

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

DISCLOSEABLE TRANSACTION - ACQUISITION OF THE NOTES IN AN AGGREGATE PRINCIPAL AMOUNT OF HK\$200 MILLION

DISCLOSEABLE TRANSACTION

The Company is pleased to announce that on 2 February 2012 (after trading hours), the Purchaser entered into the Agreement with the Vendor pursuant to which the Vendor had conditionally agreed to sell and the Purchaser had conditionally agreed to purchase the Notes with an aggregate principal amount of HK\$200 million at a total consideration of HK\$180 million upon Completion. On the aforesaid date, the Consideration was paid to the Vendor and the transaction was completed accordingly.

As the applicable percentage ratios calculated in accordance with the Listing Rules in relation to the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is subject to the disclosure requirements under Chapter 14 of the Listing Rules.

ACQUISITION OF THE NOTES

The Company is pleased to announce that on 2 February 2012 (after trading hours), the Purchaser entered into the Agreement with the Vendor pursuant to which the Vendor had conditionally agreed to sell and the Purchaser had conditionally agreed to purchase the Notes with an aggregate principal amount of HK\$200 million at a total consideration of HK\$180 million upon Completion. On the aforesaid date, the Consideration was paid to the Vendor and the transaction was completed accordingly.

* *For identification purposes only*

Set out below are major terms of this transaction:

Date: 2 February 2012 (after trading hours)

Parties:

Vendor: Quinella International Incorporated, which is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

As at the date of this announcement, the Company indirectly owns 61,184,000 shares of Mascotte, representing approximately 1.34% of the existing issued share capital of Mascotte as at 2 February 2012. The Company holds the aforesaid shares of Mascotte as short term investments.

Other than the aforesaid shareholding interests held in Mascotte by the Group, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Mascotte and its substantial shareholders are independent of the Company and its connected persons.

As at the date of this announcement, Vendor owns 381,035,500 Shares, representing approximately 5.28% of the issued share capital of the Company.

Other than the aforesaid shareholding interests held in the Company by the Vendor, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, Quinella International Incorporated and its ultimate beneficial owners are independent of the Company and its connected persons.

Purchaser: Dollar Group Limited, which is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company and is principally engaged in securities trading business.

Asset Acquired

The Group acquired from the Vendor the Notes. Set out below are the principal terms and conditions of the Notes:

(1) Issuer

Mascotte

(2) Aggregate principal amount

HK\$200 million

(3) *Maturity Date*

The second anniversary of the issue date of the Notes (the “Scheduled Maturity Date”) or, if Mascotte elects in its discretion to extend the term of the Notes, the seventh anniversary of the issue date of the Notes (the “Maturity Date”).

(4) *Interest*

Interest shall accrue daily on the principal amount of the outstanding Notes at 2.5% per annum in respect of the period up to and including the Scheduled Maturity Date and thereafter interest shall accrue daily on the principal amount of the outstanding Notes at 12.5% per annum. Interest is payable quarterly in arrears.

(5) *Transferability*

The Notes will be freely transferable (in integral multiple of HK\$1,000,000 or such lesser amount representing the entire outstanding principal amount of the Notes).

(6) *Voting rights*

The holders of Notes are not entitled to attend or vote at any meetings of Mascotte.

(7) *Final Redemption*

Unless previously redeemed or purchased and cancelled, Mascotte shall redeem the Notes at the redemption price as mentioned below on the Maturity Date.

(8) *Early redemption at Mascotte’s option*

Mascotte may redeem the Notes in whole or in part, at the redemption price as mentioned below at any time before the Maturity Date by giving notice in writing to the holders of the Notes (“Early Redemption Notice”). Redemption shall take place on the first Business Day falling 30 days after the date of the Early Redemption Notice.

(9) *Early redemption at option of the holders of the Notes*

Each holder of the Notes shall be entitled, upon giving written notice to Mascotte, to require Mascotte to redeem all (but not part only) of the Notes at the Redemption Price (as mentioned below) within 30 days following (i) a change of control of Mascotte or (ii) a delisting of the shares of Mascotte from the Stock Exchange. A “change of control of Mascotte” means an offer is made for all or substantially all of the shares of Mascotte under the Takeovers Code and such offer becomes or is declared unconditional in all respects. Redemption shall take place on the 10th Business Day after notice of such holder of the Notes.

The holders of the Notes shall not be entitled to require the early redemption of the Notes under any other circumstances.

(10) Redemption price

The redemption price (the “Redemption Price”) shall be an amount in Hong Kong dollars equal to:

- (a) 100% of the principal amount of the Notes; plus
- (b) all interest accrued up to the date of redemption.

(11) Event of default

Events of default for a transaction include cross default.

(12) Status

The Notes, when issued, will constitute general, unsecured and unsubordinated obligations of Mascotte and rank equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of Mascotte, except for obligations accorded preference by mandatory provisions of applicable law.

(13) Application for listing

No application will be made for the listing of, or permission to deal in, the Notes on the Stock Exchange, or any other stock exchange.

(14) Negative pledge

So long as any of the Notes remains outstanding, save for any security interests which have been created in favour of others and remain outstanding as at the date of issue of the Notes, Mascotte will not, and will procure that none of its subsidiaries will, create or have outstanding any mortgage, charge, pledge or other security interest upon the whole or any part of its property or assets, present or future to secure any relevant indebtedness (any future indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depository receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which are, or are issued with the intention that they should be, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement)). For the avoidance of doubt, Relevant Indebtedness shall not include any present indebtedness of Mascotte or any of its subsidiaries, any future indebtedness of Mascotte or any of its subsidiaries in the form of bank borrowings, trade debts, or other types of indebtedness incurred in the ordinary course of business of Mascotte or any of its subsidiaries (the “Relevant Indebtedness”) or any guarantee of or indemnity in respect of any such Relevant Indebtedness, in each case without the written consent of the holders of the Notes holding 51% or more of the principal amount of Notes outstanding, unless, at the same time or prior thereto Mascotte’s obligations under the Notes are secured equally and rateably therewith.

Notwithstanding the foregoing, Mascotte is only required to notify holders of the Notes in writing in advance in respect of any renewal or extension of any security interest for any financial indebtedness (any indebtedness for or in respect of moneys borrowed and debit balances with financial institutions) existing as at the date of issue of the Notes and no prior consent of any of the holders of the Notes is required in such cases.

Consideration:

The total consideration for the Acquisition, being HK\$180 million, is payable upon Completion. As at the date of this announcement, the Consideration was paid to the Vendor and the transaction was completed accordingly.

The Consideration represents a discount of 10% to the aggregate principal amount of the Notes. The Consideration was agreed between the Purchaser and the Vendor after arm's length negotiations.

Having considered the interest income and the aforementioned discount to the aggregate principal amount of the Notes, the Directors consider that the Consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

As has been widely covered across local and international financial media, global financial market are continuing experience significant levels of volatility, driven largely from the worsening sovereign debt crisis in Europe increased risk of recession in Europe, pressure on banks and exacerbated concerns in respect of slowing growth in the economy of China. Given the adverse market sentiments as mentioned, the Company is in the process of reviewing its securities investment strategies and money lending policies. The Company is currently in consideration of disposing certain of its securities investment portfolio to interested parties if opportunities arise, in order to provide the Company more cash buffer against adverse market sentiment as well as more financial flexibility for financing attractive business opportunities (such as the Acquisition).

Conditions precedent:

The Agreement to sell and purchase the Notes is conditional upon the following condition being satisfied or waived:

- (a) all necessary waivers, consents, licences and approvals, as applicable, from government or regulatory authorities and other third parties for the Purchaser to purchase the Notes have been obtained.

Completion:

Completion shall take place within five Business Days after all the conditions of the Agreement have been fulfilled or waived or such later date as may be agreed between the Vendor and the Purchaser.

If the condition has not been satisfied or waived on or before the Long Stop Date, then the Agreement shall lapse and have no further effect, the Vendor shall forthwith return all monies paid by the Purchaser and the parties shall be released from all obligations.

Information on Mascotte

Mascotte is a company incorporated in Bermuda with limited liability and its issued shares are listed on the Stock Exchange. Mascotte is an investment holding company and together with its subsidiaries are principally engaged in the business of manufacturing solar grade polysilicon in Taiwan, investments and trading of securities, provision of financing, property investment and manufacturing of accessories for photographic and multimedia products.

Set out below is a summary of consolidated financial information of Mascotte for the two years ended 31 March 2011 and the six months ended 30 September 2011 (as extracted from the annual reports and interim report of Mascotte):

	For the financial year ended 31 March		For the six months ended 30 September
	2011	2010	2011
	<i>Appr.</i>	<i>Appr.</i>	<i>Appr.</i>
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
	(audited)	(audited)	(unaudited)
Turnover	103	242	57
Net (loss)/profit before taxation	(241)	111	(349)
Net (loss)/profit after taxation	(244)	109	(351)

Reasons for and benefits of the Acquisition

The Acquisition enhances the return of the Group's surplus cash reserves as it offers an interest rate of 2.5% per annum on the outstanding principal amount, payable quarterly which is higher than the saving rate offered by other commercial banks in the market, the Acquisition represents a good investment opportunity for the Company. In addition, the Acquisition provides stable interest income for the Group.

The Directors consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

General

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, money-lending businesses and Chinese medicine clinic operation.

As the applicable percentage ratios calculated in accordance with the Listing Rules in relation to the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company pursuant to Rule 14.06 of the Listing Rules and is subject to the disclosure requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

The following expressions in this announcement have the meanings set out below unless the context requires otherwise:

- “Acquisition” the acquisition of the Notes by the Purchaser from the Vendor pursuant to the terms and conditions of the Agreement
- “Agreement” the note purchase agreement entered into between the Purchaser and Vendor in relation to the Acquisition
- “Business Day(s)” day(s) (other than a Saturday, Sunday and public holiday) on which the licensed banks are generally open for business in Hong Kong throughout their normal business hours
- “Board” the board of Directors
- “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
- “Completion” completion of the Acquisition in accordance with the terms and conditions of the Agreement
- “Consideration” the consideration payable to the Vendor for the Acquisition
- “Directors” the directors of the Company

“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	29 February 2012
“Mascotte”	Mascotte Holdings Limited, a company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange (Stock code: 136)
“Notes”	2.5% unsecured notes due 2014 in the aggregate principal amount of HK\$200 million issued by Mascotte
“Purchaser”	Dollar Group Limited, is a company incorporated in the British Virgin Islands with limited liability which is principally engaged in securities trading business and is a wholly-owned subsidiary of the Company, being the purchaser of the Agreement
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Vendor”	Quinella International Incorporated, a company incorporated in the British Virgin Islands with limited liability, which is principally engaged in investment holding
“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, 2 February 2012

As at the date of this announcement, the Board comprises the following members:

Executive Directors

Dr. Kwong Kai Sing, Benny

Mr. Ong Peter

Ms. Poon Chi Wan

Mr. Chow Chi Wah, Vincent

Independent Non-executive Directors

Mr. To Shing Chuen

Mr. Ha Kee Choy, Eugene

Mr. Chung Yuk Lun

Mr. Lo Wong Fung