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

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

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**HERITAGE INTERNATIONAL HOLDINGS LIMITED****漢基控股有限公司****(Incorporated in Bermuda with limited liability)**(Stock Code: 412)*

- (1) GRANT OF ISSUE MANDATE**
(2) REFRESHMENT OF THE SCHEME MANDATE LIMIT
(3) AMENDMENTS TO THE BYE-LAWS
AND
(4) NOTICE OF THE SPECIAL GENERAL MEETING

**Independent financial adviser to the Independent Board Committee and
the Independent Shareholders**

VINCO **Grand Vinco Capital Limited***(A wholly-owned subsidiary of Vinco Financial Group Limited)*

A letter from the Board is set out on pages 3 to 8 of this circular and a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 9 of this circular. A letter from Vinco Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 10 to 17 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 28 December 2010 at 9:00 a.m. is set out on pages 18 to 24 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.

* *For identification purpose only*

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	9
LETTER FROM VINCO CAPITAL	10
NOTICE OF SGM	18

DEFINITIONS

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

“associate(s) ”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“Company”	Heritage International Holdings Limited (Stock code: 412), a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Grant of Issue Mandate”	the general mandate proposed to be sought at the SGM to authorise the Directors to allot, issue and deal with new Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board established by the Board to advise the Independent Shareholders in respect of the Grant of Issue Mandate
“Independent Shareholders”	any Shareholders other than controlling Shareholders of the Company and their associates or, where there are no controlling Shareholders, executive Directors and the chief executive of the Company and their respective associates
“Latest Practicable Date”	29 November 2010, being the latest practicable date prior to the printing of this circular for 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 24 of this circular

DEFINITIONS

“Overall Limit”	the meaning ascribed thereto in the section headed “Proposed Refreshment of the 10% Scheme Mandate Limit under the Share Option Scheme” in the Letter from the Board in this circular
“Scheme Mandate Limit”	the meaning ascribed thereto in the section headed “Proposed Refreshment of the 10% Scheme Mandate Limit under the Share Option Scheme” in the Letter from the Board in this circular
“SFO”	the Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong)
“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 28 December 2010 at 9:00 a.m. to approve, inter alia, the Grant of Issue Mandate, the refreshment of the Scheme Mandate Limit and the proposed amendments to the Bye-laws
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Option(s)”	option(s) to subscribe for Shares granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 28 September 2004
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vinc Capital”	Grand Vinc Capital Limited, a wholly-owned subsidiary of Vinc Financial Group Limited (Stock Code: 8340), a licensed corporation which is engaged in types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the SFO and is the independent financial adviser to the Independent Board Committee and the Independent Shareholders to advise on the Grant of Issue Mandate

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:

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

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

Mr. Chan Sze Hung
Mr. To Shing Chuen
Mr. Ha Kee Choy, Eugene
Mr. Chung Yuk Lun
Mr. Lo Wong Fung

Principal place of business in Hong Kong:

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

3 December 2010

To the Shareholders

Dear Sir or Madam,

**(1) GRANT OF ISSUE MANDATE
(2) REFRESHMENT OF THE SCHEME MANDATE LIMIT
(3) AMENDMENTS TO THE BYE-LAWS
AND
(4) NOTICE OF THE SPECIAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information relating to (i) the proposed Grant of Issue Mandate to allot, issue and deal with additional Shares not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue at the date of the SGM; (ii) the proposed refreshment of the 10% Scheme Mandate Limit under the Share Option Scheme; (iii) the proposed amendments to the Bye-laws; and (iv) to give you notice of the SGM.

GRANT OF ISSUE MANDATE

At the annual general meeting of the Company held on 20 August 2010, the Shareholders approved, among other things, an ordinary resolution to grant the Directors the general mandate to issue, allot and deal with up to 316,607,798 Shares, which is equivalent to 20% of the then issued share capital of the Company.

* For identification purpose only

LETTER FROM THE BOARD

On 5 October 2010, after trading hours, the Company entered into a placing agreement in relation to the placing of 316,607,798 Shares which fully utilized the general mandate and the net proceeds of which had been applied as the general working capital of the Company. As at the Latest Practicable Date, the issued share capital of the Company was 1,899,646,790 Shares.

In order to provide a flexible means for the Company to raise further funds through the issue of new Shares for its future business development if and when an opportunity arises, the Board proposes the Grant of Issue Mandate to allow the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM.

History of refreshments of issue mandate since last annual general meeting of the Company held on 20 August 2010

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Actual use of proceeds	Date of grant of issue mandate
5 October 2010	Placing of 316,607,798 new Shares under general mandate at the placing price of HK\$0.102 per Share	HK\$31.39 million	Utilized for general working capital of the Group.	Granted at the annual general meeting of the Company held on 20 August 2010

Although the Company has no immediate funding need and the Company has sufficient working capital in its existing operations, the Company believes that appropriate investment opportunities may arise at any time and investment decisions may have to be made within a short period of time. Therefore, the Board considers that it is important for the Company to be able to raise fund quickly in order to seize the investment opportunities that may arise. To this end, the Directors believe that the Grant of Issue Mandate will give the Company the flexibility to raise funds and to expand and develop the business of the Company and therefore, is in the interests of the Company and the Shareholders as a whole. Meanwhile, the Board would also consider other means of fund-raising such as a rights issue or open offer, or to seek for a specific mandate when a specific usage can be identified.

Based on the 1,899,646,790 Shares in issue as at the Latest Practicable Date and assuming that there are no changes in the issued share capital of the Company from the Latest Practicable Date until the date of the SGM, subject to the passing of the relevant ordinary resolution to approve the Grant of Issue Mandate at the SGM, the Directors will be authorised to allot and issue up to 379,929,358 Shares under the refreshed mandate. As such, the Grant of Issue Mandate may result in possible future dilution effect in the shareholding upon issue of new Shares under such refreshed mandate. However, having balanced the benefits of the Grant of Issue Mandate discussed above, the Company considers such potential future dilution of shareholding to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

PROPOSED REFRESHMENT OF THE 10% SCHEME MANDATE LIMIT UNDER THE SHARE OPTION SCHEME

The Share Option Scheme was adopted on 28 September 2004. Apart from the Share Option Scheme, the Company had no other share option scheme in force as at the Latest Practicable Date. Pursuant to the terms of the Share Option Scheme, among other things:

- (1) the overall limit on number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time (the “Overall Limit”); and
- (2) the Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option schemes of the Company (“Scheme Mandate Limit”) shall not exceed 10% of the Shares in issue on the day of approval by Shareholders.

The Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders’ approval in general meeting and the Stock Exchange granting listing of and permission to deal in the Shares to be issued upon exercise of options granted pursuant to the refreshment of the Scheme Mandate Limit. However, the total number of Shares which may be issued upon exercise of all share options to be granted under the Share Option Scheme and any other share option schemes of the Company under the Scheme Mandate Limit as “refreshed” must not exceed 10% of the Shares in issue as at the date of the Shareholders’ approval for refreshment of the Scheme Mandate Limit. In this connection, share options previously granted under the Share Option Scheme and any other share option schemes of the Company (including options outstanding, cancelled, lapsed or exercised) will not be counted for purpose of calculating the Scheme Mandate Limit as “refreshed”.

The existing Scheme Mandate Limit was refreshed to 91,003,249 Shares, being 10% of the Shares in issue on the day the Scheme Mandate Limit was refreshed on 28 May 2010. Subsequently, Share Options carrying rights to subscribe for up to 91,000,000 Shares were granted by the Company on 9 August 2010 and had been exercised in full. As at the Latest Practicable Date, there are no outstanding options granted under the Share Option Scheme or any other scheme(s) of the Company which remain unexercised and the Company is only allowed to grant Share Options carrying rights to subscribe for up to 3,249 Shares, representing less than 0.004% of the existing Scheme Mandate Limit.

If the Scheme Mandate Limit is “refreshed” at the SGM, on the basis of 1,899,646,790 Shares in issue as at the Latest Practicable Date and that there are no changes in the issued share capital of the Company from the Latest Practicable Date until the date of the SGM, the Scheme Mandate Limit will be “refreshed” to 189,964,679 Shares (the “Refreshed Limit”) and the Refreshed Limit will entirely supersede the existing Scheme Mandate Limit and the Company will be allowed to grant Share Options under the Share Option Scheme carrying rights to subscribe for a maximum of 189,964,679 Shares.

LETTER FROM THE BOARD

In order to allow the Company to make full use of the Share Option Scheme to grant Share Options to eligible person (including any employee (whether full time or part time), senior executive or officer, manager, director (including executive, non-executive and independent non-executive director) or consultant of any members of the Group or any entity in which any member of the Group holds an equity interest (“Invested Entity”); any consultant, adviser or agent engaged by any member of the Group or any Invested Entity, who under the terms of relevant engagement with the Group or the relevant Invested Entity, is eligible to participate in Share Option Scheme of the Company; any vendor, supplier of goods or services or customer of or to any member of the Group or Invested Entity who, under the terms of relevant agreement with the Group or the relevant Invested Entity, is eligible to participate in Share Option Scheme of the Company; and any discretionary trust whose discretionary objects include the persons as described in the above) to provide incentive or rewards for their contribution to the growth of the Group, a resolution will be proposed at the SGM to “refresh” the Scheme Mandate Limit.

The refreshment of the Scheme Mandate Limit is conditional upon:

- (a) the passing of an ordinary resolution to approve the proposed refreshment of the Scheme Mandate Limit by the Shareholders at the SGM; and
- (b) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Shares to be issued upon the exercise of Share Options granted under the “Refreshed Limit” up to 10% of the issued share capital of the Company on the date of the SGM.

Application will be made to the Stock Exchange for listing of and permission to deal in the Shares to be issued upon exercise of options granted pursuant to the refreshment of the Scheme Mandate Limit.

PROPOSED AMENDMENTS TO THE BYE-LAWS

To enable the Company to send or supply corporate communication materials to the Shareholders by electronic means pursuant to Rule 2.07A of the Listing Rules, the Board proposes to seek the approval of the Shareholders at the SGM to amend the Bye-laws.

Details of the proposed amendments are set out in the Notice of SGM contained in this circular. The proposed amendments are subject to the approval of the Shareholders by way of a special resolution at the SGM.

SGM

The SGM will be convened and held for the purpose of considering, and, if thought fit, approving the proposed Grant of Issue Mandate, the proposed refreshment of the Scheme Mandate Limit and the proposed amendments to the Bye-laws.

LETTER FROM THE BOARD

The Notice of SGM is set out on pages 18 to 24 of this circular. A form of proxy for use at the SGM is 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 less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

Pursuant to Rules 13.36(4)(a) and 13.39(4) of the Listing Rules, the Grant of 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 resolution at the SGM. As at the Latest Practicable Date, the Company did not have any controlling Shareholder, and the executive Directors, namely, Dr. Kwong Kai Sing, Benny held 1,544,400 Shares representing approximately 0.08% of the issued share capital of the Company, Mr. Ong Peter held 859,536 Shares representing approximately 0.04% of the issued share capital of the Company and Ms. Poon Chi Wan held 118,800 Shares representing approximately 0.01% of the issued share capital in the Company. Save as disclosed, none of the executive Directors and the chief executive of the Company and their respective associates hold any Shares. Since there is no controlling Shareholder, the executive Directors (including Dr. Kwong Kai Sing, Benny, Mr. Ong Peter and Ms. Poon Chi Wan) and the chief executive of the Company and their respective associates (to the extent they hold any Shares at the time of the SGM) are required to abstain from voting in favour at the SGM in respect of the resolution relating to the Grant of Issue Mandate.

No Shareholder will be required to abstain from voting at the SGM in respect of the resolutions relating to the proposed refreshment of the Scheme Mandate Limit and the proposed amendments to the Bye-laws.

Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions at the SGM will be voted on by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 9 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 Grant of Issue Mandate, as set out on pages 10 to 17 of this circular.

The Board is of the opinion that (i) the proposed Grant of Issue Mandate to allot, issue and deal with additional Shares not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue at the date of the SGM; (ii) the proposed refreshment of the 10% Scheme Mandate Limit under the Share Option Scheme; and (iii) the proposed amendments to the Bye-laws, are in the best interests of the Company and Shareholders as a whole and the Board recommends Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

LETTER FROM THE BOARD

RESPONSIBILITY STATEMENT

This circular for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
For and on behalf of the Board
Heritage International Holdings Limited
Dr. 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)

3 December 2010

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED GRANT OF ISSUE MANDATE

We refer to the circular from the Company to the Shareholders dated 3 December 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 Grant of Issue Mandate, details of which are set out in the “Letter from Vinco Capital” set out on pages 10 to 17 of the Circular, which contains Vinco Capital’s advice regarding the Grant of Issue Mandate.

Having taken into account the advice of Vinco Capital, we consider the Grant of Issue Mandate to be fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Grant of Issue Mandate.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Chan Sze Hung

Independent

non-executive

Director

To Shing Chuen

Independent

non-executive

Director

Ha Kee Choy, Eugene

Independent

non-executive

Director

Chung Yuk Lun

Independent

non-executive

Director

Lo Wong Fung

Independent

non-executive

Director

* *For identification purpose only*

LETTER FROM VINCO CAPITAL

The following is the text of a letter of advice from Vinco Capital 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.



3 December 2010

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

Dear Sirs,

GRANT OF ISSUE MANDATE

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 3 December 2010 of which this letter forms part thereof. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 5 October 2010, the Company announced a placing of new Shares whereby an aggregate of up to 316,607,798 Shares were issued under the existing general mandate, representing 100% of the existing general mandate. As at the Latest Practicable Date, the existing general mandate was fully utilised as a result of the completion of the placing on 19 October 2010. If the existing general mandate is not refreshed, the Company has no authority to issue any further new Shares under the existing general mandate. In order to provide flexibility means for the Company to raise further capital through the issue of new Shares for its future business development if and when an opportunities arises, the Board proposes the Grant of Issue Mandate to allow the Directors to issue and allot new Shares not exceeding 20% of the issued share capital of the Company at the date of SGM.

Pursuant to Rule 13.36(4)(a) and 13.39(4) of the Listing Rules, the Grant of 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 the chief executives of the Company and their respective associates are required to abstain from voting in favour of the relevant resolution at the SGM. As at the Latest Practicable Date, the Company did not have any controlling Shareholders, and the executive Directors, namely, Mr. Kwong Kai Sing, Benny held 1,544,400 Shares representing approximately 0.08% of the issued share capital of the Company, Mr. Ong Peter held 859,536 Shares representing

LETTER FROM VINCO CAPITAL

approximately 0.04% of the issued share capital of the Company and Ms. Poon Chi Wan held 118,800 Shares representing approximately 0.01% of the issued share capital of the Company. Save as disclosed, none of executive Directors and the chief executive of the Company and their respective associates hold any Shares. Since there is no controlling Shareholder, the executive Directors (including Mr. Kwong Kai Sing, Benny, Mr. Ong Peter and Ms. Poon Chi Wan) and the chief executive of the Company and their respective associates (to the extent they hold any Shares at the time of the SGM) are required to abstain from voting in favour at the SGM in respect of the resolution relating to the Grant of Issue Mandate.

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 Issue Mandate is fair and reasonable so far as the Independent Shareholders are concerned and whether the Grant of 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 withheld or 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 that after 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 applicable to the Grant of Issue Mandate, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

LETTER FROM VINCO CAPITAL

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 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.

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 Issue Mandate, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Grant of Issue Mandate

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 business and money-lending businesses.

At the annual general meeting of the Company held on 20 August 2010, the Directors were granted the general mandate to allot and issue up to 316,607,798 Shares of up to 20% of 1,583,038,992 Shares, the entire issued share capital of the Company, as at the date of the said annual general meeting. On 5 October 2010, after trading hours, the Company entered into the placing agreement in relation to place 316,607,798 Shares, being 20% of the entire issued share capital of the Company as at the date of the corresponding announcement. Upon completion of the placing on 19 October 2010, 316,607,798 Shares were issued under the existing general mandate. Accordingly, the existing general mandate has been fully utilised.

As at the Latest Practicable Date, the issued share capital of the Company is 1,899,646,790 Shares. Subject to the passing of the ordinary resolution for the Grant of 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 379,929,358 Shares under the Grant of Issue Mandate, being 20% of the aggregate number of issued Shares as at the date of the SGM.

As stated in the Letter from the Board, the Directors believe that the Grant of Issue Mandate will provide the Company with necessary financing flexibility to raise additional funds through the issue of new Shares for its future business development as and when an opportunity arises. As advised by the Directors, the Directors consider that (i) the existing general mandate has been fully utilised; (ii) the Grant of Issue Mandate will enable the Group to conduct fund raising activities as and when opportunities arise; and (iii) the Company may lose the opportunities where there arises any potential investment opportunities as the grant of specific mandate is subject to the approval of the Shareholders prior to the issuance which may cause undue delay if the Group wishes to make timely decision on investments or acquisitions. If the existing general mandate is refreshed, the Group will be in a better bargaining position in the negotiation of potential investments or acquisitions. Accordingly, the Board proposes to pass an ordinary resolution at the SGM to seek approval by the Independent Shareholders in respect of the Grant of Issue Mandate, pursuant to which the Directors shall be granted the authority to allot and issue additional new Shares not exceeding 20% of the issued share capital of the Company as at the date of the SGM.

LETTER FROM VINCO CAPITAL

In view of the above, we concur with the Directors' view that the Grant of Issue Mandate is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole.

2. 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	Fund raising activities	Net proceeds raised (approximately)	Intended use of net proceeds	Actual use of net proceeds as at the Latest Practicable Date
22 March 2010	Placing of 137,883,749 new Shares under general mandate at the placing price of HK\$0.24 each	HK\$32.18 million	For general working capital of the Group	Used as intended
9 April 2010	Placing of 400,000,000 new Shares under specific mandate at the placing price of HK\$0.25 each	HK\$97.3 million	Approximately HK\$7.3 million for general working capital of the Group and approximately HK\$90 million for repayment of outstanding loan	Used as intended
27 July 2010	Subscription of 182,006,498 new Shares under general mandate at the subscription price of HK\$0.112 each	HK\$19.98 million	For general working capital of the Group	Used as intended
5 October 2010	Placing of 316,607,798 new Shares under general mandate at the placing price of HK\$0.102 each	HK\$31.39 million	For general working capital of the Group	Used as intended

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 such, we are of the view that the actual use of net proceeds were in line with the intended use of net proceeds as stated in their respectively announcements of the abovementioned fund raising activities.

As set out in the audited annual report of the Company for the year ended 31 March 2010, we noted that the Group takes a conservative and cautious approach in looking for new business opportunities. Although the Company does not have any concrete plan in relation to the scale of investment, the Company wishes to put in place more flexible measures which will allow the

LETTER FROM VINCO CAPITAL

Company to raise funds in a timely manner when any possible investment opportunities arises. As advised by the Directors, no investment plan has been materialized and the Grant of Issue Mandate was subsequently used to raise general working capital to support the daily operations of the Group. Having considered that (i) the Group has been cautiously looking for appropriate opportunities to optimize the value of its current business; (ii) the possible investment which may proceed require substantive funding; and (iii) the Grant of Issue Mandate would enhance the financial flexibility for the Group to raise funds for future investments and business development if necessary and hence to strengthen the capital base and financial position of the Company, we consider that it is reasonable for the Directors to propose the Grant of Issue Mandate in the SGM.

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 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 favourable opportunity to expand its business portfolio. In view of the gradual recovery in the economy and the stock market, we are advised by the Directors that they have been actively seeking potential investment opportunities and business developments of the Group. In view of the above, we consider that it is reasonable for the Directors to propose the Grant of Issue Mandate at the SGM in order to provide the Company with necessary financing flexibility to raise additional funds through the issue of new Shares for its future business development as and when an opportunity arises.

In view of the foregoing and the next annual general meeting will not be convened until around August 2011 (which is about nine months away from the Latest Practicable Date), we concur with the Directors' view that the Grant of Issue Mandate is fair and reasonable to the Company and is in the interests of the Company and the Independent Shareholders as a whole.

3. Financial flexibility

The Directors believe that the Grant of 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 that (i) the existing general mandate has been fully utilised; and (ii) any further Shares to be issued by the Company in excess of the limit of the existing general mandate will require approval from the Shareholders at the general meeting, which is rather time-consuming and may not be possible to carry out timely investments or acquisitions, we consider that the Grant of Issue Mandate will provide the Group with necessary financial flexibility as allowed under the Listing Rules to issue and allot new Shares 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 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.

LETTER FROM VINCO CAPITAL

4. Other financing alternatives

We have enquired 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 available to the Group, the Directors confirmed that they have also considered other financing alternatives, such as debt financing and funding through internal cash resources. 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. The alternative options encompass certain uncertainties and are 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 may take a longer time to complete and will incur substantially more costs such as underwriting commission and there is the likely chance of a highly dilutive pricing of the offer established by an underwriter and there is no certainty that the company will be able to procure favourable terms under such commercial underwriting. Having considered that (i) investment opportunities which may arise at any time and require prompt decision by the Group; and (ii) profit warning released by the Group on 2 November 2010 may lead to low participation by the Shareholders which cause higher dilutive effect of shareholding, we consider that the Grant of Issue Mandate will provide the Company an additional financing alternative 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 Issue Mandate is in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM VINCO CAPITAL

5. Potential dilution to shareholdings of the Shareholders

Set out below is a table illustrating the shareholdings of the Company as at the Latest Practicable Date; and, for illustrative purpose, the potential dilution effect on the shareholdings of the Company immediately after full utilisation of the Grant of Issue Mandate (assuming there are no changes in the issued share capital of the Company from the Latest Practicable Date until the date of the SGM):

	As at the Latest Practicable Date		Immediately after full utilisation of the Grant of Issue Mandate (assuming no further 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>
Mr. Anwar Hendra	182,006,498	9.58%	182,006,498	7.98%
Mr. Kwong Kai Sing, Benny (<i>Note</i>)	1,544,400	0.08%	1,544,400	0.07%
Mr. Ong Peter (<i>Note</i>)	859,536	0.05%	859,536	0.04%
Ms. Poon Chi Wan (<i>Note</i>)	118,800	0.01%	118,800	0.01%
Public Shareholders				
Shares that may be issued under the Grant of Issue Mandate	–	–	379,929,358	16.67%
Other public Shareholders	1,715,117,556	90.28%	1,715,117,556	75.23%
Total	1,899,646,790	100.00%	2,279,576,148	100.00%

Note: Mr. Kwong Kai Sing, Benny (being the chairman of the Company), Mr. Ong Peter and Ms. Poon Chi Wan are the executive Directors of the Company.

The aggregate shareholding of the other public Shareholders will decrease from approximately 90.28% to approximately 75.23% upon full utilisation of the Grant of Issue Mandate, indicating a potential maximum dilution of approximately 15.05%. Taking into account the potential benefits of the Grant of 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 Grant of Issue 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 above principal factors and reasons, we are of the view that the Grant of Issue Mandate is fair and reasonable so far as the Independent Shareholders are concerned and that the Grant of Issue Mandate 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 Issue Mandate.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

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 (the “SGM”) of Heritage International Holdings Limited (the “Company”) will be held at 9:00 a.m. on 28 December 2010 at 30/F., China United Centre, No. 28 Marble Road, North Point, Hong Kong for the purpose of considering and, if thought fit, passing resolutions numbered 1 and 2 as ordinary resolutions and resolution numbered 3 as a special resolution:

ORDINARY RESOLUTIONS

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 purpose 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** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting listing of and permission to deal in the shares of the Company to be issued upon the exercise of options granted under the share option scheme adopted by the Company on 28 September 2004 (the “Share Option Scheme”), the existing scheme mandate limit in respect of the granting of options to subscribe for shares of the Company under the Share Option Scheme be refreshed and renewed provided that the total number of Shares which may be allotted and issued pursuant to the grant or exercise of the options granted under the Share Option Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme) shall not exceed 10% of the shares of the Company in issue as at the date of passing this resolution (the “Refreshed Limit”) and that the directors of the Company be and are hereby authorised, subject to compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, to grant options under the Share Option Scheme up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with shares of the Company pursuant to the exercise of such options.”

NOTICE OF SGM

SPECIAL RESOLUTION

3. **“THAT** the existing bye-laws of the Company (“Bye-laws”) be and are hereby amended as follows:

- (a) Bye-law 2(D)

By inserting the following after Bye-law 2(C) as the new Bye-law 2(D):

“(D) In these Bye-laws, unless there be something within the subject or context inconsistent with such construction:

- (i) expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing words or figures in a visible form, and including where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or notice and the member’s election comply with all applicable Statutes, rules and regulations; and
- (ii) references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not.”

- (b) Bye-law 158

By adding the following sentence at the end of Bye-law 158 and after the words and punctuation “any listing.”:

“The requirement to send to a person the documents referred to in this Bye-law shall be deemed satisfied where, in accordance with all applicable Statutes, rules and regulations, including, without limitation, the rules of the Designated Stock Exchange, the Company publishes copies of the documents referred to in this Bye-law on the Company’s computer network or in any other permitted manner (including by sending any form of electronic communication), and that person has agreed or is deemed to have agreed to treat the publication or receipt of such documents in such manner as discharging the Company’s obligation to send to him a copy of such documents.”

NOTICE OF SGM

(c) Bye-law 163

By deleting the existing Bye-law 163 in its entirety and replacing therefor the followings as the new Bye-law 163:

“163. Any notice or document (including any “corporate communication” within the meaning ascribed thereto under the rules of the Designated Stock Exchange), whether or not, to be given or issued under these Bye-laws from the Company to a member shall be in writing or by cable, telex or facsimile transmission message or other form of electronic transmission or communication and any such notice and document may be served or delivered by the Company on or to any member either personally or by sending it through the post in a prepaid envelope addressed to such member at his registered address as appearing in the register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it to any such address or transmitting it to any telex or facsimile transmission number or electronic number or address or website supplied by him to the Company for the giving of notice or document to him or which the person transmitting the notice reasonably and bona fide believes at the relevant time will result in the notice being duly received by the member or may also be served by advertisement in appointed newspapers (as defined in the Act) or in newspapers published daily and circulating generally in the territory of and in accordance with the requirements of the Designated Stock Exchange or, to the extent permitted by the applicable laws, by placing it on the Company’s website or the website of the Designated Stock Exchange, and giving to the member a notice stating that the notice or other document is available there (a “notice of availability”). The notice of availability may be given to the member by any of the means set out above other than by posting it on a website.”

(d) Bye-law 164

By deleting the existing Bye-law 164 in its entirety and replacing therefor the followings as the new Bye-law 164:

“164. Any notice or other document:

- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the secretary or other officer of the Company or other person appointed by the Directors that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof;

NOTICE OF SGM

- (b) if sent by electronic communication, shall be deemed to be given on the day on which it is transmitted from the server of the Company or its agent. A notice placed on the Company's website or the website of the Designated Stock Exchange is deemed given by the Company to a member on the day following that on which a notice of availability is deemed served on the member;
 - (c) if served or delivered in any other manner contemplated by these Bye-laws, shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch, transmission or publication; and in proving such service or delivery a certificate in writing signed by the secretary or other officer of the Company or other person appointed by the Directors as to the fact and time of such service, delivery, despatch, transmission or publication shall be conclusive evidence thereof; and
 - (d) may be given to a member either in the English language or the Chinese language, subject to due compliance with all applicable Statutes, rules and regulations.”
- (e) Bye-law 166

By deleting the existing Bye-law 166 in its entirety and replacing therefor the followings as the new Bye-law 166:

“166. A notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a member by sending it through the post in a prepaid letter, envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.”

- (f) Bye-law 168

By deleting the last sentence of the existing Bye-law 168.

NOTICE OF SGM

(g) Bye-law 169

By deleting the existing Bye-law 169 in its entirety and replacing therefor the followings as the new Bye-law 169:

“169. Any notice or other document delivered or sent by post to or left at the registered address of any member in pursuance of these Bye-laws shall, notwithstanding that such member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such member as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the register as the holder of the share(s), and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.”

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

Hong Kong, 3 December 2010

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 one or more than one person(s) (as long as such member is the holder of two or more shares) 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.

NOTICE OF SGM

As at the date of this notice, the Board comprises the following Directors:

Executive Directors:

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

Independent non-executive Directors:

Mr. Chan Sze Hung
Mr. To Shing Chuen
Mr. Ha Kee Choy, Eugene
Mr. Chung Yuk Lun
Mr. Lo Wong Fung