

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

PROPOSED ISSUE OF BONUS WARRANTS, CAPITAL REORGANISATION AND RESUMPTION OF TRADING

(1) Bonus Warrant Issue

With a view to providing the Shareholders with a further opportunity to participate in the growth of the Company, the Directors proposed, subject to the fulfillment of the conditions as described below, a bonus issue of Warrants to Shareholders (other than Non-Qualifying Shareholders) whose names appear on the register of members of the Company on the Record Date on the basis of one Warrant for every five Consolidated Shares held.

The Warrants will entitle the holders thereof to subscribe for new Consolidated Shares at an initial subscription price of HK\$0.60 per Consolidated Share (subject to adjustments), at any time between the date of issue of the Warrants and the day immediately preceding the date which is eighteen months after the date of issue.

The Bonus Warrant Issue is conditional upon, among other things, passing by the Shareholders of the relevant resolution(s) at the SGM approving the Bonus Warrant Issue and the Capital Reorganisation and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Warrants and the Consolidated Shares to be issued on exercise of the Warrants.

(2) Capital Reorganisation

The Company also intends to put forward to the Shareholders for their approval a proposal involving the following changes to the capital of the Company:

- (a) Capital Reduction: the issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK\$0.08 on each issued Share;
- (b) Subdivision: forthwith upon the Capital Reduction taking effect, every authorised but unissued Share will be subdivided into 5 shares of HK\$0.02 par value each;

- (c) Reduction of Authorised Share Capital: following the Subdivision, the authorised share capital of the Company will be reduced from HK\$5,000,000,000.00 to HK\$1,000,000,000.00; and
- (d) Share Consolidation: upon the Capital Reduction, the Subdivision and the Reduction of Authorised Share Capital becoming effective, every 5 shares of HK\$0.02 each in both the issued and unissued share capital of the Company will be consolidated into one Consolidated Share of HK\$0.10 each.

The credit arising from the Capital Reduction of HK\$710,667,166.56, calculated based on 8,883,339,582 Shares currently in issue, will be transferred to the contributed surplus account of the Company to set-off the accumulated losses of the Company, which stood at approximately HK\$326,973,000.00 as at 31 March 2007. The remaining credit balance of such account may be utilised by the Directors in the future subject to and in accordance with the bye-laws of the Company and the Companies Act.

The Capital Reorganisation is conditional upon, among other things, passing by the Shareholders of the relevant resolution(s) at the SGM and the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

A circular containing, among other things, further particulars of the Bonus Warrant Issue, the Capital Reorganisation and the notice of the SGM, will be despatched to the Shareholders as soon as possible in accordance with the Listing Rules.

(3) Resumption of Trading

Trading in the Shares was suspended with effect from 9:30 a.m. on 7 November 2007 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 8 November 2007.

(1) BONUS WARRANT ISSUE

With a view to providing the Shareholders with a further opportunity to participate in the growth of the Company, the Directors proposed a bonus issue of Warrants to Shareholders, which details are set out below.

A. Basis of the Bonus Warrant Issue

Subject to the fulfillment of the conditions mentioned below, the proposed Bonus Warrant Issue will be made on the basis of one bonus Warrant for every five Consolidated Shares held by the Shareholders (other than Non-Qualifying Shareholders) whose names appear on the register of members of the Company on the Record Date.

On the basis of 8,883,339,582 Shares in issue as at the date of this announcement, and assuming no further Shares are issued or repurchased before the Record Date, the total number of Consolidated Shares in issue immediately after the Capital Reorganisation will be 1,776,667,916.40 and the total number of bonus Warrants to be issued will be approximately 355,333,583, entitling the holders thereof to subscribe for up to 355,333,583 Consolidated Shares, representing 20% of the issued share capital of the Company after the Capital Reorganisation.

As at the date of this announcement, the Company does not have any outstanding options or other securities which are convertible or exchangeable into Shares.

B. Subscription price

The Warrants will entitle the holders thereof to subscribe for new Consolidated Shares at an initial subscription price of HK\$0.60 per Consolidated Share (or HK\$0.12 per Share for illustrative purpose) (subject to adjustments). The initial subscription price of the Warrants represents (i) a discount of approximately 6.98% to the closing price of HK\$0.129 per Share as quoted on the Stock Exchange on 6 November 2007; (ii) a discount of approximately 7.41% to the average closing price of approximately HK\$0.1296 per Share as quoted on the Stock Exchange from 31 October 2007 to 6 November 2007, both dates inclusive, being the last five trading days immediately before the date of this announcement; (iii) a discount of approximately 74.47% to the net asset value per Share of approximately HK\$0.47 as at 31 March 2007 based on the audited consolidated balance sheet of the Group made up to 31 March 2007 and adjusted as if the share consolidation announced by the Company on 14 June 2007 had been completed on that date; and (iv) a discount of approximately 29.41% to the net asset value per Share of approximately HK\$0.17 as at 31 October 2007 based on the unaudited consolidated balance sheet of the Group made up to 31 October 2007.

The initial subscription price will be subject to customary anti-dilutive adjustments in market transactions of this type in certain events, including, among other things, share consolidations, share subdivisions, capitalisation issues, capital distributions, rights issues and further issues of shares or convertible securities with conversion price less than the then market price provided that the subscription price shall not at any time fall below the par value of the Consolidated Shares.

C. Subscription period

The Warrants may be exercised at any time between the date of issue of the Warrants and the day immediately preceding the date which is eighteen months after the date of issue.

D. Fractional entitlements

Fractional entitlements to the Warrants will not be allotted but will be aggregated and sold for the benefit of the Company.

E. Overseas Shareholders

The documents to be issued in relation to the Bonus Warrant Issue will not be registered under the securities legislation of any jurisdiction other than Hong Kong and Bermuda. If on the Record Date, a Shareholder's address as shown on the register of members of the Company is in a place outside Hong Kong, no bonus Warrants will be issued to such Shareholder if the Directors, after making enquiries with the relevant foreign legal advisers, conclude that it would be necessary or expedient not to extend the Bonus Warrant Issue to such overseas Shareholder.

Arrangements will be made for the Warrants which would otherwise have been issued to the Non-Qualifying Shareholders to be sold in the market as soon as practicable after dealings in the Warrants commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the relevant Non-Qualifying Shareholders in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for its own benefit.

F. Conditions of the Bonus Warrant Issue

The Bonus Warrant Issue is conditional upon:

- (a) passing by the Shareholders of the relevant resolution(s) at the SGM approving the Capital Reorganisation and the Bonus Warrant Issue; and
- (b) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Warrants and the new Consolidated Shares which may fall to be issued upon exercise of the subscription rights attaching to the Warrants.

G. Certificates for the Warrants

Subject to the fulfillment of the conditions of the Bonus Warrant Issue, certificates for the bonus Warrants are expected to be posted to the Shareholders (other than Non-Qualifying Shareholders) by ordinary post at their own risks on or around 31 December 2007.

H. Closure of register

The register of members of the Company will be closed from 17 December 2007 to 20 December 2007, both dates inclusive, in order to determine entitlements to the Bonus Warrant Issue. No transfer of Shares may be registered during this period.

Shareholders are reminded that in order to qualify for the Bonus Warrant Issue, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 14 December 2007.

I. Listing and dealing

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and the new Consolidated Shares which may fall to be issued upon exercise of the subscription rights attaching to the Warrants. The Warrants will be traded in board lots of 20,000 Warrants.

Other than the Bonus Warrant Issue, the Company does not have any current plan for fund raising. Taking into account the net proceeds derived from the rights issue which became unconditional on 22 October 2007, the Directors are satisfied that the Company has sufficient working capital for its present requirements.

(2) PROPOSED CAPITAL REORGANISATION

The Company also intends to put forward to the Shareholders the Capital Reorganisation comprising the Capital Reduction, the Subdivision, the Reduction of Authorised Share Capital and the Share Consolidation, details of which are set out below.

A. Capital Reduction

The issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK\$0.08 on each issued Share.

On the basis of 8,883,339,582 Shares currently in issue, a credit of HK\$710,667,166.56 will arise from the Capital Reduction and will be transferred to the contributed surplus account of the Company. It will be applied to set-off the accumulated losses of the Company, which stood at approximately HK\$326,973,000.00 as at 31 March 2007. The remaining balance standing to the credit of the contributed surplus account may be utilised in the future in accordance with the bye-laws of the Company and the Companies Act, including distribution to the Shareholders subject in any event to the relevant statutory requirements on making distributions in the Companies Act.

After the Capital Reduction, the issued share capital of the Company will become HK\$177,666,791.64 divided into 8,883,339,582 shares of HK\$0.02 each and the authorised but unissued share capital will become HK\$4,822,333,208.36 divided into 48,223,332,083.6 shares of HK\$0.10 each.

B. Subdivision

Forthwith upon the Capital Reduction taking effect, every authorised but unissued Share will be subdivided into 5 shares of HK\$0.02 par value each such that the new authorised but unissued share capital will be HK\$4,822,333,208.36 divided into 241,116,660,418 shares of HK\$0.02 each.

C. Reduction of Authorised Share Capital

Following the Subdivision, the authorised share capital of the Company will be reduced from HK\$5,000,000,000.00 to HK\$1,000,000,000.00 by cancelling 200,000,000,000 unissued shares of HK\$0.02 each.

D. Share Consolidation

Upon the Capital Reduction, the Subdivision and the Reduction of Authorised Share Capital becoming effective, every 5 shares of HK\$0.02 each in both the issued and unissued share capital of the Company will be consolidated into one Consolidated Share of HK\$0.10 each. Fractional Consolidated Shares will not be issued to individual Shareholders but will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a Shareholder regardless of the number of share certificates held by such Shareholder.

E. Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (a) passing by the Shareholders of the relevant resolution(s) at the SGM approving the Capital Reorganisation;

- (b) publication of a notice of capital reduction in Bermuda in accordance with the Companies Act;
- (c) on the date on which the Capital Reduction is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction would be, unable to pay its liabilities as they fall due; and
- (d) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Consolidated Shares to be issued following completion of the Capital Reorganisation.

F. Effect of the Capital Reorganisation

The Consolidated Shares arising from the Capital Reorganisation will rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions contained in the bye-laws of the Company. The following table sets out the effect of the Capital Reorganisation on the share capital of the Company, that is, before and after implementation of the Capital Reorganisation:

	Before the Capital Reorganisation	Immediately after the Capital Reorganisation
Nominal value	HK\$0.10	HK\$0.10
Authorised share capital	HK\$5,000,000,000.00 divided into 50,000,000,000 Shares	HK\$1,000,000,000.00 divided into 10,000,000,000 Consolidated Shares
Issued and paid-up share capital	HK\$888,333,958.20 divided into 8,883,339,582 Shares	HK\$177,666,791.64 divided into 1,776,667,916.40 Consolidated Shares

Notes:

- (a) The above table is prepared on the assumption that no further Shares are issued or repurchased between the date of this announcement and the date of the SGM.
- (b) As at the date of this announcement, the Company does not have any outstanding options or other securities which are convertible or exchangeable into Shares.

After the Share Consolidation becoming effective, the board lot for trading in the Consolidated Shares will be changed from 5,000 Shares to 5,000 Consolidated Shares.

The implementation of the Capital Reorganisation will not, of itself, materially alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders.

G. Reasons for the Capital Reorganisation

The main purpose for implementing the Capital Reorganisation is to reduce the overall transaction costs for dealings in the shares of the Company. In addition, the Company can apply the credit arising from the Capital Reduction to offset the accumulated losses of the Company.

Therefore, the Directors consider the Capital Reorganisation to be in the interests of the Company and the Shareholders as a whole.

H. Exchange of share certificates and trading arrangements

Subject to the passing of the relevant resolution(s) approving the Capital Reorganisation, Shareholders may, during business hours from 20 December 2007 until 31 January 2008 submit their existing certificates for the Shares to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in exchange for new certificates for the Consolidated Shares at the expenses of the Company. Thereafter, existing certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new certificate issued for the Consolidated Shares or each old share certificate for the Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, certificates for the existing Shares will continue to be good evidence of legal title and may be exchanged for certificates for the Consolidated Shares at any time.

Further, to alleviate the difficulties arising from the existence of odd lots of Consolidated Shares, the Company has agreed to procure an agent to arrange for matching services regarding the sale and purchase of odd lots of Consolidated Shares. Further details in respect of the odd lots arrangement and colour of the new share certificates will be set out in the circular of the Company to be despatched to the Shareholders.

(3) TENTATIVE TIMETABLE FOR BONUS WARRANT ISSUE AND CAPITAL REORGANISATION

The following expected timetable is indicative only and may be subject to change:

Circular to be despatched on	26 November 2007
Last day of dealings in Shares cum-entitlements to the Bonus Warrant Issue	12 December 2007
First day of dealings in Shares ex-entitlements to the Bonus Warrant Issue	13 December 2007
Latest time for lodging transfers of Shares for entitlements to the Bonus Warrant Issue	4:30 p.m. on 14 December 2007
Latest time for lodging proxy form for the SGM	9:00 a.m. on 17 December 2007
Closure of register of members of the Company	17 December 2007 to 20 December 2007
Date and time of the SGM	9:00 a.m. on 19 December 2007
Effective date of the Capital Reorganisation	20 December 2007
Record Date	20 December 2007

Consolidated Shares commence trading
on the Stock Exchange 9:30 a.m. on 20 December 2007

Original counter for trading in the
Shares in board lots of 5,000 Shares closes 9:30 a.m. on 20 December 2007

Temporary counter for trading in the Consolidated Shares
in board lots of 1,000 Consolidated Shares (in the form
of existing share certificates) opens 9:30 a.m. on 20 December 2007

First day of free exchange of share certificates for existing
Shares for new share certificates for Consolidated Shares 20 December 2007

Despatch of Warrant certificates on or around 31 December 2007

Commencement of dealings in the Warrants 9:30 a.m. on 3 January 2008

Original counter for trading in the Consolidated Shares in
board lots of 5,000 Consolidated Shares (in the
form of new share certificates) re-opens 9:30 a.m. on 8 January 2008

Parallel trading in the Consolidated Shares (in the
form of new share certificates and existing
share certificates) commences 9:30 a.m. on 8 January 2008

Designed broker starts to stand in the
market to provide matching services 9:30 a.m. on 8 January 2008

Temporary counter for trading in the Consolidated
Shares in board lots of 1,000 Consolidated Shares
(in the form of existing share certificates) closes 4:00 p.m. on 29 January 2008

Parallel trading in the Consolidated Shares
(in the form of new share certificates and
existing share certificates) ends 4:00 p.m. on 29 January 2008

Designated broker ceases to stand in the
market to provide matching services 4:00 p.m. on 29 January 2008

Last day of free exchange of the share certificates for existing
Shares for new share certificates for Consolidated Shares 31 January 2008

Further announcement(s) will be made by the Company if there is any change to the
above expected timetable.

(4) GENERAL MATTERS

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares to be issued following the completion of the Capital Reorganisation.

A circular containing, among other things, further particulars of the Bonus Warrant Issue, the Capital Reorganisation and the notice of the SGM, will be despatched to the Shareholders as soon as possible in accordance with the Listing Rules.

(5) RESUMPTION OF TRADING

Trading in the Shares was suspended with effect from 9:30 a.m. on 7 November 2007 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 8 November 2007.

(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
“Bonus Warrant Issue”	the proposed bonus issue of Warrants, on the basis of one bonus Warrant for every five Consolidated Shares held, to Shareholders (other than Non-Qualifying Shareholders) whose names appear on the register of members of the Company at the close of business on the Record Date
“Capital Reorganisation”	the proposed capital reorganisation of the Company comprising the Capital Reduction, the Subdivision, the Reduction of Authorised Share Capital and the Share Consolidation, as referred to in the section headed “Proposed Capital Reorganisation” above
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Company”	Heritage International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	new ordinary share(s) of HK\$0.10 each in the share capital of the Company following the Capital Reorganisation
“Director(s)”	the director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Non-Qualifying Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which are outside Hong Kong whom the Board, after making enquiries, considers it necessary or expedient not to offer the Warrants to, on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Record Date”	20 December 2007, being the date for determination of entitlements to the Bonus Warrant Issue
“Reduction of Authorised Share Capital”	the reduction of authorised share capital of the Company from HK\$5,000,000,000.00 to HK\$1,000,000,000.00
“SGM”	the special general meeting of the Company to be convened for the purpose of approving the Capital Reorganisation
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Consolidation”	the proposed consolidation of shares as referred to in the paragraph headed “Share Consolidation” above
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivision”	the subdivision of every authorised but unissued Share into 5 shares of HK\$0.02 par value each
“Warrant(s)”	warrant(s) proposed to be issued by the Company entitling the holders thereof to subscribe for new shares of the Company at an initial subscription price of HK\$0.60 per Consolidated Share (subject to adjustments)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board
Poon Chi Wan
Director

Hong Kong, 7 November 2007

As at the date of this announcement, the Company has five executive Directors, being Mr. Kwong Kai Sing, Benny, Ms. Lo Ki Yan, Karen, 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*