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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**

**Placing Agent**

**CHUNG NAM SECURITIES LIMITED**

#### **Placing of 137,883,749 new Shares under general mandate**

The Board announced that on 22 March 2010, after trading hours, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place 137,883,749 new Shares, through the Placing Agent on a fully underwritten basis, to not less than six Placees, at a price of HK\$0.24 per Share.

The Placing Shares under the Placing represent 20% of the existing issued share capital of the Company of 689,418,745 Shares as at the date of this announcement and approximately 16.67% of the then issued share capital of 827,302,494 Shares as enlarged by the Placing.

The Placing Price of HK\$0.24 represents (i) a discount of approximately 2.04% to the closing price of the Shares of HK\$0.245 quoted on the Stock Exchange on 22 March 2010, being the date of the Placing Agreement and (ii) a discount of approximately 0.41% to the average closing price of the Shares of approximately HK\$0.241 quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Placing Agreement; and (iii) the same as the average closing price of the Shares of approximately HK\$0.24 quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Placing Agreement.

\* For identification only

The gross proceeds from the Placing will be approximately HK\$33.09 million and the net proceeds from the Placing will be approximately HK\$32.18 million will be used as general working capital of the Group.

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

## **THE PLACING**

The Board announced that on 22 March 2010, after trading hours, the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place 137,883,749 new Shares, through the Placing Agent on a fully underwritten basis, to not less than six Placees, at a price of HK\$0.24 per Share.

## **THE PLACING AGREEMENT**

### **Date:**

22 March 2010

### **Issuer:**

The Company

### **Placing Agent and Placees:**

Chung Nam Securities Limited is the Placing Agent. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

The Placees, being independent individual, corporation and/or institutional investors, who and whose ultimate beneficial owners will be third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

The Placing is on a fully underwritten basis. The Placing Shares will be placed to not less than six Placees. It is expected that none of the Placees will become substantial shareholder of the Company immediately after the Placing.

### **Number of Placing Shares:**

The Placing Shares under the Placing represent 20% of the existing issued share capital of the Company of 689,418,745 Shares as at the date of this announcement and approximately 16.67% of the then issued share capital of 827,302,494 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\$0.24 represents (i) a discount of approximately 2.04% to the closing price of the Shares of HK\$0.245 quoted on the Stock Exchange on 22 March 2010, being the date of the Placing Agreement and (ii) a discount of approximately 0.41% to the average closing price of the Shares of approximately HK\$0.241 quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Placing Agreement; and (iii) the same as the average closing price of the Shares of approximately HK\$0.24 quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Placing Agreement.

The net placing price for the Placing is approximately HK\$0.233 per Share.

The Placing Price was negotiated on arm's length basis between the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable based on current market conditions and 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 2.5% of the amount equal to the Placing Price multiplied by the number of the Placing Shares.

**Conditions of the Placing Agreement:**

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

The Company and the Placing Agent shall use their respective best endeavours to procure the fulfilment of the conditions and in particular, shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may reasonably be required by each other and/or the Stock Exchange and/or the SFC in connection with the fulfilment of the conditions.

If the conditions are not fulfilled on or prior to 21 April 2010 (or such other date as may be agreed between the Company and the Placing Agent) the Placing Agreement shall terminate and neither of the parties shall have any claim against the other for any costs or losses (save for any prior breaches of the Placing Agreement).

**Termination and force majeure:**

If, at any time prior to 9:00 a.m. on the date of completion of the Placing Agreement, in the sole and 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 set out in 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 of the Placing Agreement 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 ejusdem generis with any of the foregoing, resulting in a material adverse change in, or which might reasonably 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 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,

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company prior to 9:00 a.m. on the date of completion of the Placing Agreement.

**General Mandate:**

The Placing Shares will be allotted and issued pursuant to the refreshed general mandate granted to the Directors at the special general meeting held on 15 March 2010. Under this refreshed general mandate, the Directors are allowed to allot and issue up to 137,883,749 Shares. As at the date of this announcement, no Shares have been issued and allotted under such general mandate and therefore, the Company is allowed to issue a maximum of 137,883,749 Shares under such general mandate. The Placing Shares will utilize 100% of the said 137,883,749 Shares that are allowed to be allotted and issued under such general mandate. Accordingly, the Directors may consider further refreshment of general mandate before the forthcoming annual general meeting if thought fit and comply with the relevant requirements under the Listing Rules.

**Completion:**

Completion of the Placing shall take place on the third business day upon the fulfillment of the conditions 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 and potential investors are advised to exercise caution when dealing in the Shares.**

**REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Group is principally engaged in supply and procurement business, provision of finance and securities investment. The gross proceeds from the Placing will be approximately HK\$33.09 million and the net proceeds from the Placing (after deducting the placing commission for the Placing and other expenses) of approximately HK\$32.18 million will be used as general working capital by the Group.

The Directors have considered different types of fund raising arrangement such as rights issue and open offer and the Directors consider that the Placing is the most efficient way in terms of cost and time involved for the Company. In the meantime, the Company can take this opportunity to broaden the capital base and shareholders' base of the Company.

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below are the fund-raising activities of the Company during the past 12 months immediately prior to the date of this announcement:-

<b>Date of announcement</b>	<b>Fund raising activities</b>	<b>Net proceeds (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
28 April 2009	Placing of 51,000,000 new Shares under general mandate at the placing price of HK\$0.5 each	HK\$24.59 million	For general working capital of the Company	HK\$24.59 million was used as the general working capital of the Company
29 September 2009	Placing of 61,350,000 new Shares at the placing price of HK\$0.44 under general mandate and 361,350,000 new Shares at the placing price of HK\$0.44 under the specific mandate	HK\$180.4 million	(i) not more than HK\$100 million to be invested in the possible PRC joint venture as stated in the circular of the Company on 20 October 2009; and (ii) approximately HK\$80.4 million for general working capital of the Group	(i) The sum of HK\$100 million has not been utilized for investment in the possible PRC joint venture as the project is still under negotiation.  (ii) The sum of HK\$80.4 million has been utilized for general working capital of the Group.

Save as disclosed above, the Company has not conducted any fund raising activity in the past 12 months immediately prior to the date of this announcement.

## SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing are set out as below:-

	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>
<b>Directors</b>				
Kwong Kai Sing, Benny	1,544,400	0.22	1,544,400	0.19
Ong Peter	859,536	0.12	859,536	0.10
Poon Chi Wan	118,800	0.02	118,800	0.01
<b>Placees</b>	–	–	137,883,749	16.67
<b>Other public Shareholders</b>	686,896,009	99.64	686,896,009	83.03
<b>Total</b>	689,418,745	100.00	827,302,494	100.00

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“business day”	any day (excluding Saturday and Sunday) on which banks generally open for business in Hong Kong
“Board”	the board of Directors
“Company”	Heritage International Holdings Limited, an exempted company incorporated in Bermuda with limited liability and the shares of which are listed on 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
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of 137,883,749 new Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agent”	Chung Nam Securities Limited, a deemed licensed corporation within the meaning of the SFO
“Placing Agreement”	the placing agreement entered into between the Placing Agent and the Company dated 22 March 2010 in respect of the Placing
“Placing Price”	HK\$0.24 per Share
“Placing Shares”	137,883,749 new Shares to be placed under the Placing
“SFC”	Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“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, 22 March 2010



*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 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.*