
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.

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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)

(1) REFRESHMENT OF GENERAL MANDATES

AND

(2) REFRESHMENT OF THE SCHEME MANDATE LIMIT

**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 8 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 9 to 15 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 15 April 2008 at 9:00 a.m. is set out on pages 17 to 20 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*

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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 (stock code: 412), 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 granting 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”	19 March 2008, 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 20 of this circular

DEFINITIONS

“Placing”	the placing of 355,000,000 new Shares at the price of HK\$0.26 per Share to at least six (6) independent investors pursuant to the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 26 February 2008 between the Company and Get Nice Investment 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 granting 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)
“Scheme Mandate Limit”	10% of the issued share capital of the Company as at the date of approval of the refreshment of the scheme mandate limit which may be issued upon exercise of all options granted/to be granted under the Share Option Scheme and any other scheme(s) of the Company
“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 15 April 2008 at 9:00 a.m., notice of which is set out on pages 17 to 20 of this circular
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Option Scheme”	the share option scheme adopted by the Company on 30 November 2005
“Shareholder(s)”	holder(s) of the Share(s)
“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

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

25 March 2008

*To the Shareholders and, for information purpose only,
the holders of warrants of the Company*

Dear Sir or Madam,

(1) REFRESHMENT OF GENERAL MANDATES

AND

(2) REFRESHMENT OF THE SCHEME MANDATE LIMIT

INTRODUCTION

In order to afford the Company with the maximum flexibility to issue and repurchase Shares, and grant options to eligible person(s) under the Share Option Scheme, the Board had proposed to convene a special general meeting of the Company to seek the approval of the Shareholders to (i) grant the General Mandates; and (ii) refresh the Scheme Mandate Limit of the Company. The main purpose of this circular is to provide you with further particulars of the above proposals and the Notice of SGM.

* *For identification purposes only*

LETTER FROM THE BOARD

An independent board committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders in relation to the granting 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 granting of the Issue Mandate.

REFRESHMENT OF GENERAL MANDATES

At the special general meeting of the Company held on 29 October 2007, the general mandates (“Existing General Mandates”) were refreshed and 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 7 March 2008, an aggregate of 355,000,000 Shares were issued by the Company pursuant to the Existing General Mandates, representing approximately 16.65% of the issued share capital of the Company as enlarged by the Placing. The net proceeds arising from the Placing in the amount of approximately HK\$89.9 million had been deposited in an interest-bearing account of the Company and will be used as general working capital of the Group as intended.

If the Existing General Mandates are not refreshed, only 333,583 new Shares may be further issued under the Existing General Mandates, and these represent only 0.02% of the issued share capital of the Company as at the Latest Practicable Date.

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 grant 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. As at the Latest Practicable Date, the issued share capital of the Company comprised 2,131,667,916 Shares. On the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the SGM, the Company will be allowed under the above mandate to issue a maximum of 426,333,583 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. As at the Latest Practicable Date, the issued share capital of the Company comprised 2,131,667,916 Shares. On the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the SGM, the Company will be allowed under the above mandate to repurchase a maximum of 213,166,791 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

LETTER FROM THE BOARD

of the share capital of the Company in issue as at the date of the passing of the relevant resolution. As at the Latest Practicable Date, the issued share capital of the Company comprised 2,131,667,916 Shares. On the basis that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the SGM, the Company will be allowed under the above extension to issue a further of 213,166,791 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.

REFRESHMENT OF THE SCHEME MANDATE LIMIT

The Board also wishes to take this opportunity to seek the approval of the Shareholders to refresh the Scheme Mandate Limit.

The existing Scheme Mandate Limit was refreshed on 23 July 2007, which enables the Directors to grant options to eligible person(s) under the Share Option Scheme to subscribe for up to 74,453,928 Shares, representing approximately 3.49% of the issued share capital of the Company as at the Latest Practicable Date. Up to the Latest Practicable Date, no option has been granted under the Share Option Scheme.

In order to provide the Company with greater flexibility in granting options to eligible person(s) under the Share Option Scheme, the Board decides to seek the approval of the Shareholders to refresh the Scheme Mandate Limit so that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other scheme(s) of the Company shall not exceed 10% of the Shares in issue as at the date of passing the relevant resolution at the SGM. Options previously granted under the Share Option Scheme and any other scheme(s) of the Company (including options outstanding, cancelled or lapsed in accordance with the relevant scheme rules or exercised options, if any) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed.

If the Scheme Mandate Limit is refreshed, on the basis of 2,131,667,916 Shares in issue as at the Latest Practicable Date and assuming that no Shares are issued or repurchased prior to the SGM, the Board will be able to grant options to subscribe for up to 213,166,791 Shares, which do not include options that are outstanding, cancelled or lapsed as at the date of the SGM. As at the Latest Practicable Date, there are no outstanding options granted under the Share Option Scheme or any other scheme(s) of the Company which remain unexercised.

Pursuant to the Listing Rules, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other scheme(s) of the Company at any time must not in aggregate exceed 30% of the Shares in issue from time to time. No options shall be granted under any scheme(s) of the Company if this will result in the 30% limit being exceeded.

LETTER FROM THE BOARD

The refreshment of the Scheme Mandate Limit is conditional upon:

- (a) the passing of an ordinary resolution to approve the refreshment of the Scheme Mandate Limit by the Shareholders at the SGM; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares (representing a maximum of 10% of the Shares in issue as at the date of the SGM approving the refreshment of the Scheme Mandate Limit) which may fall to be issued pursuant to the exercise of options granted under the Share Option Scheme and any other scheme(s) of the Company.

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of options to be granted under the Share Option Scheme and any other scheme(s) of the Company.

SGM

A notice convening the SGM to be held at 30/F., China United Centre, No.28 Marble Road, North Point, Hong Kong on 15 April 2008 at 9:00 a.m. is set out on pages 17 to 20 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 the independent non-executive Directors) and 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, Mr. Ong Peter and Ms. Poon Chi Wan respectively held 15,444,000, 8,595,360 and 1,188,000 Shares in the Company. All of them controlled or were otherwise entitled to exercise control over the voting right in respect of such Shares. To the best of the knowledge of the executive Directors and chief executive of the Company having made all reasonable enquiries, none of them nor any of their respective associates had any present intention to vote against the relevant resolutions at the SGM.

As regards the other resolutions relating to the granting of the Repurchase Mandate and the refreshment of the Scheme Mandate Limit, 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 on 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

LETTER FROM THE BOARD

- (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
- (iv) any member or members present in person or by proxy or representative and holding Shares in the Company 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.

RECOMMENDATION

For the reasons set out above, the Board considers the granting of the General Mandates and the refreshment of the Scheme Mandate Limit to be in the interest of the Company and its 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 8 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 granting of the Issue Mandate, as set out on pages 9 to 13 of this circular.

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.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

25 March 2008

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED GRANT OF THE ISSUE MANDATE

We refer to the circular from the Company to the Shareholders and, for information purpose only, the holders of warrants of the Company dated 25 March 2008 (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 granting of the Issue Mandate, details of which are set out in the “Letter from the Board” set out on pages 3 to 7 of the Circular. We wish to draw your attention to the “Letter from REXCAPITAL” set out on pages 9 to 13 of the Circular, which contains REXCAPITAL’s advice regarding the granting of the Issue Mandate.

Having taken into account the advice of REXCAPITAL, we consider the granting of the Issue Mandate to be fair and reasonable and in the interest of the Company and its 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 granting of the Issue Mandate.

Yours faithfully,

Ha Kee Choy,

Eugene

*Independent non-
executive Director*

Chung Yuk Lun

*Independent non-
executive Director*

Lo Wong Fung

*Independent non-
executive Director*

Chan Sze Hung

*Independent non-
executive Director*

To Shing Chuen

*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 granting of the Issue Mandate, and is prepared for inclusion in this circular.



REXCAPITAL (HONG KONG) LIMITED
A MEMBER OF THE REXCAP GROUP

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

25 March 2008

*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,

PROPOSED GRANT OF THE 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 granting 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 grant 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 is in the interests of the Company and its shareholders as a whole, and to advise the 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 Independent Shareholders at the SGM shall be taken by poll according to Rule 13.39(4)(b) of the Listing Rules.

LETTER FROM REXCAPITAL

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 grant 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 there were 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 grant of the Issue Mandate.

PRINCIPAL FACTORS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the granting 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.

Since the last annual general meeting of the Company held on 22 August 2007, the Company had refreshed the general mandates to allot and issue new Shares at the special general meeting of the Company held on 29 October 2007 (the "First SGM"). At the First SGM, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the general mandate (the "Existing General Mandate") to allot up to 355,333,583 Shares (equivalent to 1,776,667,916 shares immediately before the capital reorganization of the Company which took effect on 20 December 2007), which is equivalent to 20% of the issued share capital of the Company as at the date of the First SGM. As announced by the Company on 26 February 2008, the Company had entered into a placing agreement pursuant to which 355,000,000 Shares were issued under the Existing General Mandate (the "Placing"), representing approximately 99.9% of the Existing General Mandate. As advised by the Company, the net proceeds of approximately HK\$89.9 million arising from the Placing had been deposited in an interest-bearing account of the Company and are intended to be used for general working capital of the Group.

LETTER FROM REXCAPITAL

In order to provide the Company with maximum financial flexibility for the Group to issue new Shares 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. 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 2,131,667,916 Shares. On the assumptions that there will be no further issue of new Shares from the Latest Practicable Date to the date of the SGM (both dates inclusive), 2,131,667,916 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 426,333,583 Shares, being 20% of the total number of issued shares of the Company as at the date of the SGM, under the Issue 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 and the interim report for the six months ended 30 September 2007, the audited consolidated cash and bank balance of the Group was approximately HK\$127.7 million as at 31 March 2007 and the unaudited consolidated cash and bank balance of the Group was approximately HK\$567 million as at 30 September 2007. Taking into account the net proceeds arising from the Placing, 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 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 favorable investment. Accordingly, we consider that the grant 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 grant 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.

LETTER FROM REXCAPITAL

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.

The table below sets out the potential dilution effect on the shareholding of the Company upon full utilization of the Issue Mandate.

	As at the Latest Practicable Date		Upon full exercise of the Issue Mandate (but without taking into account any Shares repurchased under the Repurchase Mandate)	
	<i>No. of Shares</i>	<i>Approx. %</i>	<i>No. of Shares</i>	<i>Approx. %</i>
Substantial Shareholder				
Willie International Holdings Limited	183,941,280	8.63	183,941,280	7.19
Directors				
Kwong Kai Sing, Benny	15,444,000	0.72	15,444,000	0.60
Ong Peter	8,595,360	0.40	8,595,360	0.33
Poon Chi Wan	1,188,000	0.06	1,188,000	0.05
Public				
Shares to be issued under the Issue Mandate	–	–	426,333,583	16.67
Public Shareholders	1,922,499,276	90.19	1,922,499,276	75.16
Total	2,131,667,916	100	2,558,001,499	100

LETTER FROM REXCAPITAL

Assuming that no Shares are repurchased under the Repurchase Mandate, upon utilization in full of the Issue Mandate, 426,333,583 new Shares can be allotted and issued, representing approximately 20% and 16.67% of the total issued share capital of the Company as at the Latest Practicable Date and the then enlarged issued share capital of the Company respectively. The aggregate shareholding of the public Shareholders upon full utilization of the Issue Mandate will, therefore, decrease from approximately 90.19% to approximately 75.16%, representing a potential maximum dilution of approximately 16.67%.

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 grant 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
Executive 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 2,131,667,916 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, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 213,166,791 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 its 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 <i>HK\$</i>	Lowest traded price <i>HK\$</i>
2007		
April	0.650 ¹	0.585 ¹
May	suspended	suspended
June	1.865 ¹	0.735 ¹
July	1.165 ¹	0.815 ²
August	0.845 ²	0.445 ²
September	0.570 ²	0.445 ³
October	0.725 ³	0.410 ³
November	0.715 ³	0.430 ³
December	0.470 ³	0.310
2008		
January	0.390	0.243
February	0.360	0.245
March (up to the Latest Practicable Date)	0.320	0.240

Notes:

- Adjusted to take into account the effect of the share consolidation which became effective on 27 July 2007, the effect of the rights issue which became unconditional on 22 October 2007 and the effect of the share consolidation which became effective on 20 December 2007.
- Adjusted to take into account the effect of the rights issue which became unconditional on 22 October 2007 and the effect of the share consolidation which became effective on 20 December 2007.
- Adjusted to take into account the effect of the share consolidation which became effective on 20 December 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 15 April 2008 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 to be 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.”

4. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of, and permission to deal in, such number of shares of the Company which may fall to be allotted and issued pursuant to the exercise of options which may be granted under the share option scheme of the Company adopted on 30 November 2005 (the “Share Option Scheme”) and any other scheme(s) of the Company, representing 10% of the issued share capital of the Company as at the date on which this resolution is passed:

- (a) approval be and is hereby granted for refreshing the 10% mandate under the Share Option Scheme (the “Refreshed Scheme Mandate”) provided that the total number of shares of the Company which may be allotted and issued upon the exercise of all options to be granted under the Share Option Scheme and any other scheme(s) of the Company under the limit as refreshed hereby shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date on which this resolution is passed (options previously granted under the Share Option Scheme and any other scheme(s) of the Company (including options outstanding, cancelled, lapsed or exercised in accordance with the terms of the Share Option Scheme or any other scheme(s) of the Company) shall not be counted for the purpose of calculating the Refreshed Scheme Mandate); and

NOTICE OF SGM

- (b) the directors of the Company be and are hereby authorised, at their absolute discretion (i) to grant options to subscribe for shares of the Company within the Refreshed Scheme Mandate in accordance with the rules of the Share Option Scheme; and (ii) to allot, issue and deal with shares pursuant to the exercise of options granted under the Share Option Scheme within the Refreshed Scheme Mandate.”

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

Hong Kong, 25 March 2008

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(s) 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.