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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)

DISCLOSEABLE TRANSACTION IN RELATION TO SUBSCRIPTION OF SHARES

The Board announces that on 12 June 2014, the Subscriber (an indirect wholly-owned subsidiary of the Company) and the Issuer entered into the Subscription Agreement, pursuant to which the Issuer has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe 38,000,000 Subscription Shares of the Issuer at the consideration of HK\$228,000,000 (subject to adjustment). The Subscription Shares represent approximately 4.26% of the issued share capital of the Issuer as at the date of the Subscription Agreement and approximately 4.08% of the enlarged issued share capital of the Issuer.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Subscription exceed 5% but is less than 25%, the Subscription as contemplated under the Subscription Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to notification and announcement requirement under the Listing Rules.

THE SUBSCRIPTION AGREEMENT

On 12 June 2014 (after trading hours), the Subscriber (an indirect wholly-owned subsidiary of the Company) and the Issuer entered into the Subscription Agreement, pursuant to which the Issuer has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe 38,000,000 Subscription Shares of the Issuer at the consideration of HK\$228,000,000 (subject to adjustment). The Subscription Shares represent approximately 4.26% of the issued share capital of the Issuer as at the date of the Subscription Agreement and approximately 4.08% of the enlarged issued share capital of the Issuer. Details of the Subscription Agreement are set out below.

* *For identification purposes only*

Date

12 June 2014

Parties

Issuer: HEC Capital Limited

Subscriber: Mass Nation Investments Limited, which is a wholly-owned subsidiary of the Company

The Issuer is incorporated in the Cayman Islands and is an investment holding company. Immediately prior to the execution of the Subscription Agreement, the Subscriber, an indirect wholly-owned subsidiary of the Company, held 18,800,000 shares of the Issuer, representing approximately 2.10% of the issued share capital of the Issuer.

Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Issuer and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons (as defined under the Listing Rules).

Assets to be acquired

38,000,000 Subscription Shares, being approximately 4.26% of the issued share capital of the Issuer as at the date of the Subscription Agreement and approximately 4.08% of the enlarged issued share capital of the Issuer. The Subscription Shares shall upon full payment of balance of the aggregate Subscription Price as mentioned hereinafter, be fully paid and rank pari passu in all respects with the shares of the Issuer then in issue and in particular will rank in full for all dividends and other distributions declared made or paid at any time on or after the date of issue of the Subscription Shares.

Upon completion of the Subscription, the Subscriber will hold an aggregate of 56,800,000 shares of the Issuer, representing approximately 6.10% of the enlarged issued share capital of the Issuer.

Subscription Price

Pursuant to the Subscription Agreement, the subscription price is HK\$6.00 per Subscription Share (the "Subscription Price") and the aggregate of the subscription price for the 38,000,000 Subscription Shares is HK\$228,000,000 (subject to adjustment), of which HK\$45,600,000 shall be paid by the Subscriber to the Issuer as deposit upon the signing of the Subscription Agreement and the balance of HK\$182,400,000 shall be paid within one month from the actual date of the completion of the Subscription Agreement.

The Subscription Price will be adjusted and rounded up to the nearest Hong Kong Cent on the basis of the audited consolidated net asset value per share of the Issuer's Group as shown in the audited consolidated accounts of the Issuer's Group for the accounting period ended 31 March 2014 (the "Final NAV per share") in the manner as follows:–

- (a) if the Final NAV per share is less than HK\$6.50 per share, the difference (i.e. the Final NAV per share rounded up to the nearest Hong Kong Cent minus HK\$6.50 and then multiplied by the total number of Subscription Shares) will be deducted from the Subscription Price and shall be refunded by the Issuer to the Subscriber within 7 business days from the receipt of the audited consolidated accounts by the Subscriber (or such later date as the Issuer and the Subscriber may otherwise agree); and
- (b) no upward adjustment is required if the Final NAV per share exceeds HK\$6.50.

The Subscription Price was determined by the Issuer and the Subscriber after arm's length negotiations after taking into consideration various factors including the unaudited consolidated net asset value per share of the Issuer as at 31 March 2014.

Conditions

The respective obligations of the Issuer and the Subscriber to effect completion of the Subscription of the Subscription Shares shall be conditional upon the following:–

- (i) all consents or approval of any relevant governmental authorities, regulatory bodies or other relevant third parties in Hong Kong or elsewhere which if required for the entry into and the implementation of the Subscription Agreement having been obtained, including all filings with any relevant governmental authorities or other relevant third parties in Hong Kong or elsewhere which if required for the entering into and the implementation of the Subscription Agreement having been made; and
- (ii) the due diligence investigation on the Issuer and its subsidiaries to be carried out pursuant to the Subscription Agreement having been completed to the satisfaction of the Subscriber in its sole discretion.

If the conditions have not been fulfilled (or waived by the Subscriber except for the condition (i) above which cannot be waived) on or before 31 July 2014, the Subscription Agreement shall terminate whereupon the Issuer shall refund the deposit paid pursuant to the Subscription Agreement in full, without interest, to the Subscriber within 7 Business Days after lapse or termination of the Subscription Agreement and neither parties thereto shall have any further claims against each other under the Subscription Agreement for costs, damages compensation or otherwise, save in respect of antecedent breaches and claims.

Completion

Completion of the Subscription of the Subscription Shares shall take place on the date on which all of the conditions under the Subscription Agreement shall have been satisfied or waived by the Subscriber (or such other time and date as the parties thereto may agree).

Profit Guarantee

Under the Subscription Agreement, the Issuer guarantees and warrants to the Subscriber that the audited consolidated net profit after tax of the Issuer's Group for the accounting period ended 31 March 2014 shall be not less than HK\$250,000,000 (the "Guaranteed Profit") and in the event that the audited consolidated net profit after tax of the Issuer's Group for the accounting period ended 31 March 2014 shall be less than the Guaranteed Profit, the Issuer shall pay the Subscriber an amount in cash in Hong Kong dollars in accordance with the following formula:

$$\text{Shortfall of the Guaranteed Profit} \times \text{Shareholding Percentage (i.e. 4.08\%)}$$

as liquidated damages within 7 Business Days of the date when the audited accounts are made available to the Subscriber (or such later date as the Issuer and the Subscriber may otherwise agree).

DIVIDENDS TARGET

Pursuant to the Subscription Agreement, the Issuer shall use its reasonable endeavours to procure for the distribution, to the extent permitted by law, having regard to the capital expenditure and working capital requirements of the Issuer, by way of dividends profits after tax for each financial year of not less than 2.5 per cent of the Subscription Price.

INFORMATION ON THE ISSUER

The Issuer is a limited liability company incorporated in the Cayman Islands and an investment holding company. Its subsidiaries are principally engaged in the business of property investment, investment advisory and financial services, investment in securities trading and money lending.

The following is the financial information of the Issuer's Group for the accounting period ended 31 March 2013 and 31 March 2014 respectively, which was prepared in accordance with the Hong Kong Financial Reporting Standards:—

	For the year ended 31 March	
	2014	2013
	<i>(HK\$' 000 000)</i>	<i>(HK\$' 000 000)</i>
	unaudited	audited
Net profit before tax	396	287
Net profit after tax	395	288
Net asset value	6,284	5,809

“Company”	Heritage International Holdings Limited (Stock Code: 412), a 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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region
“Issuer”	HEC Capital Limited
“Issuer’s Group”	The Issuer and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“Share(s)”	ordinary shares of HK\$0.001 each in the share capital of the Company
“Shareholders”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mass Nation Investments Limited, a wholly-owned subsidiary of the Company
“Subscription”	The subscription of the 38,000,000 Subscription Shares pursuant to the Subscription Agreement
“Subscription Agreement”	the shares subscription agreement dated 12 June 2014 made between the Issuer and the Subscriber in relation to the Subscription
“Subscription Share(s)”	the share(s) of the Issuer to be subscribed by the Subscriber pursuant to the Subscription Agreement

“subsidiaries” has the meaning ascribed thereto under the Listing Rules

“%” per cent.

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

Hong Kong, 12 June 2014

As at the date of this announcement, the Directors are as follows:

Executive Directors:

Kwong Kai Sing, Benny
Ong, Peter
Chow Chi Wah, Vincent
Chen Wei

Independent Non-executive Directors:

Chung Yuk Lun
To Shing Chuen
Ha Kee Choy, Eugene
Lo Wong Fung