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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)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

SUBSCRIPTION

The Board wishes to announce that the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has agreed to subscribe 182,006,498 Subscription Shares at the Subscription Price of HK\$0.112 per Subscription Share. The Subscription Shares represent approximately 13.89% of the existing issued share capital of the Company and approximately 12.20% of the Company's issued share capital as enlarged by the Subscription.

The Completion of the Subscription is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

SUBSCRIPTION OF NEW SHARES

The Subscription Agreement

Date: 27 July 2010

Parties

- (a) the Company
- (b) the Subscriber

The Subscriber, Mr. Hendra Anwar ("Mr. Anwar") is a seasoned investor with substantial investment experience as well as investments in China. Upon completion of the Subscription, Mr. Anwar would become the single largest shareholder of the Company. Mr. Anwar undertakes that for a period of two years, he would not nominate any director

to the Board of Directors nor would he inject any asset into the Company. To the best of the Directors' knowledge, information and belief, and after having made all reasonable enquiry, the Subscriber is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

Subscription Shares

The Subscription Shares, a total of 182,006,498 new Shares to be allotted and issued under the Subscription, represent approximately 13.89% of the existing issued share capital of the Company or approximately 12.20% of the issued share capital of the Company as enlarged by the Subscription.

Subscription Price

The Subscription Price of HK\$0.112 represents:

- (i) a discount of approximately 0.88% to the closing price of HK\$0.113 per Share as quoted on the Stock Exchange on 26 July 2010, the last trading day immediately preceding the date of the Subscription Agreement;
- (ii) a discount of approximately 5.88% to the average closing price of HK\$0.119 per Share as quoted on the Stock Exchange for the last five trading days up to and including 26 July 2010; and
- (iii) a discount of approximately 17.65% to the average closing price of approximately HK\$0.136 per Share as quoted on the Stock Exchange for the last ten trading days up to and including 26 July 2010.

The Subscription Price was determined after arm's length negotiation between the Subscriber and the Company on the date of the Subscription Agreement with reference to the prevailing market price and daily turnover of the Shares. The Directors consider that the Subscription Price is fair and reasonable under the current market conditions and the Subscription is in the interest of the Company and the Shareholders as a whole.

The Subscription Shares have a market value of approximately HK\$20.38 million, based on the closing price of HK\$0.113 per Share on 26 July 2010, the last trading day immediately preceding the date of the Subscription Agreement. After deducting expenses relating to the Subscription, the net price per Subscription Share is approximately HK\$0.110.

General Mandate

The Subscription Shares will be allotted and issued under the general mandate granted to the Directors at the special general meeting held on 28 May 2010. As at the date of this announcement, the Company can issue 182,006,498 Shares under the general mandate. After completion of the Subscription, the general mandate will be fully utilized. The issue of Subscription Shares is not subject to the approval of the Shareholders.

Condition of the Subscription Agreement

Completion of the Subscription is conditional upon the listing of and permission to deal in the Subscription Shares being granted by the Listing Committee of the Stock Exchange.

In the event that the condition to the Subscription is not fulfilled on or before 31 August 2010 (or such later date as may be agreed between the Company and the Subscriber), the Subscription Agreement shall terminate and none of the parties to the Subscription Agreement shall have any claim against the other for costs, damages, compensation or otherwise.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Ranking of the Subscription Shares

The Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue on the date of completion of the Subscription, including the right to any dividends or distribution after the date of completion of the Subscription.

Completion of the Subscription

Completion of the Subscription will take place on the second Business Day (or such later date as the Company and the Subscriber may agree in writing) after the fulfillment of the condition of the Subscription set out above.

Undertakings from the Subscriber

The Subscriber has undertaken that within a period of two years from completion of the Subscription, he and his nominees, if any, will not have any board representation in the Company or inject any asset into the Company in whatever manners.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE SUBSCRIPTION

Set out below is the table of the shareholdings in the Company before and after completion of the Subscription:

Shareholders	Shareholding as at the date of this announcement		Shareholding upon completion of the Subscription	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Directors:				
Kwong Kai Sing, Benny	1,544,400	0.12	1,544,400	0.10
Ong Peter	859,536	0.07	859,536	0.06
Poon Chi Wan	118,800	0.01	118,800	0.01
The Subscriber	–	–	182,006,498	12.20
Other Public Shareholders	1,307,509,758	99.80	1,307,509,758	87.63
Total	<u>1,310,032,494</u>	<u>100</u>	<u>1,492,038,992</u>	<u>100</u>

CAPITAL-RAISING ACTIVITIES IN THE PAST 12 MONTHS

Apart from the capital raising activities mentioned below, the Company has not carried out other capital raising activities during the 12 months immediately preceding the date of this announcement.

Dates of Announcement	Capital Raising Activity	Net Proceeds Raised <i>(Approximately)</i>	Intended Use of Proceeds	Actual Use of Proceeds
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.

Dates of Announcement	Capital Raising Activity	Net Proceeds Raised <i>(Approximately)</i>	Intended Use of Proceeds	Actual Use of Proceeds
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.
4 May 2010	Placing of 400,000,000 new Shares under Specific mandate at the placing price of HK\$0.25	HK\$97.3 million	Approximately HK\$7.3 million will be used for general working capital of the Group and of approximately HK\$90 million will be used for repayment of outstanding loan.	Use as intended
Total		<hr/> <u>HK\$309.88 million</u>		

REASONS FOR THE SUBSCRIPTION AND 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. The gross proceeds from the Subscription will be approximately HK\$20.38 million and the net proceeds from the subscription (after deducting the expenses for the Subscription and other expenses) of approximately HK\$19.98 million will be used for general working capital of the Group.

Given that the Subscription will be completed within a relatively short period of time when compared with other methods to raise fund, e.g. rights issue, the Directors consider that the Subscription is an appropriate means of raising additional capital for the Group without incurring interest costs whilst broadening the capital base of the Group, notwithstanding the dilution effect to the shareholding of the existing Shareholders as a result of the Subscription.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day”	any day (excluding Saturday and Sunday) on which banks are generally open for business in Hong Kong
“Company”	Heritage International Holdings Limited (漢基控股有限公司), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Mr. Anwar Hendra
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement

“Subscription Agreement”	the conditional subscription agreement dated 27 July 2010 entered into between the Company and the Subscriber in relation to the subscription of 182,006,498 Subscription Shares
“Subscription Price”	HK\$0.10 per Subscription Share
“Subscription Shares”	182,006,498 new Shares to be allotted and issued under the Subscription
“%”	per cent.

By order of the Board
Dr. Kwong Kai Sing, Benny
Chairman

Hong Kong, 27 July 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 purpose only*