
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)****PROPOSED CAPITAL REORGANISATION**

A letter from the board of directors of Heritage International Holdings Limited is set out on pages 4 to 9 of this circular.

A notice convening a special general meeting of Heritage International Holdings Limited to be held at Java II-III, 2/F., Harbour Plaza North Point, 665 King's Road, North Point, Hong Kong on Thursday, 27 November 2008 at 9:00 a.m. is set out on pages 10 to 11 of this circular. If you are not able to attend the meeting, you are strongly advised 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 32nd Floor, China United Centre, No.28 Marble Road, North Point, Hong Kong as soon as possible and in any event not later 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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Accompanying document(s):

– *proxy form*

DEFINITIONS

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

“Board”	the board of Directors
“Capital Reduction”	the proposed reduction of the issued share capital of the Company to the extent of HK\$0.09 on each issued Share
“Capital Reorganisation”	the proposed capital reorganisation of the Company comprising the Capital Reduction, the Subdivision, the Reduction of Authorised Share Capital and the Share Consolidation, as referred to in the section headed “Proposed Capital Reorganisation” in this circular
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Heritage International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company following the Capital Reorganisation
“Director(s)”	the director(s) of the Company
“Latest Practicable Date”	31 October 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
“Reduction of Authorised Share Capital”	the proposed reduction of authorised share capital of the Company from HK\$1,000 million to HK\$100 million
“Registrar”	Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“SGM”	the special general meeting of the Company to be convened at Java II-III, 2/F., Harbour Plaza North Point, 665 King’s Road, North Point, Hong Kong on Thursday, 27 November 2008 at 9:00 a.m. for the purpose of approving the Capital Reorganisation

DEFINITIONS

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Consolidation”	the proposed consolidation of shares as referred to in the paragraph headed “Share Consolidation” in this circular
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivision”	the proposed subdivision of every authorised but unissued Share into 10 shares of HK\$0.01 par value each
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

EXPECTED TIMETABLE

The expected timetable for the Capital Reorganisation is set out below:

Latest time for lodging proxy form for the SGM.	9:00 a.m. on 25 November 2008
Date and time of the SGM	9:00 a.m. on 27 November 2008
Effective date of the Capital Reorganisation	28 November 2008
Consolidated Shares commence trading on the Stock Exchange	9:30 a.m. on 28 November 2008
Original counter for trading in the Shares in board lots of 5,000 Shares closes	9:30 a.m. on 28 November 2008
Temporary counter for trading in the Consolidated Shares in board lots of 500 Consolidated Shares (in the form of existing share certificates) opens	9:30 a.m. on 28 November 2008
First day of free exchange of share certificates for existing Shares for new share certificates for Consolidated Shares	28 November 2008
Original counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates) re-opens	9:30 a.m. on 12 December 2008
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) commences	9:30 a.m. on 12 December 2008
Designated broker starts to stand in the market to provide matching services	9:30 a.m. on 12 December 2008
Temporary counter for trading in the Consolidated Shares in board lots of 500 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on 7 January 2009
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) ends	4:10 p.m. on 7 January 2009
Designated broker ceases to stand in the market to provide matching services	4:10 p.m. on 7 January 2009
Last day of free exchange of the share certificates for existing Shares for new share certificates for Consolidated Shares	9 January 2009

Notes:

1. All references to time and dates refer to Hong Kong local time and dates.
2. The above timetable may be changed by the Company and where required under the Listing Rules, further announcements will be made by the Company in respect of such change.

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:

32nd Floor, China United Centre

No.28 Marble Road

North Point

Hong Kong

4 November 2008

To the Shareholders and holders of warrants of the Company

Dear Sir or Madam,

PROPOSED CAPITAL REORGANISATION

A. INTRODUCTION

The Board announced the Capital Reorganisation on 14 October 2008.

The Capital Reorganisation is subject to, among other things, approval by the Shareholders at the SGM. The purpose of this circular is to set out details of the Capital Reorganisation, and to give you notice of the SGM.

B. PROPOSED CAPITAL REORGANISATION

At the SGM, the Company intends to put forward to the Shareholders a special resolution to approve the Capital Reorganisation comprising the Capital Reduction, the Subdivision, the Reduction of Authorised Share Capital and the Share Consolidation, details of which are set out below.

* For identification purposes only

LETTER FROM THE BOARD

1. Capital Reduction

The issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK\$0.09 on each issued Share.

On the basis of 2,557,667,916 Shares currently in issue, a credit of approximately HK\$230 million will arise from the Capital Reduction and will be transferred to the contributed surplus account of the Company. It will be applied to set-off the accumulated losses of the Company, which stood at approximately HK\$590 million as at 31 March 2008.

2. Subdivision

Forthwith upon the Capital Reduction taking effect, every authorised but unissued Share will be subdivided into 10 shares of HK\$0.01 par value each.

3. Reduction of Authorised Share Capital

Following the Subdivision, the authorised share capital of the Company will be reduced from HK\$1,000 million to HK\$100 million by cancelling 90,000,000,000 unissued shares of HK\$0.01 each.

4. Share Consolidation

Upon the Capital Reduction, the Subdivision and the Reduction of Authorised Share Capital becoming effective, every 10 shares of HK\$0.01 each in both the issued and unissued share capital of the Company will be consolidated into one Consolidated Share of HK\$0.10. Fractional Consolidated Shares will not be issued to individual Shareholders but will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise if the entire shareholding of a Shareholder is not in integral multiple of 10 regardless of the number of share certificates held by such Shareholder.

5. Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

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

LETTER FROM THE BOARD

6. Effect of the Capital Reorganisation

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

	Before the Capital Reorganisation	Immediately after the Capital Reorganisation
Nominal value	HK\$0.10	HK\$0.10
Authorised share capital	HK\$1,000,000,000.00 divided into 10,000,000,000 Shares	HK\$100,000,000.00 divided into 1,000,000,000 Consolidated Shares
Issued and paid-up share capital	HK\$255,766,791.60 divided into 2,557,667,916 Shares	HK\$25,576,679.10 divided into 255,766,791 Consolidated Shares

Notes:

- (a) The above table is prepared on the assumption that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the SGM.
- (b) As at the Latest Practicable Date, the Company had 355,333,583 outstanding warrants which entitle the holders thereof to subscribe for an aggregate of 355,333,583 Shares. Save as aforesaid, the Company did not have any outstanding options or other securities which are convertible or exchangeable into Shares as at the Latest Practicable Date.

The implementation of the Capital Reorganisation will not, of itself, materially alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, save for any fractional Consolidated Shares to which Shareholders would otherwise be entitled.

7. Reasons for the Capital Reorganisation

The main purpose for implementing the Capital Reorganisation is to reduce the overall transaction costs for dealings in the shares of the Company. Upon the Share Consolidation becoming effective, the market value of each board lot of shares of the Company will be higher than the market value of each existing board lot of shares. Any trading costs or handling charges, which are calculated on per board lot basis, will for a given interest in the Company be lower. In addition, the Company can apply the credit arising from the Capital Reduction to offset the accumulated losses of the Company.

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

LETTER FROM THE BOARD

8. Exchange of share certificates

Subject to the passing of the relevant resolution approving the Capital Reorganisation, Shareholders may, during business hours from 28 November 2008 until 9 January 2009 submit their existing certificates (in orange colour) for the Shares to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in exchange for new certificates (in dark blue colour) for the Consolidated Shares at the expenses of the Company. Thereafter, existing certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new certificate issued for the Consolidated Shares or each old share certificate for the Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, such existing certificates will continue to be good evidence of legal title to the Consolidated Shares on the basis of 10 Shares for one Consolidated Share and may be exchanged for new certificates for the Consolidated Shares (fractional entitlements to the Consolidated Shares being ignored) at any time.

Unless otherwise instructed, new share certificates for the Consolidated Shares will be issued in board lots of 5,000 Consolidated Shares. It is expected that new share certificates for the Consolidated Shares will be available for collection on or after the tenth business day from the submission of existing share certificates for the Shares to the Registrar for exchange. If Shareholders are able to lodge their existing share certificates for the Shares with the Registrar during normal business hours on 28 November 2008, new share certificates for the Consolidated Shares will be available for collection during normal business hours on 11 December 2008.

9. Trading arrangements

Once the Capital Reorganisation becomes effective, dealings in the Consolidated Shares are expected to commence at 9:30 a.m. on 28 November 2008. It is proposed that arrangements for trading in the Consolidated Shares will be as follows:

- (a) from 9:30 a.m. on 28 November 2008, the existing counter for trading in the Shares in board lots of 5,000 Shares will temporarily be closed. A temporary counter will be established for trading in the Consolidated Shares in board lots of 500 Consolidated Shares. Share certificates for the Consolidated Shares in the form of existing share certificates of the Shares may only be traded at this temporary counter;
- (b) with effect from 9:30 a.m. on 12 December 2008, the existing counter will be re-opened for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares. Only new share certificates for the Consolidated Shares may be traded at this counter;
- (c) during the period from 9:30 a.m. on 12 December 2008 to 4:10 p.m. on 7 January 2009 (both days inclusive), there will be parallel trading at the above two counters; and

LETTER FROM THE BOARD

- (d) the temporary counter for trading in the Consolidated Shares in board lots of 500 Consolidated Shares represented by existing share certificates will be removed after closing of trading on 7 January 2009. Thereafter, trading will be in Consolidated Shares in board lots of 5,000 Consolidated Shares represented by new share certificates only and existing share certificates will cease to be acceptable for dealing purposes. However, such certificates will continue to be good evidence of legal title to the Consolidated Shares on the basis of 10 Shares for one Consolidated Share and may be exchanged for new certificates for the Consolidated Shares as described above (fractional entitlements to the Consolidated Shares being ignored).

10. Change of board lot and matching services

After the Share Consolidation becoming effective, the board lot for trading in the Consolidated Shares will be changed from 5,000 Shares to 5,000 Consolidated Shares. The Consolidated Shares in board lots of 500 Consolidated Shares, in the form of existing share certificates, will become odd lots when parallel trading starts on 12 December 2008 at the original counter.

To alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares as a result of the Capital Reorganisation, the Company has agreed to procure Chung Nam Securities Limited to stand in the market to provide matching services regarding the sale and purchase of odd lots of Consolidated Shares on a best efforts basis, during the period from 12 December 2008 to 7 January 2009 (both days inclusive). Holders of the Consolidated Shares in odd lots who wish to take advantage of this matching facility either to dispose of their odd lots of Consolidated Shares or to top up to board lots of 5,000 Consolidated Shares, may contact Mr. Cecil Chan of 26/F, China United Centre, 28 Marble Road, North Point, Hong Kong at telephone number (852) 3198 0838 during office hours.

C. ADJUSTMENT TO THE SUBSCRIPTION PRICE AND RIGHTS OF THE OUTSTANDING WARRANTS

Subject to the Share Consolidation taking effect, the subscription price and rights of the outstanding warrants of the Company will be adjusted in accordance with the terms and conditions of the instrument creating the warrants. The Company has engaged its auditors to provide a certificate as to the adjustments required to be made. The Company will make a further announcement about the adjustments after receiving the certificate.

D. SGM AND PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

A notice convening the SGM to be held at Java II-III, 2/F., Harbour Plaza North Point, 665 King's Road, North Point, Hong Kong on Thursday, 27 November 2008 at 9:00 a.m. is set out at the end of this circular.

LETTER FROM THE BOARD

If you are not able to attend the SGM, you are requested to complete and return the form of proxy for the SGM enclosed with this circular in accordance with the instructions printed thereon to the principal place of business of the Company in Hong Kong at 32nd Floor, 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 the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

Under the bye-laws of the Company, at the SGM, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required under the Listing Rules or is (before or on the declaration of the result of the show of hands) demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three members present in person or by proxy or representative for the time being entitled to vote at the meeting; or
- (iii) by 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) by 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.

E. RECOMMENDATION

The Directors are of the opinion that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the SGM.

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

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 OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Heritage International Holdings Limited (the “Company”) will be held at Java II-III, 2/F., Harbour Plaza North Point, 665 King’s Road, North Point, Hong Kong on Thursday, 27 November 2008 at 9:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

“**THAT** subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Consolidated Shares (as defined below) and with effect from 9:30 a.m. on the business day (not being a Saturday) immediately following the date on which this resolution is passed:

- (a) the issued share capital of the Company be reduced by cancelling the paid-up capital of the Company to the extent of HK\$0.09 on each of the issued ordinary shares of the Company of HK\$0.10 each (the “Capital Reduction”), so that each issued ordinary share of the Company will be treated as one fully paid-up share of HK\$0.01, and the credit arising from the Capital Reduction in the books of the Company be transferred to the contributed surplus account of the Company where it may be applied in accordance with the bye-laws of the Company and all applicable laws, including to eliminate the entire accumulated losses of the Company as at 31 March 2008;
- (b) immediately following the Capital Reduction, every authorised but unissued ordinary share of the Company of HK\$0.10 be subdivided into 10 ordinary shares of HK\$0.01 each (the “Sub-division”);
- (c) immediately following the Capital Reduction and the Sub-division:
 - (i) the authorised share capital of the Company be reduced from HK\$1,000 million to HK\$100 million by cancelling 90,000,000,000 unissued ordinary shares of HK\$0.01 each; and

* For identification purposes only

NOTICE OF SGM

- (ii) every 10 ordinary shares of HK\$0.01 each in both the issued and unissued share capital of the Company be consolidated into one consolidated ordinary share of HK\$0.10 (“Consolidated Share(s)”) and the Consolidated Shares in issue shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of shares contained in the bye-laws of the Company,

and the directors of the Company be and are hereby authorised to take any and all steps, and to do and/or procure to be done any and all acts and things, and to approve, sign and execute any documents which in their absolute discretion consider to be necessary, desirable or expedient to implement and carry into effect this resolution.”

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

Hong Kong, 4 November 2008

Notes:

1. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint one or, if he is the holder of two or more shares, 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 32nd Floor, 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.