



HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 412)

**(1) PLACING OF NEW SHARES UNDER THE GENERAL MANDATE,
(2) PROPOSED CAPITAL REORGANISATION,
(3) REFRESHMENT OF GENERAL MANDATES,
(4) REFRESHMENT OF SCHEME MANDATE LIMIT
AND
(5) RESUMPTION OF TRADING**

(1) Placing of New Shares under the General Mandate

On 13 June 2007, the Company entered into the Placing Agreement with the Placing Agent pursuant to which an aggregate of 2,340,000,000 new Shares will be placed by the Placing Agent on behalf of the Company at the price of HK\$0.075 per Share with at least six (6) independent investors.

The Placing is conditional upon (i) passing by the Shareholders of the relevant resolution(s) at the SGM approving the Capital Reorganisation; and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

(2) Proposed Capital Reorganisation

The Company also intends to put forward to the Shareholders a proposal involving the following changes to the capital of the Company:

- (a) Share Consolidation: every 5 shares of HK\$0.02 each will be consolidated into one Consolidated Share of HK\$0.10 each; and
- (b) Authorised Share Capital Increase: immediately following the Share Consolidation, the authorised share capital of the Company will be increased from HK\$500,000,000.00 to HK\$5,000,000,000.00 divided into 50,000,000,000 Consolidated Shares of HK\$0.10 each.

The Capital Reorganisation is conditional upon, among other things, passing by the Shareholders of the relevant resolution(s) at the SGM and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

(3) Refreshment of General Mandates

The existing general mandate to issue Shares was granted by the Shareholders at the annual general meeting of the Company held on 23 August 2006. After completion of the Placing, the Company will only be left with the balance of 16,388 Shares under the existing general mandate, representing less than 0.01% of the issued share capital of the Company as enlarged by the Placing. In order to afford the Company with the maximum flexibility to issue and repurchase new shares in the future, the Board proposes to seek the approval of the Shareholders to refresh the General Mandates.

(4) Refreshment of Scheme Mandate Limit

In addition, the Board also proposes to seek the approval of the Shareholders to refresh the 10% limit on the grant of options under the Share Option Scheme. The 10% limit was refreshed at the special general meeting of the Company held on 8 May 2006 pursuant to which the Board is authorised to grant options entitling the holders thereof to subscribe for an aggregate of 713,408,194 Shares. Since then, the Board has granted options entitling the grantees to subscribe for an aggregate of 713,400,000 Shares, using up approximately 99.99% of the existing limit. The Board therefore proposes to refresh the 10% limit at the SGM.

(5) General

A circular containing, among other things, further particulars of the above proposals, a letter from an independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the issue mandate, the recommendation of the Independent Board Committee in relation to the refreshment of the issue mandate and the notice of the SGM, will be despatched to the Shareholders as soon as possible in accordance with the Listing Rules.

(6) Resumption of Trading

Trading in the Shares was suspended with effect from 9:30 a.m. on 14 June 2007 at the request of the Company pending the issue of this announcement and application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 15 June 2007.

(1) PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

- Date of the Placing Agreement : 13 June 2007.
- Placing Agent : Get Nice Investment Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.
- Places : Not less than six (6) institutional, professional and/or individual investors who, together with their ultimate beneficial owner(s) (if any), will be independent of the Company and connected persons (as defined in the Listing Rules) of the Company.
- Number of Shares to be placed : 2,340,000,000 new Shares, representing approximately 12.57% of the existing issued share capital of the Company and approximately 11.17% of the issued share capital of the Company as enlarged by the Placing. The Placing will be on a fully underwritten basis.
- Placing Price : HK\$0.075 per Placing Share. Taking into account the relevant expenses, the net price to the Company of each Placing Share is approximately HK\$0.073 per Share.
- The Placing Price was agreed after arm's length negotiations and represents (i) a discount of approximately 8.54% to the closing price of HK\$0.082 per Share as quoted on the Stock Exchange on 13 June 2007, being the last trading day of the Shares immediately prior to the issue of this announcement; and (ii) a premium of approximately 4.17% over the average closing price of approximately HK\$0.072 per Share as quoted on the Stock Exchange from 6 June 2007 to 12 June 2007, both days inclusive, being the last five trading days of the Shares immediately before the date of the Placing Agreement.
- Placing and underwriting commission : 2.5% of the aggregate Placing Price.

Termination of the Placing Agreement	:	The Placing Agreement contains force majeure provisions entitling the Placing Agent to terminate its obligations thereunder on the occurrence of certain events, which include any material adverse change in the financial, political or economic conditions in Hong Kong, prior to the completion date. If the Placing Agent exercises such right to so terminate the Placing, the Placing will not proceed. Shareholders and investors are advised to exercise caution when dealing in the Shares.
Conditions	:	In order to comply with Rule 13.64 of the Listing Rules which requires a listed issuer to either change its trading method or to proceed with a consolidation of its shares where the market price of the shares approaches the extremities of HK\$0.01, the Company would put forward to the Shareholders the Capital Reorganisation. As stated in the Company's circular dated 12 May 2006, such reorganisation must be implemented before the Company's next fund raising exercise. Therefore, the Placing is conditional upon (i) passing by the Shareholders of the relevant resolution(s) at the SGM approving the Capital Reorganisation; and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares. If the conditions are not fulfilled on or prior to 30 September 2007 or such later date as may be agreed between the Company and the Placing Agent, the Placing Agreement shall terminate and no party shall have any claim against the other in respect of any matters arising out of or in connection with the Placing Agreement save for antecedent breaches.
Expected completion date	:	The date falling two (2) business days after the date upon which the last of the conditions set out above shall have been satisfied or such later date as the Company and the Placing Agent may agree in writing.
Ranking	:	The Placing Shares, when fully paid, will rank pari passu in all respects with the Shares in issue at the time of issue and allotment of the Placing Shares.
Reasons for the Placing	:	The Directors believe that the Placing is in the interests of the Company and its shareholders as a whole and represents a good opportunity for the Company to raise capital, further expand its business and broaden its shareholders and capital base. Further, it can strengthen the financial position of the Company.
Use of proceeds	:	The estimated expenses for the Placing are approximately HK\$4.6 million. The net proceeds arising from the Placing in the amount of approximately HK\$171 million, are intended to be used for expanding the Group's business into the junket representative and services sector or, if such opportunity does not materialise, for general working capital of the Group.
Effects on shareholding	:	The effects of the Placing on the shareholding of the Company are as follows:

	Shareholding before the Placing		Shareholding after the Placing	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Substantial Shareholder	4,242,000,000	22.79	4,242,000,000	20.24
Directors				
Kwong Kai Sing, Benny	214,500,000	1.15	214,500,000	1.02
Lo Ki Yan, Karen	60,000,000	0.32	60,000,000	0.29
Ong Peter	119,380,000	0.64	119,380,000	0.57
Poon Chi Wan	16,500,000	0.09	16,500,000	0.08
Public	13,961,101,943	75.01	13,961,101,943	66.63
Placeses and/or the Placing Agent	—	—	2,340,000,000	11.17
Total	<u>18,613,481,943</u>	<u>100.00</u>	<u>20,953,481,943</u>	<u>100.00</u>

Fund-raising activities by the Company during the past 12 months : The Company did not raise any funds by issue of any equity securities over the past 12 months before this announcement.

(2) PROPOSED CAPITAL REORGANISATION

As stated above, the Company also intends to put forward to the Shareholders the Capital Reorganisation comprising the Share Consolidation and the Authorised Share Capital Increase, details of which are set out below.

A. Share Consolidation

Pursuant to the Share Consolidation, every 5 Shares of HK\$0.02 each will be consolidated into one Consolidated Share of HK\$0.10 each. Fractional Consolidated Shares will not be issued but will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a Shareholder regardless of the number of share certificates held by such Shareholder.

B. Authorised Share Capital Increase

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000.00 divided into 25,000,000,000 Shares. The Company will propose to the Shareholders at the SGM that, immediately following the Share Consolidation, the authorised share capital of the Company be increased from HK\$500,000,000.00 to HK\$5,000,000,000.00 divided into 50,000,000,000 Consolidated Shares of HK\$0.10 each.

C. Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- passing by the Shareholders of the relevant resolution(s) at the SGM; and
- the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Consolidated Shares to be issued following completion of the Capital Reorganisation.

Subject to fulfillment of the above conditions, the Capital Reorganisation will take effect on the business day immediately after completion of the Placing Agreement or its earlier termination. Further announcement will be made by the Company to inform the Shareholders about the effective date of the Capital Reorganisation.

D. Effect of the Capital Reorganisation

The Consolidated Shares arising from the Capital Reorganisation will rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions contained in the bye-laws of the Company. The following table sets out the effect of the Capital Reorganisation on the share capital of the Company, that is, before and after implementation of the Capital Reorganisation:

	Before the Capital Reorganisation and the Placing	Immediately after the Capital Reorganisation and the Placing
Nominal value	HK\$0.02	HK\$0.10
Authorised share capital	HK\$500,000,000.00 divided into 25,000,000,000 Shares	HK\$5,000,000,000.00 divided into 50,000,000,000 Consolidated Shares
Issued and paid-up share capital	HK\$372,269,638.86 divided into 18,613,481,943 Shares	HK\$419,069,638.80 divided into 4,190,696,388 Consolidated Shares

Notes:

- (a) The above table is prepared on the assumption that no further Shares are issued or repurchased between the date of this announcement and the date of the SGM.
- (b) As at the date of this announcement, there are no outstanding derivatives or options granted under the Share Option Scheme.

After the Share Consolidation becoming effective, the board lot for trading in the Consolidated Shares will be changed from 20,000 Shares to 5,000 Consolidated Shares.

The implementation of the Capital Reorganisation will not, of itself, materially alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders.

E. Reasons for the Capital Reorganisation

The proposed Capital Reorganisation is expected to bring about an upward adjustment in the trading price of the shares of the Company on the Stock Exchange, ensuring that Rule 13.64 of the Listing Rules can be complied with. Besides, it will also reduce the overall transaction costs for dealings in the shares of the Company.

The Board also considers it desirable to propose the Authorised Share Capital Increase for approval by the Shareholders at the SGM. If approved, such proposal will provide the Company with sufficient share issuance limit under its bye-laws for immediate future use without the need to obtain further approval from the Shareholders at general meetings to revise it from time to time.

Therefore, the Directors consider the Capital Reorganisation to be in the interests of the Company and the Shareholders as a whole.

F. Tentative timetable and trading arrangements

The following expected timetable is indicative only and may be subject to change:

	2007
Circular to be despatched on	6 July
Latest time for lodging proxy form for the SGM	9:00 a.m. on 21 July
Date and time of the SGM	9:00 a.m. on 23 July
Effective date of the Capital Reorganisation	27 July
Consolidated Shares commence trading on the Stock Exchange	9:30 a.m. on 27 July
Original counter for trading in the Shares in board lots of 20,000 Shares closes	9:30 a.m. on 27 July
Temporary counter for trading in the Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of existing share certificates) opens	9:30 a.m. on 27 July
First day of free exchange of share certificates for existing Shares for new share certificates for Consolidated Shares	27 July
Original counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates) re-opens	9:30 a.m. on 10 August
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) commences	9:30 a.m. on 10 August
Designed broker starts to stand in the market to provide matching services	9:30 a.m. on 10 August
Temporary counter for trading in the Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of existing share certificates) closes	4:00 p.m. on 31 August
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) ends	4:00 p.m. on 31 August
Designated broker ceases to stand in the market to provide matching services	4:00 p.m. on 31 August
Last day of free exchange of the share certificates for existing Shares for new share certificates for Consolidated Shares	4 September

A further announcement will be made by the Company if there is any change to the above expected timetable.

Subject to the passing of the relevant resolution(s) approving the Capital Reorganisation, Shareholders may, during business hours from 27 July 2007 until 4 September 2007, submit their existing certificates for the Shares to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in exchange for new certificates for the Consolidated Shares at the expenses of the Company. Thereafter, existing certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new certificate issued for the Consolidated Shares or each old share certificate for the Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, certificates for the existing Shares will continue to be good evidence of legal title and may be exchanged for certificates for the Consolidated Shares at any time.

Further, to alleviate the difficulties arising from the existence of odd lots of Consolidated Shares, the Company has agreed to procure an agent to arrange for matching services regarding the sale and purchase of odd lots of Consolidated Shares. Further details in respect of the odd lots arrangement and colour of the new share certificates will be set out in the circular of the Company to be despatched to the Shareholders.

(3) REFRESHMENT OF GENERAL MANDATES

The existing general mandate to issue Shares was granted by the Shareholders at the annual general meeting of the Company held on 23 August 2006. After completion of the Placing, the Company will only be left with the balance of 16,388 Shares under the existing general mandate, representing less than 0.01% of the issued share capital of the Company as enlarged by the Placing. In order to afford the Company with the maximum flexibility to issue and repurchase new shares in the future, the Board proposes to seek the approval of the Shareholders to refresh the General Mandates such that:

- (i) the Directors will be given the powers to allot, issue and deal with additional shares of the Company up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution. On the basis that no further Shares are issued or repurchased between the date of this announcement and the date of the SGM, the Company will be allowed under the above mandate to issue a maximum of 3,722,696,388 new Shares (equivalent to 744,539,277 Consolidated Shares);
- (ii) the Directors will be given the powers to repurchase shares of the Company up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution. On the basis that no further Shares are issued or repurchased between the date of this announcement and the date of the SGM, the Company will be allowed under the above mandate to repurchase a maximum of 1,861,348,194 Shares (equivalent to 372,269,638 Consolidated Shares); and
- (iii) subject to the passing of the above two resolutions, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with additional shares will be extended by the addition of an amount representing the aggregate nominal amount of the shares repurchased by the Company under the authority granted above, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the relevant resolution. On the basis that no further Shares are issued or repurchased between the date of this announcement and the date of the SGM, the Company will be allowed under the above extended mandate to issue a further of 1,861,348,194 new Shares (equivalent to 372,269,638 Consolidated Shares) if the repurchase mandate is exercised in full.

(4) REFRESHMENT OF SCHEME MANDATE LIMIT

In addition, the Board also proposes to seek the approval of the Shareholders to refresh the 10% limit on the grant of options under the Share Option Scheme. The 10% limit was refreshed at the special general meeting of the Company held on 8 May 2006 pursuant to which the Board is authorised to grant options entitling the holders thereof to subscribe for an aggregate of 713,408,194 Shares. Since then, the Board has granted options entitling the grantees to subscribe for an aggregate of 713,400,000 Shares, using up approximately 99.99% of the existing limit. In order to provide the eligible participants with incentives for their continuing contributions to the Group, the Board proposes to refresh the 10% limit at the SGM. On the basis that no further Shares are issued or repurchased between the date of this announcement and the date of the SGM, the Company will be allowed under the refreshed limit to grant options entitling the holders thereof to subscribe for an aggregate of 1,861,348,194 Shares (equivalent to 372,269,638 Consolidated Shares).

(5) GENERAL MATTERS

The Company is an investment holding company and its subsidiaries are principally engaged in property related investments and investment in securities and money-lending businesses.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares and the Consolidated Shares to be issued following the completion of the Capital Reorganisation.

A circular containing, among other things, further particulars of the above proposals, a letter from an independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the issue mandate, the recommendation of the Independent Board Committee in relation to the refreshment of the issue mandate and the notice of the SGM, will be despatched to the Shareholders as soon as possible in accordance with the Listing Rules.

(6) RESUMPTION OF TRADING

Trading in the Shares was suspended with effect from 9:30 a.m. on 14 June 2007 at the request of the Company pending the issue of this announcement and application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 15 June 2007.

(7) DEFINITIONS

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

“Authorised Share Capital Increase”	the proposed increase of the authorised share capital of the Company as referred to in the paragraph headed “Authorised Share Capital Increase” above
“Board”	the board of Directors
“Capital Reorganisation”	the proposed capital reorganisation of the Company comprising the Share Consolidation and the Authorised Share Capital Increase, as referred to in the section headed “Proposed Capital Reorganisation” above
“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
“Consolidated Share(s)”	new ordinary share(s) of HK\$0.10 each in the share capital of the Company following the Capital Reorganisation
“Director(s)”	the director(s) of the Company
“General Mandates”	the general and unconditional mandates to be granted to the Directors to exercise all powers of the Company to allot, issue, deal with and repurchase Shares up to a specified limit
“Group”	the Company and its subsidiaries
“Independent Board Committee”	a committee of independent non-executive Directors, formed to advise the Independent Shareholders in relation to the refreshment of the issue mandate
“Independent Shareholders”	Shareholders other than the executive Directors and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares at the Placing Price to at least six (6) independent investors pursuant to the Placing Agreement
“Placing Agent”	Get Nice Investment Limited, a licensed corporation under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) permitted to engage in types 1, 4, 6 and 9 of the regulated activities
“Placing Agreement”	the conditional placing agreement dated 13 June 2007 between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$0.075 per Placing Share
“Placing Shares”	2,340,000,000 new Shares to be placed pursuant to the Placing
“SGM”	the special general meeting of the Company to be convened for the purpose of approving, among other things, the Capital Reorganisation, the refreshment of the General Mandates and the refreshment of the scheme mandate limit
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Share Consolidation”	the proposed consolidation of shares as referred to in the paragraph headed “Share Consolidation” above
“Share Option Scheme”	the share option scheme of the Company adopted on 28 September 2004
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Kwong Kai Sing, Benny
Chairman

Hong Kong, 14 June 2007

As at the date of this announcement, the Company has five executive Directors, being Mr. Kwong Kai Sing, Benny, Ms. Lo Ki Yan, Karen, Mr. Ong Peter, Ms. Poon Chi Wan and Mr. Chow Chi Wah, Vincent and four independent non-executive Directors, being Mr. Chan Sze Hung, Mr. To Shing Chuen, Mr. Ha Kee Choy, Eugene and Mr. Chung Yuk Lun.

* For identification purposes only