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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect about this prospectus or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in the Company, you should at once hand the Rights Issue Documents to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of each of the Rights Issue Documents, having attached thereto the written consent referred to under the paragraph headed "Consent of expert" in Appendix IV to this prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance. A copy of each of the Rights Issue Documents will as soon as reasonably practicable be delivered to the Registrar of Companies in Bermuda for filing in accordance with the requirements of the Companies Act. The Securities and Futures Commission of Hong Kong, the Registrar of Companies in Hong Kong and the Registrar of Companies in Bermuda take no responsibility for the contents of any of these documents.

Dealings in the Shares and the nil-paid and fully-paid Rights Shares may be settled through CCASS, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, 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 prospectus.

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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)

### 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

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Capitalised terms used in this cover page have the same meanings as defined in this prospectus.

The latest time for acceptance and payment of the Rights Shares is 4:00 p.m. on 19 October 2011. The procedures for acceptance or transfer of the Rights Shares provisionally allotted are set out in the section headed "Procedures for acceptance or transfer of the Rights Shares" set out on page 23 of this prospectus.

Existing Shares have been 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 section headed "Termination of the Underwriting Agreement" in this prospectus) 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" in this prospectus) cannot be fulfilled or is not waived, the Rights Issue will not proceed.

Any dealings in the Shares from the date of the 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.

\* For identification purposes only

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## DEFINITIONS

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*In this prospectus, unless the context otherwise requires, the following expressions have the following meanings:*

“Announcement”	the announcement of the Company dated 11 August 2011 regarding, among other things, the Rights Issue and the Bonus Warrant Issue
“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.
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda as amended, supplemented or otherwise modified from time to time
“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
“EAF(s)”	the form(s) of application for excess Rights Shares

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## DEFINITIONS

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“Excluded Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register on that date is/are outside Hong Kong where the Directors, after making relevant enquiry as required under the Listing Rules, consider the exclusion of such Shareholder(s) 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
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 were traded on the Stock Exchange prior to the publication of the 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 Practicable Date”	30 September 2011, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained herein
“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

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PAL(s)”	the provisional allotment letter(s) issued in connection with the Rights Issue
“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
“PRC”	the People’s Republic of China
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date except for the Excluded Shareholder(s)
“Record Date”	3 October 2011, being the record date to determine entitlements of the Shareholders to participate in the Rights Issue
“Registrar”	Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“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”	this prospectus, the PALs and the EAFs
“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
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company convened at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on 21 September 2011 at 9:00 a.m. for the purpose of approving the Rights Issue and the Bonus Warrant Issue

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## DEFINITIONS

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“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
“%”	per cent.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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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.

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## SUMMARY OF THE RIGHTS ISSUE

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*The following information is derived from, and should be read in conjunction with, the full text of this prospectus:*

Number of Rights Shares to be issued	:	6,268,834,396 Rights Shares
Amount to be raised	:	Approximately HK\$388 million before expenses
Subscription Price	:	HK\$0.062 per Rights Share payable in full on acceptance or application (as the case may be)
Latest time for acceptance	:	4:00 p.m. on 19 October 2011
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
Excess applications	:	Qualifying Shareholders may apply for any Rights Shares provisionally allotted but not accepted or otherwise subscribed for by transferees or purchasers of nil-paid Rights Shares in excess of their provisional allotments.
Status of the Rights Shares	:	The Rights 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.



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## EXPECTED TIMETABLE

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

2011

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 sales and purchases 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 sales and purchases 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

*Notes:*

1. All references to time and dates refer to Hong Kong local time and dates.
2. The above timetable may be changed by the Company and where required under the Listing Rules, further announcement(s) will be made by the Company in respect of such change.

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## **EXPECTED TIMETABLE**

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### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning in force in Hong Kong at any time before 12:00 noon on the Latest Acceptance Date, but no longer in force after 12:00 noon, the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same business day.

If there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning in force in Hong Kong at any time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date, the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Kwong Kai Sing, Benny

Ong Peter

Poon Chi Wan

Chow Chi Wah, Vincent

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Independent non-executive Directors:*

To Shing Chuen

Ha Kee Choy, Eugene

Chung Yuk Lun

Lo Wong Fung

*Principal place of business in*

*Hong Kong:*

29/F., China United Centre

28 Marble Road

North Point

Hong Kong

4 October 2011

*To the Shareholders*

Dear Sir or Madam,

**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**

#### INTRODUCTION

On 11 August 2011, the Board announced that the Company proposed 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. 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. 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.

\* For identification purposes only

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## LETTER FROM THE BOARD

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The Rights Issue and the Bonus Warrant Issue were approved by the Independent Shareholders at the SGM. The purpose of this prospectus is to set out details of the Rights Issue, including information on dealing and transfer of nil-paid Rights Shares and the procedures for acceptance of provisional allotment of Rights Shares, and certain financial and other information of the Group.

### TERMS OF THE RIGHTS ISSUE

#### 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 Latest Practicable Date, 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 was 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 have been lodged with the Registrar, Computershare Hong Kong Investor Services Limited, by 4:30 p.m. (Hong Kong time) on 26 September 2011.

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## LETTER FROM THE BOARD

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### Excluded Shareholders

According to the register of members of the Company, there was one (1) Shareholder whose registered address was in Macau as at the Record Date. In compliance with Rule 13.36(2)(a) of the Listing Rules, the Directors have made enquiries as to whether the issue of the Rights Shares to that overseas Shareholder may contravene the applicable securities legislation of Macau or the requirements of the relevant regulatory body or stock exchange. The Directors have been advised by the legal counsels in Macau that it would be lawful for the Company to offer the Rights Shares in Macau even though the Rights Issue Documents are not registered in Macau. Therefore, the Rights Issue Documents will be sent to such overseas Shareholder and there will be no Excluded Shareholders for the purpose of the Rights Issue.

It is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any government or other consents, and to pay any taxes and duties required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any acceptance of or application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

### 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 five consecutive trading days up to and including the Last Trading Date;
- (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; and
- (d) a discount of approximately 78.98% to the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on the Latest Practicable 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.

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## LETTER FROM THE BOARD

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### **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 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 the 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 91.30% 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 91.49% to the average closing price of approximately HK\$0.47 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Date;
- (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; and
- (d) a discount of approximately 86.44% to the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on the Latest Practicable 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.

A summary of the principal terms and conditions of the Bonus Warrants, including circumstances in which the Exercise Price may be adjusted, is set out in Appendix III to this prospectus.

### **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).

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## LETTER FROM THE BOARD

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### **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 and allocation of excess Rights Shares**

Qualifying Shareholders shall be entitled to apply for any Rights Shares provisionally allotted but not accepted or otherwise subscribed for by transferees or purchasers of nil-paid Rights Shares by completing the EAFs 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 lesser 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).

Shareholders with their Shares held by a nominee company (or which are held in CCASS) should note that the Board will regard the nominee company including HKSCC 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 on the basis of top up arrangement will not be extended to beneficial owners individually unless they have arranged registration of their Shares in their own names prior to the Record Date.

### **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;

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## LETTER FROM THE BOARD

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- (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



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## LETTER FROM THE BOARD

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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,

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## LETTER FROM THE BOARD

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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 has decreased after dealings in the Shares on an ex-rights basis commence, the Board has resolved 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. 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 has procured Chung Nam Securities Limited to stand in the market to provide matching services regarding the sales and purchases of odd lots of Shares on a best efforts basis, during the period from 4 October 2011 to 24 October 2011 (both days inclusive). Holders of the Shares in odd lots who wish to take advantage of this matching facility either to dispose of their odd lots of Shares or to top up to board lots of 50,000 Shares, may contact Mr. Cecil Chan of 26/F., China United Centre, 28 Marble Road, North Point, Hong Kong at telephone number (852) 3198 0888 during office hours.

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.

## LETTER FROM THE BOARD

### 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 %	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>	<b>284,568,609</b>	<b>99.867</b>	<b>6,545,078,007</b>	<b>99.867</b>	<b>284,568,609</b>	<b>4.342</b>	<b>7,797,179,887</b>	<b>99.867</b>	<b>284,568,609</b>	<b>3.645</b>
<b>Underwriter</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,268,834,396</b>	<b>95.652</b>	<b>-</b>	<b>-</b>	<b>7,522,601,275</b>	<b>96.350</b>
<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.

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## LETTER FROM THE BOARD

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The Underwriter confirmed that sub-underwriting agreements had already been executed by it to ensure that the Underwritten Shares would be fully taken up and none of the subscribers/sub-underwriters, together with parties acting in concert with them, would become controlling/substantial shareholders of the Company and the Company would be able to maintain the minimum public float requirement under Rule 8.08 of the Listing Rules immediately after completion of the Rights Issue.

### **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, it is likely that the Group will have to hold on to its equity and debt investments for a while 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 the opportunity afforded by the Rights Issue to strengthen its financial position and replenish its investment reserves as obtaining of bank borrowings has become more and more difficult these days in view of the tightening of the credit market and based on the experience of the management, it would be very difficult, if not impossible, to get a clean loan without any security from banks.

Although the Subscription Price and the Exercise Price are substantially below the current traded prices of the Shares, the Directors 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. In particular, taking into account that (i) the Group had recorded continued losses in recent years; (ii) the downward trend in the price of the Shares; and (iii) the low liquidity in the trading of the Shares, the Directors are of the view that the substantial discount of the Subscription Price and the Exercise Price, and the Bonus Warrant Issue 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. Assuming that all subscription rights attached to the Bonus Warrants are fully exercised, the net proceeds which will be derived from the Bonus Warrant Issue will be approximately HK\$50 million. It is intended that approximately 80% of the net proceeds raised from the Rights Issue and the Bonus Warrant Issue (if any) will be used for future expansion of existing business, future development and/or acquisition of new businesses and assets where suitable opportunities arise and approximately 20% for general working capital of the Group.

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## LETTER FROM THE BOARD

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The Directors confirm that the working capital and liquidity position of the Company remains healthy. The main reason for implementing the Rights Issue and the Bonus Warrant Issue is to replenish the Group's investment reserves so that it may take on good business opportunity promptly as and when it arises. Although up to the Latest Practicable Date, no suitable business opportunity has materialised and thus no urgency for raising money, the Directors still consider raising capital by way of the Rights Issue to be in the interest of the Company and the Shareholders as a whole as it would enable the Company to respond more rapidly to good business opportunities, which are usually more competitive, when they arise. It will also give the Company more flexibility when negotiating terms of investment if it is equipped with the necessary funding.

Pending materialisation of suitable business opportunity, the Company may employ the proceeds raised from the Rights Issue and the Bonus Warrant Issue for investment in securities which is one of the Group's major businesses. Investment decision is made by the investment committee (comprising all the executive Directors) after considering the recommendation of the investment advisers (which mainly comprise of local securities brokers' firms licensed to carry out Type 1 regulated activities under the SFO at the moment). The investment objective is to provide the Group with a reasonable dividend yield as well as capital appreciation at an acceptable level of risk which may vary from time to time depending on the prevailing market conditions and on a case-by-case basis. There is no fixed guideline of what constitutes a reasonable dividend yield or what is an acceptable level of risk. Members of the investment committee would make the investment decision based on their investment experience and perception of the market. The investment portfolio normally comprises banknotes, convertible bonds, debentures, common stocks, forwards, futures, options, swaps and other authorised securities from publicly listed companies in Hong Kong. For the year ended 31 March 2011, new investments made by the Group amounted to approximately HK\$581 million. Although the Directors have adopted a prudent approach throughout by studying different market research reports before making such investments, the Group still suffered a loss on sale of investments at fair value through profit or loss of approximately HK\$177.1 million and a fair value loss on investments at fair value through profit and loss of approximately HK\$72.8 million for the year ended 31 March 2011 due to the slowdown of the global economy and market volatility. Notwithstanding such loss, the Directors would still consider employing the proceeds raised from the Rights Issue and the Bonus Warrant Issue for investment in securities pending materialisation of suitable business opportunity given the current low interest rate environment. Despite the prevailing market volatility, the Directors believe that investing in securities may still offer a higher yield to the Company than to deposit the proceeds in an interest-bearing savings account as the Group would have a better chance of acquiring those securities at a low price and capture the appreciation when the market rebounds. But in light of the significant losses, the Company may consider engaging an investment adviser officially who would be able to provide more professional advices to the investment committee when making investment decision.

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## LETTER FROM THE BOARD

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### 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 the Announcement are set out below:

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds	Date of grant of issue mandate
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	For expanding into Internet lottery business in the PRC or, failing which, for general working capital of the Group	Approximately HK\$45.2 million for general working capital of the Group and the rest for investment in securities as the PRC Company is still undertaking some ground work in relation to the Internet lottery business	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	For general working capital of the Group	The entire amount was utilised for investment in securities	Granted at the annual general meeting of the Company held on 20 August 2010

Save for the Rights Issue and the Bonus Warrant Issue, the Company currently does not have any future fund raising plan.

### REVIEW OF OPERATIONS AND PROSPECTS

For the year ended 31 March 2011, the Group made a loss before tax of approximately HK\$392 million. 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. Performance of the Group's major businesses for the year ended 31 March 2011 is summarised below:

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## LETTER FROM THE BOARD

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**(a) Real estate investment**

The Group owned certain commercial properties in North Point and a luxury residential property in Stanley. With the increase in property prices in Hong Kong, the Group's property portfolio appreciated in value. The gain arising from changes in fair value amounted to approximately HK\$4.2 million for the year ended 31 March 2011. The value of the Group's property investment stood at HK\$246.8 million as at 31 March 2011. Subsequent to fiscal year end, the Group entered into an agreement on 4 May 2011 with an independent third party to dispose of one of its commercial properties in cash of approximately HK\$117 million.

The expansionary monetary policy by the United States of America will continue to provide a low interest rate business environment for Hong Kong. The Board considers that fundamentals in Hong Kong's residential market will remain positive, notwithstanding worries over further government intervention that may create short-term market volatility and uncertainty.

**(b) Investment in listed securities**

The Group's securities portfolio has suffered a loss on sale of investments at fair value through profit or loss of approximately HK\$177.1 million for the year ended 31 March 2011. Besides, there are fair value losses on investments at fair value through profit and loss of approximately HK\$72.8 million in the same period.

The growing Mainland economy and the Central Government's support to maintaining Hong Kong as an international financial centre, as laid down in its 12th Five-Year Plan, provide Hong Kong with excellent opportunities. Therefore, the Board expects that stock market in Hong Kong will remain favourable in long term.

**(c) Money lending business**

The Group's share of losses of associates, engaging in money lending business, amounted to approximately HK\$182.6 million for the year ended 31 March 2011. Besides, a new wholly owned subsidiary was formed to engage in the money lending business.

The Group is keen on maintaining good relationship with existing customers and it has established reputation in the market. As commercial banks implement relatively rigorous credit approving policies and their loan applications involve lengthy and complicated approval process, many small-medium enterprises and individuals are not able to obtain a short term loan to meet their immediate liquidity needs. Therefore, the Board foresees that their potential customer base will grow accordingly and is optimistic about their money lending business.

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## LETTER FROM THE BOARD

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**(d) Investment in lottery related business in the PRC**

The Group has a 20% interest in a company engaging in lottery related business in the PRC (the “PRC Company”). In view of the technological development in the PRC which makes Internet more popular and selling of lottery tickets through Internet possible, the Group is recently considering diversifying its business into Internet lottery business by increasing its investment in the PRC Company. The Company understands that the PRC Company is still undertaking some ground work in relation to this Internet lottery business. Subject to satisfactory due diligence review by the Company and the then market conditions, the Group may increase its investment in the PRC Company by realising part of its securities portfolio (if needed) depending on its then available cash position. Further, to facilitate such diversification, the Group may also acquire or form a joint venture with an Internet content provider to provide the necessary platform for conducting the business. Notwithstanding the aforesaid, up to the Latest Practicable Date, no legally-binding agreement has been entered into by the Group, whether for increasing its investment in the PRC Company or forming the joint venture or acquiring the Internet content provider.

China’s lottery market has expanded rapidly with lottery sales in 2010 rose 25.5% year-on-year to RMB166.25 billion according to the Ministry of Finance of the PRC. In light of this, the Group believes that the lottery business is expected to be the most attractive and exciting hallmark over the market in 2011.

As set out in the annual report of the Company for the year ended 31 March 2011, with the globalisation of the world economy, economic measures taken in one country may have devastating consequences in other nations. For example, in the United States, the loose monetary policy quantitative easing 2, lead to severe inflation in other parts of the world. On the other hand, if an over aggressive tightening policy was used, it may block economic rebound. While the global economy is dealing with the aftermath of the financial tsunami and each country is trying to resolve its own economical problems, the PRC has proactively taken monetary precautionary measures to guard against the rising inflation. With its existing foreign exchange policy and economic growth and size, the PRC is relatively insulated from global economic forces. To avoid economic bubble, the Central Government restored the PRC’s economy through a series of tightening policy measures including currency revaluation, interest rate controls and tightening money supply to drive away unacceptable inflation. Such policies will slowdown the PRC’s economy in the immediate term but it is believed to be beneficial to the long term growth and sustainability of the economy as a whole. To get through such economic volatility, the Group is prepared and equipped through the combination of sufficient cash level and low gearing.

Recently, the Group has developed a new line of business in traditional Chinese medicine industry through the operation of the Hon Chinese Medicine Clinic. This operation includes Chinese medical consultation and other Chinese manipulative therapy treatments such as acupuncture, tui na, moxibustion, fire cupping, Chinese herbalism and qigong. The management believes that the outlook of the Chinese medicine business is buoyant as Chinese medicine is gaining popularity especially among the younger generation.

With the growing uncertainty in the global economy and gradual slowdown of the economy in the PRC, the Group is taking a cautious approach in its future growth. However, since the Group is relatively lowly geared, it will take on good business opportunity as and when it arises.



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## LETTER FROM THE BOARD

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### PROCEDURES FOR ACCEPTANCE OR TRANSFER OF THE RIGHTS SHARES

A PAL is enclosed with this prospectus which entitles you to take up the number of Rights Shares shown therein.

If you wish to exercise your right to take up all the Rights Shares specified in the PAL, you must lodge the PAL in accordance with the instructions printed thereon, together with a remittance by cheque or banker's cashier order for the full amount payable on acceptance (but rounded up to the nearest cent for administrative reason), with the Registrar by not later than 4:00 p.m. on 19 October 2011. All remittances must be made in Hong Kong dollars and by cheque or banker's cashier order. Cheque must be drawn on an account with, and banker's cashier order must be issued by, a licensed bank in Hong Kong and made payable to "HERITAGE INTERNATIONAL HOLDINGS LTD – PAL A/C" and crossed "Account Payee Only". Such payment will constitute full acceptance of the provisional allotment on terms of the PAL and this prospectus and subject to the Memorandum of Association and Bye-laws of the Company.

If you wish to transfer all of your rights to subscribe for the Rights Shares provisionally allotted to you under the PAL to one person or persons as joint holders, you and the person(s) to or through whom you are transferring such rights must complete and sign the PAL in accordance with the instructions printed thereon, and the transferee(s) must then lodge the PAL intact, together with a remittance by cheque or banker's cashier order for the full amount payable on acceptance (but rounded up to the nearest cent for administrative reason), with the Registrar so as to be received by not later than 4:00 p.m. on 19 October 2011. All remittances must be made in Hong Kong dollars and by cheque or banker's cashier order. Cheque must be drawn on an account with, and banker's cashier order must be issued by, a licensed bank in Hong Kong and made payable to "HERITAGE INTERNATIONAL HOLDINGS LTD – PAL A/C" and crossed "Account Payee Only". It should be noted that Hong Kong stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares.

If you wish to accept only part of your provisional allotment of Rights Shares (without renouncing the balance of your provisional allotment under the PAL), or transfer part of your rights to subscribe for the Rights Shares provisionally allotted to you under the PAL, or transfer your rights to more than one person (not as joint holders), the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on 11 October 2011 with the Registrar who will cancel the original PAL and issue new PALs in the denominations required.

All cheques and banker's cashier orders will be presented for payment immediately upon receipt and all interest earned on such monies will be retained for the benefit of the Company. Any PAL in respect of which the accompanying cheque or banker's cashier order is dishonoured on first or, at the option of the Company, subsequent presentation is liable to be rejected and, in that event, the relevant provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled at the discretion of the Company.

If the Underwriter exercises its rights to terminate its obligations under the Underwriting Agreement before the Latest Time for Termination, the subscription monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form shall have been validly transferred without interest by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or other persons on or around 26 October 2011.

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## LETTER FROM THE BOARD

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### APPLICATIONS FOR EXCESS RIGHTS SHARES

If you wish to apply for any Rights Shares in addition to your provisional allotment under the Rights Issue, you must complete and sign the enclosed EAF as indicated therein and lodge it, together with a separate remittance by cheque or banker's cashier order for the amount payable on application in respect of the excess Rights Shares applied for (but rounded up to the nearest cent for administrative reason), with the Registrar on 19 October 2011. All remittances must be made in Hong Kong dollars and by cheque or banker's cashier order. Cheque must be drawn on an account with, and banker's cashier order must be issued by, a licensed bank in Hong Kong and made payable to "HERITAGE INTERNATIONAL HOLDINGS LTD – EAF A/C" and crossed "Account Payee Only".

All cheques and banker's cashier orders will be presented for payment immediately upon receipt and all interest earned on such monies will be retained for the benefit of the Company. Any EAF in respect of which the accompanying cheque or banker's cashier order is dishonoured on first or, at the option of the Company, subsequent presentation is liable to be rejected.

The Board intends to allot the excess Rights Shares applied for at its sole discretion on a fair and reasonable basis in accordance with the provisions set out in the paragraph headed "Application for and allocation of excess Rights Shares" in this letter.

If no excess Rights Shares are allotted to you, the amount tendered on application will be refunded to you in full without interest by means of cheques despatched by ordinary post at your own risk on or around 26 October 2011. If the number of excess Rights Shares allotted to you is less than that applied for, the surplus application money will be refunded to you without interest by means of cheques despatched by ordinary post at your own risk on or around 26 October 2011.

If the Underwriter exercises its rights to terminate its obligations under the Underwriting Agreement before the Latest Time for Termination, the monies received in respect of applications for excess Rights Shares will be returned to the applicants without interest by means of cheques despatched by ordinary post at the risk of such applicants on or around 26 October 2011.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses on the register of members of the Company.

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## LETTER FROM THE BOARD

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### LISTING AND DEALINGS

Application has been made 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 and all necessary arrangements have been made enabling the Bonus Warrants to be admitted into CCASS. It is expected that dealings in the Rights Shares in their nil-paid form on the Stock Exchange will commence on 7 October 2011.

Subject to the granting of 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 which may fall to be issued upon the exercise of the subscription rights attached to the Bonus Warrants on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares which may fall to be issued upon the exercise of the subscription rights attached to the Bonus Warrants will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in each of their nil-paid and fully-paid forms and the Bonus Warrants on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

**Existing Shares have been 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 section headed “Termination of the Underwriting Agreement” in this prospectus) 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” in this letter) cannot be fulfilled or is not waived, the Rights Issue will not proceed.**

**Any dealings in the Shares from the date of the 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.**

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.

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## LETTER FROM THE BOARD

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### TAXATION

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding or disposal of, or dealing in the nil-paid or fully-paid Rights Shares. It is emphasised that none of the Company, its Directors, and any other parties involved in the Rights Issue accepts responsibility for any tax effects or liability of any Shareholder or transferee of nil-paid Rights Shares resulting from the purchase, holding or disposal of, or dealing in the nil-paid or fully-paid Rights Shares.

### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this prospectus.

Yours faithfully,  
For and on behalf of the Board  
**Kwong Kai Sing, Benny**  
*Chairman*

**1. FINANCIAL INFORMATION OF THE GROUP**

The audited consolidated financial statements of the Group for the years ended 31 March 2011, 2010 and 2009 together with the relevant notes to the consolidated financial statements of the Group can be found from pages 27 to 122 of the annual report of the Company for the year ended 31 March 2011, pages 27 to 122 of the annual report of the Company for the year ended 31 March 2010 and pages 25 to 117 of the annual report of the Company for the year ended 31 March 2009.

The said annual reports of the Company are available on the Company's website at [www.heritage.com.hk](http://www.heritage.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

**2. INDEBTEDNESS****Borrowings**

At the close of business on 31 August 2011, the Group had aggregate outstanding borrowings comprising secured bank loans of approximately HK\$36,780,000.

The Group's bank loans were secured by the first legal charges over the Group's investment properties.

**Contingent liabilities**

At the close of business on 31 August 2011, the Group had no material contingent liabilities.

**Disclaimers**

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding mortgages, charges, debentures or other loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptances or acceptances credits, finance leases or hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 31 August 2011.

**No material changes**

The Directors have confirmed that, save as disclosed herein, there has not been any material change in the indebtedness and contingent liabilities of the Group since 31 August 2011.

**3. WORKING CAPITAL**

The Directors are satisfied after due and careful enquiry that taking into account the present internal financial resources of the Group, the available banking facilities and the net proceeds to be derived from the Rights Issue, in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements, that is for at least twelve months from the date of publication of this prospectus.

**4. MATERIAL ADVERSE CHANGE**

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 March 2011, the date to which the latest published audited consolidated financial statements of the Group were made up.

**5. FOREIGN EXCHANGE**

The Group has interests in certain companies established and operating in the PRC. The relevant revenue and operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Shortages in the availability of foreign currency may restrict the ability of such companies to remit sufficient foreign currency to pay dividends or other amounts to the Group.

**1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following is an unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared based on the audited consolidated net tangible assets of the Group as at 31 March 2011, as extracted from the published annual report of the Company for the year ended 31 March 2011, and is adjusted as described below for the purpose of illustrating the effect of the Rights Issue as if it had been completed on 31 March 2011. This statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Group as at 31 March 2011 had the Rights Issue actually been completed on that date or at any future date.

	Consolidated net tangible assets as at 31 March 2011	Consolidated net tangible assets per Share as at 31 March 2011	Estimated net proceeds from the Rights Issue (Note 1)	Unaudited pro forma adjusted consolidated net tangible assets after completion of the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets per Share after the Rights Issue (Note 2)
	(approximately) HK\$'000	(approximately) HK\$	(approximately) HK\$'000	(approximately) HK\$'000	(approximately) HK\$
Based on 6,268,834,396 Rights Shares issued	957,970	3.36	374,000	1,331,970	0.2

*Notes:*

1. The estimated gross proceeds from the Rights Issue are approximately HK\$388,000,000. Estimated expenses associated with the Rights Issue amounted to approximately HK\$14,000,000, resulting in an estimated net proceeds from the Rights Issue of approximately HK\$374,000,000.
2. The unaudited pro forma adjusted consolidated net tangible assets per Share after the Rights Issue of approximately HK\$0.2 is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group as calculated above and on the basis of 6,553,781,414 Shares, comprising 284,947,018 Shares in issue as at the Record Date and 6,268,834,396 Rights Shares to be issued pursuant to the Rights Issue.
3. No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 March 2011.

**2. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF  
ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

*The following is the text of a letter from Ernst & Young, the reporting accountants to the Company, in respect of the unaudited pro forma statement of adjusted consolidated net tangible assets for incorporation in this prospectus.*



18th Floor  
Two International Finance Centre  
8 Finance Street, Central  
Hong Kong

The Board of Directors  
Heritage International Holdings Limited

4 October 2011

Dear Sirs

We report on the unaudited pro forma adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of Heritage International Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed rights issue of 6,268,834,396 rights shares of the Company might have affected the financial information presented, for inclusion in Appendix II to the prospectus of the Company dated 4 October 2011 (the “Prospectus”). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Prospectus.

**Respective responsibilities of the directors of the Company and reporting accountants**

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.



**Basis of opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 March 2011 or any future dates.

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully  
**Ernst & Young**  
*Certified Public Accountants*  
Hong Kong

The Bonus Warrants will be issued subject to and with the benefit of the instrument by way of deed poll (the “Instrument”) to be executed by the Company. The Bonus Warrants will be issued in registered form and will form one class and rank *pari passu* in all respects with each other.

The principal terms and conditions of the Bonus Warrants (the “Conditions”) will be set out in the certificates for the Bonus Warrants (the “Warrant Certificates”) and will include provisions summarised below. Holders of the Bonus Warrants (the “Warrantholders”) will be entitled to the benefit of, and will be bound by, and be deemed to have notice of the Conditions. They will also be entitled to the benefit of, and will be bound by, and be deemed to have notice of the provisions of the Instrument, copies of which will be available at the principal place of business for the time being of the Company in Hong Kong.

#### 1. EXERCISE OF SUBSCRIPTION RIGHTS

- (a) In this Appendix, unless otherwise stipulated, the following terms shall have the following meanings:

“Share(s)”	new ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Subscription Date”	means any day (other than a Saturday, Sunday or any other public holiday) on which banks in Hong Kong are generally open for clearing and settlement business falling within the Subscription Period on which any of the Subscription Rights are duly exercised;
“Subscription Period”	means the period of 24 months from the date of issue of the Bonus Warrants;
“Subscription Price”	means the sum payable in respect of each Share upon exercise of the Subscription Rights, initially being HK\$0.04 each (subject to adjustments); and
“Subscription Rights”	in respect of each Bonus Warrant, means the subscription right attached to the Bonus Warrant to subscribe for one fully-paid Share at the Subscription Price, initially being at HK\$0.04 each (subject to adjustments).

- (b) The registered holder for the time being of each Bonus Warrant will have the right, at any time during the Subscription Period on any day (other than a Saturday, Sunday or any other public holiday) on which banks in Hong Kong are generally open for clearing and settlement business, to subscribe for one fully-paid Share in cash at HK\$0.04 per Share (subject to adjustments). After 4:00 p.m. on the last day of the Subscription Period, any Subscription Rights which have not been exercised will lapse and the Bonus Warrants and the Warrant Certificates will cease to be valid for any purpose.

- (c) Each Warrant Certificate will contain a Subscription Form (as defined in the Instrument). In order to exercise in whole or in part the Subscription Rights represented by the Warrant Certificate, the Warrantholders must complete and sign the Subscription Form (which, once signed and completed, shall be irrevocable) and deliver the Warrant Certificate (and, if the subscription form used shall not be the form endorsed thereon, the separate subscription form) duly completed to the Registrars (as defined in the Instrument), together with a remittance for the Exercise Moneys (as defined in the Instrument) (or, in the case of a partial exercise, the relevant portion of the Exercise Moneys). In each case, compliance must also be made by the exercising Warrantholder with any exchange control, fiscal or other laws or regulations for the time being applicable.
- (d) The number of Shares to be allotted on exercise of the Subscription Rights shall be the number of the Bonus Warrants subject to exercise as specified in the relevant Subscription Form and in respect of which the Exercise Moneys thereof have been duly remitted as aforesaid.
- (e) The Company has undertaken in the Instrument that Shares falling to be issued upon the exercise of the Subscription Rights will be issued and allotted not later than 21 calendar days after the relevant Subscription Date and will rank *pari passu* with the fully-paid Shares in issue on the relevant Subscription Date and accordingly shall entitle the holders to vote at general meetings of the Company and to participate in all dividends or other distributions declared, paid or made on or after the relevant Subscription Date unless adjustment therefor has been made as provided in the Instrument, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant Subscription Date and notice of the amount and record date for which shall have been given to the Stock Exchange prior to the relevant Subscription Date.
- (f) As soon as reasonably practicable after the relevant allotment of Shares (and not later than 21 calendar days after the relevant Subscription Date), there will be issued free of charge to the Warrantholder(s) to whom such allotment has been made:
  - (i) a certificate (or certificates) for the relevant Shares in the name(s) of such Warrantholder(s); and
  - (ii) (if applicable) a balancing Warrant Certificate in registered form in the name(s) of such Warrantholder(s) in respect of any Subscription Rights represented by the Warrant Certificate lodged but remaining unexercised.
- (g) The certificate(s) for Shares arising on the exercise of the Subscription Rights and the balancing Warrant Certificate (if any) will be sent by post at the risk of such Warrantholder(s) to the address of such Warrantholder(s) or (in the case of a joint holding) to that one of them whose name stands first in the register of Warrantholders of the Company (which shall be deemed to be a sufficient despatch to all of them). If the Company agrees, such certificates may by prior arrangement be retained by the Registrars to await collection by the relevant Warrantholder(s).

**2.     ADJUSTMENT OF SUBSCRIPTION PRICE**

The Instrument contains detailed provisions relating to the adjustment of the Subscription Price. The following is a summary of, and is subject to, the adjustment provisions of the Instrument:

- (a) The Subscription Price shall (except as mentioned in sub-paragraphs (b), (c) and (d) below) be adjusted as provided in the Instrument in each of the following cases:
  - (i) if and whenever the nominal amount of the Shares is altered by reason of any consolidation or subdivision;
  - (ii) if and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including those in share premium account or contributed surplus account);
  - (iii) if and whenever the Company shall make any Capital Distribution (as defined in the Instrument), whether on a reduction of capital or otherwise, to holders of Shares (in their capacity as such);
  - (iv) if and whenever the Company shall grant to the holders of Shares (in their capacity as such) rights to acquire for cash assets of the Company or any of its Subsidiaries (as defined in the Instrument);
  - (v) if and whenever the Company shall offer to holders of Shares new Shares for subscription by way of rights or shall grant to holders of Shares any options or warrants to subscribe for new Shares, in each case at a price which is less than 90% of the market price (calculation as provided in the Instrument);
  - (vi) if and whenever the Company or any other company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total Effective Consideration (as defined in the Instrument) initially receivable per Share is less than 90% of the market price (calculation as provided in the Instrument), or the terms of any such issue being altered so that the said total Effective Consideration is less than 90% of such market price;
  - (vii) if and whenever the Company shall issue wholly for cash of any Shares (other than Shares issued pursuant to a Share Option Scheme (as defined in the Instrument)) at a price per Share which is less than 90% of the market price (calculation as provided in the Instrument); and
  - (viii) if and whenever the Company shall purchase any Shares (or securities convertible into, or any rights to subscribe for, Shares) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.

- (b) Except as mentioned in sub-paragraph (c) below, no such adjustment as is referred to in sub-paragraph (a) above will be made in respect of:
- (i) an issue of fully-paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon the exercise of any rights (including the Subscription Rights) to acquire Shares;
  - (ii) an issue by the Company of Shares or by the Company or any Subsidiary of securities wholly or partly convertible into or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
  - (iii) an issue of fully-paid Shares by way of capitalisation of all or part of the Subscription Rights Reserve (as defined in the Instrument) to be established in certain circumstances pursuant to the terms and conditions contained in the Instrument (or any similar reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into or carrying rights to acquire Shares);
  - (iv) an issue of Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value (calculation as provided in the Instrument) of such Shares is not more than 110% of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash; or
  - (v) an issue by the Company of Shares or by the Company or any Subsidiary of securities convertible into, or exchangeable for, or carrying rights of subscription for, Shares pursuant to a Share Option Scheme.
- (c) Notwithstanding the provisions referred to in sub-paragraphs (a) and (b) above, in any circumstances where the Directors shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided for under the said provisions, the Company may appoint the auditors of the Company or an approved merchant bank to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would not or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if the auditors of the Company or such approved merchant bank (as the case may be) shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner (including, without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by the auditors of the Company or such approved merchant bank (as the case may be) to be in its opinion appropriate.

- (d) Any adjustment to the Subscription Price shall be made to the nearest one-tenth of a cent so that any amount under half of one-tenth of a cent shall be rounded down and any amount of half of one-tenth of a cent or more shall be rounded up. No adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than one-tenth of a cent and any adjustment that would otherwise be required then to be made shall not be carried forward. No adjustment may be made (except on a consolidation of Shares into shares of a larger nominal amount or upon a repurchase of Shares) which would increase the Subscription Price.
- (e) Every adjustment to the Subscription Price will be certified to be fair and appropriate by the auditors of the Company or an approved merchant bank and notice of each adjustment (giving the relevant particulars) will be given to the Warrantheolders. In giving any certificate or making any adjustment, the auditors of the Company or the approved merchant bank (as the case may be) shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decision shall be conclusive and binding on the Company and the Warrantheolders and all persons claiming through or under them respectively. Any such certificate of the auditors of the Company or the approved merchant bank (as the case may be) will be available for inspection at the principal place of business of the Company for so long as any of the Subscription Rights remains exercisable.

### **3. REGISTERED WARRANTS**

The Bonus Warrants will be issued in registered form. The Company will be entitled to treat the registered holder of any Bonus Warrant as the absolute owner thereof and accordingly will not, except as ordered by a court of competent jurisdiction or required by law, be bound to recognise any equitable or other claim to or interest in such Bonus Warrant on the part of any other person, whether or not it shall have express or other notice thereof.

### **4. TRANSFER, TRANSMISSION AND REGISTER**

- (a) The Bonus Warrants will be transferrable, by instrument of transfer in any usual or common form or in any other form which may be approved by the Directors. Where the transferor or transferee is HKSCC Nominees Limited or its successor thereto (or such other company as may be approved by the Directors for this purpose), the instrument of transfer may be executed under the hand of an authorised person(s) or by machine imprinted signature(s).
- (b) The Company will maintain a register of Warrantheolders accordingly. The register may be closed from time to time. Any transfer or exercise of the Subscription Rights attached to the Bonus Warrants made while the register is so closed shall, as between the Company and the person claiming under the relevant transfer of Bonus Warrants or, as the case may be, as between the Company and the Warrantheolder who has so exercised the Subscription Rights attached to his Bonus Warrants (but not otherwise), be considered as made immediately after the reopening of the register. Transfers of Bonus Warrants must be executed by both the transferor and the transferee. The provisions of the Company's Bye-laws relating to, inter alia, the registration, transmission and transfer of Shares and the register of members shall, mutatis mutandis, apply to the registration, transmission and transfer of the Bonus Warrants and the register of Warrantheolders.

- (c) Persons who hold Bonus Warrants and have not registered the Bonus Warrants in their own names and wish to exercise the Bonus Warrants should note that they may incur additional costs and expenses in connection with any expedited re-registration of Bonus Warrants prior to the transfer or exercise of the Subscription Rights attached to the Bonus Warrants, in particular during the period commencing 10 business days prior to and including the last day of the Subscription Period.
- (d) Since the Bonus Warrants will be admitted to CCASS, so far as applicable laws or regulations of relevant regulatory authorities and the terms of the Instrument and circumstances permit, the Company may determine the last trading day of the Bonus Warrants to be a date at least three trading days before the last day of the Subscription Period.

## **5. PURCHASE AND CANCELLATION**

The Company or any of the Subsidiaries may at any time, subject to the Hong Kong Code on Share Repurchases, the Listing Rules, and all other applicable laws, rules and regulations, purchase the Bonus Warrants:

- (a) in the open market or by tender (available to all Warrantholders alike) at any price; or
- (b) by private treaty at a price per Bonus Warrant, exclusive of expenses, not exceeding 110% of the closing price on the Stock Exchange per Bonus Warrant for one or more board lots of Bonus Warrants on the last day on which the Bonus Warrants were traded on the Stock Exchange prior to the date of purchase of the Bonus Warrants, but not otherwise.

All Bonus Warrants purchased as aforesaid shall be cancelled forthwith and may not be reissued or re-sold.

## **6. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS**

- (a) The Instrument contains provisions for convening meetings of the Warrantholders to consider any matter affecting the interests of the Warrantholders, including the modification by a Special Resolution (as defined in the Instrument) of the provisions of the Instrument and/or the Conditions. A resolution duly passed at any such meeting shall be binding on the Warrantholders, whether present or not.
- (b) All or any of the rights for the time being attached to the Bonus Warrants (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up) be altered or abrogated (including but without prejudice to that generality by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the provisions of the Conditions and/or the Instrument) and the sanction of a Special Resolution of the Warrantholders shall be necessary to effect such alteration or abrogation.

- (c) Where a Warrantholder is a recognised clearing house (within the meaning of the SFO) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative(s) or its proxy (or proxies) at any Warrantholders' meeting provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of Bonus Warrants in respect of which each such person is so authorised. The person(s) so authorised will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise as if such person(s) were an individual Warrantholder.

#### **7. REPLACEMENT OF WARRANT CERTIFICATES**

If a Warrant Certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the office of the Registrars on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such fee not exceeding the maximum fee as may from time to time be permitted by the Stock Exchange as the Company may determine. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued.

In the case of lost Warrant Certificates, sub-sections (2), (3), (4), (6), (7) and (8) of section 71A of the Companies Ordinance shall apply as if "shares" referred to therein included Bonus Warrants.

#### **8. PROTECTION OF SUBSCRIPTION RIGHTS**

The Instrument contains certain undertakings by and restrictions on the Company designed to protect the Subscription Rights.

#### **9. CALL**

If at any time, the aggregate number of Bonus Warrants outstanding is equal to or less than 10% of the total number of Bonus Warrants issued under the Instrument, the Company may, on giving not less than three months' notice, require the Warrantholders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Bonus Warrants will be automatically cancelled without compensation to the Warrantholders.

#### **10. FURTHER ISSUES**

The Company shall be at liberty to issue further subscription warrants.

#### **11. NOTICES**

- (a) The Instrument contains provisions relating to notices to be given to Warrantholders.
- (b) Every Warrantholder shall register with the Company an address either in Hong Kong or elsewhere to which notices can be sent and if any Warrantholder shall fail to do so, notice may be given to such Warrantholder by sending the same in any of the manners hereinafter mentioned to his last known place of business or residence or, if there be none, by posting the same for three days at the principal place of business for the time being of the Company.



- (c) A notice may be given by way of an announcement in accordance with the Listing Rules or by delivery, prepaid letter (airmail in the case of an overseas address) or facsimile.
- (d) All notices with respect to the Bonus Warrants standing in the names of joint holders shall be given to whichever of such persons is named first in the register of Warrantholders and notice so given shall be sufficient notice to all the joint holders of such Bonus Warrants.

## **12. RIGHTS OF WARRANTHOLDERS ON WINDING-UP**

- (a) The Instrument provides that:
  - (i) in the event a notice is given by the Company to its Shareholders (and the Warrantholders) to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to wind-up the Company voluntarily, every Warrantholder shall be entitled by irrevocable surrender of his Warrant Certificate(s) to the Company with the Subscription Form(s) duly completed, together with payment of the relevant Exercise Moneys or the relative portion thereof (such Subscription Form(s) and Exercise Moneys to be received by the Company not later than two business days prior to the proposed shareholders' meeting), to exercise the Subscription Rights represented by such Warrant Certificate(s) and the Company shall cause to be allotted and issued, as soon as possible and in any event no later than the day immediately prior to the date of the proposed shareholders' meeting, such number of Shares which fall to be issued pursuant to the exercise of the relevant Subscription Rights; and
  - (ii) if an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some person(s) designated by them for such purpose by Special Resolution, shall be a party or in conjunction with which a proposal is made to the Warrantholders and is approved by Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal will be binding on all the Warrantholders.
- (b) In all other circumstances in which the Company may be wound up, the Instrument provides that all Subscription Rights which have not been exercised at the commencement of the winding-up will lapse and each Warrant Certificate will cease to be valid for any purpose.

## **13. OVERSEAS WARRANTHOLDERS**

If a Warrantholder has a registered address in any territory other than Hong Kong where, in the opinion of the Directors, the allotment of Shares to such Warrantholder upon exercise of any Subscription Rights would or might, in the absence of compliance with registration or any other special formalities in such territory, be unlawful or impracticable under the laws of such territory, then the Company will as soon as practicable after exercise by such Warrantholder of any Subscription Rights either (i) allot the Shares which would otherwise have been allotted to such Warrantholder to one or more third parties selected by the Company, or (ii) allot such Shares to such Warrantholder and then, on his behalf, sell them to one or more third parties selected by the Company, in each case for the best consideration then

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**APPENDIX III                      SUMMARY OF THE TERMS OF THE BONUS WARRANTS**

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reasonably obtainable by the Company. As soon as reasonably practicable following any such allotment or (as the case may be) allotment and sale, the Company will pay to such Warrantholder an amount equal to the consideration, after deduction of expenses, received by it by posting the remittance to him at his own risks.

**14. GOVERNING LAW**

The Instrument and the Bonus Warrants are governed by and will be construed in accordance with the laws of Hong Kong. The Company irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong in respect of the Instrument and the Bonus Warrants and all matters and disputes arising in connection with them.

## 1. RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Rights Issue and exercise of all Bonus Warrants was and will be as follows:

Number of Shares	Nominal value HK\$
<i>Authorised:</i>	
<u>50,000,000,000</u> Shares	<u>500,000,000.00</u>
<i>Issued and fully-paid:</i>	
284,947,018 Shares in issue as at the Latest Practicable Date	2,849,470.18
6,268,834,396 Rights Shares to be issued pursuant to the Rights Issue	62,688,343.96
1,253,766,879 Bonus Warrant Shares to be issued upon exercise of all Bonus Warrants	12,537,668.79
<u>7,807,548,293</u> Shares in issue following completion of the Rights Issue and exercise of all Bonus Warrants	<u>78,075,482.93</u>

All the issued Shares rank pari passu in all respects as regards dividends, voting rights and return of capital.

No part of the share capital of the Company has been listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed for the Shares to be listed or dealt in on any other stock exchange.

Save pursuant to the options agreement, which is more particularly described in sub-paragraph (e) of section 9 of this Appendix, as at the Latest Practicable Date, none of the capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option.

**3. PARTICULARS OF DIRECTORS**

<b>Name</b>	<b>Address</b>
<i>Executive Directors</i>	
Dr. Kwong Kai Sing, Benny	29/F., China United Centre 28 Marble Road North Point, Hong Kong
Mr. Ong Peter	29/F., China United Centre 28 Marble Road North Point, Hong Kong
Ms. Poon Chi Wan	29/F., China United Centre 28 Marble Road North Point, Hong Kong
Mr. Chow Chi Wah, Vincent	29/F., China United Centre 28 Marble Road North Point, Hong Kong
<i>Independent Non-Executive Directors</i>	
Mr. To Shing Chuen	29/F., China United Centre 28 Marble Road North Point, Hong Kong
Mr. Ha Kee Choy, Eugene	29/F., China United Centre 28 Marble Road North Point, Hong Kong
Mr. Chung Yuk Lun	29/F., China United Centre 28 Marble Road North Point, Hong Kong
Mr. Lo Wong Fung	29/F., China United Centre 28 Marble Road North Point, Hong Kong

**Executive Directors**

**Kwong Kai Sing, Benny**, aged 53, is the Chairman and an Executive Director of the Company since 2001. Dr. Kwong graduated from Simon Fraser University in British Columbia, Canada with a bachelor degree in arts. Dr. Kwong was awarded the honor degree of doctor of commerce by The University of West Alabama in 2008.

Dr. Kwong held senior positions with major international banks in Hong Kong in respective lending departments and China department for many years. For the past several years, he has served as executive director of over 10 publicly listed companies both in Hong Kong, Canada and the UK. Dr. Kwong has extensive knowledge in corporate finance and banking. Dr. Kwong was a director of the Tung Wah Group of Hospitals from 2008 to 2010 and was a member of the Campaign Committee of The Community Chest from 2006 to 2010. Dr. Kwong was nominated as 中國企業創新優秀人物 in China in 2006 and was an appointed member of the China People's Political Consultative Conference of the Hubei Province in 1995-1996. He is currently an appointed member of the China People's Political Consultative Conference of the Zhaoqing City.

**Ong Peter**, aged 41, is the Managing Director and an Executive Director of the Company since 2003. Mr. Ong holds a bachelor degree from California State University, Los Angeles, the United States of America. He has extensive experience in the press and the insurance industries.

**Poon Chi Wan**, aged 55, is an Executive Director of the Company since 2001. Ms. Poon has over 10 years' experience in administrative management including management experience in another listed company. Ms. Poon graduated from the Royal School of Music.

**Chow Chi Wah, Vincent**, aged 42, is the Financial Controller, the Company Secretary and an Executive Director of the Company since 2006. Mr. Chow is a fellow member of the Association of Chartered Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants. Mr. Chow has over 15 years' experience in the finance and accounting field in Hong Kong.

**Independent Non-Executive Directors**

**To Shing Chuen**, aged 60, is an Independent Non-Executive Director of the Company since 2002. Mr. To has a Bachelor's degree in Arts and has over 19 years' experience in trading, garment and leather field. He enjoys excellent relationship with Mainland China companies.

**Ha Kee Choy, Eugene**, aged 54, is an Independent Non-Executive Director of the Company since 2005. Mr. Ha is the director of a certified public accounting practice and an advisory service company in Hong Kong. Mr. Ha holds a Master's degree in business administration and is a fellow member of the Association of Chartered Certified Accountants. Mr. Ha possesses over 20 years of experience in the finance and banking industry and acts as director of a number of private and listed companies in Hong Kong. Mr. Ha is also an executive director of 21 Holdings Limited, a company listed on the Stock Exchange.

**Chung Yuk Lun**, aged 50, is an Independent Non-Executive Director of the Company since 2001. Mr. Chung has over 20 years' experience in the finance and accounting field. Mr. Chung is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and an Associate Chartered Accountant (England and Wales). Mr. Chung is also the Chairman of Radford Capital Investment Limited, an executive director of Ming Fung Jewellery Group Limited and an independent non-executive director of Forefront Group Limited and Dragonite International Limited, all of which companies are listed on the Stock Exchange.

**Lo Wong Fung, JP**, aged 64, is an Independent Non-Executive Director of the Company since 2007. Mr. Lo is the founder and Chairman of Golden Fame Logistics Holding Limited and has more than 30 years' experience in the logistic field. He is the Chairman of The Chamber of Hong Kong Logistics Industry, a director and the Chairman of the Technology Committee of Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies, the Permanent President of Hong Kong CFS & Logistics Association, the Permanent President of Hong Kong Container Drayage Services Association, the Honorary President of Hong Kong Cargo Vessel Traders' Association and also a member of the Hong Kong Logistics Development Council.

Mr. Lo is also the Vice Chairman and Welfare Committee Chairman of Ning Po Residents Association (H.K.), a member of the Political Consultative Committee of Zhongshan City, the PRC and the Vice Chairman of Zhongshan Association of Overseas Chinese Enterprises. Mr. Lo is currently a visiting professor at the Shanghai Maritime University of the PRC.

**4. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**

<b>Registered office</b>	Clarendon House 2 Church Street Hamilton HM11 Bermuda
<b>Principal place of business in Hong Kong</b>	29/F., China United Centre 28 Marble Road North Point, Hong Kong
<b>Authorised representatives in Hong Kong</b>	Kwong Kai Sing, Benny Poon Chi Wan
<b>Company secretary</b>	Chow Chi Wah, Vincent, <i>FCCA, HKICPA</i>
<b>Underwriter of the Rights Issue</b>	Chung Nam Securities Limited 26/F., China United Centre 28 Marble Road North Point, Hong Kong
<b>Legal advisers to the Company</b>	<i>As to Bermuda law:</i> Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place, Central Hong Kong  <i>As to Hong Kong law:</i> Iu, Lai & Li 20/F., Gloucester Tower The Landmark 11 Pedder Street, Central Hong Kong
<b>Auditors</b>	Ernst & Young <i>Certified Public Accountants</i> 18/F., Two International Finance Centre 8 Finance Street, Central Hong Kong
<b>Principal share registrar in Bermuda</b>	Butterfield Corporate Services Limited Rosebank Centre 11 Bermudiana Road Pembroke Bermuda

<b>Hong Kong branch share registrar</b>	Computershare Hong Kong Investor Services Limited Shops 1712-16, 17/F. Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
<b>Principal banker</b>	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong

## 5. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

<b>Name of Director</b>	<b>Number of Shares (long position)</b>	<b>Nature of interest</b>	<b>Percentage of total issued share capital as at the Latest Practicable Date</b>
Kwong Kai Sing, Benny	231,660	Personal	0.082%
Ong Peter	128,929	Personal	0.045%
Poon Chi Wan	17,820	Personal	0.006%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.



## 6. DISCLOSURE OF SHAREHOLDER'S INTERESTS

As at the Latest Practicable Date, so far as the Directors or chief executive of the Company were aware or could ascertain after reasonable enquiry, the following person, not being a Director or chief executive of the Company, had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under section 336 of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any option in respect of such capital.

### Interests in the shares of the Company

Name	Number of Shares (long position)	Nature of interest	Percentage of total issued share capital as at the Latest Practicable Date
Anwar Hendra	18,200,649	Personal	6.387%

Save as disclosed above and so far as the Directors or chief executive of the Company were aware, as at the Latest Practicable Date, there were no other persons who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any option in respect of such capital.

## 7. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

None of the Directors has, or has had, any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2011, the date to which the latest published audited financial statements of the Group were made up.

None of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

## 8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors entered, or proposed to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

## 9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this prospectus and are or may be material:

- (a) a conditional placing agreement dated 9 April 2010 between the Company as issuer and the Underwriter as placing agent in relation to a placing, on a fully underwritten basis, of 400,000,000 new ordinary shares of the Company at a price of HK\$0.25 per share. Further details of the placing were set out in the announcement and circular of the Company dated 9 April 2010 and 5 May 2010, respectively;
- (b) a conditional sale and purchase agreement dated 4 January 2011 between Hennabun Capital Group Limited (“Hennabun”) as the purchaser and Coupeville Limited (a subsidiary of the Company) as the vendor in relation to the sale of 19.75% of the entire issued share capital of Best Purpose Limited to Hennabun for a total consideration of HK\$69 million. Further details of the transaction were set out in the announcement and circular of the Company dated 4 January 2011 and 24 January 2011, respectively;
- (c) a conditional underwriting agreement dated 4 January 2011 between the Company as issuer and the Underwriter as underwriter relating to the issue of 94,982,339 rights shares at a subscription price of HK\$0.50 per share on the basis of one rights share for every two shares held on 2 March 2011. Further details of the rights issue were set out in the announcement and prospectus of the Company dated 6 January 2011 and 3 March 2011, respectively;
- (d) a conditional agreement dated 4 May 2011 entered into between Power Global Limited (a wholly-owned subsidiary of the Company), the Company, Nation Wealth Holdings Limited and Dragonite International Limited in relation to, amongst other things, the sale and purchase of the entire share capital of Central Town Limited for a cash consideration of HK\$117 million. Further details of the transaction were set out in the announcement and circular of the Company dated 11 May 2011 and 10 June 2011, respectively;
- (e) the options agreement dated 8 August 2011 entered into between Power Global Limited (“PGL”) and Nation Wealth Holdings Limited (“NWHL”) in relation to the grant of options to sell and purchase the entire share capital of Apex Corporate Investments Limited (“APC”). Such option is exercisable within a period of five years from the date of the options agreement. If the audited consolidated statement(s) of comprehensive income of APC and its subsidiary/subsidiaries (together, the “APC Group”) for the year ending 31 March 2012 or any accounting period subsequent thereto has not been released and issued at the time of exercise of the option, the exercise price of the option will be HK\$25 million. If the audited consolidated statement(s) of comprehensive income of the APC Group for the year ending 31 March 2012 or any accounting period subsequent thereto has been released and issued, the exercise price of the option will be the higher of (i) HK\$25 million or (ii) the lower of 10 time EBITDA or HK\$75 million if NWHL wishes to acquire APC from PGL. If PGL were to exercise the option to sell APC to NWHL and the audited consolidated statement(s) of comprehensive income of the APC Group for the year ending 31 March 2012 or any accounting period subsequent thereto has been released and issued, the exercise price of the

option will be the higher of (i) HK\$25 million or (ii) the lower of 5 time EBITDA or HK\$75 million. Further details of the transaction were set out in the announcement and circular of the Company dated 11 May 2011 and 10 June 2011, respectively; and

(f) the Underwriting Agreement.

## 10. LITIGATION

As at the Latest Practicable Date, there is no litigation or claims of material importance pending or threatened against any member of the Group.

## 11. CONSENT OF EXPERT

The followings are the qualifications of the professional advisers who have given opinion or advice contained in this prospectus:

<b>Name</b>	<b>Qualification</b>
Ernst & Young	Certified public accountants, Hong Kong

Ernst & Young have given and have not withdrawn their written consent to the issue of this prospectus with the inclusion of their report and/or references to their name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Ernst & Young did not have: (a) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2011, the date to which the latest published audited financial statements of the Group were made up.

## 12. DOCUMENTS DELIVERED AND TO BE DELIVERED TO THE REGISTRARS OF COMPANIES

A copy of each of the Rights Issue Documents, having attached thereto the written consent referred to under the paragraph headed "Consent of expert" in this Appendix, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance. A copy of each of the Rights Issue Documents will as soon as reasonably practicable be delivered to the Registrar of Companies in Bermuda for filing in accordance with the requirements of the Companies Act.

## 13. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, documentation, printing, translation, legal and accountancy fees and expenses, and the fees for the application for listing of the Rights Shares, the Bonus Warrants and the Bonus Warrant Shares are estimated to amount to approximately HK\$14 million and are payable by the Company.

**14. LEGAL EFFECT**

The Rights Issue Documents and all acceptances of any offer or application contained in such documents are governed by and will be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant documents shall have the effect of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

**15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong during normal business hours up to and including the 14th day following the date hereof:

- (a) the Memorandum of Association and the Bye-laws of the Company;
- (b) the report from Ernst & Young set out in section 2 of Appendix II to this prospectus;
- (c) the material contracts referred to in section 9 of this Appendix;
- (d) the written consent given by Ernst & Young referred to in section 11 of this Appendix;
- (e) the annual reports of the Company for the two years ended 31 March 2010 and 31 March 2011; and
- (f) the circular of the Company dated 10 June 2011.

**16. MISCELLANEOUS**

The English text of this prospectus shall prevail over the Chinese text.