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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

CHUNG NAM SECURITIES LIMITED

Placing of 312,417,159 new Shares under General Mandate

The Board announced that on 27 August 2012, after trading hours, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to place a total of 312,417,159 new Shares on a fully underwritten basis, to not less than six independent Placees, at a price of HK\$0.26 per Placing Share.

The 312,417,159 Placing Shares under the Placing represent approximately 20% of the existing issued share capital of the Company of 1,562,085,796 Shares as at the date of this announcement and approximately 16.67% of the then issued share capital of 1,874,502,955 Shares as enlarged by the Placing.

The Placing Price of HK\$0.26 per Placing Share represents (i) a discount of approximately 17.46% to the closing price of the Shares of HK\$0.315 quoted on the Stock Exchange on 27 August 2012, being the date of the Placing Agreement and (ii) a discount of approximately 16.13% to the average closing price of the Shares of HK\$0.310 quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 27 August 2012.

* For identification purposes only

The gross proceeds from the Placing will be HK\$81.2 million and the net proceeds from the Placing will be approximately HK\$77.9 million which will be used for general working capital of the Group.

The Placing Shares are to be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 8 August 2012.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing is subject to the satisfaction of the condition precedent in the Placing Agreement.

As the Placing may or may not proceed, Shareholders, warrant holders and potential investors are advised to exercise caution when dealing in the Shares and warrants of the Company.

THE PLACING

The Board announced that on 27 August 2012, after trading hours, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to place a total of 312,417,159 new Shares on a fully underwritten basis, to not less than six independent Placees, at a price of HK\$0.26 per Placing Share.

THE PLACING AGREEMENT

Date:

27 August 2012

Issuer:

The Company

Placing Agent and Placees:

Chung Nam Securities Limited, the Placing Agent, is indirectly-owned as to approximately 2.72% by the Company as at the date of this announcement.

The Placees, being individual, corporation and/or institutional investors, who and whose ultimate beneficial owners will be third parties independent of and not connected with the Company and its connected persons.

The Placing is on a fully underwritten basis. The Placing Shares will be placed to not less than six independent Placees. It is expected that none of the Placees will become substantial Shareholder (as defined in the Listing Rules) immediately after the Placing.

Number of Placing Shares:

The 312,417,159 Placing Shares under the Placing represent approximately 20% of the existing issued share capital of the Company of 1,562,085,796 Shares as at the date of this announcement and approximately 16.67% of the then issued share capital of 1,874,502,955 Shares as enlarged by the Placing.

Ranking of Placing Shares:

The Placing Shares under the Placing will rank, upon issue, 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\$0.26 per Placing Share represents (i) a discount of approximately 17.46% to the closing price of the Shares of HK\$0.315 quoted on the Stock Exchange on 27 August 2012, being the date of the Placing Agreement; and (ii) a discount of approximately 16.13% to the average closing price of the Shares of HK\$0.310 quoted on the Stock Exchange for the last five consecutive trading days immediately prior to 27 August 2012.

The net placing price for the Placing is approximately HK\$0.25 per Share.

The Placing Price was negotiated on arm's length basis between the Company and the Placing Agent with reference to current market price of the Shares. The Directors consider that the Placing Price is fair and reasonable based on current market conditions and is in the interests of the Company and the Shareholders as a whole.

Placing commission payable to the Placing Agent:

The Placing Agent will receive a placing commission calculated as 3% of the amount equal to the Placing Price multiplied by the number of the Placing Shares.

Condition of the Placing Agreement:

Completion of the Placing Agreement is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares.

If the condition is not fulfilled on or prior to 31 October 2012 (or such later date as the Company and the Placing Agent shall agree in writing), the Placing Agreement and all the obligations thereunder will cease and terminate and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

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

Termination and force majeure events

The Placing Agreement may be terminated by the Placing Agent if at any time prior to 09:00 a.m. on the date of completion for the Placing Agreement, in the absolute opinion of the Placing Agent the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (i) any material breach of any of the representations and warranties under the Placing Agreement; or
- (ii) any of the following events:
 - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
 - (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
 - (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (d) a change or development involving a prospective change in taxation in Hong Kong, Bermuda or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
 - (e) any change or deterioration in the conditions of local, national or international securities markets occurs.

General Mandate:

The Placing Shares will be allotted and issued under the General Mandate.

Up to the date of this announcement, no new Shares have been allotted and issued under the General Mandate. The Placing Shares to be allotted and issued will utilize the full capacity of the General Mandate.

Completion:

Completion of the Placing shall take place on the second Business Day upon the fulfillment of the condition of the Placing (or such other time or date as the Company and the Placing Agent shall agree in writing).

The Placing may or may not proceed. Shareholders, warrant holders and potential investors are advised to exercise caution when dealing in the Shares and warrants of the Company.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company was incorporated in Bermuda with limited liability. The Company is an investment holding company and its subsidiaries are principally engaged in property related investments, investment in securities, money-lending business and Chinese medicine clinic operation.

The gross proceeds from the Placing will be approximately HK\$81.2 million and the net proceeds from the Placing (after deducting the placing commission for the Placing and other expenses) of approximately HK\$77.9 million will be used for general working capital of the Group.

The Company can take this opportunity to broaden the capital base and shareholders' base of the Company. Accordingly, the Board considers that the terms of the Placing is fair reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

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

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
20 April 2012	Subscription of 56,989,403 new shares under general mandate at the subscription price of HK\$0.12 per share	HK\$6.70 million	For general working capital of the Group	Used as intended
11 August 2011	Rights issue of 6,268,834,396 new shares 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 with bonus warrants on the basis of one bonus warrant for every five rights shares taken up, which was completed on 21 October 2011	HK\$374 million	Approximately 80% of the net proceeds for expansion of existing business, development and/ or acquisition of new businesses and assets where suitable opportunities arise and approximately 20% for general working capital of the Group	<ul style="list-style-type: none"> – HK\$180 million for the acquisition of a 2.5% unsecured note due 2014 issued by Mascotte Holdings Limited; – HK\$115 million for the acquisition of 400,000,000 shares in Hao Tian Resources Group Limited – HK\$69 million for investment in other securities; and – HK\$10 million for general working capital

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and the effect on the shareholding structure of the Company upon completion of the Placing are set out as below, for illustration purposes:–

	As at the date of this announcement		Upon completion of the Placing	
	<i>No. of Shares</i>	<i>Approximately %</i>	<i>No. of Shares</i>	<i>Approximately %</i>
Shareholders				
Directors:				
Kwong Kai Sing, Benny	1,269,496	0.08	1,269,496	0.07
Ong Peter	706,530	0.05	706,530	0.04
Poon Chi Wan	97,653	0.01	97,653	0.01
Placees (Note 1)	–	–	312,417,159	16.67
Other public Shareholders	1,560,012,117	99.86	1,560,012,117	83.21
Total	1,562,085,796	100.00	1,874,502,955	100.00

Notes:

1. The Placing Shares will be placed to not less than six independent Placees. It is expected that none of the Placees will become substantial Shareholder (as defined in the Listing Rules) immediately after the Placing. The Placees, being individual, corporation and/or institutional investors, who and whose ultimate beneficial owners will be third parties independent of and not connected with the Company and its connected persons.
2. As at the date of this announcement, the Company has outstanding warrants entitling the holders thereof to subscribe for 10,821,742 Shares. Save for the aforesaid, the Company did not have any outstanding options or other securities which are convertible or exchangeable into Shares as at the date of this announcement.

GENERAL

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

Pursuant to the termination provision in the Placing Agreement, the Placing Agent has the right in certain circumstances, in the discretion of the Placing Agent, to terminate the Placing Agreement prior of the condition precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders, warrant holders and potential investors are advised to exercise caution when dealing in the Shares and warrants of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day (excluding Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong
“Company”	Heritage International Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 8 August 2012 to allot, issue and deal with 20% of the then issued share capital of the Company as at the aforesaid annual general meeting and further adjusted for the Company’s capital reorganization effective on 17 August 2012, which amounts to 312,417,159 Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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
“Placees”	any individual, corporation and/or institutional investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement

“Placing”	placing of 312,417,159 new Shares on a fully underwritten basis by the Placing Agent at the Placing Price pursuant to the Placing Agreement
“Placing Agent”	Chung Nam Securities Limited, a licensed corporation to carry out business in Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement entered into between the Placing Agent and the Company dated 27 August 2012 in respect of the Placing
“Placing Price”	HK\$0.26 per Placing Share
“Placing Shares”	312,417,159 new Shares to be placed under the Placing
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board of
Heritage International Holdings Limited
Dr. Kwong Kai Sing, Benny
Chairman

Hong Kong, 27 August 2012

As at the date of this announcement, the Company has four executive Directors, being Dr. Kwong Kai Sing, Benny, 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.