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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)

MAJOR TRANSACTION

SUBSCRIPTION OF NEW SHARES IN WILLIE INTERNATIONAL HOLDINGS LIMITED

AND

RESUMPTION OF TRADING

Reference is made to the announcement and circular issued by the Company on 20 May 2008 and 30 May 2008 respectively relating to, inter alia, the Group's proposed disposal of interest in the Properties. In accordance with the terms of the SP Agreements, the Disposal was completed on 7 July 2008 and a convertible note in the principal amount of HK\$86,882,392.88 was issued by Willie to the Group in consideration therefor.

After trading hours on 11 September 2008, the Group entered into the Termination Deed with Willie, pursuant to which the parties conditionally agreed to terminate the Convertible Note. In consideration therefor, Willie would issue an aggregate of 650,000,000 Willie Shares, all credited as fully paid, to the Group. The Subscription Shares represent approximately 26.53% of the existing issued share capital of Willie and approximately 20.97% of the issued share capital of Willie as enlarged by the issue of the Subscription Shares.

The Subscription constitutes a major transaction for the Company under Rule 14.06 of the Listing Rules and is subject to the approval of the Shareholders. A circular containing further particulars of the Subscription, and a notice convening the special general meeting of the Company to be held for the purpose of approving the signing of the Termination Deed and the Subscription, will be despatched to the Shareholders as soon as possible in accordance with the requirements of the Listing Rules.

Trading in the Shares was suspended with effect from 9:30 a.m. on 12 September 2008 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 18 September 2008.

1. INTRODUCTION

Reference is made to the announcement and circular issued by the Company on 20 May 2008 and 30 May 2008 respectively relating to, inter alia, the Group's proposed disposal of interest in the Properties. In accordance with the terms of the SP Agreements, the Disposal was completed on 7 July 2008 and a convertible note in the principal amount of HK\$86,882,392.88 was issued by Willie to the Group in consideration therefor.

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2. THE TERMINATION DEED

Date:

11 September 2008

Parties:

Subscriber: Dollar Group Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.

Issuer: Willie International Holdings Limited, an investment holding company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, save for holding an approximate interest of 8.19% in the Company Willie and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Assets to be acquired:

650,000,000 shares of HK\$0.10 each in the capital of Willie, representing approximately 26.53% of the existing issued share capital of Willie and approximately 20.97% of the issued share capital of Willie as enlarged by the issue of the Subscription Shares. After completion of the Subscription, the Company will have an effective interest of approximately 20.97% in Willie. Willie will not become a subsidiary of the Company at this level of shareholding. Accordingly, its assets, liabilities and results will not be consolidated with those of the Group. Instead, the Company will treat its investment in Willie as securities investment.

Willie is an investment holding company listed on the Stock Exchange with its subsidiaries principally engaged in the business of property investment, investment in securities trading, investing in energy related businesses and acquiring, exploring and developing natural resources.

Set out below is the audited consolidated financial information of the Willie Group for each of the two financial years ended 31 December 2006 and 2007 as extracted from the 2007 annual report of Willie:

	Year ended 31 December	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	1,448,876	295,508
Loss before taxation	(197,582)	(114,761)
Loss for the year	(197,582)	(114,761)
	As at 31 December	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	1,848,318	361,151
Total liabilities	361,853	31,537
Net assets	1,486,465	329,614

Consideration:

The consideration payable by the Subscriber to Willie for the Subscription Shares is HK\$91,000,000, and the same shall be satisfied by the Subscriber surrendering the Convertible Note to Willie. The average subscription price for each Subscription Share is approximately HK\$0.14, representing:

- (i) a premium of approximately 11.11% over the closing price of HK\$0.131 per Willie Share as quoted on the Stock Exchange on 11 September 2008, being the date of the Termination Deed;
- (ii) a premium of approximately 6.06% over the average closing price of approximately HK\$0.132 per Willie Share as quoted on the Stock Exchange for the last 5 trading days up to and including 10 September 2008; and
- (iii) a discount of approximately 77.05% to the net asset value of approximately HK\$0.61 per Willie Share (based on the consolidated net asset value of Willie of approximately HK\$1,486.5 million as at 31 December 2007 and 2,449,609,841 Willie Shares in issue as at the date hereof).

The consideration has been arrived at after arm's length negotiations between the parties with reference to the recent market price of the Willie Shares.

Completion:

Subject to the fulfillment of the following conditions, completion of the Termination Deed shall take place on the fifth business day after fulfillment of the last of the following conditions or such other date as may be agreed between the parties in writing.

Completion shall be conditional upon:

- (a) approval of the Termination Deed and transactions contemplated thereunder (including the issue of the Subscription Shares) by shareholders of Willie being obtained in accordance with the Listing Rules;
- (b) approval of the Termination Deed and transactions contemplated thereunder by the Shareholders being obtained in accordance with the Listing Rules; and
- (c) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Subscription Shares.

If any of the conditions precedent set out above is not fulfilled on or before 31 December 2008, the rights and obligations of the parties under the Termination Deed shall lapse and be of no further force and effect, and the parties shall be released from all further obligations thereunder without any liability save to any antecedent breach.

None of the above conditions precedent may be waived by any party.

3. REASONS FOR, AND BENEFITS OF, THE SUBSCRIPTION

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 Group entered into several agreements with the Willie Group in May 2008 to dispose of its entire interest in the Properties. A convertible note in the principal amount of HK\$86,882,392.88 was issued by Willie to the Group in consideration therefor which entitles the Group to convert into Willie Shares at an initial conversion price of HK\$0.11 per Willie Share. Such conversion price was subsequently adjusted to HK\$0.298 per Willie Share as a result of the share consolidation and rights issue announced by Willie on 19 June 2008. Given that the Willie Shares have continuously been traded below such conversion price for the last three months, the parties entered into negotiation and agreed that the Convertible Note be cancelled and terminated, and in consideration therefor, Willie would issue an aggregate of 650,000,000 Willie Shares, all credited as fully paid, to the Subscriber at a price of HK\$0.14 per Willie Share.

Pursuant to the terms of the Convertible Note, Willie might at any time after the first anniversary date of the issue date of the Convertible Note redeem the whole or any part of the outstanding principal amount of the Convertible Note provided that if redemption is made earlier than the maturity date, it should be made at 110% of the principal amount of the Convertible Note to be redeemed. In addition, the holder of the Convertible Note shall have the right, at its absolute discretion, to convert, the whole or any part of the outstanding principal amount of the Convertible Note into Willie Shares at the then prevailing conversion price at any time on or after the issue of the Convertible Note up to the day which is 7 days prior to the maturity date.

Assuming that there is no termination of the Convertible Note, the Group would be entitled to subscribe for an aggregate of 291,551,633 Willie Shares upon full conversion of the Convertible Note at the prevailing conversion price of HK\$0.298 per Willie Share, representing approximately 11.90% of the existing issued share capital of Willie and approximately 10.64% of the issued share capital of Willie as enlarged by the issue of such shares. Pursuant to the Termination Deed, the Group would be entitled to subscribe for an aggregate of 650,000,000 Willie Shares, representing approximately (i) 26.53% of the existing issued share capital of Willie (denoting an increase of approximately 14.63% from 11.90%) and (ii) 20.97% of the issued share capital of Willie as enlarged by the issue of the Subscription Shares (denoting an increase of approximately 10.33% from 10.64%) respectively.

As disclosed in the announcement of the Company dated 20 May 2008, the executive Directors are optimistic about the future prospects of the business of Willie. Despite that the Group may receive (i) full principal amount in cash upon maturity of the Convertible Note or (ii) 110% of the principal amount of the Convertible Note if it is redeemed by Willie before the maturity date, the Directors still consider the terms of the Termination Deed to be fair and reasonable and in the interests of the Shareholders as a whole as it gives the Group an opportunity to acquire a substantial interest in Willie at a reasonable price and benefit from the growth of Willie and its subsidiaries in the future.

4. GENERAL

There is no previous transaction within a 12-month period from the date of this announcement which is required to be aggregated with the Subscription under Rule 14.22 of the Listing Rules.

The Subscription constitutes a major transaction for the Company under Rule 14.06 of the Listing Rules and is subject to the approval of the Shareholders. A circular containing further particulars of the Subscription, and a notice convening the special general meeting of the Company to be held for the purpose of approving the signing of the Termination Deed and the Subscription, will be despatched to the Shareholders as soon as possible in accordance with the

requirements of the Listing Rules. As at the date of this announcement, so far as is known to the Directors, Willie and its associates are beneficially interested in approximately 8.19% of the issued share capital of the Company. Accordingly, Willie and its associates will abstain from voting at the special general meeting of the Company in respect of the proposed resolution to approve the Subscription.

5. RESUMPTION OF TRADING

Trading in the Shares was suspended with effect from 9:30 a.m. on 12 September 2008 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 18 September 2008.

6. DEFINITIONS

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

“Board”	the board of Directors
“Company”	Heritage International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Convertible Note”	the convertible note in the principal amount of HK\$86,882,392.88 issued by Willie to the Subscriber pursuant to the SP Agreements
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the interests in the companies which hold the Properties
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Properties”	30th to 32nd Floors of China United Centre, No.28 Marble Road, North Point, Hong Kong
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	the shareholders of the Company

“SP Agreements”	the three conditional sale and purchase agreements, all dated 19 May 2008, entered into between the Group and the Willie Group in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Dollar Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms of the Termination Deed
“Subscription Shares”	650,000,000 new Willie Shares to be subscribed by the Subscriber pursuant to the Subscription
“Termination Deed”	the conditional termination deed dated 11 September 2008 entered into between the Subscriber and Willie in relation to the cancellation of the Convertible Note and the Subscription
“Willie”	Willie International Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange
“Willie Group”	Willie and its subsidiaries
“Willie Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of Willie

By order of the Board
Kwong Kai Sing, Benny
Chairman

Hong Kong, 17 September 2008

As at the date of this announcement, the Company has four executive Directors, being Mr. Kwong Kai Sing, Benny, 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*