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HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE GRANT OF ISSUE MANDATE AND REFRESHMENT OF THE SCHEME MANDATE LIMIT

**Placing Agent
CHUNG NAM SECURITIES LIMITED**

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 9 April 2010 after trading hours, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to place, on a fully underwritten basis, 400,000,000 new Shares to the Places at a price of HK\$0.25 per Placing Share.

The Placing Shares represent approximately 48.35% of the existing issued share capital of the Company as at the date of this announcement and approximately 32.59% of the issued share capital of the Company as enlarged by the Placing. The Placing Shares will be issued under the Specific Mandate to be sought at the SGM. An application will be made to the Stock Exchange for listing of, and permission to deal in, the Placing Shares.

The gross proceeds from the Placing will be HK\$100 million and the net proceeds from the Placing of approximately HK\$97.3 million will be used for general working capital of the Group and for repayment of outstanding loan.

GENERAL

The Company also intends to put forward the proposals for the Grant of Issue Mandate and refreshment of the Scheme Mandate Limit for approval by the Shareholders at the SGM.

The SGM will be convened and held for the purpose of considering, and, if thought fit, approving, inter alia, the Placing (including the grant of the Specific Mandate), the Grant of Issue Mandate and refreshment of the Scheme Mandate Limit.

A circular containing, among other things, further details of the Placing, the Grant of Issue Mandate and refreshment of the Scheme Mandate Limit; together with the notice of the EGM, will be dispatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

As completion of the Placing is subject to the satisfaction of a number of conditions, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

9 April 2010

Parties

Issuer: the Company

Placing Agent: Chung Nam Securities Limited

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of and not connected with the Company and its Connected Persons.

Placees

The Placing Agent will place the Placing Shares to not less than six Placees, who are expected to be institutional, professional or private investors, and who and (where a corporation) whose ultimate beneficial owner(s) will not be Connected Persons of the Company and will be independent from and not connected with the Company and/or its Connected Persons. It is expected that none of the Placees will become a controlling or substantial shareholder (as defined in the Listing Rules) immediately after completion of the Placing.

Placing Shares

Pursuant to the Placing Agreement, the Placing Agent agreed to procure, the Placees to subscribe for or failing which itself as principal to subscribe for 400,000,000 Placing Shares at the Placing Price. The aggregate nominal value of the Placing Shares amounts to HK\$40 million. The 400,000,000 Placing Shares represent approximately (i) 48.35% of the existing issued share capital of the Company as at the date of this announcement; and (ii) 32.59% of the issued share capital of the Company as enlarged by the Placing.

Ranking of Placing Shares

The Placing Shares will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.25 represents:

- (i) a discount of approximately 13.79% to the closing price of HK\$0.290 per Share as quoted on the Stock Exchange on 9 April 2010, being the date of the Placing Agreement;
- (ii) a discount of approximately 8.76% to the average closing price of HK\$0.274 per Share in the last five consecutive trading days up to and including the date of the Placing Agreement; and
- (iii) a discount of approximately 4.94% to the average closing price of HK\$0.263 per Share in the last ten consecutive trading days up to and including the date of the Placing Agreement.

The net placing price for the Placing is approximately HK\$0.243 per Placing Share.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing trading price of the Shares. Having considered the current market conditions, the Directors consider that the Placing Price is fair and reasonable.

Placing commission

The Placing Agent will receive a placing commission of 2.5% of the amount equal to the Placing Price multiplied by the number of Placing Shares. The Placing commission was determined after arm's length negotiations between the Company and the Placing Agent by reference to the prevailing market practice and market conditions.

Conditions precedent to the Placing Agreement

Completion of the Placing is conditional upon fulfillment of the following conditions:

- (i) the approval of the Placing Agreement and the transactions contemplated thereunder (including the issue of the Placing Shares) by Shareholders at the SGM in accordance with the Listing Rules; and
- (ii) the Stock Exchange granting listing of and permission to deal in the Placing Shares.

If the conditions are not fulfilled on or prior to 30 June 2010 (or such other date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and neither of the parties shall have any claim against the other for any costs or losses (save for any prior breaches of the Placing Agreement).

Termination and force majeure

If, at any time prior to 9:00 a.m. on the date of completion of the Placing Agreement, in the sole and absolute opinion of the Placing Agent the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (i) any material breach of any of the representations and warranties set out in the Placing Agreement; or
- (ii) any of the following events:
 - (a) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
 - (b) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date of the Placing Agreement and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not ejusdem generis with any of the foregoing, resulting in a material adverse change in, or which might reasonably be expected to result in a material adverse change in, political, economic or stock market conditions; or
 - (c) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
 - (d) a change or development involving a prospective change in taxation in Hong Kong or the implementation of exchange controls which shall or might materially and adversely affect the Group (as a whole) or its present or prospective shareholders in their capacity as such; or
 - (e) any change or deterioration in the conditions of local, national or international securities markets occurs,

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

Specific Mandate

The Placing Shares will be issued under the Specific Mandate to be sought at the SGM. An application will be made to the Stock Exchange for listing of, and permission to deal in, the Placing Shares.

Completion

Completion of the Placing shall take place on the second business day upon fulfillment of the conditions of the Placing (or such other date as may be agreed between the Company and the Placing Agent).

As completion of the Placing is subject to the satisfaction of a number of conditions, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

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

	As at the date of this announcement		Immediately after completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Directors				
Kwong Kai Sing, Benny	1,544,400	0.19%	1,544,400	0.13%
Ong Peter	859,536	0.10%	859,536	0.07%
Poon Chi Wan	118,800	0.01%	118,800	0.01%
Placees	–	–	400,000,000	32.59%
Other public Shareholders	824,779,758	99.70%	824,779,758	67.20%
Total	827,302,494	100%	1,227,302,494	100%

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
28 April 2009	Placing of 51,000,000 new Shares under general mandate at the placing price of HK\$0.50 each	HK\$24.59 million	For general working capital of the Company	HK\$24.59 million was used as the general working capital of the Company
29 September 2009	Placing of 61,350,000 new Shares at the placing price of HK\$0.44 under general mandate and 361,350,000 new Shares at the placing price of HK\$0.44 under the specific mandate	HK\$180.4 million	(i) not more than HK\$100 million to be invested in the possible PRC joint venture as stated in the circular of the Company on 20 October 2009; and (ii) approximately HK\$80.4 million for general working capital of the Group	(i) The sum of HK\$100 million has not been utilized for investment in the possible PRC joint venture as the project is still under negotiation; and (ii) the sum of HK\$80.4 million has been utilized for general working capital of the Group.
22 March 2010	Placing of 137,883,749 new Shares under general mandate at the placing price of HK\$0.24	HK\$32.18 million	For general working capital of the Group	HK\$32.18 million was used as the general working capital of the Group

REASONS FOR THE PLACING

The Group is principally engaged in supply and procurement business, provision of finance and securities investment. The gross proceeds from the Placing will be HK\$100 million and the net proceeds from the Placing (after deducting the placing commission for the Placing and other expenses) of approximately HK\$97.3 million will be used for general working capital of the Group and for repayment of outstanding loan.

The Directors are of the view that the Placing will strengthen the Group's financial position and the Company can take this opportunity to broaden its capital base and shareholder base. The Directors have considered different types of fund raising arrangement such as rights issue and open offer and the Directors consider that the Placing is the most efficient way to proceed having considered the cost and time involved for the Company.

On the basis of the above, the Directors are of the view that the Placing is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

GRANT OF ISSUE MANDATE AND REFRESHMENT OF THE SCHEME MANDATE LIMIT

The Company intends to put forward the proposals for the Grant of Issue Mandate and refreshment of the Scheme Mandate Limit for approval by Shareholders at the SGM.

GENERAL

The SGM will be convened and held for the purpose of considering, and, if thought fit, approving, inter alia, the Placing (including the grant of the Specific Mandate), the Grant of Issue Mandate and refreshment of the Scheme Mandate Limit.

The Placing is subject to Shareholders' approval. To the best knowledge of the Directors, no Shareholder has a material interest in the transactions contemplated under the Placing Agreement. Accordingly, no Shareholder will be required to abstain from voting at the SGM in respect of the resolution(s) relating to the Placing.

Pursuant to Rule 13.36(4) of the Listing Rules, the Grant of Issue Mandate will be subject to the Independent Shareholders' approval at the SGM. As at the date hereof, Dr. Kwong Kai Sing, Benny, Mr. Ong Peter and Ms. Poon Chi Wan holds 1,544,400, 859,536 and 118,800 Shares in the Company respectively. Since there is no controlling Shareholder of the Company, the executive Directors (including Dr. Kwong Kai Sing, Benny, Mr. Ong Peter and Ms. Poon Chi Wan) and the chief executive of the Company and their respective associates (to the extent they hold any Shares at the time of the SGM) are required to abstain from voting at the SGM in respect of the resolution relating to the Grant of Issue Mandate.

No Shareholder will be required to abstain from voting at the SGM in respect of the resolution relating to the refreshment of the Scheme Mandate Limit.

A circular containing, among other things, further details of the Placing, the Grant of Issue Mandate and refreshment of the Scheme Mandate Limit; together with the notice of the SGM, will be dispatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

DEFINITIONS

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

“associate(s) ”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“Company”	Heritage International Holdings Limited (Stock code: 412), a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Grant of Issue Mandate”	the general mandate proposed to be sought at the SGM to authorise the Directors to allot, issue and deal with the Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM
“Group”	the Company together with its subsidiaries and associated companies
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	any Shareholders other than controlling Shareholders of the Company and their associates or, where there are no controlling Shareholders, executive Directors and the chief executive of the Company and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Placees”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of 400,000,000 new Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agent”	Chung Nam Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong)
“Placing Agreement”	the placing agreement entered into between the Placing Agent and the Company dated 9 April 2010 in respect of the Placing
“Placing Price”	HK\$0.25 per Share
“Placing Shares”	400,000,000 new Shares to be placed under the Placing
“Scheme Mandate Limit”	the Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company
“SGM”	the special general meeting of the Company to be convened to approve, inter alia, the Placing Agreement, the transactions contemplated thereunder (including the grant of the Specific Mandate), the Grant of Issue Mandate and refreshment of the Scheme Mandate Limit
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Share Option Scheme”	the share option scheme adopted by the Company on 28 September 2004
“Specific Mandate”	a specific mandate to be sought from the Shareholders at the SGM to allot and issue the Placing Shares pursuant to the Placing Agreement

“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
Heritage International Holdings Limited
Poon Chi Wan
Executive Director

Hong Kong, 9 April 2010

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

* *For identification purposes only*