
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Heritage International Holdings Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, 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 circular.

**HERITAGE INTERNATIONAL HOLDINGS LIMITED****漢基控股有限公司****(Incorporated in Bermuda with limited liability)***(Stock Code: 412)****REFRESHMENT OF GENERAL MANDATES****Independent financial adviser to the independent board committee and independent shareholders of Heritage International Holdings Limited****REXCAPITAL (Hong Kong) Limited**

A letter from the independent board committee containing its recommendation to the independent shareholders of Heritage International Holdings Limited is set out on page 7 of this circular. A letter from REXCAPITAL (Hong Kong) Limited containing its advice to the independent board committee and independent shareholders of Heritage International Holdings Limited is set out on pages 8 to 13 of this circular.

A notice convening a special general meeting of the Company to be held at 30/F., China United Centre, No.28 Marble Road, North Point, Hong Kong on 29 October 2007 at 9:00 a.m. is set out on pages 17 to 19 of this circular. If you are not able to attend the meeting, you are strongly urged to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company in Hong Kong at 32/F., China United Centre, No.28 Marble Road, North Point, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

* For identification purposes only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
– Introduction	3
– Refreshment of General Mandates	3
– SGM	5
– Recommendation	6
– General	6
– Additional information	6
Letter from the Independent Board Committee	7
Letter from REXCAPITAL	8
Appendix – Explanatory statement	14
Notice of SGM	17

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“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 main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandates”	the Issue Mandate and the Repurchase Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of independent non-executive Directors, comprising Messrs. Chan Sze Hung, To Shing Chuen, Ha Kee Choy, Eugene, Chung Yuk Lun and Lo Wong Fung to advise the Independent Shareholders in relation to the refreshment of the Issue Mandate
“Independent Shareholders”	Shareholders other than the controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Issue Mandate”	the mandate to allot and issue new Shares as set out in resolutions numbered 1 and 3 of the Notice of SGM
“Latest Practicable Date”	10 October 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notice of SGM”	the notice convening the SGM as set out on pages 17 to 19 of this circular

DEFINITIONS

“Placing”	the placing of 987,000,000 new Shares at the price of HK\$0.10 per Share to at least six (6) independent investors pursuant to the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 23 August 2007 between the Company and Chung Nam Securities Limited in respect of the Placing
“Repurchase Mandate”	the mandate to repurchase Shares as described in the explanatory statement set out in the Appendix to this circular
“REXCAPITAL”	REXCAPITAL (Hong Kong) Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the Issue Mandate. REXCAPITAL is a licensed corporation permitted to engage in type 6 regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Rights Issue”	the issue by way of rights of 2,961,113,194 rights shares in the proportion of one rights share for every two Shares held on the record date as announced by the Company on 27 August 2007
“SGM”	the special general meeting of the Company to be held at 30/F., China United Centre, No.28 Marble Road, North Point, Hong Kong on 29 October 2007 at 9:00 a.m., notice of which is set out on pages 17 to 19 of this circular
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

Executive Directors:

Kwong Kai Sing, Benny

Lo Ki Yan, Karen

Ong Peter

Poon Chi Wan

Chow Chi Wah, Vincent

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent non-executive Directors:

Chan Sze Hung

To Shing Chuen

Ha Kee Choy, Eugene

Chung Yuk Lun

Lo Wong Fung

Principal place of business in Hong Kong:

32/F., China United Centre

No. 28 Marble Road

North Point

Hong Kong

12 October 2007

To the Shareholders

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATES

A. INTRODUCTION

The Board announced on 27 August 2007 that a special general meeting of the Company would be convened to seek the approval of the Shareholders to grant the General Mandates. The main purpose of this circular is to provide you with further particulars of the above proposal and the Notice of SGM.

An independent board committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in relation to the refreshment of the Issue Mandate. REXCAPITAL has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the refreshment of the Issue Mandate.

* For identification purposes only

LETTER FROM THE BOARD

B. REFRESHMENT OF GENERAL MANDATES

At the annual general meeting of the Company held on 22 August 2007, general mandates (“Existing General Mandates”) were granted to the Directors to exercise the powers of the Company to repurchase Shares and to allot, issue and deal with new Shares.

In accordance with the Placing Agreement which was completed on 6 September 2007, an aggregate of 987,000,000 Shares were issued by the Company pursuant to the Existing General Mandates, representing more than 99.99% of the Existing General Mandates in respect of issuance of new Shares.

If the Existing General Mandates are not renewed, only 45,277 new Shares may be further issued under the Existing General Mandates, and these represent less than 0.01% of the issued share capital of the Company as enlarged by the Placing.

In order to afford the Company with the maximum flexibility to issue and repurchase Shares in the future, the Board proposes to seek the approval of the Shareholders to refresh the General Mandates such that:

- (a) the Directors will be given the powers to allot, issue and deal with additional Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution. On the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the SGM save pursuant to the Rights Issue, the Company will be allowed under the above mandate to issue a maximum of 1,776,667,916 new Shares;
- (b) the Directors will be given the powers to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution. On the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the SGM save pursuant to the Rights Issue, the Company will be allowed under the above mandate to repurchase a maximum of 888,333,958 Shares; and
- (c) subject to the passing of the above two resolutions, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with additional Shares will be extended by the addition of an amount representing the aggregate nominal amount of the Shares repurchased by the Company under the authority granted above, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the relevant resolution. On the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the SGM save pursuant to the Rights Issue, the Company will be allowed under the above extension to issue a further of 888,333,958 new Shares if the Repurchase Mandate is exercised in full.

An explanatory statement, as required by the Listing Rules to give all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the Repurchase Mandate is set out in the Appendix to this circular.

LETTER FROM THE BOARD

C. SGM

A notice convening the SGM to be held at 30/F., China United Centre, No.28 Marble Road, North Point, Hong Kong on 29 October 2007 at 9:00 a.m. is set out on pages 17 to 19 of this circular. Pursuant to Rules 13.36(4)(a) and 13.39(4) of the Listing Rules, the granting of the Issue Mandate requires the approval of the Independent Shareholders at the SGM voting by way of poll. Controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates are required to abstain from voting in favour of the relevant resolutions at the SGM. As at the Latest Practicable Date, the Company did not have any controlling Shareholder, and the executive Directors, namely, Mr. Kwong Kai Sing, Benny, Ms. Lo Ki Yan, Karen, Mr. Ong Peter and Ms. Poon Chi Wan respectively held 42,900,000, 12,000,000, 23,876,000 and 3,300,000 Shares in the Company. All of them controlled or were otherwise entitled to exercise control over the voting right in respect of such Shares. Assuming all of them take up their provisional allotment under the Rights Issue and the Rights Issue becomes unconditional in accordance with its terms, Mr. Kwong Kai Sing, Benny, Ms. Lo Ki Yan, Karen, Mr. Ong Peter and Ms. Poon Chi Wan will respectively hold 64,350,000, 18,000,000, 35,814,000 and 4,950,000 Shares in the Company as at the date of the SGM. None of the executive Directors, the chief executive nor, to the best of the knowledge of such executive Directors and chief executive having made all reasonable enquiries, any of their respective associates had any present intention to vote against the relevant resolutions at the SGM.

As regards the other resolution relating to the refreshment of the Repurchase Mandate, all Shareholders are entitled to vote.

If you are not able to attend the meeting, you are strongly urged to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company in Hong Kong at 32/F., China United Centre, No. 28 Marble Road, North Point, Hong Kong as soon as possible and in any event, not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

Pursuant to the bye-laws of the Company, a resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) duly demanded by:

- (i) the chairman of the meeting; or
- (ii) at least three members present in person or by proxy or representative for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person or by proxy or representative and representing not less than one-tenth of the total voting rights of all the members having the right to attend and vote at the meeting; or

LETTER FROM THE BOARD

- (iv) any member or members present in person or by proxy or representative and holding Shares conferring a right to attend and vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; or
- (v) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing 5% or more of the total voting rights at such meeting.

D. RECOMMENDATION

For the reason set out above, the Board considers the refreshment of the General Mandates to be in the interest of the Company and the Shareholders as a whole, and accordingly, recommends all Shareholders who are entitled to vote at the SGM to vote in favour of the resolutions set out in the Notice of SGM.

Your attention is drawn to the letter from the Independent Board Committee set out on page 7 of this circular and the letter from REXCAPITAL containing its advice and the principal factors which it has considered in arriving at its advice with regard to the refreshment of the Issue Mandate, as set out on pages 8 to 13 of this circular.

E. GENERAL

REXCAPITAL has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

F. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Kwong Kai Sing, Benny
Chairman



HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 412)

12 October 2007

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED REFRESHMENT OF ISSUE MANDATE

We refer to the circular from the Company to the Shareholders dated 12 October 2007 (the “Circular”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed to advise you in connection with the refreshment of the Issue Mandate, details of which are set out in the “Letter from the Board” set out on pages 3 to 6 of the Circular. We wish to draw your attention to the “Letter from REXCAPITAL” set out on pages 8 to 13 of the Circular, which contains REXCAPITAL’s advice regarding the refreshment of the Issue Mandate.

Having taken into account the advice of REXCAPITAL, we consider the refreshment of the Issue Mandate to be fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant ordinary resolutions to be proposed at the SGM to approve the refreshment of the Issue Mandate.

Yours faithfully,

Chan Sze Hung
Independent non-executive
Director

To Shing Chuen
Independent non-executive
Director

Ha Kee Choy, Eugene
Independent non-executive
Director

Chung Yuk Lun
Independent non-executive
Director

Lo Wong Fung
Independent non-executive
Director

* For identification purposes only

LETTER FROM REXCAPITAL

The following is the text of a letter of advice from REXCAPITAL to the Independent Board Committee and the Independent Shareholders in respect of the refreshment of the Issue Mandate, and is prepared for inclusion in this circular.



REXCAPITAL (Hong Kong) Limited
34th Floor, COSCO Tower
Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

12 October 2007

*The Independent Board Committee and
the Independent Shareholders*

Heritage International Holdings Limited

32/F., China United Centre
No. 28 Marble Road
North Point
Hong Kong

Dear Sirs,

REFRESHMENT OF ISSUE MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the refreshment of the Issue Mandate, details of which are set out in this circular, of which this letter forms a part. We have been retained by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the refreshment of the Issue Mandate is fair and reasonable and whether the grant of the Issue Mandate to the Board to exercise the power of the Company to allot and issue Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM and extended by the total nominal amount of Shares repurchased by the Company pursuant to the Repurchase Mandate (up to 10% of the issued share capital of the Company as at the date of the SGM) is in the interests of the Company and its Shareholders as a whole, and to advise Independent Shareholders on how to vote. Unless the context otherwise requires, capitalised terms used in this letter have the same meanings as those defined in this circular.

As at the Latest Practicable Date, there is no controlling Shareholder as defined under the Listing Rules. If on the date of the SGM, the Company has any controlling Shareholder(s), the controlling Shareholder(s) and their associates or, where there are no controlling Shareholder(s), Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates, if they hold any Shares, shall abstain from voting in favor of the relevant resolutions for approving the Issue Mandate pursuant to Rule 13.36(4)(a) of the Listing Rules, and voting of the

LETTER FROM REXCAPITAL

Independent Shareholders at the SGM shall be taken by poll according to Rule 13.39(4)(b) of the Listing Rules.

The Independent Board Committee, comprising Messrs. Chan Sze Hung, To Shing Chuen, Ha Kee Choy, Eugene, Chung Yuk Lun and Lo Wong Fung, all being independent non-executive Directors, has been established to consider the terms of the Issue Mandate and to advise the Independent Shareholders in relation to the refreshment of the Issue Mandate.

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in this circular and information provided to us by the Company and its Director(s). We have assumed that all statements and representations made or referred to in this circular were true at the time they were made and continue to be true at the date of the SGM. We have also assumed that all statements of belief, opinion and intention made by the Director(s) in this circular were reasonably made after due enquiry.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Director(s) and have been confirmed by the Directors that no material facts and representations the omission of which would make any statement in this circular, including this letter, misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Director(s) and management of the Company. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information and representations contained in this circular and to provide a reasonable basis for our recommendation regarding the refreshment of the Issue Mandate.

PRINCIPAL FACTORS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the refreshment of the Issue Mandate, we have taken into consideration the following factors and reasons:

1. Background and Reasons for the Issue Mandate

The Group is principally engaged in property investment, investments in securities, money lending and investment holding.

At the annual general meeting of the Company held on 22 August 2007, the Shareholders approved, among other things, an ordinary resolution to approve the grant of a general mandate to the Directors to allot, issue and deal with Shares (the “Existing General Mandate”). As at the date of passing of that resolution, there were a total of 4,935,226,388 Shares in issue and thus the Directors were authorised to issue and allot 20% thereof, being 987,045,277 Shares under the Existing General Mandate.

Pursuant to the placing as set out in the Company’s announcement (the “Announcement”) dated 27 August 2007 (the “Placing”), a total of 987,000,000 new Shares were allotted and issued upon completion of the Placing under the Existing General Mandate. As a result of the Placing, the Existing General Mandate has been utilized as to 987,000,000 Shares, representing more than 99.99% of the Existing

LETTER FROM REXCAPITAL

General Mandate. The net proceeds of approximately HK\$96.1 million arising from the Placing are intended to be used for expanding the Group's business into the junket representative and services sector as disclosed in the Company's announcements dated 17 October 2006, 13 December 2006, 27 March 2007, 30 March 2007 and 1 June 2007, or if the expansion into such sector does not materialize, the net proceeds will be applied for general working capital of the Company.

It is also stated in the Announcement that the Board proposed to raise approximately HK\$246 million by way of rights issue (the "Rights Issue") on the basis of one rights share for every two Shares held on the record date. The net proceeds of approximately HK\$288 million arising from the Rights Issue are intended to be used for expanding the Group's business into the junket representative and services sector as disclosed in the Company's announcements dated 17 October 2006, 13 December 2006, 27 March 2007, 30 March 2007 and 1 June 2007, or if the expansion into such sector does not materialize, the net proceeds will be applied for general working capital of the Company. Details of such Rights Issue were set out in the Announcement and the Company's prospectus dated 28 September 2007.

In order to afford the Company with maximum financial flexibility for the Group to issue new Share in the future, the Board proposed to seek approval by the Independent Shareholders at the SGM in respect of the Issue Mandate, in which the Directors shall be granted the authority to allot and issue not exceeding 20% of the issued share capital of the Company as at the date of the SGM and extended by the total nominal amount of Shares repurchased by the Company pursuant to the Repurchase Mandate (up to 10% of the issued share capital of the Company as at the date of the SGM). The Issue Mandate will be in force when it is approved by the Independent Shareholders at the SGM. As at the Latest Practicable Date, the total number of issued Shares was 5,922,226,388 Shares. On the assumptions that save for the Rights Issue, there will be no further issue of new Shares from the Latest Practicable Date to the date of the SGM (both dates inclusive), 8,883,339,582 Shares will be in issue as at the date of the SGM and the Board will be granted the power to allot and issue further 1,776,667,916 Shares, being 20% of the total number of issued Shares of the Company of 8,883,339,582 Shares, under the Issue Mandate (assuming no Shares are repurchased pursuant to the Repurchase Mandate) when it is approved by the Independent Shareholders at the SGM.

As set out in the Company's annual report for the year ended 31 March 2007, the consolidated cash and bank balance of the Group was approximately HK\$127.7 million as at 31 March 2007. In addition, the aggregate net proceeds of approximately HK\$637.6 million raised from the Placing, the Rights Issue and the two placings as announced by the Company on 14 June and 2 August 2007 (which is intended to be used for expanding the Group's business into the junket representative and services sector, or if the expansion into such sector does not materialize, be applied for general working capital of the Company) has not yet been utilised. The Directors confirm that the existing cash and facility resources of the Group are sufficient for it to conduct its daily operations and the Group has sufficient working capital to meet its present investment requirements.

However, we consider that there is no certainty that the existing cash level will be adequate for the future investments, in particular that the Company is in negotiation with relevant parties on the possible expansion into the junket representative and services sector. In the event that the Group identifies suitable investment opportunities and does not have sufficient cash on hand, and it fails to obtain loans on terms which the Directors consider acceptable to the Group, or it cannot find other alternatives to finance such investment opportunity in a timely manner, the Group may lose its bid in an otherwise

LETTER FROM REXCAPITAL

favorable investment. Accordingly, we consider that the refreshment of the Issue Mandate is fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

2. Financial Flexibility

The Directors believe that the refreshment of the Issue Mandate will enable the Company to take advantage of the market condition to raise additional funds for the Company through the issue of new Shares when investment opportunities are identified and when the Directors think fit and appropriate.

We consider that the granting of the Issue Mandate could enhance the financing flexibility of the Company to raise capital, if and when required, through placing of Shares for further development of the Group and further strengthen the Company's capital base. While the Directors consider that investment decisions may have to be made immediately should suitable investment opportunities arise, we agree that the Issue Mandate would then provide the Group with the maximum flexibility allowed under the Listing Rules to take advantage of market conditions to raise additional capital, through placing of new Shares as consideration, for funding such investments in the future when opportunities are identified and as Directors think appropriate. As such, we consider that the increased amount of capital which may be raised under the Issue Mandate will provide more financing alternatives to the Group and will enable the Group to grasp future investment opportunities in a timely manner. As at the Latest Practicable Date and save for the Rights Issue, the Board indicated that the Company has no current plan to issue securities.

3. Other Financing Alternatives

Other than raising fund by way of issuing equity capital, the Board indicates that the Company will consider other financing methods such as bank financing, debt financing and funding through internal resources in order to meet its financing requirements arising from future investment of the Group, depending on the then financial position, capital structure and cost of funding of the Group as well as the then market condition. As such, the Issue Mandate will serve as one of the alternatives for the Company to finance the Group's investment and the Board will use the method that serves the best interests of the Group. We consider that it is sensible to make reference to the then financial position, capital structure and cost of funding of the Group as well as the then market condition in order to decide a suitable financing method for the future investment of the Group.

4. Potential Dilution to Shareholdings of the Shareholders

Shareholders should note that the Issue Mandate if approved by the Independent Shareholders at the SGM will be and continue to be in force until the earliest of (i) the conclusion of the Company's next annual general meeting, (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held, and (iii) the revocation or variation of the authority given under the relevant resolutions to be proposed as ordinary resolutions of the Shareholders in general meeting. Such duration is in compliance with Rule 13.36(3) of the Listing Rules.

LETTER FROM REXCAPITAL

The table below sets out the potential dilution effect on the shareholding of the Company upon full utilization of the Issue Mandate (assuming no Shares have been repurchased by the Company pursuant to the Repurchase Mandate).

	As at Latest Practicable Date		Immediately after the Rights Issue		Immediately after the Rights Issue		Upon full exercise of the Issue		Upon full exercise of the Issue	
			(assuming all Shareholders take up their entitlements)		(assuming no Shareholders take up their entitlements)		Mandate (assuming all Shareholders take up their entitlements under the Rights Issue)		Mandate (assuming no Shareholders take up their entitlements under the Rights Issue)	
	No. of	Approx.	No. of	Approx.	No. of	Approx.	No. of	Approx.	No. of	Approx.
	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%
Substantial Shareholder										
Willie International										
Holdings Limited	510,948,000	8.63	766,422,000	8.63	510,948,000	5.75	766,422,000	7.19	510,948,000	4.79
Directors										
Kwong Kai Sing, Benny	42,900,000	0.72	64,350,000	0.72	42,900,000	0.48	64,350,000	0.60	42,900,000	0.40
Lo Ki Yan, Karen	12,000,000	0.20	18,000,000	0.20	12,000,000	0.14	18,000,000	0.17	12,000,000	0.11
Ong Peter	23,876,000	0.40	35,814,000	0.40	23,876,000	0.27	35,814,000	0.34	23,876,000	0.22
Poon Chi Wan	3,300,000	0.06	4,950,000	0.06	3,300,000	0.04	4,950,000	0.05	3,300,000	0.03
Public										
Shares to be issued										
under the Issue										
Mandate	-	-	-	-	-	-	1,776,667,916	16.67	1,776,667,916	16.67
Underwriter to the										
Rights Issue	-	-	-	-	2,961,113,194	33.33	-	-	2,961,113,194	27.78
Other public Shareholders	5,329,202,388	89.99	7,993,803,582	89.99	5,329,202,388	59.99	7,993,803,582	74.98	5,329,202,388	50.00
Total	5,922,226,388	100.00	8,883,339,582	100.00	8,883,339,582	100.00	10,660,007,498	100.00	10,660,007,498	100.00

Upon utilization in full of the Issue Mandate, 1,776,667,916 new Shares (assuming no Shares are repurchased pursuant to the Repurchase Mandate) can be allotted and issued, representing approximately 30% and 20% of the total issued share capital of the Company as at the Latest Practicable Date and immediately after the Rights Issue respectively. The aggregate shareholding of the public Shareholders upon full utilization of the Issue Mandate (assuming no Shares are repurchased pursuant to the Repurchase Mandate and all public Shareholders take up their entitlements under the Rights Issue) will, therefore, decrease from approximately 89.99% to approximately 74.98%, representing a potential maximum dilution of approximately 15.01%.

LETTER FROM REXCAPITAL

Taking into account that (i) the Issue Mandate will allow the increase in capital which may be raised by way of new equity issue under the Issue Mandate; (ii) the Issue Mandate will provide an alternative of financing to the Group for future development of its business and potential investment as and when such opportunities arise, and (iii) the fact that the shareholding of all the existing Shareholders will be diluted proportionally to their respective shareholdings upon utilization of the Issue Mandate, we consider that such maximum potential dilution to the shareholdings of the Shareholders to be justifiable.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that the refreshment of the Issue Mandate is fair and reasonable and is in the interests of the Company so far as the Shareholders as a whole are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Issue Mandate.

Yours faithfully,
For and on behalf of
REXCAPITAL (Hong Kong) Limited
Sam Lum
Director

This Appendix serves as an explanatory statement as required by the Listing Rules, to be included in this circular concerning the repurchase of Shares by the Company.

Share capital

As at the Latest Practicable Date, the issued share capital of the Company comprised 5,922,226,388 Shares.

Subject to the passing of the relevant ordinary resolution to approve the Repurchase Mandate at the SGM and on the basis that no further Shares are issued or repurchased prior to the SGM save pursuant to the Rights Issue, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 888,333,958 Shares.

Reasons for the repurchase

The Directors consider that the Repurchase Mandate will provide the Company with the flexibility to make such repurchases as and when appropriate and beneficial to the Company. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole.

Funding of repurchases

In repurchasing the Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws and the applicable laws of Hong Kong and Bermuda.

The Company is empowered by its memorandum of association and bye-laws to repurchase its securities.

There may be material adverse impact on the working capital or the gearing position of the Company (as compared with the position disclosed in the Company's audited accounts for the year ended 31 March 2007) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

Undertaking of the Directors

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make repurchases pursuant to the proposed resolution in accordance with the Listing Rules and all applicable laws of Bermuda, and in accordance with the regulations set out in the memorandum of association and bye-laws of the Company.

Effect of the Takeovers Code

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such an increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Based on the shareholding structure of the Company as at the Latest Practicable Date, the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Mandate.

Directors, their associates and connected persons

None of the Directors nor, to the best of the knowledge of the Directors having made all reasonable enquiries, any associates of any of the Directors has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.

No connected person of the Company has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make repurchases of Shares.

Share repurchase made by the Company

No repurchases of Shares has been made by the Company during the last six months (whether on the Stock Exchange or otherwise).

Share prices

During each of the past twelve months preceding the Latest Practicable Date, the highest and lowest traded prices of the Shares on the Stock Exchange are as follows:

	Highest traded price	Lowest traded price
	<i>HK\$</i>	<i>HK\$</i>
2006		
October	0.117 [#]	0.087 [#]
November	0.133 [#]	0.100 [#]
December	0.127 [#]	0.103 [#]
2007		
January	0.120 [#]	0.097 [#]
February	0.147 [#]	0.100 [#]
March	0.133 [#]	0.103 [#]
April	0.130 [#]	0.117 [#]
May	suspended	suspended
June	0.373 [#]	0.147 [#]
July	0.233 [#]	0.163 [^]
August	0.169 [^]	0.089 [^]
September	0.114 [^]	0.089
October (up to the Latest Practicable Date)	0.104	0.092

Note:

[#] Adjusted to take into account the effect of the share consolidation which became effective on 27 July 2007 and the effect of the rights issue announced by the Company on 27 August 2007.

[^] Adjusted to take into account the effect of the rights issue announced by the Company on 27 August 2007.

NOTICE OF SGM



HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

NOTICE IS HEREBY GIVEN that a special general meeting of Heritage International Holdings Limited (the “Company”) will be held at 30/F., China United Centre, No.28 Marble Road, North Point, Hong Kong on 29 October 2007 at 9:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions as ordinary resolutions of the Company:

1. **“THAT:**

- (a) subject to paragraph (c) of this resolution, the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as hereinafter defined) of all powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make and grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) the exercise of rights of subscription or conversion under the terms of any existing warrants, bonds, debentures, notes and other securities of the Company; or (iii) the exercise of options granted under any share option scheme or any similar arrangement for the time being adopted for the grant or issue to eligible persons prescribed thereunder of shares or rights to acquire shares in the Company; or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws of the Company, shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited according; and

* For identification purposes only

NOTICE OF SGM

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares of the Company or issue of options, warrants or other securities giving the right to subscribe for shares of the Company open for a period fixed by the Directors to holders of shares whose names appear in the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares of the Company or, where appropriate, such other securities (subject in all cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong).”

2. **“THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase the shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of the Company which the Company is authorised to purchase pursuant to the approval in paragraph (a) of this resolution shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution, and the said approval be limited accordingly; and

NOTICE OF SGM

(c) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

3. “**THAT** subject to the passing of resolutions numbered 1 and 2 set out in the notice convening this meeting, the aggregate nominal amount of shares of the Company which are repurchased by the Company pursuant to the authority granted to the directors of the Company as mentioned in resolution numbered 2 shall be added to the aggregate nominal amount of share capital that may be allotted or agreed to be allotted by the directors of the Company pursuant to resolution numbered 1 set out in the notice of this meeting provided that the amount of share capital repurchased by the Company shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution.”

By order of the Board
Heritage International Holdings Limited
Chow Chi Wah, Vincent
Company Secretary

Hong Kong, 12 October 2007

Notes:

- 1. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint one or more than one person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
- 2. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the meeting either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
- 3. Completion and return of the form of proxy will not preclude a member from attending and voting at the above meeting or any adjournment thereof if he so wishes. In that event, his form of proxy will be deemed to have been revoked.
- 4. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the principal place of business of the Company in Hong Kong at 32/F., China United Centre, No.28 Marble Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.