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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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)

**MAJOR TRANSACTION****DISPOSAL OF 50% EQUITY INTEREST IN  
BEST PURPOSE GROUP****AND****NOTICE OF SPECIAL GENERAL MEETING**

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A letter from the board of directors of Heritage International Holdings Limited is set out on pages 3 to 12 of this circular.

A notice convening a special general meeting of Heritage International Holdings Limited to be held at 30th Floor, China United Centre, No.28 Marble Road, North Point, Hong Kong on 4 August 2009 at 9:00 a.m. is set out at the end 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 Heritage International Holdings Limited in Hong Kong at 29th 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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## DEFINITIONS

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

“associate”	has the meaning ascribed to such term in the Listing Rules
“Best Purpose Disposal Agreement”	the share purchase agreement dated 8 June 2009 between Coupeville as the vendor and Welltodo as the purchaser relating to the sale of the Sale Shares to Welltodo
“Best Purpose Group”	Best Purpose and Double Smart, and “Best Purpose Group Company” refers to any of them
“Best Purpose”	Best Purpose Limited, a limited liability company incorporated in the British Virgin Islands on 12 May 2009 and an indirect wholly owned subsidiary of the Company
“Board”	the board of Directors
“Company”	Heritage International Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Completion Date”	the date of completion of the sale and purchase of the Sale Shares under the Best Purpose Disposal Agreement, currently expected to be before 30 September 2009
“connected person”	has the meaning ascribed to such term in the Listing Rules
“Consideration”	the amount of HK\$180 million
“Conversion Price”	HK\$1.39 per new Willie Share (subject to adjustments)
“Conversion Shares”	new Willie Shares, currently of HK\$0.10 each, to be allotted and issued by Willie upon exercise of conversion rights attaching to the Convertible Note
“Convertible Note”	HK\$180 million 2 per cent. convertible note due 2012 to be issued by Willie at completion of the Best Purpose Disposal Agreement to settle the Consideration for the Sale Shares
“Coupeville”	Coupeville Limited, which is a company incorporated in the British Virgin Islands and is a wholly owned subsidiary of the Company
“Directors”	the directors of the Company

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## DEFINITIONS

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“Double Smart”	Double Smart Finance Limited which is a limited liability company incorporated in Hong Kong on 12 September 2001 and a direct wholly owned subsidiary of Best Purpose
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	14 July 2009, 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
“Sale Shares”	50% of the entire issued share capital of Best Purpose
“SFO”	the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened at 30/F., China United Centre, No.28 Marble Road, North Point, Hong Kong on 4 August 2009 at 9:00 a.m. for the purpose of consideration and, if thought fit, approval of the Best Purpose Disposal Agreement and the transactions contemplated thereunder, the notice of which is set out at the end of this circular
“Share”	ordinary share of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Welltodo”	Welltodo Investment Limited, which is a company incorporated in the British Virgin Islands and is a wholly owned subsidiary of Willie
“Willie Share(s)”	ordinary share(s), currently of par value of HK\$0.10 each, in the share capital of Willie
“Willie”	Willie International Holdings Limited, a company incorporated in Hong Kong with limited liability and whose issued shares are listed on the Stock Exchange

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Kwong Kai Sing, Benny  
Ong Peter  
Poon Chi Wan  
Chow Chi Wah, Vincent  
Wong Chun Hung

*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:*

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

17 July 2009

*To the Shareholders*

Dear Sir or Madam,

### MAJOR TRANSACTION

#### DISPOSAL OF 50% EQUITY INTEREST IN BEST PURPOSE GROUP

The Company announced on 11 June 2009 that the Group, through its wholly-owned subsidiary Coupeville, entered into the Best Purpose Disposal Agreement and conditionally agreed to dispose of 50% shareholding interest in Best Purpose to Welltodo at the total cash consideration of HK\$180 million. The consideration shall be settled by the Convertible Note to be issued by Willie on the Completion Date.

The main purpose of this circular is to provide you with further particulars of the Best Purpose Disposal Agreement and other information required under the Listing Rules and to give you notice of the SGM to be convened for the purpose of consideration and approval of the Best Purpose Disposal Agreement.

\* For identification purposes only

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## LETTER FROM THE BOARD

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### A. THE BEST PURPOSE DISPOSAL AGREEMENT

The material terms of the Best Purpose Disposal Agreement are summarized below:

#### 1. Date

8 June 2009

#### 2. Parties

- (a) Vendor: Coupeville, which is an indirect wholly-owned subsidiary of the Company.
- (b) Purchaser: Welltodo, which is a wholly owned subsidiary of Willie whose issued share capital is listed on the Stock Exchange. The principal business of Welltodo is an investment holding.

Dollar Group Limited, a direct wholly-owned subsidiary of the Company, is owning about 9.75% of the entire issued share capital of Willie directly. Pearl Decade Limited, a direct wholly-owned subsidiary of Willie, is owning about 3.45% of the entire issued share capital of the Company directly. The principal business of the Group includes investment in securities, including those securities listed on the Stock Exchanges. As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiry, and based on the information on the disclosure of interests in the shares of the Company, Willie and the other listed companies in which the Group has shareholding interests made under Part XV of the SFO available on the website of the Stock Exchange as at that date, there was no other company which had cross shareholdings with the Company, nor was there any other company which had shareholdings in both the Company and Willie.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, Welltodo and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

#### 3. Asset to be disposed of and Consideration

Coupeville conditionally agreed to dispose of 50% shareholding interest in Best Purpose for a total consideration of HK\$180 million.

The Best Purpose Disposal Agreement provides that the audited accounts of Double Smart as at 31 March 2009 prepared by an independent firm of accountants shall be delivered to Welltodo five business days before the date of completion of the Best Purpose Disposal Agreement. If the write-offs and provisions for loans receivable of Double Smart as at 31 March 2009 as shown in such audited accounts are greater than those as shown in the management accounts, Coupeville shall make up to Double Smart:

- (i) the shortfall amount of the loans receivable from such write-offs, if any, made and shown in such audited accounts compared to the management accounts; and

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## LETTER FROM THE BOARD

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- (ii) that portion of such further provisions of the loans receivable as shown in such audited accounts which is above and over HK\$50 million in cash on a dollar-to-dollar basis upon completion. The HK\$50 million threshold to limit the Group's liability was agreed by the parties based on the review of the recoverability of the existing loans receivables balances of the Double Smart and historical impairment loss made.

The Company intends to make such payments, if any, by way of capital injection from the Group, or in such other manner as agreed by the parties. If the write-offs and provisions for the loans receivable in the audited accounts of Double Smart as at 31 March 2009 are not greater than those as shown in the management accounts, there is no obligation on any party or the Best Purpose Group to make any payments or compensation.

The Consideration was determined after arm's length negotiations between the parties to the Best Purpose Disposal Agreement. It was agreed to by the Company primarily with reference to 50% of the unaudited consolidated net asset value of Best Purpose Group standing at about HK\$359.7 million as at 3 June 2009.

#### **4. Principal terms of the Convertible Note**

Willie shall issue the Convertible Note in satisfaction of the Consideration. The principal terms are summarized below:

*Principal amount and issue price:*

The Convertible Note will be issued at 100% of its principal amount of HK\$180 million, in denominations of HK\$10 million each.

*Conversion price:*

The initial Conversion Price is HK\$1.39 per Conversion Share, subject to usual anti-dilution adjustments in certain events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and other equity or equity derivatives issues.

The initial Conversion Price was agreed with reference to the closing price of the Willie Shares of HK\$1.39 per share as quoted on 8 June 2009 ("Last Trading Day"), being the last trading day of the Willie Shares immediately prior to its temporary suspension of trading commencing at 9:30 am on 9 June 2009. The initial Conversion Price also represents:

- (i) a discount of about 0.71% to the average of the closing prices of the Willie Shares of HK\$1.40 per share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (ii) a discount of about 2.80% to the average of the closing prices of the Willie Shares of HK\$1.43 per share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day; and

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## LETTER FROM THE BOARD

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- (iii) a discount of about 64.81% to the audited net asset value per Willie Share of HK\$3.95 as at 31 December 2008.

*Interest rate:*

The outstanding principal amount of the Convertible Note will be interest bearing at the rate of 2% per annum payable semi-annually in arrears on 30 June and 31 December in each year. If Willie defaults in the payment of any sum due and payable under the Convertible Note, Willie shall pay default interest calculated at 4% above the prime lending rate from the due date until actual repayment.

*Maturity and redemption:*

The outstanding principal amount of the Convertible Note, unless previously converted or redeemed, will be due for repayment on the third anniversary of the date of issue of the Convertible Note, and shall be redeemed by Willie in full on such maturity date at 100% of the then outstanding principal amount plus interest then accrued.

Willie may at any time elect to redeem the whole or part (in the denomination above) of the then outstanding principal amount of the Convertible Note at 100% of the relevant principal amount to be redeemed. After issuance of the Convertible Note, the early redemption right may be exercised by Willie not later than 7 days prior to the maturity date of the Convertible Note.

*Transferability:*

Subject to any conditions, approvals, requirements and any other provisions of or under the Stock Exchange and all applicable laws and regulations, the Convertible Note may at any time be transferred to any third party.

*Conversion period:*

Conversion of the outstanding principal amount of the Convertible Note may be exercised after issuance and up to the business day before the maturity date.

*Conversion Shares:*

Upon full conversion of the entire principal amount of the Convertible Note at the initial conversion price of HK\$1.39 per Conversion Share, a total of 129,496,402 new Willie Shares will be issued, representing (i) about 33.21% of the issued share capital of Willie as at the Latest Practicable Date; and (ii) about 24.93% of the issued share capital of Willie as enlarged by the issue of the Conversion Shares.

Willie shall not issue any Willie Shares if, upon such issue, (i) the holder of the Convertible Note and parties acting in concert with it (within the meaning under the Hong Kong Code on Takeovers and Mergers), will become interested in 30% (or such amount as may from time to time be specified in such code as being the level for triggering a mandatory general offer) or more of the then enlarged issued share capital of Willie at the relevant conversion date; and/or (ii) the shareholding in Willie by the public will be less than 25% or the minimum prescribed percentage as set out in the Listing Rules from time to time.

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## LETTER FROM THE BOARD

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The effect of conversion of the above Convertible Note on the shareholding of Willie, based on information as at the Latest Practicable Date, is illustrated as follows:

	As at the Latest Practicable Date		Upon full conversion of the Convertible Note at the initial Conversion Price of HK\$1.39 per Willie Share		Conversion of the Convertible Note at the initial Conversion Price of HK\$1.39 per Willie Share to the fullest extent permitted under its terms and conditions (Note 2)	
	Number of Willie Shares	Approximate %	Number of Willie Shares	Approximate %	Number of Willie Shares	Approximate %
Mr. Chuang Yueheng Henry (director of Willie)	23,353,440	5.99	23,353,440	4.50	23,353,440	4.69
Company and its associates (Note 1)	-	-	167,498,402	32.24	145,915,669	29.31
Public:						
(a) Company and its associates	38,002,000	9.75	-	-	-	-
(b) Existing public	328,605,541	84.26	328,605,541	63.26	328,605,541	66.00
Sub-total	<u>366,607,541</u>	<u>94.01</u>	<u>328,605,541</u>	<u>63.26</u>	<u>328,605,541</u>	<u>66.00</u>
Total	<u><u>389,960,981</u></u>	<u><u>100</u></u>	<u><u>519,457,383</u></u>	<u><u>100</u></u>	<u><u>497,874,650</u></u>	<u><u>100</u></u>

*Notes:*

- (1) The Company is interested in the block of 38,002,000 Willie Shares indirectly through its associates, including Coupeville.
- (2) Under the Convertible Note, Willie shall not issue any Conversion Shares to Coupeville if it will result in the Company and parties acting in concert with it (including Coupeville) becoming interested in 30% or more of the then enlarged issued share capital of Willie at the relevant conversion date.

*Voting:*

Holder(s) of the Convertible Note will not be entitled to receive notices of, attend or vote at any general meeting of Willie by reason only of it/they being the holder(s) of the Convertible Note.

*Listing:*

No application will be made for the listing of the Convertible Note on the Stock Exchange or any other stock exchange. An application will be made for the listing of and permission to deal in the Conversion Shares to be issued as a result of the exercise of the conversion rights attaching to the Convertible Note.

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## LETTER FROM THE BOARD

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*Ranking:*

The obligations of Willie arising under the Convertible Note shall at all times rank pari passu with all other present and future unsecured and unsubordinated obligations of Willie.

### **5. Conditions to Completion**

Completion of Best Purpose Disposal Agreement shall be conditional upon the fulfilment (or waiver, as the case may be) of the conditions precedent summarized below:

- (i) Welltodo having notified Coupeville that it is reasonably satisfied with its due diligence review on the financial, legal, commercial and taxation aspects of the Best Purpose Group and its title to assets;
- (ii) the approval by the shareholders of Willie in general meeting of (a) the acquisition by Welltodo of the Sale Shares and the transactions contemplated under the Best Purpose Disposal Agreement; and (b) the issue of the Convertible Note and the Conversion Shares by Willie to Coupeville (or its nominees);
- (iii) the approval by the Shareholders in general meeting of the disposal by Coupeville of the Sale Shares and the transactions contemplated under the Best Purpose Disposal Agreement;
- (iv) if applicable, the obtaining of all consents by Coupeville from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Best Purpose Disposal Agreement and any of the transactions contemplated under it;
- (v) there having been no breach by Coupeville of any obligations, undertakings, representations and warranties under the Best Purpose Disposal Agreement;
- (vi) there having been no breach by Welltodo of any obligations, undertakings, representations and warranties under the Best Purpose Disposal Agreement; and
- (vii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Conversion Shares.

Welltodo may waive the conditions set out in paragraphs (i) and (v) and Coupeville may waive the condition in paragraph (vi) above. If any of the above conditions precedent is not fulfilled (or waived) on or before 30 September 2009 (or such other date as the parties may agree in writing), either party shall be entitled to treat the Best Purpose Disposal Agreement as terminated. If the Best Purpose Disposal Agreement is so terminated, all obligations of Coupeville and Welltodo under the Best Purpose Disposal Agreement shall cease, provided that rights and liabilities of the parties hereto which have accrued prior to termination shall subsist.

The completion of the Best Purpose Disposal Agreement will take place on the third business day after the last conditions precedent is fulfilled (or waived), and is currently expected to take place before 30 September 2009.

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## LETTER FROM THE BOARD

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### **6. Post completion management**

After completion of the Best Purpose Disposal Agreement, Coupeville and Welltodo will be having equal shareholding interests in Best Purpose. It also provides that the maximum number of the directors of Best Purpose Group shall be 4, of which each of Coupeville and Welltodo shall have the right to appoint and remove up to 2 directors. The Best Purpose Disposal Agreement accordingly has certain provisions similar to a typical shareholders or joint venture agreement to expressly delineate and protect their respective rights and obligations in their capacities as shareholders of Best Purpose in relation to Best Purpose Group and affairs after completion, including, amongst other things, dispute resolutions and prohibitions against undertaking any of the following actions and matters without approval of both of Coupeville and Welltodo or their respective representatives:

- any amendments to the articles of association, any increase or decrease in the issued share capital or registered capital, and the dissolution of any Best Purpose Group Company;
- placing any properties or assets of any Best Purpose Group Company under encumbrances save in the ordinary course of business;
- merger or demerger of any Best Purpose Group Company or any change in the organizational structure of the Best Purpose Group;
- establishment or closure of any subsidiaries, branches or business entities by the Best Purpose Group;
- initiation or termination of any litigation, arbitration or other material legal proceeding;
- any transactions entered into between any Best Purpose Group Company on the one hand and any shareholder or related entities/parties of such shareholder on the other hand;
- any acquisition by any Best Purpose Group Company save in the ordinary course of business;
- the addition of any additional investor to any Best Purpose Group Company; and
- any change in the scope of business of any Best Purpose Group Company.

### **B. REASONS FOR, AND BENEFITS OF, THE BEST PURPOSE DISPOSAL AGREEMENT**

The Company is an investment holding company and its subsidiaries are principally engaged in property related investments, investment in securities, investment in advertising and lottery related businesses and money-lending businesses.

Best Purpose Group is principally engaged in money lending business. Its customers include certain directors of Willie and one of its subsidiaries and the total outstanding loan amount involved is about HK\$34 million, representing about 9.45% of the unaudited consolidated net asset value of Best Purpose Group as at 3 June 2009.

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## LETTER FROM THE BOARD

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As at 3 June 2009, the unaudited consolidated net asset value of Best Purpose Group was about HK\$359.7 million. The table below summarizes the unaudited operating results of Best Purpose Group for the following accounting periods (assuming Best Purpose were the holding company for such periods):

	Year ended 31 March 2007	Year ended 31 March 2008	Year ended 31 March 2009
Turnover	HK\$26.91 million	HK\$19.55 million	HK\$31.54 million
Profit/(Loss) before tax	HK\$17.63 million	HK\$4.57 million	HK\$(21.71 million)
Profit/(Loss) for the year	HK\$17.63 million	HK\$4.57 million	HK\$(21.71 million)

For the financial year ended 31 March 2009, the audited turnover and net loss (before and after taxation and extraordinary items) of Double Smart were approximately HK\$31.54 million and HK\$(21.71 million) respectively.

### C. FINANCIAL EFFECTS

Based upon the amount of the Consideration (less expenses) and the net asset value, of HK\$180 million, of the Group's 50% interest in Best Purpose Group in its audited financial statements as at 3 June 2009, no material gain is expected to accrue to the Group from the disposal of the Sale Shares. However, the ultimate gain or loss, if any, as at Completion Date remains subject to finalisation of the financial statements of Best Purpose Group as at the Completion Date.

After completion of the Best Purpose Disposal Agreement, the Group will continue to have the remaining 50% shareholding in Best Purpose. Both of Best Purpose and Double Smart will be accounted for as jointly-controlled entities of the Company and their financial results will no longer be consolidated in the financial statements of the Group pursuant to the Hong Kong general accepted accounting principles. Following completion of the Best Purpose Disposal Agreement and on the basis of the nil gain to the Group expected from this transaction, the consolidated total assets and liabilities of the Group will decrease as a result of deconsolidation of the Best Purpose Group as at the Completion Date, subject to the Group's retention of the share of the residual 50% of the net assets of the Best Purpose Group and final determination of the fair value of the Consideration to be received by the Group at the Completion Date.

The Board issued a profit warning announcement dated 15 May 2009 that the Board expected the Group to record a significant loss for the year ended 31 March 2009 as a result of the realized and unrealized losses of its listed investment held for trading and decrease in fair value of the investment properties which is mainly attributable to the recent downturn of the global economy. The overall financial results of the Group for the year ended 31 March 2009 will only be ascertained when all these results and financial information are finalised. Save for the Best Purpose Disposal Agreement, since the making of the profit warning announcement of 15 May 2009 there have been no other events coming to the attention of the Directors that may affect the financial or trading position of the Group.

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## LETTER FROM THE BOARD

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### **D. LISTING RULES IMPLICATIONS AND THE SGM**

The Best Purpose Disposal Agreement constitutes a major transaction for the Company under Rule 14.06(3) of the Listing Rules as the relevant percentage ratios exceed 25% but are less than 75%. It is therefore subject to the Shareholders' approval under Chapter 14 of the Listing Rules.

A notice convening the SGM to be held at 30/F., China United Centre, No.28 Marble Road, North Point, Hong Kong on 4 August 2009 at 9:00 a.m. is set out at the end of this circular. A form of proxy for use at the SGM is also enclosed. 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 29/F., 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.

In accordance with Rule 13.39(4) of the Listing Rules, the vote of the Shareholders will be taken by poll at the SGM.

As Willie, through Welltodo, has interests in the Best Purpose Disposal Agreement, Willie and its associates holding any Shares (including Pearl Decade Limited) will abstain from voting its shareholdings (including the 3.45% shareholding in the Company mentioned above) at the SGM in respect of the proposed resolution to approve the Best Purpose Disposal Agreement pursuant to the Listing Rules.

### **E. RECOMMENDATION**

The Directors take the view that the proposed sale of the Group's 50% shareholding interest in Best Purpose structured through injection of such interest into Willie would offer the Group and its management opportunity to capture and share in any benefits and results of the future business growth of Best Purpose Group indirectly. In making the investment in Willie, the Company has bargained for financially fair and reasonable terms in the Convertible Note, including interests set at 2% p.a. and the Conversion Price agreed at HK\$1.39 per Willie Share, being at a substantial discount (of about 64.81%) to the audited net asset value per Willie Share of HK\$3.95 as at 31 December 2008.

After taking into account the above factors, the Directors believe that the terms of the Best Purpose Disposal Agreement are on normal commercial terms and fair and reasonable, and are also in the interests of the Company and the Shareholders as a whole.

The Board considers that the terms of the Best Purpose Disposal Agreement are fair and reasonable so far as the Shareholders are concerned, and are in the interests of the Shareholders as a whole. The Directors recommend the Shareholders to vote in favour of the ordinary resolution to approve the Best Purpose Disposal Agreement to be put forward at the SGM, the notice of which is set out at the end of this circular.

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## LETTER FROM THE BOARD

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### F. FURTHER INFORMATION

Your attention is drawn to the information set out in the Appendices to this circular.

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

**1. WORKING CAPITAL**

The Directors are satisfied after due and careful enquiry that taking into account the present internal financial resources of the Group and the available credit facilities, in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements, that is for at least twelve months from the date of this circular.

**2. INDEBTEDNESS****Borrowings**

At the close of business on 31 May 2009, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had aggregate outstanding borrowings comprising secured bank loans of approximately HK\$43,281,000.

The Group's bank loans were secured by the first legal charges over the Group's investment properties.

**Contingent liabilities**

At the close of business on 31 May 2009, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had no material contingent liabilities.

**Disclaimers**

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding mortgages, charges, debentures or other loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptances or acceptances credits, finance leases or hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 31 May 2009.

**No material changes**

The Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of the Group since 31 May 2009.

**3. FINANCIAL AND TRADING PROSPECTS**

The Group is principally engaged in property related investments, investment in securities, investment in advertising and lottery related businesses and money-lending businesses. With the global drop in the securities market, the Group has also been affected. However, it appears that the market has bottomed out and would gradually recover and the loss would be minimised.

2008 is an exceptional year as the Company has witnessed the biggest financial crisis in the world since 1929. Most sectors are affected and economists generally agree that the worst has yet to come. Nonetheless, the Group is still financially sound with very low gearing and good liquidity.

As mentioned in the section headed “Reasons for, and benefits of, the Best Purpose Disposal Agreement” in the Letter from the Board of this circular, the Best Purpose Disposal Agreement provides the Group with a good opportunity to acquire the shares of Willie at a comparatively reasonable price and the Directors consider that sale of the Group 50% interest is a good opportunity to capture and share in any benefits and results of the future business growth of Best Purpose Group indirectly.

In general, the Group has a strong equity base and is in a very strong position to take on new investment opportunities as and when they arise. It is anticipated that the stock market will remain volatile in the foreseeable future and accordingly the Board will exercise extreme caution and adopt a prudent approach in conducting investment activities.

**4. MATERIAL ADVERSE CHANGE**

Save as disclosed in the announcements of the Company dated 11 June 2009, as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2008, the date to which the latest published audited consolidated financial statements of the Group were made up.

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of Shares (long position)</b>	<b>Approximate percentage of existing issued share capital of the Company</b>
Kwong Kai Sing, Benny	Beneficial owner	1,544,400	0.60%
Ong Peter	Beneficial owner	859,536	0.34%
Poon Chi Wan	Beneficial owner	118,800	0.05%

Save as disclosed above, as at the Latest Practicable Date,

- (i) none of the Directors or chief executive of the Company held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange; and

- (ii) none of the Directors had any direct or indirect interests in any assets which have since 31 March 2008 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

In addition, save as disclosed above, none of the Directors is materially interested in any contracts or arrangements subsisting at the date of this circular which is significant in relation to the business of the Group.

### **3. LITIGATION**

No member of the Group is engaged in any litigation or claims of material importance and no litigation or claims of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

### **4. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any of its subsidiaries other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

### **5. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective associate(s) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

### **6. MATERIAL CONTRACTS**

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this circular and are or may be material:

- (a) a conditional placing agreement dated 2 August 2007 between the Company as issuer and Chung Nam Securities Limited (“Chung Nam”) as placing agent in relation to a placing of 744,530,000 new ordinary shares of the Company at a price of HK\$0.18 per share. Further details of the placing were set out in the announcement of the Company dated 2 August 2007;
- (b) a conditional placing agreement dated 23 August 2007 between the Company as issuer and Chung Nam as placing agent in relation to a placing of 987,000,000 new ordinary shares of the Company at a price of HK\$0.10 per share. Further details of the placing were set out in the announcement of the Company dated 27 August 2007;

- (c) a conditional underwriting agreement dated 23 August 2007 between the Company as issuer and Chung Nam as underwriter whereby Chung Nam agreed to underwrite an aggregate of not less than 2,467,613,194 and not more than 3,147,248,013 rights shares at the subscription price of HK\$0.10 per rights share. Further details of the rights issue were set out in the announcement of the Company dated 27 August 2007;
- (d) a conditional subscription agreement dated 16 February 2008 between Greater Chance Group Limited (a subsidiary of the Company) and Hang Fa Lau Holdings Limited in relation to the subscription by Greater Chance Group Limited of a 2% convertible bond issued by Hang Fa Lau Holdings Limited in an aggregate principal amount of HK\$18,000,000. Further details of the subscription were set out in the announcement and circular of the Company dated 18 February 2008 and 6 March 2008 respectively;
- (e) a conditional placing agreement dated 26 February 2008 between the Company as issuer and Get Nice as placing agent in relation to a placing of 355,000,000 new ordinary shares of the Company at a price of HK\$0.26 per share. Further details of the placing were set out in the announcement of the Company dated 26 February 2008;
- (f) a conditional placing agreement dated 22 April 2008 between the Company as issuer and Get Nice Securities Limited as placing agent in relation to a placing of 426,000,000 new ordinary shares of the Company at a price of HK\$0.186 per share. Further details of the placing were set out in the announcement of the Company dated 22 April 2008;
- (g) a conditional termination deed dated 11 September 2008 entered into between Dollar Group Limited (a subsidiary of the Company) and Willie International Holdings Limited (“Willie”) in relation to the cancellation of a convertible note in the principal amount of HK\$86,882,392.88 issued by Willie to Dollar Group Limited and the subscription of 650,000,000 new ordinary shares of HK\$0.10 each in the share capital of Willie by Dollar Group Limited. Further details of the transaction were set out in the announcement and circular of the Company dated 17 September 2008 and 29 October 2008 respectively;
- (h) a conditional settlement deed dated 24 September 2008 between Double Smart Finance Limited (a subsidiary of the Company) and Radford Capital Investment Limited (“Radford”) in relation to the settlement of a loan in the principal amount of HK\$20,000,000 provided by Double Smart Finance Limited to Radford by a zero coupon convertible bond issued by Radford in an aggregate principal amount of HK\$20,000,000. Further details of the transaction were set out in the announcement and circular of the Company dated 26 September 2008 and 17 October 2008 respectively;
- (i) a conditional settlement deed dated 8 October 2008 between Double Smart Finance Limited (a subsidiary of the Company) and Unity Investments Holdings Limited (“Unity”) in relation to the settlement of a loan in the principal amount of HK\$20,000,000 provided by Double Smart Finance Limited to Unity by a zero coupon convertible bond issued by Unity in an aggregate principal amount of HK\$20,000,000. Further details of the transaction were set out in the announcement and circular of the Company dated 9 October 2008 and 21 October 2008 respectively;

- (j) a conditional placing agreement dated 28 April 2009 between the Company as issuer and Kingston as placing agent in relation to a placing of 51,000,000 new ordinary shares of the Company at a price of HK\$0.50 per share. Further details of the placing were set out in the announcement of the Company dated 28 April 2009;
- (k) the provisional agreement for sale and purchase dated 21 April 2009 entered into between Noble Castle International Limited as the purchaser and Joint Gain International Limited as the vendor in relation to the sale and purchase of the Property House No.B7 (including its 2 car parking spaces), Regalia Bay, No.88 Wong Ma Kok Road, Hong Kong for a cash consideration of HK\$45 million; and
- (l) the Best Purpose Disposal Agreement.

#### **7. MISCELLANEOUS**

- (a) The secretary of the Company is Mr. Chow Chi Wah, Vincent (also an Executive Director of the Company), who is a fellow member of the Chartered Association of Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company is located on 29/F., China United Centre, No.28 Marble Road, North Point, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited of Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

#### **8. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong, 29/F., China United Centre, No.28 Marble Road, North Point, Hong Kong during normal business hours on any business day (Saturdays excluded) from the date of this circular up to and including the date of the SGM:

- (a) the Memorandum of Association and Bye-laws of the Company;
- (b) the material contracts referred to in section 6 of this Appendix;
- (c) the annual reports of the Company for the two financial years ended 31 March 2008 and 31 March 2007;
- (d) the circular issued by the Company on 15 May 2008 regarding the acquisition of E-Garden Properties Limited;

- (e) the circular issued by the Company on 30 May 2008 regarding the disposal of the interest in the companies which held 30th to 32nd Floors of China United Centre, No.28 Marble Road, North Point, Hong Kong;
- (f) the circular issued by the Company on 17 October 2008 regarding the subscription of the convertible bond issued by Radford;
- (g) the circular issued by the Company on 21 October 2008 regarding the subscription of the convertible bond issued by Unity;
- (h) the circular issued by the Company on 29 October 2008 regarding the subscription of new shares in Willie;
- (i) the circular issued by the Company on 14 May 2008 regarding the property acquisition; and
- (j) this circular.

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## NOTICE OF THE SGM

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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)

**NOTICE IS HEREBY GIVEN** that a special general meeting of Heritage International Holdings Limited (the “Company”) will be held at 30th Floor, China United Centre, No.28 Marble Road, North Point, Hong Kong on 4 August 2009 at 9:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution of the Company which will be proposed as an ordinary resolution:

#### ORDINARY RESOLUTION

“**THAT** the share purchase agreement (“Best Purpose Disposal Agreement”, a copy of which having been produced at the meeting marked “A” and signed by the chairman of the meeting for identification purposes) dated 8 June 2009 between Coupeville Limited (“Coupeville”) as the vendor and Welltodo Investments Limited (“Welltodo”) as the purchaser, under which 50 per cent. of the entire issued share capital of Best Purpose Limited (“Best Purpose”) shall be sold by Coupeville to Welltodo for a total consideration of HK\$180,000,000 to be settled by HK\$180 million 2 per cent. convertible note due 2012 issued by Willie International Limited upon and subject to the terms and conditions contained therein, and the transactions contemplated under it be and are hereby approved, confirmed and ratified; and the directors of the Company be and are hereby authorised to sign, execute and deliver any agreements, deeds, instruments and any other documents (and, where necessary, to affix the seal of the Company on them in accordance with the articles of association of the Company) in connection with the Best Purpose Disposal Agreement, to make such non-material amendments and changes to it and to do and take all such action, steps, deeds and things in such manner as they may deem necessary, desirable or appropriate to give effect to the Best Purpose Disposal Agreement and the transactions contemplated under it.”

By order of the board

**Heritage International Holdings Limited**

**Chow Chi Wah, Vincent**

*Executive Director and Company Secretary*

Hong Kong, 17 July 2009

\* *For identification purposes only*

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## NOTICE OF THE SGM

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*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Principal place of business in*

*Hong Kong:*

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

*Notes:*

1. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another 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 29/F., 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.

*As at the date hereof, the Company has five executive Directors, being Mr. Kwong Kai Sing, Benny, Mr. Ong Peter, Ms. Poon Chi Wan, Mr. Chow Chi Wah, Vincent and Mr. Wong Chun Hung and five independent non-executive Directors, being Mr. Chan Sze Hung, Mr. To Shing Chuen, Mr. Ha Kee Choy, Eugene, Mr. Chung Yuk Lun and Mr. Lo Wong Fung.*