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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 DISPOSAL OF 19.75% EQUITY INTEREST IN BEST PURPOSE GROUP

THE SALE AND PURCHASE AGREEMENT

On 4 January 2011, the Group, through Coupeville, as the vendor and Hennabun, as the purchaser entered into a sale and purchase agreement, under which the Group conditionally agreed to dispose of the Sale Shares, representing 19.75% equity interest in Best Purpose Group, to Hennabun at total consideration of HK\$69 million. As at the date of this announcement, the Group, through its wholly owned subsidiary, held approximately 0.72% of the equity interest in the Purchaser and the Purchaser indirectly holds approximately 8.35% of equity interest in Best Purpose. Save for the above and to the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, Hennabun and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Best Purpose Group is principally engaged in money lending and securities investment businesses. The Group is currently holding 47.5% equity interest in Best Purpose Group. After completion of the Disposal, the Group will continue to have the remaining 27.75% equity interest in Best Purpose Group.

The consideration for the Sale Shares will be satisfied as to HK\$69 million by the allotment and issue of the Consideration Shares at an issue price of HK\$6 per Consideration Share upon Completion.

The Disposal constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules as the applicable percentage ratios in respect of it exceed 25% but are less than 75%. It is therefore subject to the Shareholders' approval under Chapter 14 of the Listing Rules.

GENERAL

The SGM will be held by the Company for the Shareholders to consider, and if thought fit, pass the resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular, among other matters, contains further details of the Disposal, in connection with the Sale and Purchase Agreement together with notice to convene the SGM for consideration and approval of such agreement will be despatched to the Shareholders on or before 25 January 2011.

THE SALE AND PURCHASE AGREEMENT

Set out below are the principal terms of the Sale and Purchase Agreement:

Date:

4 January 2011 (after trading hours)

Parties:

- (1) Vendor: Coupeville, which is a wholly-owned subsidiary of the Company
- (2) Purchaser: Hennabun Capital Group Limited, a company incorporated in the BVI

As at the date of this announcement, the Company is indirectly owning approximately 0.72% of the entire issued share capital of the Purchaser and the Purchaser indirectly holds approximately 8.35% of equity interest in Best Purpose. Save for the above and to the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, Hennabun and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

As at the date of this announcement, Best Purpose is owned as to approximately 47.5%, 47.5% and 5% by, Coupeville, Welltodo and Chinet Capital, respectively.

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has agreed to purchase the Sale Shares, being approximately 19.75% issued share capital of Best Purpose Group. Best Purpose Group is principally engaged in money lending and securities investment businesses. The Group is currently holding approximately 47.5% equity interest in Best Purpose Group. After completion of the Disposal, the Group will continue to have the remaining approximately 27.75% equity interest in Best Purpose Group. Upon Completion, Best Purpose Group will remain an associate of the Company.

Consideration

The consideration for the Disposal shall be HK\$69 million, which shall be payable in the issue and allotment of Consideration Shares upon Completion (or such later date as Vendor and the Purchaser may otherwise agree).

The consideration was determined after arm's length negotiations between Vendor and the Purchaser with reference to (i) approximately 90% of the unaudited consolidated net asset value of Best Purpose Group standing at approximately HK\$387.9 million as at 30 November 2010 ; and (ii) the historical performance and future prospects of Best Purpose Group.

Conditions precedent

Completion shall be subject to and conditional upon the fulfillment of the following Conditions:

- (i) Purchaser having notified Vendor that it is reasonably satisfied with its due diligence review on the financial, legal, commercial and taxation aspects of the Best Purpose Group and its title to assets;
- (ii) the approval of the Sale and Purchase Agreement and transactions contemplated thereunder by the Shareholders at the SGM to be convened in accordance with the Listing Rules; and
- (iii) all requisite consents, licence and approvals, if applicable, from government or regulatory authorities in Hong Kong and elsewhere or other relevant third parties which are necessary to be obtained by the Vendor, in connection with the execution and performance of the Sale and Purchase Agreement and Completion of the transactions contemplated thereunder.

Purchaser may waive the condition set out in paragraph (i) above.

Termination

If any of the above conditions precedent is not fulfilled (or waived) on or before 5:00 pm on 28 February 2011 (or such other date as may be agreed between Vendor and Purchaser in writing), either party shall be entitled to treat the Sale and Purchase Agreement as terminated. If the Sale and Purchase Agreement is so terminated, all obligations of Vendor and Purchaser under the Sale and Purchase Agreement shall cease, provided that rights and liabilities of the parties hereto which have accrued prior to termination shall subsist.

Completion

Completion shall take place on the second business day after the date on which the Conditions shall have been satisfied (or waived) and is currently expected to take place before 28 February 2011.

Upon Completion, (i) the Company is indirectly owning approximately 5.89% of the entire issued share capital of the Purchaser; (ii) Best Purpose will be owned as to approximately 47.5%, 27.75%, 19.75% and 5% by, Welltodo, Coupeville, Hennabun and Chinet Capital, respectively; and (iii) Hennabun will be owning approximately 28.10% in aggregate of equity interest in Best Purpose.

REASONS FOR AND BENEFITS OF THE SALE AND PURCHASE AGREEMENT

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 Directors take the view that the proposed sale of the Group's approximately 19.75% equity interest in Best Purpose Group structured through injection of such interest into Hennabun would help to develop a strategic alliance with Hennabun and broaden clientele basis of the money lending and securities investment businesses of the Group in view of the similar main business of the Purchaser. In making the investment in Hennabun, the Company has bargained for financially fair and reasonable terms in the Consideration Shares of HK\$6 each, being a approximately 21.0% discount to the unaudited consolidated net assets per Hennabun Share of approximately HK\$7.6 (as adjusted for major subsequent events from 31 October 2010 to the date of this announcement) as at 31 October 2010.

The Board considers that the terms of the Sale and Purchase Agreement are negotiated on an arm's length basis, on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PURCHASER

Hennabun is an investment holding company and Hennabun Group is principally engaged in security brokerage, commodity trading, money lending, margin financing and corporate finance advisory as well as proprietary trading and direct investment.

INFORMATION ON BEST PURPOSE GROUP

Best Purpose Group is principally engaged in money lending and securities investment businesses.

As at 30 November 2010, the unaudited consolidated net asset value of Best Purpose Group was approximately HK\$387.9 million. The table below summarizes the operating results of Best Purpose Group for the following accounting periods (assuming Best Purpose were the holding company for such periods):

	For the period from 12 May 2009 (date of incorporation) to 31 March 2010 (HK\$' million) (audited)	For the period from 1 April 2010 to 30 November 2010 (HK\$' million) (unaudited)
Turnover	11.2	7.2
Net profit/(loss) before taxation	(9.4)	3.5
Net profit/(loss) after taxation	(11.4)	3.5

FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, Best Purpose Group will remain an associate of the Company and continue to apply the equity accounting method.

Based on the existing information available to the Company, the Directors estimated that the expected loss to be recorded in the Group's consolidated financial statements arising from the Disposal is approximately HK\$7.6 million.

It should be noted that the aforementioned estimations are for illustrative purpose only and do not purport to represent how the financial position of the remaining Group will be upon Completion. Further information regarding the financial effect of the Disposal will be included in the circular to be despatched.

GENERAL

Listing Rules implications

The Disposal constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules as the applicable percentage ratios in respect of it exceed 25% but are less than 75%. It is therefore subject to the Shareholders' approval under Chapter 14 of the Listing Rules.

SGM

The SGM will be held by the Company for the Shareholders to consider, and if thought fit, pass the resolutions to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular, among other matters, contains further details of the Disposal in connection with the Sale and Purchase Agreement together with notice to convene the SGM for consideration and approval of such agreement will be despatched to the Shareholders on or before 25 January 2011.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, none of the Shareholders and its associates has a material interest in the Disposal who is required to abstain from voting on the relevant resolutions to be proposed at the SGM.

DEFINITIONS

Unless the context requires otherwise, terms used in this announcement shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Best Purpose”	Best Purpose Limited, a limited liability company incorporated in the BVI on 12 May 2009 and an associate of the Company
“Best Purpose Group”	Best Purpose, Double Smart and its subsidiaries
“Board”	the board of directors of the Company
“BVI”	the British Virgin Islands
“Chinet Capital”	Chinet Capital Limited, which is a company incorporated in the British Virgin Islands
“Company”	Heritage International Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares under the Sale and Purchase Agreement
“Conditions”	conditions precedent contained in the Sale and Purchase Agreement for the Completion
“connected person(s)”	has the meaning ascribed to such term in the Listing Rules
“Consideration”	the amount of HK\$69 million
“Consideration Share(s)”	11,500,000 new Hennabun Shares to be allotted and issued to the Vendor, credited as fully paid at the Issue Price in accordance with the terms and conditions of the Sale and Purchase Agreement

“Coupeville”	Coupeville Limited, which is a company incorporated in the BVI and is a wholly owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of Sale Shares by the Coupeville pursuant to the terms and conditions of the Sale and Purchase Agreement
“Double Smart”	Double Smart Finance Limited which is a limited liability company incorporated in Hong Kong on 12 September 2001 and a direct wholly owned subsidiary of Best Purpose
“Group”	The Company and its subsidiaries
“Hennabun”	Hennabun Capital Group Limited, a company incorporated in the BVI
“Hennabun Group”	Hennabun and its subsidiaries
“Hennabun Shares”	ordinary shares of US\$0.10 each in the share capital of Hennabun
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Issue Price”	the issue price of HK\$6 per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Sale and Purchase Agreement”	the conditional sale and purchase agreement between Hennabun as the purchaser and Coupeville as the Vendor dated 4 January 2011 in relation to the Disposal
“SGM”	the special general meeting of the Company to be convened to consider, and if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder

“Sale Shares”	means 7,900,000 shares in Best Purpose, representing 19.75% of the entire issued share capital of Best Purpose
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Welltodo”	Welltodo Investments Limited, which is a company incorporated in the BVI and is an associate of Willie
“Willie”	Willie International Holdings Limited (stock code: 273), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange

By order of the Board
Heritage International Holdings Limited
Dr. Kwong Kai Sing, Benny
Chairman

Hong Kong, 4 January 2011

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*