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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)

EARLY REDEMPTION OF CONVERTIBLE BOND BY HANG FA LAU HOLDINGS LIMITED

Reference is made to the announcement and circular issued by the Company on 18 February 2008 and 6 March 2008 respectively relating to, inter alia, the Group's subscription of a convertible bond issued by HFL in the principal amount of HK\$18 million.

HFL has recently served a notice on the Group, requesting an early redemption of HK\$15 million of the Convertible Bond at 100% of the principal amount to be redeemed. Such redemption represents a variation of the original terms of the Convertible Bond and this announcement is issued in accordance with Rule 14.36 of the Listing Rules.

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HFL has recently served a notice on the Group, requesting an early redemption of HK\$15 million of the Convertible Bond. The redemption will be made at 100% (instead of 108% as provided in the Convertible Bond) of the principal amount to be redeemed. Such redemption represents a variation of the original terms of the Convertible Bond and this announcement is issued in accordance with Rule 14.36 of the Listing Rules.

As disclosed in the Announcement, it was HFL's intention to apply the proceeds raised from the issue of the Convertible Bond to expand its business. Due to the recent downturn of the economy, HFL decides to hold off certain of those expansion plans and make early redemption of the Convertible Bond in order to reduce the finance costs.

According to the terms of the Convertible Bond, HFL may at any time on or before the maturity date redeem the whole or any part of the outstanding principal amount of the Convertible Bond provided that if redemption is made on or before the first anniversary date from the issue date of the Convertible Bond, redemption shall be made at 108% of the principal amount of the Convertible Bond to be redeemed.

Nevertheless, the Group has agreed to waive such penalty with a view to maintaining a good co-operative relationship with HFL. The Directors believe that it is important that a good co-operative relationship can be maintained with HFL given that the Group is still holding HK\$3 million of the Convertible Bond and may consider co-operation with HFL in the future. Further, the early redemption also improves the Group's net cash position, which is very important in this financial turmoil. Taken into account all of the above factors, the Directors consider the waiving of such penalty to be in the interest of the Company and its shareholders as a whole.

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

“Announcement”	the announcement issued by the Company on 18 February 2008 relating to, inter alia, the Group's subscription of the Convertible Bond
“Board”	the board of Directors
“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
“Convertible Bond”	the 2% convertible bond due 2011 in the aggregate principal amount of HK\$18 million issued by HFL, which will entitle the holder(s) thereof to convert the principal amount outstanding into ordinary share(s) of HK\$1.00 each in the share capital of HFL at the then effective conversion price
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HFL”	Hang Fa Lau Holdings Limited, a private company incorporated in Hong Kong with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board
Poon Chi Wan
Executive Director

Hong Kong, 9 October 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*