
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)

MAJOR TRANSACTION**DISPOSAL OF 19.75% EQUITY INTEREST IN
BEST PURPOSE GROUP
AND
NOTICE OF SPECIAL GENERAL MEETING**

A letter from the Board of Heritage International Holdings Limited is set out on pages 4 to 14 of this circular.

A notice convening a special general meeting of Heritage International Holdings Limited to be held at 30th Floor, China United Centre, No.28 Marble Road, North Point, Hong Kong on 16 February 2011 at 9:15 a.m. or immediately after the conclusion of the forthcoming special general meeting to be held at 9:00 a.m. at the same venue on 16 February 2011 (whichever is later) is set out at the end of this circular.

If you are not able to attend the meeting, you are strongly urged to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of Heritage International Holdings Limited in Hong Kong at 29th Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

* For identification purposes only

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Best Purpose”	Best Purpose Limited, a limited liability company incorporated in the BVI on 12 May 2009 and an associate of the Company
“Best Purpose Group”	Best Purpose, Double Smart and its subsidiaries
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Chinet Capital”	Chinet Capital Limited, which is a company incorporated in the BVI
“Company”	Heritage International Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the main board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares under the Sale and Purchase Agreement, currently expected to be before 28 February 2011
“Conditions”	conditions precedent contained in the Sale and Purchase Agreement for the Completion
“connected person(s)”	has the meaning ascribed to such term in the Listing Rules
“Cordoba”	Cordoba Homes Limited, a company incorporated in the BVI with limited liability
“Consideration”	the amount of HK\$69 million
“Consideration Share(s)”	11,500,000 new Hennabun Shares to be allotted and issued to the Vendor, credited as fully paid at the Issue Price in accordance with the terms and conditions of the Sale and Purchase Agreement
“Coupeville”	Coupeville Limited, which is a company incorporated in the BVI and is a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of Sale Shares by the Coupeville pursuant to the terms and conditions of the Sale and Purchase Agreement

DEFINITIONS

“Double Smart”	Double Smart Finance Limited which is a limited liability company incorporated in Hong Kong on 12 September 2001 and a direct wholly-owned subsidiary of Best Purpose
“Equity Spin”	Equity Spin Investments Limited, a company incorporated in the BVI with limited liability
“Group”	The Company and its subsidiaries
“Hennabun”	Hennabun Capital Group Limited, a company incorporated in the BVI
“Hennabun Group”	Hennabun and its subsidiaries
“Hennabun Shares”	ordinary shares with a par value of US\$0.10 each in the issued share capital of Hennabun
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Issue Price”	the issue price of HK\$6 per Consideration Share
“Latest Practicable Date”	19 January 2011, 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
“Mass Nation”	Mass Nation Investments Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company
“Ristora”	Ristora Investments Limited, a company incorporated in the BVI
“Sale and Purchase Agreement”	the conditional sale and purchase agreement between Hennabun as the purchaser and Coupeville as the Vendor dated 4 January 2011 in relation to the Disposal
“Sale Shares”	means 7,900,000 shares in Best Purpose, representing 19.75% of the issued share capital of Best Purpose

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened at 30/F., China United Centre, No.28 Marble Road, North Point, Hong Kong on 16 February 2011 at 9:15 a.m. or immediately after the conclusion of the forthcoming special general meeting to be held at 9:00 a.m. at the same venue on 16 February 2011 (whichever is later) for the purpose of to consider, and if thought fit, to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, the notice of which is set out at the end of this circular
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) with a par value of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supreme Castle”	Supreme Castle Investments Limited, a company incorporated in the BVI
“Welltodo”	Welltodo Investments Limited, which is a company incorporated in the BVI and is an associate of Willie
“Willie”	Willie International Holdings Limited (stock code: 273), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange

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:
29th Floor, China United Centre
No. 28 Marble Road
North Point
Hong Kong

24 January 2011

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

DISPOSAL OF 19.75% EQUITY INTEREST IN BEST PURPOSE GROUP

The Company announced on 4 January 2011 that the Group, through its wholly-owned subsidiary Coupeville, entered into the Sale and Purchase Agreement and conditionally agreed to dispose of 19.75% equity interest in Best Purpose Group to Hennabun at the Consideration of HK\$69 million, which shall be payable in the issue and allotment of Consideration Shares upon Completion (or such later date as Vendor and the Purchaser may otherwise agree).

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

* For identification purposes only

LETTER FROM THE BOARD

A. THE SALE AND PURCHASE AGREEMENT

Set out below are the principal terms of the Sale and Purchase Agreement:

1. Date:

4 January 2011 (after trading hours)

2. Parties:

(1) Vendor: Coupeville, which is a wholly-owned subsidiary of the Company

(2) Purchaser: Hennabun, a company incorporated in the BVI

As at the date of the Sale and Purchase Agreement, the Company was indirectly owning approximately 0.72% of the issued share capital of the Purchaser through Mass Nation, its wholly-owned subsidiary and the Purchaser indirectly held approximately 8.35% equity interest in Best Purpose Group. Save for the above and to the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, Hennabun, Welltodo, Chinet Capital, Equity Spin and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

As at the date of the Sale and Purchase Agreement, Best Purpose was owned as to approximately 47.5%, 47.5% and 5% by, Coupeville, Welltodo and Chinet Capital, respectively.

3. Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, being approximately 19.75% of the issued share capital of Best Purpose Group. Best Purpose Group is principally engaged in money lending and securities investment businesses. As at the date of the Sale and Purchase Agreement, the Group held approximately 47.5% equity interest in Best Purpose Group.

4. Consideration

The consideration for the Disposal shall be HK\$69 million, which shall be payable in the issue and allotment of Consideration Shares upon Completion (or such later date as Vendor and the Purchaser may otherwise agree). By obtaining the Consideration Shares from Hennabun, the Group is able to strengthen its business in the financial service industry as Hennabun Group is experienced in financial service industry. Hence, the Directors consider it is for the benefit of the Shareholders and the Company as a whole to obtain Consideration Shares instead of cash for the sake of long term development of the Company as well as leveraging the expertise of Hennabun Group in the financial service industry. The Consideration Shares represent approximately 5.49% of the existing issued share capital of Hennabun as at the date hereof and approximately 5.21% of the issued share capital of Hennabun as enlarged by the Consideration Shares.

LETTER FROM THE BOARD

The consideration was determined after arm's length negotiations between Vendor and the Purchaser with reference to (i) approximately 90% of the unaudited consolidated net asset value of Best Purpose Group standing at approximately HK\$387.9 million as at 30 November 2010; (ii) the volatile historical performance and an accumulated loss resulted from money lending and securities investment businesses of Best Purpose Group and (iii) future prospects of the financial service industry in Hong Kong. The Directors consider that the future prospects of Best Purpose Group would be limited by its existing limited business size and clientele basis, in order to help to develop a strategic alliance with Hennabun Group, the consideration is discounted as compared to the unaudited consolidated net asset value of Best Purpose Group as at 30 November 2010. Moreover, an accumulated loss has been recorded for Best Purpose Group from the date of the incorporation to the 30 November 2010, in order to mitigate further loss on the Best Purpose Group, the Directors consider 10% discount to the net asset value of Best Purpose Group is justifiable.

Upon Completion, the Company intends to hold the Consideration Shares as long term investment.

5. Corporate Structure

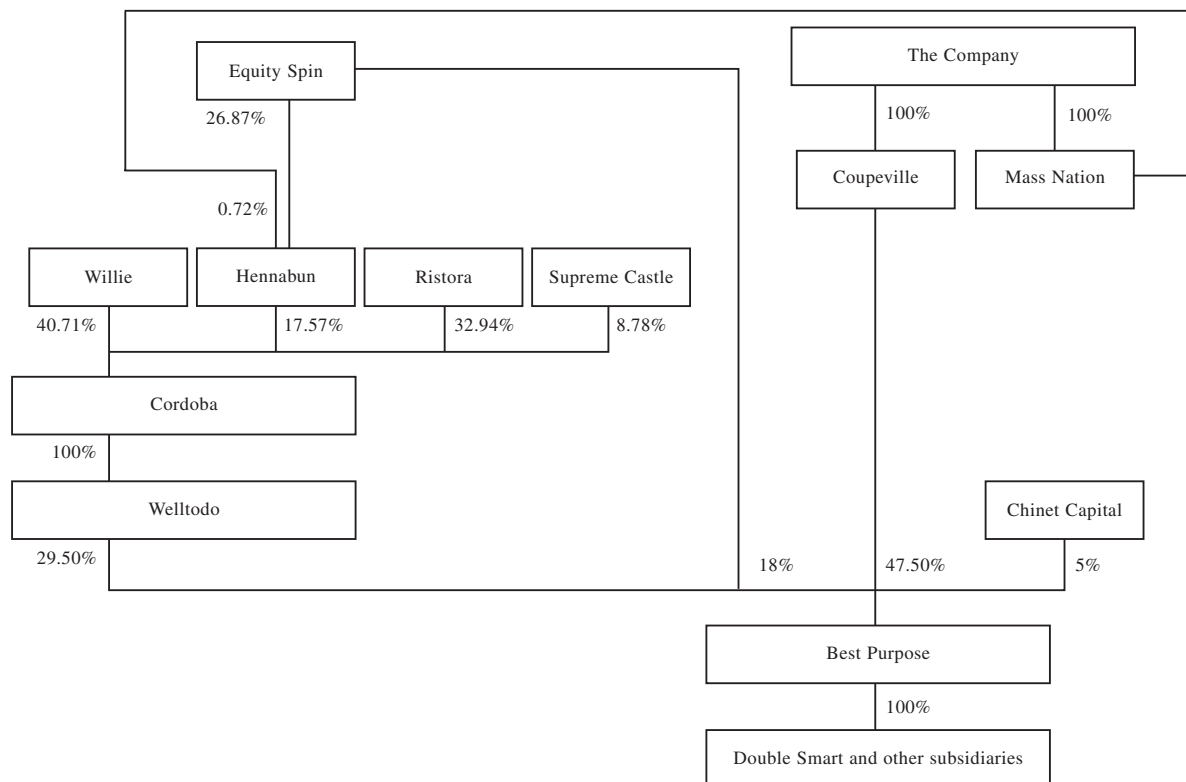
On 5 January 2011, Welltodo and Equity Spin entered into an agreement to dispose of 18% equity interest in Best Purpose Group from Welltodo to Equity Spin. Hence, Hennabun indirectly owns approximately 5.18% equity interest in Best Purpose Group immediately before the Completion of the Disposal.

Upon Completion, (i) the Company is indirectly owning approximately 5.89% of the issued share capital of the Purchaser through its wholly-owned subsidiaries Coupeville and Mass Nation; (ii) Best Purpose will be owned as to approximately 29.5%, 27.75%, 19.75%, 18% and 5% by Welltodo, Coupeville, Hennabun, Equity Spin and Chinnet Capital, respectively; (iii) Hennabun will be owning approximately 24.93% in aggregate of equity interest in Best Purpose Group (including approximately 19.75% direct equity interest in Best Purpose Group and approximately 5.18% indirect equity interest in Best Purpose Group through Cordoba) and (iv) the Group will be owning approximately 27.75% direct equity interest in Best Purpose Group and 0.31% indirect equity interest in Best Purpose Group through Hennabun.

LETTER FROM THE BOARD

The following diagrams provide an illustration of the simplified corporate structure of Best Purpose Group as at the Latest Practicable Date and immediately after the Completion.

Simplified corporate structure of Best Purpose Group as at the Latest Practicable Date (Note):

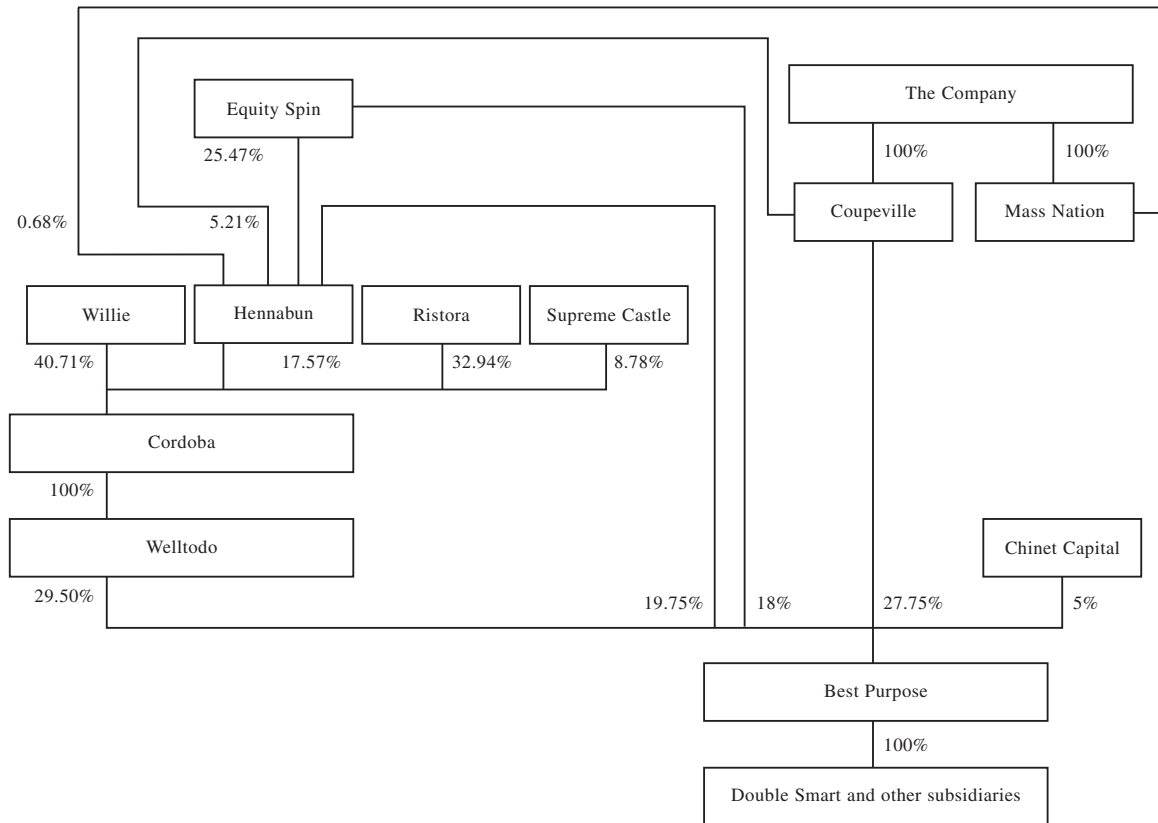


Note:

- (1) As at the date of the Sale and Purchase Agreement, Welltodo held approximately 47.5% direct equity interest in Best Purpose Group and Hennabun held approximately 8.35% indirect equity interest in Best Purpose Group. On 5 January 2011, Welltodo and Equity Spin entered into an agreement to dispose of 18% equity interest in Best Purpose Group from Welltodo to Equity Spin. Accordingly, Welltodo holds approximately 29.5% direct equity interest in Best Purpose Group and Hennabun holds approximately 5.18% indirect equity interest in Best Purpose Group as at the Latest Practicable Date.

LETTER FROM THE BOARD

Simplified corporate structure of Best Purpose Group immediately after Completion:



Save as disclosed in the corporate structure of Best Purpose Group, the Directors consider that (i) neither Coupeville, Welltodo nor Chinet Capital has any relationship with Hennabun; (ii) neither Coupeville, Welltodo nor Chinet Capital has any relationship with Equity Spin and (iii) neither Welltodo, Chinet Capital, Equity Spin nor their ultimate beneficial owners have any interest in the Company.

LETTER FROM THE BOARD

6. Conditions precedent

Completion shall be subject to and conditional upon the fulfillment of the following Conditions:

- (i) Purchaser having notified Vendor that it is reasonably satisfied with its due diligence review on the financial, legal, commercial and taxation aspects of the Best Purpose Group and its title to assets;
- (ii) the approval of the Sale and Purchase Agreement and transactions contemplated thereunder by the Shareholders at the SGM to be convened in accordance with the Listing Rules; and
- (iii) all requisite consents, licence and approvals, if applicable, from government or regulatory authorities in Hong Kong and elsewhere or other relevant third parties which are necessary to be obtained by the Vendor, in connection with the execution and performance of the Sale and Purchase Agreement and Completion of the transactions contemplated thereunder.

Purchaser may waive the condition set out in paragraph (i) above.

7. Termination

If any of the above conditions precedent is not fulfilled (or waived) on or before 5:00 p.m. on 28 February 2011 (or such other date as may be agreed between Vendor and Purchaser in writing), either party shall be entitled to treat the Sale and Purchase Agreement as terminated. If the Sale and Purchase Agreement is so terminated, all obligations of Vendor and Purchaser under the Sale and Purchase Agreement shall cease, provided that rights and liabilities of the parties hereto which have accrued prior to termination shall subsist.

8. Completion

Completion shall take place on the second business day after the date on which the Conditions shall have been satisfied (or waived) and is currently expected to take place before 28 February 2011.

LETTER FROM THE BOARD

B. REASONS FOR AND BENEFITS OF THE SALE AND PURCHASE AGREEMENT

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

The Directors take the view that the proposed sale of the Group's approximately 19.75% equity interest in Best Purpose Group structured through injection of such interest into Hennabun would help to develop a strategic alliance with Hennabun and broaden clientele basis of the money lending and securities investment businesses of the Group as both of Hennabun Group and Best Purpose Group focus in the financial service industry. The Disposal would strengthen and enhance the businesses of the Best Purpose Group by leveraging the expertise of Hennabun Group, and thus, a strategic alliance is formed. As Hennabun Group is more experienced in financial service industry, Best Purpose Group would be able to share the expertise of Hennabun in terms of market know-how.

As a passive investor, the Company has no intention to participate into the operation of Hennabun Group and Best Purpose Group, thus, no significant influence will be exerted on the strategic alliance by the Company.

Simultaneously, the Company and the Shareholders are able to benefit financially if the Best Purpose Group is able to mitigate further loss by forming a strategic alliance with Hennabun Group, as the Best Purpose remains an associate of the Group upon Completion and any future profit generated by Best Purpose Group could be shared by the Group proportionally by adopting equity accounting method. Accordingly, the Company and the Shareholders will be able to benefit from the strategic alliance in view of its minority interest in Hennabun Group and Best Purpose Group.

Moreover, the Directors consider Hennabun Group has established itself as a specialized financial services group with business clientele being high net worth clients in Hong Kong and in the People's Republic of China, thus, by forming a strategic alliance with Hennabun Group, the clientele basis of Best Purpose Group would be broadened, as Hennabun would be able to act as an intermediate and introduce its clients to Best Purpose Group if its clients has further financial needs.

In view of Hennabun Group engaged in a range of financial service businesses including but not limited to investments in securities and money lending businesses and Hennabun Group and Best Purpose Group have different clientele bases, the conflict of business and competition between them are minimal.

In making the investment in Hennabun, the Company has bargained for financially fair and reasonable terms in the Consideration Shares of HK\$6 each, being an approximately 21.0% discount to the unaudited consolidated net assets per Hennabun Share of approximately HK\$7.6 (as adjusted for major subsequent events from 31 October 2010 to the date of the Sale and Purchase Agreement) as at 31 October 2010. During the period from 31 October 2010 being the latest management accounts of Hennabun Group available to the Company to the date of the Sale and Purchase Agreement, Hennabun Group being a private group, performed certain share transactions which results the net asset value of Hennabun being increased by HK\$440 million. Accordingly, the Company is of the view that in order to provide more relevant and recent financial information for making financial decision for management,

LETTER FROM THE BOARD

proforma adjustments relating to the aforementioned matters have been taken into account of the determination of the issue price of the Consideration Share. Given that the Hennabun Shares are not listed, the Directors consider a discount of approximately 21.0% to the net asset value per Hennabun Share is fair and reasonable in view of the prospects of financial service industry in Hong Kong. (If no proforma adjustment has been made, a discount of approximately 29.08% to the net asset value per Hennabun Share is derived.)

After having taken into consideration the above reasons for and the benefits of the Disposal, the Board considers that the terms and conditions of the Sale and Purchase Agreement are negotiated on an arm's length basis, on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

1. Information on the Purchaser

Hennabun is an investment holding company and Hennabun Group is principally engaged in security brokerage, commodity trading, money lending, margin financing and corporate finance advisory as well as proprietary trading and direct investment.

2. Information on Best Purpose Group

Best Purpose Group is principally engaged in money lending and securities investment businesses.

LETTER FROM THE BOARD

As at 30 November 2010, the unaudited consolidated net asset value of Best Purpose Group was approximately HK\$387.9 million. The table below summarizes the operating results of Best Purpose Group for the following accounting periods (assuming Best Purpose were the holding company for such periods):

	For the period from 12 May 2009 (date of incorporation) to 31 March 2010 (HK\$' million) (audited)	For the period from 1 April 2010 to 30 November 2010 (HK\$' million) (unaudited)
Turnover	11.2	7.2
Net profit/(loss) before taxation	(9.4)	3.5
Net profit/(loss) after taxation	(11.4)	3.5

C. FINANCIAL EFFECT OF THE DISPOSAL

Upon Completion, Best Purpose Group will remain an associate of the Company and continue to apply the equity accounting method.

Based on the existing information available to the Company, the Directors estimated that the expected loss to be recorded in the Group's consolidated financial statements arising from the Disposal is approximately HK\$7.6 million before the adjustments (if any) upon Completion. As at the Latest Practicable Date, no certain adjustments are to be made or expected to be made to the calculation of the loss on Disposal upon Completion. Upon Completion, it is expected that the earnings of the Group will be decreased as a result of the recognition of a one-off loss on disposal of 19.75% of equity interest in Best Purpose Group and there will not be any significant impact on the net assets of the Group upon Completion as a decrease in investment in associate will be offset by an increase in asset held-for-sale. In light of the amount of liquid assets on hand and banking facility available, the Directors are of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

However, the ultimate gain or loss, if any, as at date of Completion remains subject to finalisation of the financial statements of Best Purpose Group as at the date of Completion.

D. LISTING RULES IMPLICATIONS

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

LETTER FROM THE BOARD

E. SGM

A notice convening the SGM will be held at 30/F., China United Centre, No. 28 Marble Road, North Point, Hong Kong on 16 February 2011 at 9:15 a.m. or immediately after the conclusion of the forthcoming special general meeting to be held at 9:00 a.m. at the same venue on 16 February 2011 (whichever is later) is set out at the end of this circular. A form of proxy for use at the SGM is also enclosed. If you are not able to attend the meeting, you are strongly urged to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company in Hong Kong at 29th Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

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

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, none of the Shareholders and its associates has a material interest in the Disposal who is required to abstain from voting on the relevant resolutions to be proposed at the SGM.

F. RECOMMENDATION

The Directors take the view that the proposed sale of the Group's approximately 19.75% equity interest in Best Purpose Group structured through injection of such interest into Hennabun would help to develop a strategic alliance with Hennabun and broaden clientele basis of the money lending and securities investment businesses of the Group by leveraging the expertise of Hennabun as Hennabun is experienced in financial service industry. The Company and its Shareholders are able to benefit financially if the Best Purpose Group is able to mitigate further loss by forming a strategic alliance with Hennabun Group, as the Best Purpose remains an associate of the Group upon Completion and any future profit generated by Best Purpose Group could be shared by the Group proportionally by adopting equity accounting. Accordingly, the Company and the Shareholders will be able to benefit from the strategic alliance in view of its minority interest in Hennabun Group and Best Purpose Group.

The Board considers that the terms of the Sale and Purchase Agreement are negotiated on an arm's length basis, on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors recommend the Shareholders to vote in favour of the ordinary resolution to approve the Sale and Purchase Agreement to be put forward at the SGM, the notice of which is set out at the end of this circular.

LETTER FROM THE BOARD

G. FURTHER INFORMATION

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

By order of the Board
Heritage International Holdings Limited
Dr. Kwong Kai Sing, Benny
Chairman

1. WORKING CAPITAL

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

2. INDEBTEDNESS**Borrowings**

At the close of business on 31 December 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had aggregate outstanding borrowings comprising secured bank loans of approximately HK\$67,356,000.

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

Contingent liabilities

At the close of business on 31 December 2010, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had no material contingent liabilities.

Disclaimers

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding mortgages, charges, debentures or other loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptances or acceptances credits, finance leases or hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 31 December 2010.

No material changes

The Directors have confirmed that, save as disclosed herein, there has not been any material change in the indebtedness and contingent liabilities of the Group since 31 December 2010.

3. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in property related investments, investment in securities, investment in advertising and lottery related businesses and money lending businesses.

As set out in the interim report of the Company for the period ended 30 September 2010, the Directors considered global economy has stabilized from the financial tsunami since 2009 and is undergoing a recovery stage. However, unemployment rates in Europe and the United States remain high and consumers' confidence has yet to fully pick up. Furthermore, the quantitative easing of money supply in the United States has led to rising inflationary expectations and has great impact on the global market. On the other hand, the financial market has rallied in the second half of 2010 after bouncing back from bottom in the financial crisis. These two factors contributed significantly to the overall market improvement in the year 2010. Barring unforeseen circumstances in the coming year 2011, the business outlook for Hong Kong is positive albeit possibly at a slower growth rate compared with that of 2010. In response to this unstable economy and uncertainties, the Group will adopt a more conservative approach in its future investments.

In view of the gradual recovery in the economy and the stock market, the Directors have been actively seeking potential investment opportunities and business developments of the Group.

As mentioned in the section headed "Reasons for and benefits of the Sale and Purchase Agreement" in the Letter from the Board of this circular, the Sale and Purchase Agreement provides the Group with a good opportunity to acquire Hennabun Shares at a discount and the Directors consider the proposed sale of the Group's approximately 19.75% equity interest in Best Purpose Group structured through injection of such interest into Hennabun would help to develop a strategic alliance with Hennabun and broaden clientele basis of the money lending and securities investment businesses of the Group by leveraging the expertise of Hennabun as Hennabun is experienced in financial service industry.

In general, the Group has a strong equity base and has been actively seeking potential investment opportunities as and when they arise. It is anticipated that the stock market will remain volatile in the foreseeable future and accordingly the Board will exercise caution and adopt a prudent approach in conducting investment activities.

4. MATERIAL ADVERSE CHANGE

Up to and including the Latest Practicable Date, the Directors confirm that there is no material adverse change in the financial or trading position of the Group since 31 March 2010, the date to which the latest published audited consolidated financial statements of the Group were made up.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules on the Stock Exchange 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 respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests of the Directors and chief executive of the Company in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)), as recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) under Listing Rules, were as follows:

Name of director	Number of shares held, capacity and nature of interest	Percentage of the Company’s issued share capital
	<i>Directly beneficially owned</i>	
Kwong Kai Sing, Benny	1,544,400	0.08%
Ong, Peter	859,536	0.05%
Poon Chi Wan	118,800	0.01%

In addition to the above, certain Directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with minimum company membership requirements.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company, or any of their associates, had registered any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

3. LITIGATION

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

4. SERVICE CONTRACTS

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

5. COMPETING INTERESTS

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

6. EXPERT AND CONSENT

The following is the qualification of the expert whose letter and report are contained in this circular:

Name	Qualification
Ernst & Young	Certified Public Accountants

Ernst & Young has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and report and the reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, Ernst & Young did not have any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Ernst & Young did not have any direct or indirect interest in any assets which have been, since 31 March 2010 (the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL CONTRACTS

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

- (i) a conditional placing agreement dated 28 April 2009 between the Company as issuer and Kingston Securities Limited as placing agent in relation to a placing of 51,000,000 new ordinary shares of the Company at a price of HK\$0.50 per share. Further details of the placing were set out in the announcement of the Company dated 28 April 2009;
- (ii) the provisional agreement for sale and purchase dated 21 April 2009 entered into between Noble Castle International Limited (a subsidiary of the Company) as the purchaser and Joint Gain International Limited as the vendor in relation to the sale and purchase of House No.B7 (including its 2 car parking spaces), Regalia Bay, No.88 Wong Ma Kok Road, Hong Kong for a cash consideration of HK\$45 million. Further details of the transaction were set out in the announcement and circular of the Company dated 23 April 2009 and 27 May 2009, respectively;
- (iii) a share purchase agreement dated 8 June 2009 between Coupeville as the vendor and Welltodo as the purchaser relating to the sale of 50% of the entire issued share capital of Best Purpose to Welltodo for a total consideration of HK\$180 million. Further details of the transaction were set out in the announcement and circular of the Company dated 11 June 2009 and 17 July 2009, respectively;
- (iv) a conditional subscription agreement dated 15 July 2009 entered into between the Company as the subscriber and Neptune Group Limited (“Neptune”) as the issuer in relation to the subscription of the zero coupon convertible note due 2012 in the principal amount of HK\$100 million to be issued by Neptune to the Company or its nominee(s). Further details of the transaction were set out in the announcement and circular of the Company dated 16 July 2009 and 25 August 2009, respectively;
- (v) a conditional subscription agreement dated 15 July 2009 entered into between the Company as the issuer and Neptune as the subscriber in relation to the subscription of the zero coupon convertible note due 2012 in the principal amount of HK\$100 million to be issued by the Company to Neptune or its nominee(s). Further details of the transaction were set out in the announcement and circular of the Company dated 16 July 2009 and 25 August 2009, respectively;
- (vi) a heads of agreement dated 27 July 2009 between Waytech Limited (a subsidiary of the Company) and New Range Investments Limited (“New Range”) in relation to the subscription by Waytech Limited of the two per cent convertible redeemable nonvoting preference shares of HK\$1.00 each in the share capital of New Range for a cash consideration of HK\$80 million. Further details of the subscription were set out in the announcement of the Company dated 27 July 2009;

- (vii) the bought and sold notes and instrument of transfer both dated 14 August 2009 between Dollar Group Limited (a subsidiary of the Company) as purchaser and transferee on the one hand and Pearl Decade Limited as seller and transferor on the other hand, under which Pearl Decade Limited sold and transferred a convertible bond in the principal amount of HK\$20 million issued by Mascotte Holdings Limited to Dollar Group Limited for a cash consideration of HK\$45 million. Further details of the transaction were set out in the announcement of the Company dated 17 August 2009;
- (viii) a conditional placing agreement dated 29 September 2009 between the Company as issuer and Chung Nam Securities Limited as placing agent in relation to a placing, on a best effort basis, of 300,000,000 new ordinary shares of the Company at a price of HK\$0.44 per share. Further details of the placing were set out in the announcement and circular of the Company dated 30 September 2009 and 20 October 2009, respectively;
- (ix) a conditional placing agreement dated 29 September 2009 between the Company as issuer and Chung Nam Securities Limited as placing agent in relation to a placing, on a fully underwritten basis, of 61,350,000 new ordinary shares of the Company at a price of HK\$0.44 per share. Further details of the placing were set out in the announcement and circular of the Company dated 30 September 2009 and 20 October 2009, respectively;
- (x) a conditional placing agreement dated 9 April 2010 between the Company as issuer and Chung Nam Securities Limited as placing agent in relation to a placing, on a fully underwritten basis, of 400,000,000 new ordinary shares of the Company at a price of HK\$0.25 per share. Further details of the placing were set out in the announcement and circular of the Company dated 9 April 2010 and 5 May 2010, respectively; and
- (xi) the Sale and Purchase Agreement.

8. MISCELLANEOUS

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

9. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (a) the Memorandum of Association and Bye-laws of the Company;
- (b) the material contracts referred to in section 7 of this Appendix;
- (c) the annual reports of the Company for the two financial years ended 31 March 2010 and 31 March 2009; and
- (d) a copy of this circular.

NOTICE OF THE SPECIAL GENERAL MEETING



HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

NOTICE IS HEREBY GIVEN that a special general meeting of Heritage International Holdings Limited (the “Company”) will be held at 30th Floor, China United Centre, No.28 Marble Road, North Point, Hong Kong on 16 February 2011 at 9:15 a.m. or immediately after the conclusion of the forthcoming special general meeting to be held at 9:00 a.m. at the same venue on 16 February 2011 (whichever is later) for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution of the Company which will be proposed as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT** the share purchase agreement (“Sale and Purchase Agreement”, a copy of which having been produced at the meeting marked “A” and signed by the chairman of the meeting for identification purposes) dated 4 January 2011 between Coupeville Limited (“Coupeville”) as the vendor and Hennabun Capital Group Limited (“Hennabun”) as the purchaser, under which 19.75 per cent. of the entire issued share capital of Best Purpose Limited (“Best Purpose”) shall be sold by Coupeville to Hennabun for a total consideration of HK\$69,000,000 to be settled by issue and allotment of the 11,500,000 new shares issued by Hennabun (“Consideration Shares”) upon and subject to the terms and conditions contained therein, and the transactions contemplated under it be and are hereby approved, confirmed and ratified; and the Directors of the Company be and are hereby authorised to sign, execute and deliver any agreements, deeds, instruments and any other documents (and, where necessary, to affix the seal of the Company on them in accordance with the articles of association of the Company) in connection with the Sale and Purchase Agreement, to make such non-material amendments and changes to it and to do and take all such action, steps, deeds and things in such manner as they may deem necessary, desirable or appropriate to give effect to the Sale and Purchase Agreement and the transactions contemplated under it.”

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

Hong Kong, 24 January 2011

* For identification purposes only

NOTICE OF THE SPECIAL GENERAL MEETING

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:

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

Notes:

1. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. Completion and return of the form of proxy will not preclude a member from attending and voting at the above meeting or any adjournment thereof if he so wishes. In that event, his form of proxy will be deemed to have been revoked.
4. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the principal place of business of the Company in Hong Kong at 29/F., China United Centre, No.28 Marble Road, North Point, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

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