
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)***REFRESHMENT OF GENERAL MANDATES
TO ISSUE AND REPURCHASE SHARES****Independent financial adviser to the independent board committee and
independent shareholders of Heritage International Holdings Limited****VINCO** 城高**Grand Vinco Capital Limited***(A wholly owned subsidiary of Vinco Financial Group Limited)*

A letter from the independent board committee containing its recommendation to the independent shareholders of Heritage International Holdings Limited is set out on page 7 of this circular. A letter from Grand Vinco Capital Limited containing its advice to the independent board committee and independent shareholders of Heritage International Holdings Limited is set out on pages 8 to 14 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 March 2010 at 9:00 a.m. is set out on pages 18 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 29/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.

26 February 2010

* 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”	24 February 2010, 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 18 to 20 of this circular

DEFINITIONS

“Placing”	the placing of 61,350,000 new Shares at the price of HK\$0.44 per Share to at least six (6) independent investors pursuant to the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 29 September 2009 between the Company and Chung Nam Securities Limited in respect of the Placing
“Repurchase Mandate”	the mandate to repurchase Shares as described in the explanatory statement set out in the Appendix to this circular
“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 March 2010 at 9:00 a.m., notice of which is set out on pages 18 to 20 of this circular
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“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
“Vinc Capital”	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a corporation licensed to carry out business in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the grant of the Issue Mandate
“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
Wong Chun Hung
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:
29/F., China United Centre
No.28 Marble Road
North Point
Hong Kong

26 February 2010

To the Shareholders

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

INTRODUCTION

In order to afford the Company with the maximum flexibility to issue and repurchase Shares, the Board had proposed to convene a special general meeting of the Company to seek the approval of the Shareholders to grant the General Mandates. The main purpose of this circular is to provide you with further particulars of the above proposal and the Notice of SGM.

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

* For identification purposes only

LETTER FROM THE BOARD

REFRESHMENT OF GENERAL MANDATES

At the annual general meeting of the Company held on 31 August 2009, general mandates (“Existing General Mandates”) were granted to the Directors to exercise the powers of the Company to repurchase Shares and to allot, issue and deal with new Shares.

In accordance with the Placing Agreement which was completed on 13 October 2009, an aggregate of 61,350,000 Shares were issued by the Company pursuant to the Existing General Mandates, representing approximately 16.67% 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\$26 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 3,749 new Shares may be further issued under the Existing General Mandates, and these represent less than 0.01% of the issued share capital of the Company as 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 refresh the General Mandates such that:

- (a) the Directors will be given the powers to allot, issue and deal with additional Shares up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution. As at the Latest Practicable Date, the issued share capital of the Company comprised 668,118,745 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 133,623,749 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 668,118,745 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 66,811,874 Shares; and

LETTER FROM THE BOARD

- (c) subject to the passing of the above two resolutions, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with additional Shares will be extended by the addition of an amount representing the aggregate nominal amount of the Shares repurchased by the Company under the authority granted above, provided that such extended amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the relevant resolution. As at the Latest Practicable Date, the issued share capital of the Company comprised 668,118,745 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 66,811,874 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.

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 March 2010 at 9:00 a.m. is set out on pages 18 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 1,544,400, 859,536 and 118,800 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 resolution relating to the granting of the Repurchase Mandate, all Shareholders are entitled to vote.

If you are not able to attend the meeting, you are strongly urged to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company in Hong Kong at 29/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.

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

LETTER FROM THE BOARD

RECOMMENDATION

For the reasons set out above, the Board considers the granting of the General Mandates 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 7 of this circular and the letter from Vinco Capital 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 8 to 14 of this circular.

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)

26 February 2010

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED GRANTING OF THE ISSUE MANDATE

We refer to the circular from the Company to the Shareholders dated 26 February 2010 (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 6 of the Circular. We wish to draw your attention to the “Letter from Vinco Capital” set out on pages 8 to 14 of the Circular, which contains Vinco Capital’s advice regarding the granting of the Issue Mandate.

Having taken into account the advice of Vinco Capital, 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,

Chan Sze Hung

To Shing Chuen

**Ha Kee Choy,
Eugene**

Chung Yuk Lun

Lo Wong Fung

*Independent
non-executive
Director*

*Independent
non-executive
Director*

*Independent
non-executive
Director*

*Independent
non-executive
Director*

*Independent
non-executive
Director*

* For identification purposes only

LETTER FROM VINCO CAPITAL

The following is the text of a letter of advice from Grand Vinco Capital Limited to the Independent Board Committee and the Independent Shareholders in connection with the grant of Issue Mandate, which has been prepared for the purpose of incorporation in this circular.



Grand Vinco Capital Limited
Units 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

26 February 2010

*To the Independent Board Committee and the Independent Shareholders of
Heritage International Holdings Limited*

Dear Sirs,

REFRESHMENT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the grant of Issue Mandate, details of which are set out in the section headed "Letter from the Board" in the circular ("Circular") issued by the Company to the Shareholders dated 26 February 2010 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

According to the announcement of the Company dated 29 September 2009, the Company entered into a placing agreement pursuant to which 61,350,000 Shares will be allotted and issued under the Existing General Mandates, representing approximately 99.99% of the Existing General Mandates. Upon completion of the Placing on 13 October 2009, the Existing General Mandates was substantially utilized. In order to provide a flexible mean for the Company to raise further funds for its future business development and/or through the issue of new Shares whenever merger and acquisition opportunities arise, the Board proposes to refresh the Existing General Mandates for the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company at the date of SGM.

In accordance with Rule 13.36(4) of the Listing Rules, the grant of Issue Mandate requires the approval of the Independent Shareholders by way of poll at the SGM, at which any controlling Shareholders and their associates, or where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chairman of the Company and their respective associates shall abstain from voting in favour of the resolution approving the grant of Issue Mandate. As at the Latest Practicable Date, Mr. Kwong Kai Sing, Benny (being the Chairman and an executive Director), Mr. Ong Peter (being an executive Director) and Ms. Poon Chi Wan (being an executive Director), who was interested in 1,544,400 Shares, 859,536 Shares and 118,800 Shares respectively. To the best of the

LETTER FROM VINCO CAPITAL

Directors' knowledge, information and belief and having made all reasonable enquiries, the Company does not have any controlling Shareholders, the executive Directors (including Mr. Kwong Kai Sing, Benny, Mr. Ong Peter and Ms. Poon Chi Wan) and their respective associates (to the extent they hold any Shares at the time of the SGM) are thus required to abstain from voting in favour of, among other things, the relevant resolutions approving the grant of the Issue Mandate at the SGM.

The Independent Board Committee, comprising Mr. Chan Sze Hung, Mr. To Shing Chuen, Mr. Ha Kee Choy, Eugene, Mr. Chung Yuk Lun and Mr. Lo Wong Fung, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the grant of the Issue Mandate is fair and reasonable so far as the Independent Shareholders are concerned and whether the grant of the Issue Mandate is in the interests of the Company and the Independent Shareholders as a whole.

BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the grant of the Issue Mandate, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the grant of the Issue Mandate and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without prior written consent.

LETTER FROM VINCO CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the grant of the Issue Mandate, we have taken into consideration the following principal factors and reasons:

Background of and reasons for the grant of the Issue Mandate

The Company is an investment holding company, through its subsidiaries and associated companies, is principally engaged in the business of property related investment, investment in securities, investment in advertising and lottery related businesses and money-lending businesses.

At the annual general meeting of the Company held on 31 August 2009, the Directors were granted the Existing General Mandates to allot and issue new Shares of up to 20% of the entire issued share capital of the Company as at the date of the annual general meeting. Based on 306,768,745 Shares in issue as at such annual general meeting, the Directors were authorised to allot and issue up to a maximum of 61,353,749 Shares.

According to the announcement of the Company dated 29 September 2009, the Company and the placing agent entered into a placing agreement pursuant to which 61,350,000 Shares were issued under the Existing General Mandates. Accordingly, the Existing General Mandates have been substantially utilized.

Given that the Existing General Mandates granted to the Directors has been substantially utilized after completion of the Placing, if the Existing General Mandates are not refreshed, the Directors would not be allowed to allot and issue Shares until the next annual general meeting of the Company. In addition, in order to allow the flexibility to raise further capital through the issue of new Shares to finance its future business development if and when an opportunity arises, the Board proposes to seek approval of Independent Shareholders at the SGM to refresh the Existing General Mandates so that the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company at the date of SGM.

As at the Latest Practicable Date, the aggregate number of issued Shares is 668,118,745 Shares. Subject to the passing of the ordinary resolution for the grant of the Issue Mandate and on the assumption that no further Shares will be issued or repurchased by the Company from the Latest Practicable Date and up to the date of the SGM (both dates inclusive), the Directors would be granted the authority to allot and issue up to a maximum of 133,623,749 Shares under the refreshed mandate, being 20% of the aggregate number of issued Shares as at the date of the SGM.

LETTER FROM VINCO CAPITAL

Fund raising activities of the Company in the past twelve months

Set out below are the fund-raising activities of the Company during the past 12 months immediately prior to the Latest Practicable Date:

Date of announcement	Event	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
28 April 2009	Placing of 51,000,000 new Shares at the placing price of HK\$0.5 each	HK\$24.59 million	For general working capital of the Company	HK\$24.59 million was used as the general working capital of the Company
29 September 2009	Placing of 61,350,000 new Shares at the placing price of HK\$0.44 under the Existing General Mandates and 361,350,000 new Shares at the placing price of HK\$0.44 under the specific mandate	HK\$180.4 million	(i) not more than HK\$100 million to be invested in the possible PRC joint venture as stated in the circular of the Company on 20 October 2009; and (ii) approximately HK\$80.4 million for general working capital of the Group	(i) The sum of HK\$100 million has not been utilized for investment in the possible PRC joint venture as the project is still under negotiation. (ii) The sum of HK\$80.4 million has been utilized for general working capital of the Group

Save as disclosed above, the Directors confirmed that the Company has not conducted any other fund raising activities during the past 12 months immediately prior to the Latest Practicable Date. As noted from the table above, the sum of HK\$100 million to be utilized for a possible investment in a PRC joint venture, and we noted that the letter of intent for such possible investment has lapsed for over three months. Upon our discussion with the Directors, we were advised that the negotiation for such investment is still on-going as at the Latest Practicable Date and such use of proceeds will be retained for such investment. Save as aforementioned, we noted that the actual use of proceeds from the previous fund raising activities were in line with the intended use of proceeds.

The Directors confirmed that the existing cash resources of the Group are sufficient for it to conduct its daily operations and the Group has sufficient working capital to meet its present requirements. However, the Directors cannot preclude the possibilities that additional funding may still be needed for investment development as well as other opportunities arise in the future. In the event the Company identifies a suitable investment opportunity but does not have sufficient financial resources on hand, or

LETTER FROM VINCO CAPITAL

is unable to obtain loan financing on acceptable terms, or cannot find other alternatives to finance the acquisition of such investment opportunity in a timely manner, the Company may lose its opportunities in an otherwise favourable investment and a favorable opportunity to expand its business portfolio. In light of the above, we are of the view that the grant of the Issue Mandate is fair and reasonable to the Company and is in the interests of the Company and the Independent Shareholders as a whole.

Financial flexibility

The Directors believe that the grant of the Issue Mandate will provide the Company with necessary financial flexibility to raise additional funds through the issue of new Shares for its future business development as and when an opportunity arises.

Given the necessary financial flexibility available to the Company, we concur with the Directors' view that the grant of the Issue Mandate is essential for the Group to respond to the market in a timely manner to seize the investment opportunities that may arise. Accordingly, we are of the view that the grant of Issue Mandate is in the interests of the Company and the Independent Shareholders as a whole.

Other financing alternatives

We have enquired into the Directors and the Directors have considered equity financing to be an important avenue of resources for the Group given its non-interest bearing nature. Other than equity financing, the Directors confirmed that they have also considered other financing alternatives, such as debt financing and funding through internal cash resources, to be other possible fund raising alternatives available to the Group. As confirmed by the Directors, the Group has sufficient working capital to meet its present requirements, however, there is no certainty that such cash resources will be sufficient or be available for its future investments or business developments. In addition, debt financing may incur interest burden on the Group and it may subject to, including but not limited to, lengthy due diligence and negotiations with the banks based on the Group's financial position, capital structure and the prevailing market condition, which is rather uncertain and time-consuming as compared to equity financing. Further to our discussion with the Directors, they have also considered other forms of pro rata equity financing methods such as rights issue and open offer, yet, such financing methods would be subject to a lengthy process and would incur additional costs in form of underwriting commission and there would be no certainty that the Company would be able to procure favourable terms in such commercial underwriting. We were also advised by the Directors that they have considered the possibility of seeking a specific mandate when specific project is identified. However, the Directors considered that timely decision making is critical to grasp any opportunities arising from the prevailing market condition. As such, the Directors consider the granting of specific mandate which is subject to the approval of the Independent Shareholders may pose as a hindrance to the Group to grasp the opportunities in a timely manner. In this regard, we consider that the grant of the Issue Mandate will provide the Company an additional financing alternative for the Company to raise funds for its future investments or business developments and it is reasonable for the Company to have the flexibility in deciding the best financing methods for any future investments or business developments. Accordingly, we are of the view that the grant of the Issue Mandate is in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM VINCO CAPITAL

Potential dilution to shareholdings of the Shareholders

Set out below is a table illustrating the shareholdings of the Company (i) as at the Latest Practicable Date; and (ii) upon full utilisation of the grant of the Issue Mandate (assuming no further Shares will be issued or repurchased by the Company after the Latest Practicable Date and up to the date of the SGM):

	As at the Latest Practicable Date		Upon full utilisation of the grant of the Issue Mandate (assuming no Shares are issued or repurchased by the Company after the Latest Practicable Date and up to the date of the SGM)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Directors				
Mr. Kwong Kai Sing, Benny	1,544,400	0.23	1,544,400	0.19
Mr. Ong Peter	859,536	0.13	859,536	0.11
Ms. Poon Chi Wan	118,800	0.02	118,800	0.01
Public Shareholders				
New Shares issued under the grant of the Issue Mandate			133,623,749	16.67
Other Public Shareholders	665,596,009	99.62	665,596,009	83.02
Total	<u>668,118,745</u>	<u>100.00</u>	<u>801,742,494</u>	<u>100.00</u>

As illustrates in the table above, the aggregate shareholding of the other public Shareholders will decrease from approximately 99.62% upon completion of the Placing to approximately 83.02% upon full utilisation of the refreshed mandate, indicating a potential maximum dilution of approximately 16.60%. Taking into account the potential benefits of the grant of the Issue Mandate as discussed above and the fact that the shareholdings of all Shareholders will be diluted proportionally to their respective shareholdings upon full utilisation of the refreshed mandate, we consider such maximum potential dilution to the shareholdings of the Shareholders to be acceptable.

LETTER FROM VINCO CAPITAL

CONCLUSION

Having taken into consideration the principal factors and reasons as set out above, we are of the opinion that the grant of the Issue Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the grant of the Issue Mandate.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing 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 668,118,745 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 66,811,874 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 2009) 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>
2009		
March	0.630	0.560
April	0.650	0.550
May	1.360	0.570
June	1.400	1.160
July	1.600	1.110
August	1.270	0.900
September	0.960	0.470
October	0.520	0.430
November	0.510	0.400
December	0.485	0.325
2010		
January	0.365	0.260
February (up to the Latest Practicable Date)	0.270	0.212

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 March 2010 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.”

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

Hong Kong, 26 February 2010

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 29/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.