company”	Heritage International Holdings Limited, an exempted 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
“Excluded Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date and whose addresses as shown on such register on that date are outside Hong Kong where the Directors, after making relevant enquiry as required under the Listing Rules, consider the exclusion of such Shareholders from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the law of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Exercise Price”	the price payable for each Bonus Warrant Share on exercise of the subscription rights attached to the Bonus Warrants, which is initially set at HK\$0.04 per Share (subject to adjustments)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders who are not required to abstain from voting in favour of the resolution relating to the Rights Issue under the Listing Rules

“Last Trading Date”	5 August 2011, being the last day on which the Shares are traded on the Stock Exchange prior to the publication of this announcement
“Latest Acceptance Date”	19 October 2011 or such other date as may be agreed between the Company and the Underwriter, being the latest date for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Acceptance”	4:00 p.m. on the Latest Acceptance Date or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Termination”	6:00 p.m. on 21 October 2011, being the second business day after (but excluding) the Latest Acceptance Date, or such other time as may be agreed between the Company and the Underwriter
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Posting Date”	4 October 2011 or such other date as the Underwriter may agree in writing with the Company for the despatch of the Rights Issue Documents
“Prospectus”	the prospectus to be issued by the Company to the Shareholders in relation to the Rights Issue
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date except for the Excluded Shareholders
“Record Date”	3 October 2011 or such other date as may be agreed between the Company and the Underwriter, being the record date to determine entitlements of the Shareholders to participate in the Rights Issue

“Rights Issue”	the offer of the Rights Shares by way of rights on the basis of 22 Rights Shares for every Share held on the Record Date, at the Subscription Price on the terms set out in the Underwriting Agreement and the Rights Issue Documents, with Bonus Warrants on the basis of one Bonus Warrant for every five Rights Shares taken up
“Rights Issue Documents”	the Prospectus, the provisional allotment letters in respect of the Rights Issue and the forms of application for use by the Qualifying Shareholders to apply for excess Rights Shares
“Rights Share(s)”	6,268,834,396 new Share(s) to be offered to the Qualifying Shareholders by way of Rights Issue for subscription on the terms set out in the Underwriting Agreement and the Rights Issue Documents
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened for the purpose of approving the Rights Issue
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.062 per Rights Share under the Rights Issue
“Underwriter”	Chung Nam Securities Limited, a licensed corporation to carry out Type 1 regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement dated 8 August 2011 (as amended by a supplemental underwriting agreement dated 10 August 2011) entered into between the Company and the Underwriter in relation to the underwriting of the Rights Issue
“Underwritten Shares”	all the Rights Shares, not exceeding 6,268,834,396 Shares, under the Rights Issue

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board  
**Dr. Kwong Kai Sing, Benny**  
*Chairman*

Hong Kong, 11 August 2011

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