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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 REDEEMABLE CONVERTIBLE NOTES AND MAJOR TRANSACTION AND RESUMPTION OF TRADING

On 28th March, 2006, the Company entered into the Convertible Notes Subscription Agreement pursuant to which the Subscriber agreed to subscribe in cash for the Subscription Convertible Note in the amount of HK\$100,000,000. On 6th April, 2006, the Company also entered into the Convertible Notes Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agreed amongst other things (i) to procure on an underwritten basis, places to subscribe in cash for the Placing Convertible Notes in the principal amount of HK\$100,000,000, (ii) to procure, on a best efforts basis, places to subscribe in cash for Convertible Notes up to the principal amount of HK\$100,000,000 and (iii) to procure, on a best efforts basis, places to subscribe in cash for Convertible Notes up to the principal amount of HK\$100,000,000 upon written request by the Company in the event the parties do not proceed to completion of the Convertible Note Subscription Agreement. Assuming all the Placing Convertible Notes under the Convertible Notes Placing are successfully placed or taken up by the Placing Agent and the Convertible Note Subscription is completed, upon full conversion of the HK\$300,000,000 principal amount of the Convertible Notes at the Initial Conversion Price, a total of 12,000,000,000 Conversion Shares will be issued, representing approximately 168.2% of the existing issued share capital of the Company of 7,134,081,943 Shares and approximately 62.7% of the Company's issued share capital as enlarged by the issue of the Conversion Shares at the Initial Conversion Price.

On 30th March, 2006, the Vendor entered into the Property Agreement with the Purchaser pursuant to which the Vendor conditionally agreed to sell and the Purchaser agreed to purchase the entire issued share capital of Wiseteam Assets and the Shareholders Loan at the Sale Price of HK\$49,000,000.

The Property Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

A circular with details of the Convertible Notes Placing, the Convertible Note Subscription, the Property Agreement and the notice of the EGM to consider and if thought fit approve the above proposals, will be sent to shareholders of the Company as soon as practicable.

Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 on 27th March, 2006 pending the release of this announcement. The Company has applied to the Stock Exchange for a resumption of trading in its shares with effect from 9:30 a.m. on 7th April, 2006.

THE CONVERTIBLE NOTES SUBSCRIPTION

- Issuer:** The Company
- Subscriber:** DKR Soundshore Oasis Holding Fund Limited is a hedge fund with an investment portfolio in Asia in excess of US\$2 billion. The fund's investors include pension funds, insurance companies investment accounts, private individuals and other investors. DKR Oasis Management Company Limited is the discretionary fund manager for DKR Soundshore Oasis Holding Fund Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is not a Connected Person of the Company and is otherwise independent of the Company and Connected Persons of the Company.
- The Convertible Notes Subscription Agreement:** On 28th March, 2006, the Company entered into the Convertible Note Subscription Agreement with the Subscriber, pursuant to which amongst other things the Subscriber will subscribe in cash for the Subscription Convertible Note in the principal amount of HK\$100,000,000.
- Convertible Note Subscription Conditions Precedent:**
- (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company and the Subscriber do not reasonably object) listing of and permission to deal in the Conversion Shares;
 - (ii) the Stock Exchange having approved (either unconditionally or subject only to conditions to which the Company and the Subscriber do not reasonably object) the issue of the Convertible Notes, or the Company not having received any objection from the Stock Exchange to the issue of the Convertible Notes;
 - (iii) the passing by shareholders of the Company in a general meeting of a resolution to approve:--
 - (a) the Convertible Note Subscription Agreement;
 - (b) the issue of the Convertible Notes (including the Subscriber Convertible Note) and the Conversion Shares thereunder in accordance with the Listing Rules; and
 - (c) other placing agreements in relation to the placing of other Convertible Notes (that is, the Convertible Notes Placing Agreement);in accordance with the Listing Rules;
 - (iv) if required, an increase of authorised share capital of the Company to facilitate the issue of the Conversion Shares;
 - (v) if required, the Bermuda Monetary Authority having approved the issue of the Convertible Notes and the Conversion Shares and the transferability of the Convertible Notes and the Conversion Shares; and
 - (vi) a due diligence investigation to be conducted on the Group and the Subscriber having notified the Company in writing of such completion before 15th May, 2006. In the event that the Subscriber is not satisfied with the due diligence review, it can serve written notice on the Company (without penalty) before 5:00 p.m. 15th May, 2006, in which event the Convertible Notes Subscription Agreement shall terminate and neither party to it shall have any claim against or liability or obligation to other under the Convertible Notes Subscription Agreement.
- The Convertible Notes Subscription Agreement will lapse if the conditions set out above are not satisfied by 15th July, 2006 (or such later date as the parties may agree in writing) and the parties shall have no claims or liability against each other. Completion shall take place on the third business day after the date of satisfaction of the conditions.

* For identification purpose only

In the event that the Subscriber is not satisfied with the due diligence review, it can serve written notice on the Company (without penalty) before 5:00 p.m. 15th May, 2006, in which event this Agreement shall terminate and neither party to this Agreement shall have any claim against or liability or obligation to other under this Agreement.

If completion of the Convertible Note Subscription Agreement does not take place, the Company can require the Placing Agent to place on a best efforts basis Convertible Notes up to a further principal amount of HK\$100 million. Please refer to the section headed "The Convertible Notes Placing" below.

The Company notes the requirements under Rule 13.64 of the Listing Rules that the Exchange reserves its right to require the Company 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. As the closing price of the Shares on 24th March, 2006, the day before the suspension of trading of the Shares was HK\$0.028, the Company will effect a share consolidation exercise before its next fund raising exercise.

THE CONVERTIBLE NOTES PLACING

The Convertible Notes Placing Agreement contains the terms set out below:

Issuer: The Company

The Convertible Notes Placing Agreement: On 6th April, 2006, the Company entered into the Convertible Notes Placing Agreement with the Placing Agent, pursuant to which the Placing Agent will (i) procure placees to subscribe in cash for the Placing Convertible Notes (on an underwritten basis) in the principal amount of HK\$100,000,000, (ii) (on a best efforts basis) to seek placees to subscribe up to a principal amount of HK\$100,000,000 and (iii) (on a best efforts basis) to procure placees to subscribe in cash for Convertible Notes up to the principal amount of HK\$100,000,000 upon written request by the Company in the event the parties do not proceed to completion of the Convertible Note Subscription Agreement.

Placing Agent: The Placing Agent will receive a placement commission of 2.5% on the gross proceeds of Convertible Notes are placed under the Convertible Notes Placing.

Placees: The Placing Agent will use its reasonable endeavours to ensure that the Placing Convertible Notes are placed with not less than six placees (which may be independent individuals, corporate and/or institutional investors) who are not Connected Persons of the Company.

Convertible Notes Placing Conditions Precedent: The Convertible Notes Placing is subject to the following condition precedents:-

- (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company and the Placing Agent do not reasonably object) listing of and permission to deal in the Conversion Shares;
- (ii) the Stock Exchange having approved (either unconditionally or subject only to conditions to which the Company and the Placing Agent do not reasonably object) the issue of the Convertible Notes, or the Company not having received any objection from the Stock Exchange to the issue of the Convertible Notes;
- (iii) the passing by shareholders of the Company in a general meeting of a resolution to approve:-
 - (a) the Convertible Notes Placing Agreement;
 - (b) the issue of the Convertible Notes (including the Placing Convertible Notes) and the Conversion Shares thereunder in accordance with the Listing Rules; and
 - (c) other subscription agreements in relation to the placing of other Convertible Notes (which is the Subscription Placing Agreement);in accordance with the Listing Rules;
- (iv) if required, an increase of authorised share capital of the Company to facilitate the issue of the Conversion Shares; and
- (v) if required, the Bermuda Monetary Authority having approved the issue of the Convertible Notes and the Conversion Shares and the transferability of the Convertible Notes and the Conversion Shares.

The Convertible Notes Placing Agreement will lapse if the conditions set out above are not satisfied by 15th July, 2006 (or such later date as the parties may agree) unless the parties agree otherwise in writing.

Completion shall take place on the third business day after the date of satisfaction of the conditions.

Termination: If, at any time prior to 9:00 a.m. on the date of Completion, in the reasonable 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 Convertible Notes 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 hereof 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 eiusdem generis with any of the foregoing, resulting in a material adverse change in, or which might 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 PRC or the implementation of exchange controls which will or might materially and adversely affect the Company 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 Convertible Notes Placing Agreement without liability to the Company by giving notice in writing to the Company.

Completion of the Subscription Convertible Note Agreement and the Placing Convertible Notes Agreement are not interconditional.

Principal terms of the Convertible Notes

The terms of the Subscription Convertible Note and the Placing Convertible Notes are identical.

The following describes certain of the principal terms of the Convertible Notes:

Aggregate principal amount of the Convertible Notes: Up to HK\$300,000,000

Authorised denomination for transfer and conversion: HK\$500,000

Conversion:	The holder of the Convertible Notes can convert the outstanding principal amount of each Convertible Note in whole or in part into Shares at any time from the date of issue until a date falling seven days prior to the maturity date.
Conversion Price:	The initial conversion price of HK\$0.025 per Conversion Share and the Subscriber was arrived at after arm's length negotiation and represents (i) a discount of approximately 10.7% to the closing price of HK\$0.028 per Share quoted on the Stock Exchange on 24th March, 2006, the trading day before the date of suspension of dealings in shares of the Company; (ii) a premium of approximately 0.81% to the average closing price per Share of approximately HK\$0.0248 per Share as quoted on the Stock Exchange for the last ten trading days of the Shares ended on 24th March, 2006; (iii) a discount of approximately 2.34% to the average closing price per Share of approximately HK\$0.0256 per Share as quoted on the Stock Exchange for the last five trading days of the Shares ended on 24th March, 2006 and (iv) a discount of approximately 70.9% to the unaudited pro-forma adjusted consolidated net asset value per Share of the Company of HK\$0.086 as set out in the circular and prospectus of the Company in relation to a rights issue dated 14th November, 2005 and 2nd December, 2005 respectively.
Initial Conversion Price:	HK\$0.025 per Conversion Share, subject to adjustments in certain events, including, among other things, share consolidations, share subdivisions, capitalisation issues, capital distributions and rights issues.
Interest rate:	The Convertible Notes will be non-interest bearing.
Maturity Date:	The third anniversary of the date of issue of the Convertible Notes (the "Maturity Date"). On the Maturity Date, all of the remaining outstanding Convertible Notes will be redeemed by the Company at 120% of the outstanding principal amount of the Convertible Notes.
Redemption:	Holders of the Convertible Notes will be able to require the Company to redeem the Convertible Note (in denominations of HK\$1,000,000) at 110% of the outstanding principal amount of the Convertible Notes during a period commencing the first anniversary of the date of issue and a day falling seven days after the first anniversary of the date of issue.
Transferability:	The Convertible Notes will be transferable only with the prior written consent of the Company and in particular, the Convertible Notes may not be transferred to a Connected Person of the Company without the prior written consent of the Company.
Voting:	A holder of Convertible Notes will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of it being a holder of Convertible Notes.
Listing:	No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares (if any) to be issued as a result of the exercise of the conversion rights attached to the Convertible Notes.
Ranking:	The Conversion Shares to be issued as a result of the exercise of the conversion rights to the Convertible Notes will rank pari passu in all respects with all other Shares outstanding at the date of conversion of the Convertible Notes.

The Company will endeavour to inform noteholders on conversion of the Convertible Notes that they need to comply with the provisions of the Hong Kong Code on Takeovers and Mergers (to the extent applicable).

Conversion Shares

The Shares to be issued upon conversion of the Convertible Notes when issued will rank equally in all respects amongst themselves and with the Shares in issue on the relevant date of conversion.

The following table shows the number of Conversion Shares which will fall to be issued on conversion of the Convertible Notes at the Initial Conversion Price, shown as a percentage of the existing issued share capital of the Company and the share capital of the Company as enlarged by the issue of the relevant Conversion Shares (assuming no other changes to the share capital of the Company)

	Assuming only the Subscription Convertible Note and the Placing Convertible Notes (up to the underwritten principal amount of HK\$100 million) is issued and converted in full	Assuming the Subscription Convertible Notes and the Placing Convertible Notes (up to the aggregate principal amount of HK\$200 million) are issued and converted in full	Assuming the Placing Convertible Notes (up to the aggregate principal amount of HK\$300 million) are issued and converted in full
No. of Conversion shares	8,000,000,000	12,000,000,000	12,000,000,000
% of existing issued share capital	112.14	168.21	168.21
% of issued share capital as enlarged by the Shares issued on conversion of the relevant Convertible Note(s) only	52.86	62.72	62.72

SHAREHOLDING STRUCTURE

Name of Shareholders	As at the date of this announcement		Assuming full conversion of the Subscription Convertible Notes and the Placing Convertible Notes (up to the underwritten principal amount of HK\$100 million) and no further shares are issued from the date of this announcement till the date of conversion		Assuming full conversion of the Subscription Convertible Note and the Placing Convertible Notes (up to the aggregate principal amount of HK\$200 million) and no further shares are issued from the date of this announcement till the date of conversion		Assuming full conversion of the Placing Convertible Notes (up to the aggregate principal amount of HK\$300 million) and no further shares are issued from the date of this announcement till the date of conversion	
	Shares	% of shareholding	Shares	% of shareholding	Shares	% of shareholding	Shares	% of shareholding
Kwong Kai Sing Benny	175,000,000	2.45	175,000,000	1.16	175,000,000	0.91	175,000,000	0.91
Chuang Eugene Yue-Chien	821,860,000	11.52	821,860,000	5.43	821,860,000	4.30	821,860,000	4.30
				(Note 1)		(Note 1)		(Note 1)
The Subscriber	120,400,000	1.69	4,120,400,000	27.23	4,120,400,000	21.53	120,400,000	0.63
Convertible Noteholders (Note 2)	nil	0	4,000,000,000	26.43	8,000,000,000	41.82	12,000,000,000	62.72
PUBLIC SHAREHOLDERS								
Kwok Wai Ming	375,000,000	5.26	375,000,000	2.48	375,000,000	2.00	375,000,000	2.00
Others	5,641,821,943	79.08	5,641,821,943	37.27	5,641,821,943	29.44	5,641,821,943	29.44
Total	<u>7,134,081,943</u>	<u>100</u>	<u>15,134,081,943</u>	<u>100</u>	<u>19,134,081,943</u>	<u>100</u>	<u>19,134,081,943</u>	<u>100</u>

Note 1: This shareholder is considered as a public shareholder under the Listing Rules.

Note 2: This is prepared on the assumption that the holders of the Convertible Notes (other than the Subscriber) do not hold any shares as at the date hereof.

Note 3: Mr. Ong Peter, a director of the Company holds 22,880,000 Shares, representing 0.32% of the issued share capital of the Company on the date hereof. His shareholding is not shown in the above table as it is immaterial for the purpose of the above illustration but he is not considered as a member of the public for the purposes of the Listing Rules.

Dilution effect on Shareholders

In view of the potential dilution effect on existing Shareholders on exercise of conversion rights attaching to the Convertible Notes, for so long as any the Convertible Notes are outstanding, the Company will keep shareholders informed of the level of dilution and details of conversion as follows:-

- (i) the Company will make a monthly announcement (the "Monthly Announcement") on the website of the Stock Exchange. Such announcement will be made on or before the fifth business day following the end of each calendar month and will include the following details in a table form:
 - (a) whether there is any conversion of the Convertible Notes during the relevant month. If yes, details of the conversion(s), including the conversion date, number of new Shares issued, conversion price for each conversion. If there is no conversion during the relevant month, a negative statement to that effect;
 - (b) the outstanding principal amount of the Convertible Notes after the conversion, if any;
 - (c) the total number of Shares issued pursuant to other transactions, including Shares issued pursuant to exercise of options under any share option scheme(s) of the Company;
 - (d) the total issued share capital of the Company as at the commencement and the last day of the relevant month; and
- (ii) in addition to the Monthly Announcement, if the cumulative amount of new Shares issued pursuant to the conversion of the Convertible Notes reaches 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be) (and thereafter in a multiple of such 5% threshold), the Company will as soon as practicable but in any event no later than the fifth business day thereafter make an announcement on the website of the Stock Exchange including details as stated in (i) above for the period commencing from the date of the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be), up to the date on which the total amount of Shares issued pursuant to the conversion amounts to 5% of the issued share capital of the Company as disclosed in the last Monthly Announcement or any subsequent announcement made by the Company in respect of the Convertible Notes (as the case may be).

REASONS FOR THE CONVERTIBLE NOTES PLACING AND THE CONVERTIBLE NOTES SUBSCRIPTION

The Convertible Note Placing and the Convertible Notes Subscription provide a good opportunity to raise funds and to increase the capital base of the Company which will equip the Company with readily available funds to take up investment opportunities. Although there are no specific investment plans, the Company plans to use the proceeds raised for investment in the property market in Hong Kong and the PRC. An introduction fee of HK\$5,000,000 out of the proceeds will be paid to the introducer of the Convertible Note Subscription transaction. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, this introducer is not a Connected Person of the Company. The Company is also of the view that the Convertible Note Subscription presents a valuable opportunity to introduce a strategic investor into the Company.

THE PROPERTY AGREEMENT – MAJOR TRANSACTION

Date: 30th March, 2006

Parties to the Agreement: Qualipak Development Limited as Vendor
Glamorous Investments Limited as Purchaser

The Vendor agreed to sell and the Purchaser agreed to purchase (1) the Sale Shares representing the entire issued share capital of Wiseteam Assets and (2) the Shareholders Loan for an aggregate consideration of HK\$49,000,000.

Consideration:

The aggregate consideration payable by the Purchaser under the Agreement is HK\$49,000,000, which was arrived at after arm's length negotiations between the Vendor and the Purchaser based on a valuation report prepared by an independent valuer which valued the Property at HK\$49,000,000 as at 29th March, 2006.

The consideration is payable as follows:-

- (i) a deposit of HK\$4,900,000 ("Deposit") was paid on signing of the Property Agreement; and
- (ii) the balance of the consideration is payable on completion of the Property Agreement.

The consideration will be funded from internal resources.

Conditions:

Completion of the Property Agreement is subject to the following conditions:-

- (i) approval of the Property Agreement and transactions contemplated thereunder by the Company in general meeting on a vote taken in accordance with the Listing Rules; and
- (ii) a due diligence investigation to be carried out pursuant to the terms of the Agreement having been completed to the satisfaction of the Purchaser and the Purchaser having notified the Vendor in writing of such completion.

If the conditions are not satisfied (or waived in the case of the condition set out in (ii) above) on or before 15th July, 2006 (or such later date as the parties may agree), and the Purchaser gives notice to terminate the Agreement to the Vendor, the Agreement will terminate and the Vendor shall return the Deposit to the Purchaser without interest and parties shall not have any further claims against each other, save in respect of antecedent breaches.

The due diligence investigation involves:-

- (i) a title investigation exercise to ascertain whether Wiseteam has good title to the Property pursuant to Section 13 of the Conveyancing and Property Ordinance;
- (ii) a review of the tenancy agreement entered into in relation to the Property to establish whether it is valid and binding and subsisting;
- (iii) a review on the financial position of Wiseteam to ascertain that the financial position is substantially the same as that set out in the Accounts;
- (iv) conducting searches and investigations to establish if Wiseteam is duly incorporated and validly existing; and
- (v) an inspection of the statutory records of Wiseteam.

If despite the fulfilment or waiver of the conditions, completion does not take place due to the default of the Purchaser, the Deposit shall be forfeited by the Vendor as liquidated and pre-estimated damages and not as penalty. Upon such forfeiture, the Vendor is not permitted to make claims for damages against the Purchaser. If completion does not take place for any other reason, the Deposit shall be refunded to the Purchaser within 3 business days of written demand by the Purchaser without interest.

Wiseteam Assets:

The Vendor is wholly-owned by Qualipak International Holdings Limited, a publicly listed company on the Stock Exchange (Stock Code: 1224). The Vendor is engaged in the business of property investment. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is not a Connected Person of the Company and is otherwise independent of the Company and Connected Persons of the Company.

Wiseteam Assets is an investment holding vehicle set up for the sole purpose of holding the Property. The gross floor area of the Property is approximately 11,260 square feet and is a commercial property located in North Point, Hong Kong. The Property will be sold subject to a tenancy agreement which will expire on 30th September, 2006 without an option to renew. The current rent paid by the tenant is HK\$234,249.60 per month. The tenant is not a Connected Person of the Company.

After Completion of the Agreement, Wiseteam Assets will be wholly-owned by the Purchaser.

Based on the unaudited pro-forma financial statements of Wiseteam Assets for the period ended 15 July, 2006, the net asset value of Wiseteam Assets is HK\$45,000,000 and the net profit after taxation is approximately HK\$1,144,299.64.

REASONS FOR AND BENEFITS OF THE TRANSACTION

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.

The Directors believe that the Acquisition can enhance the property portfolio and future earnings of the Group and thus is in the interests of the Company and its shareholders as a whole. Taking into account (i) the unaudited pro-forma net asset value of Wiseteam (excluding the Loan) of approximately HK\$45 million; and (ii) the value of the property of approximately HK\$49 million as at 29th March, 2006, the Directors consider the terms of the Acquisition to be fair and reasonable and in the interest of the shareholders as a whole.

The Property Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules.

FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The following table summarises the fund-raising activities of the Company in the 12 months immediately before the date of this announcement:

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds (up to the date of this announcement)
7th October, 2005	Rights issue	HK\$228 million	(i) Approximately HK\$50 million for advertising business in the PRC; (ii) approximately HK\$36 million for repayment of convertible notes; (iii) approximately HK\$10 million for repayment of financial institution loans; (iv) approximately HK\$70 million for property investment in Hong Kong; (v) approximately HK\$50 million for investment in internet-related and/or entertainment business; and (vi) approximately HK\$12 million for working capital purposes	(i) Approximately HK\$36 million for repayment of convertible notes; (ii) approximately HK\$10 million for repayment of financial institution loans; and (iii) approximately HK\$3 million for acquisition of interest in Universal Technology Systems Inc. The balance of the proceeds has not been applied as at the date of this announcement but will be applied by the Company in accordance with its intended use.
15th August, 2005	Placing of new Shares under general mandate	HK\$23.1 million	(i) Approximately HK\$10 million for general working capital; and (ii) approximately HK\$13.1 million for investments in property related business in Hong Kong	(i) Approximately HK\$10 million for general working capital; (ii) approximately HK\$11.8 million for purchasing a residential property located in Mid-Levels; and (iii) approximately HK\$1.3 million for future investments in property in Hong Kong
20th April, 2005	Placing of new Shares	HK\$78 million	Repayment of bank and non-bank debts and for general working capital	Applied for property investment (<i>Note 1</i>)
4th March, 2005	Placing of new Shares under general mandate	HK\$29.8 million	(i) Approximately HK\$20 million for investment in the residential property market in Hong Kong; and (ii) approximately HK\$9.8 million for general working capital	(i) Approximately HK\$22 million was used to acquire a residential property in Hong Kong; and (ii) approximately HK\$7.8 million was retained as general working capital
7th March, 2006	Placing of new Shares under general mandate	HK\$9.175 million	General working capital	General working capital
Total:		<u>HK\$368.1 million</u>		

Note 1: Debt financing has become more and more costly as a result of the increase in the interest rates. If the bank and non-bank debts were repaid before their maturity, the Company might not be able to obtain loans on similar terms in the future should any need arise. Therefore, the intended use of proceeds had been changed, details of which had been disclosed in the announcement of the Company dated 2nd August, 2005.

Save as disclosed above, there were no equity fund-raising activities conducted by the Company in the past 12 months.

GENERAL

The directors of the Company consider the terms of the Convertible Notes Placing, the Convertible Notes Subscription and the Property Agreement to be fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

The Company is engaged in investing in property, securities and money lending business.

A circular with details of the Convertible Notes Placing, the Convertible Notes Subscription and the Property Agreement and the notice of the EGM to be convened to approve such transactions will be sent to shareholders of the Company as soon as practicable.

Trading in the shares of the Company on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 27th March, 2006 pending the release of this announcement. The Company has applied to the Stock Exchange for a resumption of trading in its Shares with effect from 9:30 a.m. on 7th April, 2006.

DEFINITIONS

The following terms are used in this announcement with the meanings set opposite them:

“Accounts”	means the unaudited pro-forma balance sheet of Wiseteam as at 15th July, 2006 and the unaudited pro-forma profit and loss account of the Company for the period from 1st October, 2005 to 15th July, 2006
“Company”	Heritage International Holdings Limited, a company incorporated in Bermuda, whose shares are listed on the Stock Exchange
“Connected Person(s)”	the meaning ascribed thereto in the Listing Rules
“Convertible Notes”	a series of convertible notes of up to an aggregate principal amount of HK\$300,000,000 to be issued by the Company on the same terms and includes the Placing Convertible Notes and the Subscription Convertible Note
“Convertible Notes Placing”	the placing of the Convertible Notes up to an aggregate principal amount of HK\$300,000,000 by the Placing Agent pursuant to the Convertible Notes Placing Agreement
“Convertible Notes Placing Agreement”	the placing agreement dated 6th April, 2006 between the Company and the Placing Agent to place the Convertible Notes of up to the aggregate principal amount of HK\$300,000,000
“Convertible Note Subscription”	the subscription of the Convertible Note in the principal amount of HK\$100,000,000 by the Subscriber pursuant to the Convertible Note Subscription Agreement
“Convertible Note Subscription Agreement”	the agreement dated 28th March, 2006 between the Company and the Subscriber to subscribe for the Subscription Convertible Note in the principal amount of HK\$100,000,000
“Conversion Shares”	the Shares to be issued by the Company as a result of the exercise of the conversion rights attaching to the Convertible Notes
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve the Convertible Notes Placing, the Convertible Notes Subscription and the Property Agreement
“Group”	the Company and its subsidiaries
“Initial Conversion Price”	the initial conversion price of HK\$0.025 per Conversion Share (subject to adjustments)
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	Peoples’ Republic of China
“Placing Convertible Notes”	convertible notes up to an aggregate principal amount of HK\$300,000,000 to be issued by the Company under the Convertible Notes Placing of which HK\$100,000,000 is to be placed on an underwritten basis of which HK\$200,000,000 being placed on a best efforts basis as described in the section headed “Convertible Note Placing” above
“Placing Agent”	Get Nice Investment Limited
“Property”	30th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong
“Property Agreement”	the conditional sale and purchase agreement dated 30th March, 2006 entered into by the Vendor and the Purchaser in relation to sale and purchase of the Sale Shares
“Purchaser”	Glamorous Investments Limited, a company incorporated in the British Virgin Islands and an direct wholly-owned subsidiary of the Company
“Sale Price”	HK\$49,000,000
“Sale Shares”	100 shares, representing the entire issued share capital of Wiseteam Assets
“Share(s)”	ordinary shares of HK\$0.02 each in the issued share capital of the Company
“Share Options”	the issued and outstanding share options of the Company issued pursuant to the share option scheme of the Company adopted on 28th September, 2004
“Shareholders”	the holders of the Shares of the Company
“Shareholder’s Loan”	an interest free loan owed by Wiseteam Assets to the Vendor which is repayable on demand
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Convertible Note”	a convertible note in the principal amount of HK\$100,000,000 to be issued by the Company to the Subscriber under the Convertible Note Subscription
“Subscriber”	DKR Soundshore Oasis Holding Fund Limited, a company incorporated in Bermuda
“Vendor”	Qualipak Development Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Qualipak International Holdings Limited
“Wiseteam Assets”	Wiseteam Assets Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

As at the date of this announcement, the directors of the Company are:-

Executive Directors:

Mr. Kwong Kai Sing, Benny
Ms. Lo Ki Yan, Karen
Mr. Ong Peter
Ms. Poon Chi Wan

Independent Non-executive Directors:

Mr. Chan Sze Hung
Mr. To Shing Chuen
Mr. Frank H. Miu
Mr. Ha Kee Choy, Eugene
Mr. Chung Yuk Lun

By order of the board of directors of
Heritage International Holdings Limited
Kwong Kai Sing, Benny
Chairman

Hong Kong, 6th April, 2006

Please also refer to the published version of this announcement in South China Morning Post - Business and International Herald Tribune.