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 the Company, 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.

HERITAGE INTERNATIONAL HOLDINGS LIMITED
漢基控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF 22 RIGHTS SHARES FOR EVERY SHARE HELD ON THE RECORD DATE WITH BONUS WARRANTS ON THE BASIS OF ONE BONUS WARRANT FOR EVERY FIVE RIGHTS SHARES TAKEN UP, (2) CHANGE IN BOARD LOT SIZE AND (3) NOTICE OF SPECIAL GENERAL MEETING

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

VINCO 城高

Grand Vinco Capital Limited

(A wholly-owned subsidiary of Vinco Financial Group Limited)

Capitalised terms used in this cover page have the same meanings as defined in this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 24 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 25 to 44 of this circular.

A notice convening the SGM to be held at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on Wednesday, 21 September 2011 at 9:00 a.m. is set out on pages 69 to 71 of this circular. If you are not able to attend the meeting, you are strongly advised to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company in Hong Kong at 29/F., China United Centre, 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.

The Shares are expected to be dealt in on an ex-rights basis from 23 September 2011. Dealings in the Rights Shares in nil-paid form are expected to take place from 7 October 2011 to 14 October 2011 (both days inclusive). If prior to 6:00 p.m. on 21 October 2011 (or such other time as the Underwriter may agree with the Company), the Underwriter terminates the Underwriting Agreement (see the paragraph headed "Termination of the Underwriting Agreement" in this circular) or if any of the conditions precedent to the Rights Issue (see the paragraph headed "Conditions precedent to the Rights Issue and the Underwriting Agreement" in this circular) cannot be fulfilled or is not waived, the Rights Issue will not proceed.

Any dealings in the Shares from the date of the Announcement up to the date on which all the conditions of the Rights Issue are fulfilled or waived (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases), and any dealings in the Rights Shares in their nil-paid form between 7 October 2011 to 14 October 2011, both days inclusive, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or the Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

* *For identification purposes only*

2 September 2011

CONTENTS

Page

Definitions 1

Expected timetable 5

Letter from the Board 7

Letter from the Independent Board Committee 24

Letter from Vinco Capital 25

Appendix I – Financial information of the Group 45

Appendix II – Unaudited pro forma financial information of the Group 47

Appendix III – Summary of the terms of the Bonus Warrants 50

Appendix IV – General information 59

Notice of SGM 69

Accompanying document(s):

– proxy form

DEFINITIONS

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

"Announcement"	the announcement of the Company dated 11 August 2011 regarding, among other things, the Rights Issue and the Bonus Warrant Issue
"associate(s)"	has the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Bonus Warrant(s)"	warrant(s) proposed to be issued by the Company under the Rights Issue entitling the holder(s) thereof to subscribe for new Share(s) at the Exercise Price of HK$0.04 per Share (subject to adjustments)
"Bonus Warrant Issue"	the proposed issue of the Bonus Warrants on the basis of one Bonus Warrant for every five Rights Shares taken up under the Rights Issue
"Bonus Warrant Share(s)"	the Share(s) to be allotted and issued pursuant to the exercise of the subscription rights attached to the Bonus Warrants
"business day"	any day on which banks in Hong Kong are generally open for business, except a Saturday and any day on which a tropical cyclone warning no.8 or above or a "black" rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company"	Heritage International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
"Director(s)"	the director(s) of the Company

"Excluded Shareholders"	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date and whose addresses as shown on such register on that date are outside Hong Kong where the Directors, after making relevant enquiry as required under the Listing Rules, consider the exclusion of such Shareholders from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the law of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
"Exercise Price"	the price payable for each Bonus Warrant Share on exercise of the subscription rights attached to the Bonus Warrants, which is initially set at HK$0.04 per Share (subject to adjustments)
"Group"	the Company and its subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	a committee of the Board, comprising all the independent non-executive Directors, formed to advise the Independent Shareholders in relation to the Rights Issue
"Independent Shareholders"	Shareholders who are not required to abstain from voting in favour of the resolution relating to the Rights Issue under the Listing Rules
"Last Trading Date"	5 August 2011, being the last day on which the Shares are traded on the Stock Exchange prior to the publication of the Announcement
"Latest Acceptance Date"	19 October 2011 or such other date as may be agreed between the Company and the Underwriter, being the latest date for acceptance of the offer of and payment for the Rights Shares
"Latest Practicable Date"	31 August 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Latest Time for Acceptance"	4:00 p.m. on the Latest Acceptance Date or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of and payment for the Rights Shares

"Latest Time for Termination"	6:00 p.m. on 21 October 2011, being the second business day after (but excluding) the Latest Acceptance Date, or such other time as may be agreed between the Company and the Underwriter
"Listing Committee"	the listing sub-committee of the board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Posting Date"	4 October 2011 or such other date as the Underwriter may agree in writing with the Company for the despatch of the Rights Issue Documents
"PRC"	the People's Republic of China
"Prospectus"	the prospectus to be issued by the Company to the Shareholders in relation to the Rights Issue
"Qualifying Shareholder(s)"	Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date except for the Excluded Shareholders
"Record Date"	3 October 2011 or such other date as may be agreed between the Company and the Underwriter, being the record date to determine entitlements of the Shareholders to participate in the Rights Issue
"Registrar"	Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
"Rights Issue"	the offer of the Rights Shares by way of rights on the basis of 22 Rights Shares for every Share held on the Record Date, at the Subscription Price on the terms set out in the Underwriting Agreement and the Rights Issue Documents, with Bonus Warrants on the basis of one Bonus Warrant for every five Rights Shares taken up
"Rights Issue Documents"	the Prospectus, the provisional allotment letters in respect of the Rights Issue and the forms of application for use by the Qualifying Shareholders to apply for excess Rights Shares
"Rights Share(s)"	6,268,834,396 new Share(s) to be offered to the Qualifying Shareholders by way of Rights Issue for subscription on the terms set out in the Underwriting Agreement and the Rights Issue Documents

"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on Wednesday, 21 September 2011 at 9:00 a.m. for the purpose of approving the Rights Issue and the Bonus Warrant Issue
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Price"	the subscription price of HK$0.062 per Rights Share under the Rights Issue
"Underwriter"	Chung Nam Securities Limited, a licensed corporation to carry out Type 1 regulated activities under the SFO
"Underwriting Agreement"	the underwriting agreement dated 8 August 2011 (as amended by a supplemental underwriting agreement dated 10 August 2011) entered into between the Company and the Underwriter in relation to the underwriting of the Rights Issue
"Underwritten Shares"	all the Rights Shares, not exceeding 6,268,834,396 Shares, under the Rights Issue
"Vinco Capital"	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue
"%"	per cent.
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

EXPECTED TIMETABLE

The expected timetable for the Rights Issue and the change in board lot size is set out below:

	2011
Latest time for lodging proxy form for the SGM	9:00 a.m. on Monday, 19 September
Date and time of the SGM	9:00 a.m. on Wednesday, 21 September
Announcement of the results of the SGM	Wednesday, 21 September
Last day of dealings in the Shares on a cum-rights basis	Thursday, 22 September
Commencement of dealings in the Shares on an ex-rights basis	Friday, 23 September
Latest time for lodging transfer of the Shares in order to qualify for the Rights Issue	4:30 p.m. on Monday, 26 September
Register of members closes	Tuesday, 27 September to Monday, 3 October (both days inclusive)
Record Date	Monday, 3 October
Register of members re-opens	Tuesday, 4 October
Change of board lot size from 5,000 Shares to 50,000 Shares	9:00 a.m. on Tuesday, 4 October
Designated broker starts to stand in the market to provide matching services for the sales and purchases of odd lots of Shares	9:00 a.m. on Tuesday, 4 October
Posting Date	Tuesday, 4 October
First day of dealings in nil-paid Rights Shares	Friday, 7 October
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Tuesday, 11 October
Last day of dealings in nil-paid Rights Shares	Friday, 14 October
Latest time for acceptance of, and payment for, the Rights Shares and application for excess Rights Shares	4:00 p.m. on Wednesday, 19 October

Latest Time for Termination of the Underwriting Agreement	6:00 p.m. on Friday, 21 October
Designated broker ceases to stand in the market to provide matching services for the sales and purchases of odd lots of Shares	Monday, 24 October
Announcement of results of the Rights Issue	Tuesday, 25 October
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be despatched on or before	Wednesday, 26 October
Certificates for the Rights Shares and the Bonus Warrants expected to be despatched on or before	Wednesday, 26 October
Dealings in fully-paid Rights Shares and Bonus Warrants commence	Friday, 28 October

Notes:

1. All references to time and dates refer to Hong Kong local time and dates.

2. The above timetable may be changed by the Company and where required under the Listing Rules, further announcements will be made by the Company in respect of such change.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning in force in Hong Kong at any time before 12:00 noon on the Latest Acceptance Date, but no longer in force after 12:00 noon, the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same business day.

If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning in force in Hong Kong at any time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date, the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

HERITAGE INTERNATIONAL HOLDINGS LIMITED
漢基控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 412)

Executive Directors:
Kwong Kai Sing, Benny
Ong Peter
Poon Chi Wan
Chow Chi Wah, Vincent

Independent non-executive Directors:
To Shing Chuen
Ha Kee Choy, Eugene
Chung Yuk Lun
Lo Wong Fung

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
29/F., China United Centre
28 Marble Road
North Point
Hong Kong

2 September 2011

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF 22 RIGHTS SHARES FOR EVERY SHARE HELD ON THE RECORD DATE WITH BONUS WARRANTS ON THE BASIS OF ONE BONUS WARRANT FOR EVERY FIVE RIGHTS SHARES TAKEN UP, (2) CHANGE IN BOARD LOT SIZE AND (3) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

On 11 August 2011, the Board announced that the Company proposed to raise approximately HK$388 million (before expenses) by way of rights issue on the basis of 22 Rights Shares for every Share held on the Record Date at the Subscription Price of HK$0.062 per Rights Share. Subject to the fulfillment or waiver (as appropriate) of the conditions to the Rights Issue and the Bonus Warrant Issue, Bonus Warrants will be issued to the first registered holders of the Rights Shares on the basis of one Bonus Warrant for every five Rights Shares taken up. Each of the Bonus Warrants will entitle the holder(s) thereof to subscribe for one Share at the Exercise Price of HK$0.04 per Share (subject to adjustments), at any time between the date of issue of the Bonus Warrants and the day immediately preceding the date which is 24 months after the date of issue.

* *For identification purposes only*

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders on the terms of the Rights Issue. Vinco Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with, among other things, further information on the Rights Issue and the Bonus Warrant Issue, the recommendation of the Independent Board Committee in relation to the Rights Issue, the advice of Vinco Capital in respect of the Rights Issue and the notice of the SGM at which resolution will be proposed to consider and, if thought fit, approve the Rights Issue and the Bonus Warrant Issue.

PROPOSED RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	22 Rights Shares for every Share held on the Record Date with Bonus Warrants on the basis of one Bonus Warrant for every five Rights Shares taken up
Number of Shares expected to be in issue on the Record Date:	284,947,018 Shares
Subscription Price:	HK$0.062 per Rights Share
Number of Rights Shares:	6,268,834,396 Rights Shares
Number of Bonus Warrants:	1,253,766,879 Bonus Warrants
Underwriter:	Chung Nam Securities Limited, a licensed corporation to carry out Type 1 regulated activities under the SFO

Under the Rights Issue, 6,268,834,396 Rights Shares will be allotted and issued, representing approximately 95.65% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. The aggregate nominal value of the Rights Shares will be HK$62,688,343.96.

As at the Latest Practicable Date, there are no outstanding options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date. The register of members of the Company will be closed from 27 September 2011 to 3 October 2011 (both days inclusive) for ascertaining entitlements of the Shareholders under the Rights Issue. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar, Computershare Hong Kong Investor Services Limited, by 4:30 p.m. (Hong Kong time) on 26 September 2011. The address of the Registrar is:

Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

The Company will send the Rights Issue Documents to the Qualifying Shareholders, and the Prospectus only to the Excluded Shareholders for information purposes.

Excluded Shareholders

As at the Latest Practicable Date, the Company had one Shareholder whose address as shown on the register of members of the Company is outside Hong Kong. The Company will ascertain on the Record Date whether there are any Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong and make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges for the Company's offering the Rights Shares to the Excluded Shareholders in compliance with the Listing Rules to determine who will be the Excluded Shareholders. Further details regarding the Excluded Shareholders will be set out in the Prospectus.

Arrangements will be made for as many as possible of the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The Company will then distribute such proceeds in Hong Kong dollars to the Excluded Shareholders pro rata to their shareholdings on the Record Date (but rounded down to the nearest cent), except that individual amount of HK$100 or less shall not be so distributed but shall be retained for the benefit of the Company. Any such nil-paid Rights Shares remaining unsold at the Latest Time for Acceptance shall be made available for excess application.

Closure of register of members

The register of members of the Company will be closed from 27 September 2011 to 3 October 2011, both days inclusive. No transfer of Shares will be registered during this period.

TERMS OF THE RIGHTS ISSUE

Subscription Price

HK$0.062 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares or application for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(a) a discount of approximately 86.52% to the closing price of HK$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date;

(b) a discount of approximately 86.81% to the average closing price of approximately HK$0.47 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Date;

(c) a discount of 22.50% to the theoretical ex-rights price of approximately HK$0.08 per Share based on the closing price of HK$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date; and

(d) a discount of approximately 87.08% to the closing price of HK$0.48 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market price of the Shares.

Basis of allotment

The Company will allot and issue 22 Rights Shares for every Share held by the Qualifying Shareholders as at the close of business on the Record Date. The Rights Shares (nil-paid) will be provisionally allotted to all the Qualifying Shareholders who are entitled to them before despatch of the Rights Issue Documents.

Bonus Warrants

Subject to the fulfillment or waiver (as appropriate) of the conditions to the Rights Issue and the Bonus Warrant Issue, Bonus Warrants will be issued to the first registered holders of the Rights Shares on the basis of one Bonus Warrant for every five Rights Shares taken up. Fractional entitlements to the Bonus Warrants will not be allotted but will be aggregated and sold for the benefit of the Company. On the basis of 6,268,834,396 Rights Shares to be issued under the Rights Issue, the total number of Bonus Warrants to be issued will be 1,253,766,879. Each of the Bonus Warrants will entitle the holder(s) thereof to subscribe for one Share at the Exercise Price of HK$0.04 per Share (subject to adjustments), at any time between the date of issue of the Bonus Warrants and the day immediately preceding the date which is 24 months after the date of issue. The Bonus Warrant Shares to be issued upon exercise of the Bonus Warrants represent approximately 16.06% of issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares and the Bonus Warrant Shares.

The Exercise Price represents:

(a) a discount of approximately 91.30% to the closing price of HK$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date;

(b) a discount of approximately 91.49% to the average closing price of approximately HK$0.47 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Date;

(c) a discount of 50% to the theoretical ex-rights price of approximately HK$0.08 per Share based on the closing price of HK$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date; and

(d) a discount of approximately 91.67% to the closing price of HK$0.48 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Exercise Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market price and the theoretical ex-rights price of the Shares as calculated above. It is subject to customary anti-dilutive adjustments in certain events, including, among other things, share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and further issue of shares or convertible securities with conversion price less than the then market price provided that the Exercise Price shall not at any time fall below the par value of the Shares.

The Bonus Warrant Issue is conditional upon:

(a) the passing of an ordinary resolution by the Shareholders at the SGM approving the Bonus Warrant Issue and the allotment and issue of the Bonus Warrant Shares; and

(b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Warrants and the Bonus Warrant Shares.

A summary of the principal terms and conditions of the Bonus Warrants, including circumstances in which the Exercise Price may be adjusted, is set out in Appendix III to this circular.

Certificates for the Rights Shares and the Bonus Warrants

Subject to the fulfillment or the waiver in whole or in part by the Underwriter of the conditions of the Rights Issue and the Bonus Warrant Issue, certificates for the fully-paid Rights Shares and the Bonus Warrants are expected to be posted on or before 26 October 2011 to those Qualifying Shareholders and applicants who have accepted or (as the case may be) applied and paid for the Rights Shares, at their own risks.

Application for excess Rights Shares

The Qualifying Shareholders shall be entitled to apply for any unsold entitlements of the Excluded Shareholders and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders. Application may be made by completing the form of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion, but on a fair basis in accordance with the Listing Rules on the following principles:

(a) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and

(b) subject to availability of excess Rights Shares after allocation under principle (a) above, the excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding scale with reference to the number of excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive lesser number of Rights Shares; whereas Qualifying Shareholders applying for larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive greater number of Rights Shares).

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 26 October 2011 by ordinary post to the relevant unsuccessful applicants therefor at their own risk. The Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually. Beneficial owners who hold their Shares through a nominee company are advised to consider whether they would like to arrange registration of their Shares in their own names prior to the Record Date.

For the Shareholders whose Shares are held by their nominee(s) and would like to have their names registered on the register of members of the Company, they must complete the relevant registration with the Registrar, Computershare Hong Kong Investor Services Limited, by 4:30 p.m. on 26 September 2011.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares, and make all necessary arrangements to enable the Bonus Warrants to be admitted into CCASS.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares which may fall to be issued upon the exercise of the subscription rights attached to the Bonus Warrants on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares which may fall to be issued upon the exercise of the subscription rights attached to the Bonus Warrants will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in each of their nil-paid and fully-paid forms and the Bonus Warrants on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Nil-paid Rights Shares and Bonus Warrants are expected to be traded in board lots of 50,000. Dealings in the Rights Shares (in both nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong.

Status of the Rights Shares and the Bonus Warrant Shares

The Rights Shares and the Bonus Warrant Shares, when fully paid and issued, will rank pari passu in all respects with the Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares or the Bonus Warrant Shares (as the case may be).

CONDITIONS PRECEDENT TO THE RIGHTS ISSUE AND THE UNDERWRITING AGREEMENT

The Rights Issue and the underwriting obligations of the Underwriter under the Underwriting Agreement are conditional upon the following:

(a) the passing of the necessary resolution by the Independent Shareholders at the SGM approving the Rights Issue in accordance with the Bye-laws of the Company and the Listing Rules;

(b) the delivery to the Stock Exchange and the filing with and registration of the Rights Issue Documents by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance on or before the Posting Date;

(c) the posting of the Rights Issue Documents to the Qualifying Shareholders on or before the Posting Date;

(d) the Listing Committee granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares, either unconditionally or subject to such conditions as the Underwriter may in its absolute discretion accept and the satisfaction of such conditions (if any and where relevant) before 8:00 a.m. on the date on which nil-paid Rights Shares commence dealings on the Stock Exchange, and not having withdrawn or revoked such listing and permission before 8:00 a.m. on the date ("dealing date") on which dealings in the Rights Shares, in fully-paid form, and the Bonus Warrants commence on the Stock Exchange;

(e) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof; and

(f) the Shares remaining listed on the Stock Exchange at all times prior to the dealing date and the current listing of the Shares not having been withdrawn and no indication being received before 8:00 a.m. on the dealing date from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason.

If any of the above conditions precedent is not satisfied and/or waived at or prior to the respective time specified therein or, if no time or date is specified, 4:00 p.m. on 30 November 2011 or such other date as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall be automatically terminated and all obligations of the parties to the Underwriting Agreement shall cease and neither party shall have any claim against the other save that all such reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Rights Issue shall be borne by the Company, and the Rights Issue will not proceed.

UNDERWRITING ARRANGEMENT

Underwriting Agreement

Date:	the Underwriting Agreement was entered into on 8 August 2011 and amended by a supplemental underwriting agreement entered into on 10 August 2011
Parties:	(i) the Company as the issuer; and (ii) Chung Nam Securities Limited, a licensed corporation to carry out Type 1 regulated activities under the SFO, as the underwriter
Number of Rights Shares underwritten by the Underwriter:	all the Rights Shares, not exceeding 6,268,834,396 Shares, under the Rights Issue
Commission:	3% of the aggregate Subscription Price in respect of the Underwritten Shares

TERMINATION OF THE UNDERWRITING AGREEMENT

If at any time on or before 6:00 p.m. on the second business day following the Latest Acceptance Date:

(a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, any of the warranties contained in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or

(b) there shall be:

  (i) any new law or regulation enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;

  (ii) any change in local, national or international financial, political, industrial or economic conditions;

  (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;

  (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;

  (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange; or

  (vi) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere,

  which event or events is or are in the reasonable opinion of the Underwriter:

  (1) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or

  (2) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or

  (3) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

  then and in such case, the Underwriter may by notice in writing to the Company terminate the Underwriting Agreement whereupon all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and the Rights Issue shall not proceed.

CHANGE IN BOARD LOT SIZE

As the value of each board lot of Shares is expected to decrease after dealings in the Shares on an ex-rights basis commence, the Board proposes that the board lot size of the Shares for trading on the Stock Exchange be changed from 5,000 Shares to 50,000 Shares with effect from 9:00 a.m. on 4 October 2011. In the event that the Rights Issue is not approved at the SGM, the board lot size of the Shares will remain unchanged. No parallel trading of the Shares and exchange of certificates will be provided.

In order to alleviate the difficulties arising from the existence of odd lots of Shares, the Company has agreed to procure Chung Nam Securities Limited to stand in the market to provide matching services regarding the sales and purchases of odd lots of Shares on a best efforts basis, during the period from 4 October 2011 to 24 October 2011 (both days inclusive). Holders of the Shares in odd lots who wish to take advantage of this matching facility either to dispose of their odd lots of Shares or to top up to board lots of 50,000 Shares, may contact Mr. Cecil Chan of 26/F., China United Centre, 28 Marble Road, North Point, Hong Kong at telephone number (852) 3198 0888 during office hours.

Holders of Shares in odd lots should note that successful matching of the sales and purchases of odd lots of Shares are not guaranteed. Shareholders are advised to consult their professional advisers if they are in doubt about the above procedures.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The effects of the Rights Issue and the Bonus Warrant Issue on the shareholding of the Company are as follows:

			Before exercise of Bonus Warrants				**After exercise of all Bonus Warrants**			
	Current shareholding		**Shareholding after the Rights Issue (assuming all Shareholders take up their entitlements)**		**Shareholding after the Rights Issue (assuming no Shareholders take up their entitlements)**		**Shareholding after the Rights Issue (assuming all Shareholders take up their entitlements)**		**Shareholding after the Rights Issue (assuming no Shareholders take up their entitlements)**	
	No. of Shares	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*	*No. of Shares*	*Approximate %*
Directors										
Kwong Kai Sing, Benny	231,660	0.082	5,328,180	0.082	231,660	0.003	6,347,484	0.082	231,660	0.003
Ong Peter	128,929	0.045	2,965,367	0.045	128,929	0.002	3,532,654	0.045	128,929	0.001
Poon Chi Wan	17,820	0.006	409,860	0.006	17,820	0.001	488,268	0.006	17,820	0.001
Public	284,568,609	99.867	6,545,078,007	99.867	284,568,609	4.342	7,797,179,887	99.867	284,568,609	3.645
Underwriter	–	–	–	–	6,268,834,396	95.652	–	–	7,522,601,275	96.350
Total	284,947,018	100.000	6,553,781,414	100.000	6,553,781,414	100.000	7,807,548,293	100.000	7,807,548,293	100.000

As shown above, in the event that the Underwriter is called upon to subscribe for all the Rights Shares pursuant to its obligations under the Underwriting Agreement, the interest of the Underwriter in the issued share capital of the Company immediately after completion of the Rights Issue would increase from nil to approximately 95.65% before exercise of the Bonus Warrants or from nil to approximately 96.35% assuming full exercise of the Bonus Warrants. However, pursuant to the Underwriting Agreement, the Underwriter has undertaken to the Company that:

(a) it shall, whether by itself or together with the parties acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with it (if any), be under no circumstances hold 30% or more of the issued share capital of the Company immediately after completion of the Rights Issue;

(b) it shall, in fulfillment of its underwriting obligations under the Underwriting Agreement to subscribe for (or procure subscribers for) any Underwritten Shares not taken up, procure that the subscribers procured by it and/or its sub-underwriter(s) and/or the subscribers procured by such sub-underwriter(s), are not parties acting in concert with it, so that it, together with parties acting in concert with it (if any) will not become the controlling shareholder of the Company immediately after completion of the Rights Issue; and

(c) it shall, in fulfillment of its underwriting obligations under the Underwriting Agreement to subscribe for (or procure subscribers for) any Underwritten Shares not taken up, procure that the subscribers procured by it and/or its sub-underwriter(s) and/or the subscribers procured by such sub-underwriter(s) are independent of and not connected with the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates such that the Company will be able to comply with the minimum public float requirement set out in Rule 8.08 of the Listing Rules.

The Underwriter confirmed that sub-underwriting agreements had already been executed by it to ensure that the Underwritten Shares would be fully taken up and none of the subscribers/sub-underwriters, together with parties acting in concert with them, would become controlling/substantial shareholders of the Company and the Company would be able to maintain the minimum public float requirement under Rule 8.08 of the Listing Rules immediately after completion of the Rights Issue.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Shares are expected to be dealt in on an ex-rights basis from 23 September 2011. Dealings in the Rights Shares in nil-paid form are expected to take place from 7 October 2011 to 14 October 2011 (both days inclusive). If prior to 6:00 p.m. on 21 October 2011 (or such other time as the Underwriter may agree with the Company), the Underwriter terminates the Underwriting Agreement (see the paragraph headed "Termination of the Underwriting Agreement" above) or if any of the conditions precedent to the Rights Issue (see the paragraph headed "Conditions precedent to the Rights Issue and the Underwriting Agreement" above) cannot be fulfilled or is not waived, the Rights Issue will not proceed.

Any dealings in the Shares from the date of the Announcement up to the date on which all the conditions of the Rights Issue are fulfilled or waived (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases), and any dealings in the Rights Shares in their nil-paid form between 7 October 2011 to 14 October 2011, both days inclusive, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or the Rights Shares in their nil-paid form are recommended to consult their own professional advisers.

REASONS FOR THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS

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.

As stated in the Company's annual report for the year ended 31 March 2011, the Group's audited consolidated loss for the year ended 31 March 2011 was HK$391,908,000. The loss was mainly attributable to loss on sale of equity and debt investments, unrealised fair value losses arisen from equity and debt investments and share of losses of associates as at the fiscal year end date. Given that the prevailing market volatility may continue, it is likely that the Group will have to hold on to its equity and debt investments for a while and may not be able to realise the same within a short period of time. To enable the Group to take on good business opportunity promptly as and when it arises, the Directors consider that it is in the interest of the Company and the Shareholders as a whole if the Company can take the opportunity afforded by the Rights Issue to strengthen its financial position and replenish its investment reserves as obtaining of bank borrowings has become more and more difficult these days in view of the tightening of the credit market and based on the experience of the management, it would be very difficult, if not impossible, to get a clean loan without any security from banks.

Although the Subscription Price and the Exercise Price are substantially below the current traded prices of the Shares, the Directors consider that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In particular, taking into account that (i) the Group had recorded continued losses in recent years; (ii) the downward trend in the price of the Shares; and (iii) the low liquidity in the trading of the Shares, the Directors are of the view that the substantial discount of the Subscription Price and the Exercise Price, and the Bonus Warrant Issue would encourage existing Shareholders to take up their entitlements so as to participate in the future growth of the Group. Further, since the Rights Issue will allow the Qualifying Shareholders to maintain their shareholdings in the Company, the executive Directors consider raising capital through the Rights Issue is in the interest of the Company and the Shareholders as a whole.

The gross proceeds of the Rights Issue are approximately HK$388 million. The estimated net proceeds of the Rights Issue after deducting expenses are approximately HK$374 million, and the net price per Rights Share upon full acceptance of the relevant provisional allotment of the Rights Shares is approximately HK$0.060. Assuming that all subscription rights attached to the Bonus Warrants are fully exercised, the net proceeds which will be derived from the Bonus Warrant Issue will be approximately HK$50 million. It is intended that approximately 80% of the net proceeds raised from the Rights Issue and the Bonus Warrant Issue (if any) will be used for future expansion of existing business, future development and/or acquisition of new businesses and assets where suitable opportunities arise and approximately 20% for general working capital of the Group.

The Directors confirm that the working capital and liquidity position of the Company remains healthy. The main reason for implementing the Rights Issue and the Bonus Warrant Issue is to replenish the Group's investment reserves so that it may take on good business opportunity promptly as and when it arises. Although up to the Latest Practicable Date, no suitable business opportunity (other than the Internet lottery business as disclosed in the section headed "Review of operations and prospects" in this letter) has been identified and thus no urgency for raising money, the Directors still consider raising capital by way of the Rights Issue to be in the interest of the Company and the Shareholders as a whole as it would enable the Company to respond more rapidly to good business opportunities, which are usually more competitive, when they arise. It will also give the Company more flexibility when negotiating terms of investment if it is equipped with the necessary funding.

Pending identification of suitable business opportunity, the Company may employ the proceeds raised from the Rights Issue and the Bonus Warrant Issue for investment in securities which is one of the Group's major businesses. Investment decision is made by the investment committee (comprising all the executive Directors) after considering the recommendation of the investment advisers (which mainly comprise of local securities brokers' firms licensed to carry out Type 1 regulated activities under the SFO at the moment). The investment objective is to provide the Group with a reasonable dividend yield as well as capital appreciation at an acceptable level of risk which may vary from time to time depending on the prevailing market conditions and on a case-by-case basis. There is no fixed guideline of what constitutes a reasonable dividend yield or what is an acceptable level of risk. Members of the investment committee would make the investment decision based on their investment experience and perception of the market. The investment portfolio normally comprises banknotes, convertible bonds, debentures, common stocks, forwards, futures, options, swaps and other authorised securities from publicly listed companies in Hong Kong. For the year ended 31 March 2011, new investments made by the Group amounted to approximately HK$581 million. Although the Directors have adopted a prudent approach throughout by studying different market research reports before making such investments, the Group still suffered a loss on sale of investments at fair value through profit or loss of approximately HK$177.1 million and a fair value loss on investments at fair value through profit and loss of approximately HK$72.8 million for the year ended 31 March 2011 due to the slowdown of the global economy and market volatility. Notwithstanding such loss, the Directors would still consider employing the proceeds raised from the Rights Issue and the Bonus Warrant Issue for investment in securities pending identification of suitable business opportunity given the current low interest rate environment. Despite the prevailing market volatility, the Directors believe that investing in securities may still offer a higher yield to the Company than to deposit the proceeds in an interest-bearing savings account as the Group would have a better chance of acquiring those securities at a low price and capture the appreciation when the market rebounds. But in light of the significant losses, the Company may consider engaging an investment adviser officially who would be able to provide more professional advices to the investment committee when making investment decision.

FUND RAISING EXERCISES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company's equity fund raising exercises over the past 12-month period immediately preceding the date of the Announcement are set out below:

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds	Date of grant of issue mandate
6 January 2011	Rights issue of 94,982,339 new shares on the basis of one rights share for every two shares held on the record date	HK$45.90 million	For expanding into Internet lottery business in the PRC or, failing which, for general working capital of the Group	Approximately HK$45.2 million for general working capital of the Group and the rest for investment in securities as the PRC Company is still undertaking some ground work in relation to the Internet lottery business	Not applicable
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	For general working capital of the Group	The entire amount was utilised for investment in securities	Granted at the annual general meeting of the Company held on 20 August 2010

Save for the Rights Issue and the Bonus Warrant Issue, the Company currently does not have any future fund raising plan.

REVIEW OF OPERATIONS AND PROSPECTS

For the year ended 31 March 2011, the Group made a loss before tax of approximately HK$392 million. The loss was mainly attributable to loss on sale of equity and debt investments, unrealised fair value losses arisen from equity and debt investments and share of losses of associates as at the fiscal year end date. Performance of the Group's major businesses for the year ended 31 March 2011 is summarised below:

(a) Real estate investment

The Group owned certain commercial properties in North Point and a luxury residential property in Stanley. With the increase in property prices in Hong Kong, the Group's property portfolio appreciated in value. The gain arising from changes in fair value amounted to approximately HK$4.2 million for the year ended 31 March 2011. The value of the Group's property investment stood at HK$246.8 million as at 31 March 2011. Subsequent to fiscal year end, the Group entered into an agreement on 4 May 2011 with an independent third party to dispose of one of its commercial properties in cash of approximately HK$117 million.

The expansionary monetary policy by the United States of America will continue to provide a low interest rate business environment for Hong Kong. The Board considers that fundamentals in Hong Kong's residential market will remain positive, notwithstanding worries over further government intervention that may create short-term market volatility and uncertainty.

(b) Investment in listed securities

The Group's securities portfolio has suffered a loss on sale of investments at fair value through profit or loss of approximately HK$177.1 million for the year ended 31 March 2011. Besides, there are fair value losses on investments at fair value through profit and loss of approximately HK$72.8 million in the same period.

The growing Mainland economy and the Central Government's support to maintaining Hong Kong as an international financial centre, as laid down in its 12th Five-Year Plan, provide Hong Kong with excellent opportunities. Therefore, the Board expects that stock market in Hong Kong remains favorable in long term.

(c) Money lending business

The Group's share of losses of associates, engaging in money lending business, amounted to approximately HK$182.6 million for the year ended 31 March 2011. Besides, a new wholly owned subsidiary was formed to engage in the money lending business.

The Group is keen on maintaining good relationship with existing customers and it has established reputation in the market. As commercial banks implement relatively rigorous credit approving policies and their loan applications involve lengthy and complicated approval process, many small-medium enterprises and individuals are not able to obtain a short term loan to meet their immediate liquidity needs. Therefore, the Board foresees that their potential customer base will grow accordingly and is optimistic about their money lending business.

(d) Investment in lottery related business in the PRC

The Group has a 20% interest in a company engaging in lottery related business in the PRC (the "PRC Company"). In view of the technological development in the PRC which makes Internet more popular and selling of lottery tickets through Internet possible, the Group is recently considering diversifying its business into Internet lottery business by increasing its investment in the PRC Company. The Company understands that the PRC Company is still undertaking some ground work in relation to this Internet lottery business. Subject to satisfactory due diligence review by the Company and the then market conditions, the Group may increase its investment in the PRC Company by realising part of its securities portfolio (if needed) depending on its then available cash position. Further, to facilitate such diversification, the Group may also acquire or form a joint venture with an Internet content provider to provide the necessary platform for conducting the business. Notwithstanding the aforesaid, up to the Latest Practicable Date, no legally-binding agreement has been entered into by the Group, whether for increasing its investment in the PRC Company or forming the joint venture or acquiring the Internet content provider.

China's lottery market has expanded rapidly with lottery sales in 2010 rose 25.5% year-on-year to RMB166.25 billion according to the Ministry of Finance of the PRC. In light of this, the Group believes that the lottery business is expected to be the most attractive and exciting hallmark over the market in 2011.

As set out in the annual report of the Company for the year ended 31 March 2011, with the globalisation of the world economy, economic measures taken in one country may have devastating consequences in other nations. For example, in the United States, the loose monetary policy quantitative easing 2, lead to severe inflation in other parts of the world. On the other hand, if an over aggressive tightening policy was used, it may block economic rebound. While the global economy is dealing with the aftermath of the financial tsunami and each country is trying to resolve its own economical problems, the PRC has proactively taken monetary precautionary measures to guard against the rising inflation. With its existing foreign exchange policy and economic growth and size, the PRC is relatively insulated from global economic forces. To avoid economic bubble, the Central Government restored the PRC's economy through a series of tightening policy measures including currency revaluation, interest rate controls and tightening money supply to drive away unacceptable inflation. Such policies will slowdown the PRC's economy in the immediate term but it is believed to be beneficial to the long term growth and sustainability of the economy as a whole. To get through such economic volatility, the Group is prepared and equipped through the combination of sufficient cash level and low gearing.

Recently, the Group has developed a new line of business in traditional Chinese medicine industry through the operation of the Hon Chinese Medicine Clinic. This operation includes Chinese medical consultation and other Chinese manipulative therapy treatments such as acupuncture, tui na, moxibustion, fire cupping, Chinese herbalism and qigong. The management believes that the outlook of the Chinese medicine business is buoyant as Chinese medicine is gaining popularity especially among the younger generation.

With the growing uncertainty in the global economy and gradual slowdown of the economy in the PRC, the Group is taking a cautious approach in its future growth. However, since the Group is relatively lowly geared, it will take on good business opportunity as and when it arises.

IMPLICATION UNDER THE LISTING RULES

Pursuant to Rule 7.19(6) of the Listing Rules, any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue. As at the Latest Practicable Date, the Company did not have any controlling Shareholders. Therefore, Dr. Kwong Kai Sing, Benny, Mr. Ong Peter and Ms. Poon Chi Wan, being the executive Directors, and their respective associates, together holding approximately 0.13% of the issued share capital of the Company as at the Latest Practicable Date, will abstain from voting in favour of the resolution relating to the Rights Issue at the SGM.

SGM

A notice convening the SGM to be held at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on Wednesday, 21 September 2011 at 9:00 a.m. is set out at the end of this circular.

If you are not able to attend the SGM, you are requested to complete and return the form of proxy for the SGM enclosed with this circular in accordance with the instructions printed thereon to the principal place of business of the Company in Hong Kong at 29/F., China United Centre, 28 Marble Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 24 of this circular which contains its recommendation to the Independent Shareholders in relation to the Rights Issue and the letter from Vinco Capital set out on pages 25 to 44 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

As stated in the letter from the Independent Board Committee, the Independent Shareholders are recommended to vote in favour of the resolution relating to the Rights Issue and the Bonus Warrant Issue at the SGM.

ADDITIONAL INFORMATION

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

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

HERITAGE INTERNATIONAL HOLDINGS LIMITED
漢基控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 412)

2 September 2011

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
22 RIGHTS SHARES FOR EVERY SHARE HELD ON THE RECORD DATE
WITH BONUS WARRANTS ON THE BASIS OF
ONE BONUS WARRANT FOR EVERY FIVE RIGHTS SHARES TAKEN UP**

We refer to the circular dated 2 September 2011 (the "Circular") of the Company of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We have been appointed as the Independent Board Committee to consider the Rights Issue and to advise the Independent Shareholders as to the fairness and reasonableness of the Rights Issue and to recommend whether or not the Independent Shareholders should vote for the resolution to be proposed at the SGM to approve the Rights Issue. Vinco Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in such regards.

We wish to draw your attention to the letter from the Board and the letter from Vinco Capital as set out in the Circular which contains, inter alia, its advice and recommendation to us and the Independent Shareholders regarding the terms and conditions of the Rights Issue with the principal factors and reasons for its advice and recommendation.

Having taken into account the advice and recommendation of Vinco Capital, we consider that the terms of the Rights Issue are fair and reasonable so far as the interests of the Independent Shareholders are concerned and the Rights Issue 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 Rights Issue and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the Independent Board Committee
To Shing Chuen **Ha Kee Choy, Eugene** **Chung Yuk Lun** **Lo Wong Fung**
Independent non-executive Directors

* *For identification purposes only*

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

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

2 September 2011

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

Dear Sirs,

**PROPOSED RIGHTS ISSUE
ON THE BASIS OF 22 RIGHTS SHARES
FOR EVERY SHARE HELD ON THE RECORD DATE
WITH BONUS WARRANTS ON THE BASIS OF
ONE BONUS WARRANT FOR EVERY FIVE RIGHTS SHARES TAKEN UP**

A. 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 proposed Rights Issue, details of which are set out in the "Letter from the Board" in the circular (the "Circular") issued by the Company to the Shareholders dated 2 September 2011 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

On 11 August 2011, the Company announced that the Rights Issue will be implemented the Rights Issue on the basis of twenty-two Rights Shares for every Share held on the Record Date at the Subscription Price of HK$0.062 per Rights Share, with the Bonus Warrants on the basis of one Bonus Warrant for every five Rights Shares taken up at the Exercise Price of HK$0.04 per Share, whereby raising from approximately HK$388 million before expenses by issuing 6,268,834,396 Rights Shares and 1,253,766,879 Bonus Warrants to the Qualifying Shareholders.

As stated in the Letter from the Board, the Company intends to apply the net proceeds from the Rights Issue for the general working capital of the Group and, where appropriate, for future expansion of existing business, future development and/or acquisition of new businesses and assets where suitable opportunities arise.

In compliance with Rule 7.19(6) of the Listing Rules, the Rights Issue is conditional upon, among other things, approvals by the Independent Shareholders at the SGM by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors), the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution relating to the Rights Issue. As at the Latest Practicable Date, the Company had no controlling Shareholder and Dr. Kwong Kai Sing, Benny, Mr. Ong Peter and Ms. Poon Chi Wan, being the executive Directors, held 231,660 Shares, 128,929 Shares and 17,820 Shares representing approximately 0.082%, 0.045% and 0.006% of the issued share capital of the Company respectively. Accordingly, Dr. Kwong Kai Sing, Benny, Mr. Ong Peter and Ms. Poon Chi Wan, together with their associates are therefore required to abstain from voting in favour of the proposed resolution to approve the Rights Issue at the SGM.

The Independent Board Committee, comprising 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 on the terms of the Rights Issue. We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give you an independent opinion as to whether the terms of the Rights Issue are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole and whether the Independent Shareholders should vote in favour of or against of the resolution to be proposed at the SGM to approve the Rights Issue.

B. BASIS OF OUR OPINION AND RECOMMENDATION

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

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

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

In formulating our opinion, we have not considered the taxation implications on Independent Shareholders in relation to the subscription for, holding or disposal of the Rights Shares or otherwise, since these are particular to their individual circumstances. It is emphasised that we will not accept responsibility for any tax effects on, or liabilities of any person resulting from the subscription for, holding or disposal of the Rights Shares or otherwise. In particular, Independent Shareholders subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

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

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Rights Issue 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 our prior written consent.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, we have considered the principal factors and reasons set out below:

1. Background information of the Company

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.

Set out below is a summary of the audited consolidated financial results of the Group for the two years ended 31 March 2011, as extracted from the Company's annual reports 2010 and 2011 (correspondingly the "2010 Annual Report" and "2011 Annual Report"):

	For the year ended 31 March	
	2011	**2010**
	(audited)	**(audited)**
	HK$'000	*HK$'000*
Revenue	(171,624)	(79,098)
Loss for the year	(391,998)	(7,382)

	As at 31 March	
	2011	**2010**
	(audited)	**(audited)**
	HK$'000	*HK$'000*
Net assets	957,970	1,113,319
Total assets	1,049,257	1,288,577
Total liabilities	(91,287)	(175,258)

As stated in the 2010 Annual Report, the Group recorded negative revenue of approximately HK$79.10 million for the year ended 31 March 2010 (the negative revenue recorded by the Group including the loss on sale of investments of approximately HK$101.64 million), representing a sharp decrease of approximately 286.62% as compared to the corresponding amount of 2009 (2009: negative revenue of approximately HK$20.46 million). Such decrease in revenue was mainly due to the decrease in the rental income from investment properties, the interest income from money lending operations and the loss of the sale of investments. On the other hand, the Group recorded a loss for the year of approximately HK$7.38 million, while the Group recorded a loss for the year of approximately HK$432.34 million for the year ended 31 March 2009. The improvement of the loss result in 2010 was primarily due to gains arising from changes in fair value of investment properties, unrealised fair value gains on equity and debt investment and no provision for impairment of investment securities and the impairment of loans and receivables.

As stated in the 2011 Annual Report, we noted that the Group's negative revenue for the year ended 31 March 2011 was amounted to approximately HK$171.62 million (the negative revenue recorded by the Group including the loss on sale of investments of approximately HK$177.12 million), representing a sharp decrease of approximately 116.98% as compared to the corresponding amount of 2010. With reference to the 2011 Annual Report, such decrease was mainly due to (i) the decrease in rental income from investment properties; (ii) the decrease in interest income from money lending operations; (iii) the decrease in dividend and interest income from investments; and (iv) the increase in loss on sale of investment. Additionally, the Group recorded a loss for the year of approximately HK$392 million for the year ended 31 March 2011, as compared with a loss for the year of approximately HK$7.38 million in 2010, such enlargement of loss was represented by loss on sale of equity and debt investments, unrealised fair value losses arisen from equity and debt investments and share of losses of associates as at the end of the financial year.

The table set out below summarises the information relating to the Company's fund raising activities, from which we noted that the Company conducted two fund raising activities for approximately HK$77.29 million, in the past twelve months immediately prior to the Latest Practicable Date:

Date of announcement	Fund raising activities	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
6 January 2011	Rights issue of 94,982,339 new shares on the basis of one rights share for every two shares held on the record date	HK$45.90 million	For the Group's investment in the Internet lottery business in the PRC or, failing which, for general working capital of the Group	Approximately HK$45.2 million for general working capital of the Group and the rest for investment in securities. The proceeds will be allocated to the company, which is held 20% of interest by the Group and engaged in lottery related business in the PRC (the "PRC Company"), for the development of the Internet lottery business as the PRC Company is still undertaking some ground work in relation to the Internet lottery business
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	For the general working capital of the Group	The entire amount was utilised for investment in securities

Save for the foregoing, the Company has not conducted any other fund raising activities in the past twelve-month period up to and including the Latest Practicable Date.

2. Reasons for the Rights Issue and proposed use of proceeds

As set out in the Letter from the Board, the net proceeds from the Rights Issue will be approximately HK$374 million, intended to be used for the general working capital of the Group and, where appropriate, for future expansion of existing business, future development and/or acquisition of new businesses and assets where suitable opportunities arise. Assuming that all subscription rights attached to the Bonus Warrants are fully exercised, the net proceeds which will be derived from the Bonus Warrants Issue will be approximately HK$50 million. Such net proceeds (if any) will be used for future expansion of existing business, future development and/or acquisition of new businesses and assets where suitable opportunities arise and general working capital of the Group.

Upon revision of the 2011 Annual Report and discussion with the Directors, we noted that the Group's financial position is not strong the Group's total cash and bank balances was approximately HK$1.67 million, and the total liabilities of the Group amounted to approximately HK$91.29 million as at 31 March 2011. The Group's working capital base and financial position have been strengthened by the total net proceeds from the fund raising activities of approximately HK$77.29 million. As set out in the 2011 Annual Report, the general working capital of the Group of approximately HK$45.2 million has been utilised in the past twelve months period, in which approximately (i) HK$7.5 million used for repayment of mortgage loan; (ii) HK$6.4 million used for addition of investment properties; (iii)_HK$5.8 million used for deposit for property, plant and equipment; and (iv) HK$25.5 million used for general and administrative expenses, hence, we consider allocating 20% of the net proceeds for the general working capital of the Group is justifiable. Additionally, the Group has recorded the short-term investments at fair value through profit and loss of approximately HK$666.10 million as at 31 March 2011, which recorded approximately 13.10% decrease in value as at the Last Trading Date as compared to the corresponding securities prices as at 31 March 2011, and confirmed by the Company that such investments will not be realised within a short period of time due to the prevailing market volatility. Thus, upon completion of the Rights Issue, an increase of approximately HK$374 million in cash will provide the Group a financial flexibility and enable the Group to further strengthen its capital base and to enhance its financial position for future strategic investments as and when opportunities arise. As advised by the Directors, we noted that, with the growing uncertainty in the global economy and gradual slowdown of the economy in China, the Group is taking a cautious approach in seeking good business opportunity. Also, in view that the prevailing market volatility may continue, it is likely that the Group will have to hold on to its equity and debt investments for a while and may not be able to realise the same within a short period of time. The net proceeds from the Rights Issue will therefore provide the Company with stronger capital base and additional flexibility in deciding the source of finance for any acquisition or investment opportunities that may arise in the future, as well as strengthening the competitiveness of the Group in terms of improving the existing business, which can benefit the future business development of the Company. Given that the Group's working capital base has been strengthened by the proceeds from the two fund raising exercises, we concur with the Directors' view that the proposed Rights Issue would (i) enhance the Group's bargaining power; and (ii) further lay solid foundation for future expansion of the existing businesses and financing attractive investment opportunities as and when arise.

Based on the discussion with the management of the Company, we understood that, as at the Latest Practicable Date, the Company has reviewed several investment proposals and the consideration under the investment proposal is expected to be substantive, however after the preliminary market researches and feasibility studies, there are no investment proposals (other than the investment in the PRC Company in relation to the Internet lottery business, which is subject to the satisfaction of the due diligence review by the Company and the then market conditions) have been identified. As a result, no such concrete investment plans have been finalised and cannot be disclosed at this moment. As noted from the Directors, on 2 July 2011, the Company has approached to a potential vendor for a preliminary negotiation regarding a gold mine in Kyrgyz. The consideration of it is expected to be approximately US$60 million to US$100 million if materialised. Unfortunately, the proposed acquisition was terminated due to lack of sufficient funds for the Company to make timely decision. In order to avoid it, the management of the Company would like to raise fund for investment reserve for future potential opportunities. Also, as disclosed in the Group's 2011 Annual Report, the Group considers that the prospect for the lottery related business remains attractive and accordingly, the Company would have priority in considering the relevant investment opportunities and have intention to further invest in the PRC Company to diversify its business in Internet lottery business, subject to the satisfaction of the due diligence review by the Company and the then market conditions. In order to facilitate such diversification, the Group may also consider acquiring a company or form a joint venture company with an Internet content provider to provide the necessary platform for conducting the business. Given that the PRC Company is still undertaking some ground work in relation to the form of developing the Internet lottery business, the Group has approached at least two Internet content providers to negotiate the form of cooperation. Since it is in a preliminary stage, there is no legally-binding agreement has been entered into with the Internet content provider. In addition to the Internet lottery business, we have made further enquiries to the Directors that the Company would also consider investment opportunities with reference to factors including but without limitation to the positive net present value with identified income stream, payback period of identified projects. The Company would also be open for any investment opportunities with different industry sectors, especially in considering mining business and Internet lottery business, scale of operations and geographical locations, however, the Company's primary interests lie within the region of Asia Pacific, in particular, the PRC. In view that the Group intends to leverage on the extensive investment experience of the executive Directors to seize any potential investment projects, we thus concur with the Directors' view that allocating approximately 80% of the net proceeds from the Rights Issue and the Bonus Issue (if any) for possible future investments is reasonable and justifiable in order to enhance the Group's bargaining power when negotiating with the potential vendor and to seize a sizeable investment opportunity in a timely manner. After reviewing the 2010 Annual Report and the letter from the Board as set out in the Circular and enquiring the Directors, we noted that the Group has sufficient cash resources for its daily operations and has sufficient working capital to meet its present requirements, however, the Directors cannot preclude the possibilities that additional funding may still be needed for potential sizeable investment proposals. The Directors also consider that in order to maintain a strong cash flow for its potential future developments and enhance the bargaining power of the Group in negotiation of large scale investments or acquisition, it is reasonable for the Company to enhance its capital base. Therefore, we concur with the Director's view that the Rights Issue will enable the Company to raise funds and provide the Company with the financial flexibility necessary for the Group's further investment in the PRC Company and future potential investments as and when opportunities arise. In the event that further investment in the PRC Company is confirmed and approved by the Board and the Group identifies a suitable investment opportunity, the Group may lose its bid in an otherwise favourable investment if the Group does not have sufficient cash resources on hand and it fails to (i) obtain banking facilities on terms which the Directors consider acceptable to the Group; (ii) raise funds from the equity capital market; and (iii) find other alternatives to finance the acquisition of such investment opportunity in a timely manner. We thus are of the opinion that the Company has the need to carry out the Rights Issue for funding the potential investment projects as and when arise and the proposed use of proceeds from the Rights Issue is in line with the business development of the Group and in the interests of the Company and Independent Shareholders as a whole.

The Board has considered other means of fund raising, including open offer, debt financing or bank borrowings and placement of Shares. However, the Rights Issue, which is on an underwritten basis, will remove a certain degree of uncertainty as compared to best-efforts placing. Although an open offer is similar to a rights issue, the rights issue enables the qualifying shareholders to trade in the nil-paid rights in the market for economic benefits, which the Company considers it would be fair to those Shareholders, who decide not to participate in the rights issue. Bank financing and debt financing will usually incur interest burden on the Group and may be subject to, including but not limited to, lengthy due diligence and negotiations with the banks. Given the weak financial position of the Group, the management of the Company did not approach any banks for the loan financing as it would be difficult for the Group to obtain unsecured bank borrowings with terms which the Directors consider acceptable to the Group, and incurring additional debts will increase the Group's liabilities burden. In addition to the bank borrowings, other debt financing would also enhance the Company's current gearing ratio. Therefore, the Directors would not consider any debt financing methods. On the other hand, in order to raise such large amount of proceed from the Rights Issue, the Directors are of the view that conducting the placement of Shares will not be fair to those Shareholders who had stayed with the Company for a considerable time as non-existing Shareholders will result in an immediate dilution of existing Shareholders' interests in the Company. As such, we are of the view that the Rights Issue is a preferred source of financing over the aforementioned alternatives.

In view of the loss financial position of the Group and the prevailing market volatility may continue, it will be hard for the Company to raise fund if any negative market sentiment and new round of financial crisis emerged. Having considered this and the Rights Issue will (i) strengthen the Group's capital base and enhance its financial position for future expansion of existing business and new development; (ii) allow the Qualifying Shareholders to maintain their respective pro rata shareholding interest and an equal opportunity to participate in the enlargement of the capital base of the Company; and (iii) be a preferred source of financing over other alternative fund-raising methods, we are of the view that raising funds by means of a rights issue is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole.

3. Pricing for the Rights Issue

The Subscription Price for the Rights Shares is HK$0.062 per Rights Share, payable in full by the Qualifying Shareholders upon acceptance of the provisional allotment of Rights Shares or application for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

(i) a discount of approximately 86.52% to the closing price of HK$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date;

(ii) a discount of approximately 86.81% to the average closing price of approximately HK$0.47 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Date;

(iii) a discount of 22.50% to the theoretical ex-rights price of approximately HK$0.08 per Share based on the closing price of HK$0.46 per Share as quoted on the Stock Exchange on the Last Trading Date; and

(iv) a discount of approximately 87.08% to the closing price of HK$0.48 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

As stated in the Letter from the Board, the Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market price of the Shares.

Comparison with other rights issues

To assess the fairness and reasonableness of the Rights Issue, we have reviewed and included below 31 rights issues conducted by the companies, which have similar financial position to the Company (i.e. loss-making for the latest financial year), (the "Comparables") listed on the Stock Exchange for the twelve months period preceding the date of the Announcement up to and including the Last Trading Date, which is considered to be exhaustive, for comparison purpose. We are of the view that the review period being twelve months prior to and including the Last Trading Date would provide us with the recent relevant information on the market sentiment, which plays an important role in the determination of the subscription price of a rights issue in general. We also noted that the business activities of the Comparables are not directly comparable to those carried out by the Group and the terms of the rights issues of the Comparables may vary from companies with different financial standings, business performance and future prospects. Since the Comparables are the most recent rights issue transactions announced to the public, we consider that the Comparables could represent the recent trend of the rights issue transactions in the prevailing market condition and could provide a general reference for the terms of the Rights Issue. Set out below are the Comparables:

Date of announcement	Company name	Stock code	Basis of entitlement	Underwriting commission	Discount/ (premium) of the subscription price to the closing price of last trading date prior to the date of announcement	Discount/ (premium) of the subscription price to the theoretical ex-right price
13 Aug 2010	Polyard Petroleum International Group Limited	8011	1 for 2	1.50%	28.10%	20.60%
22 Sep 2010	21 Holdings Limited	1003	10 for 1	2.13% *(Note 1)*	87.66%	39.30%
27 Sep 2010	Oriental City Group Holdings Limited	8325	1 for 2 *(Note 2)*	2.50%	84.44%	71.13%
20 Oct 2010	Ching Hing (Holdings) Limited	692	8 for 1	2.50%	81.82%	33.33%
29 Oct 2010	Inno-Tech Holdings Limited	8202	10 for 1	3.00%	72.31%	19.28%
11 Nov 2010	Hengli Properties Development (Group) Limited	169	1 for 1	2.50%	71.43%	55.56%
25 Nov 2010	Forefront Group Limited	885	8 for 1	3.00%	86.56%	41.59%
29 Nov 2010	China Yunnan Tin Minerals Group Company Limited	263	8 for 1	3.00%	87.80%	44.44%
17 Dec 2010	Zhongtian International Limited	2379	10 for 1	0.00%	96.70%	72.50%
22 Dec 2010	V.S. International Group Limited	1002	1 for 3	0.00%	18.37%	14.44%
23 Dec 2010	Pan Asia Mining Limited	8173	5 for 1	2.50%	74.36%	32.58%
6 Jan 2011	Heritage International Holdings Limited	412	1 for 2	2.50%	35.06%	26.47%
21 Jan 2011	Sheng Yuan Holdings Limited	851	2 for 5	1.50%	46.84%	38.24%
31 Jan 2011	Nam Hing Holdings Limited	986	26 for 1	3.00%	92.80%	32.30%
1 Feb 2011	China 3D Digital Entertainment Limited	8078	7 for 1	2.00%	95.24%	71.43%
16 Feb 2011	China Properties Investment Holdings Limited	736	30 for 1	3.00%	83.61%	13.92%
8 Apr 2011	Radford Capital Investment Limited	901	4 for 1	2.50%	55.13%	19.72%
8 Apr 2011	Willie International Holdings Limited	273	8 for 1	2.50%	82.88%	73.70%
12 Apr 2011	Polyard Petroleum International Group Limited	8011	1 for 1	N/A *(Note 3)*	23.08%	13.04%
18 Apr 2011	Bao Yuan Holdings Limited	692	22 for 1	3.00%	83.05%	17.49%
6 May 2011	Media China Corporation Limited	419	1 for 2	3.00%	25.00%	18.18%
6 May 2011	21 Holdings Limited	1003	8 for 1	2.00%	88.80%	46.80%
18 May 2011	Midas International Holdings Limited	1172	1 for 1	1.00%	45.40%	29.30%
26 May 2011	Waytung Global Group Limited	21	1 for 2	1.00%	33.33%	11.17%

Date of announcement	Company name	Stock code	Basis of entitlement	Underwriting commission	Discount/ (premium) of the subscription price to the closing price of last trading date prior to the date of announcement	Discount/ (premium) of the subscription price to the theoretical ex-right price
31 May 2011	Vitop Bioenergy Holdings Limited	1178	1 for 3	4.00%	48.98%	41.86%
2 Jun 2011	Crosby Capital limited	8088	1 for 1	2.50%	46.67%	30.43%
9 Jun 2011	China Agri-products Exchange Limited	149	30 for 1	2.50%	87.09%	17.72%
21 Jun 2011	Guojin Resources Holdings Limited	630	11 for 10	2.50%	66.40%	48.50%
29 Jun 2011	Unlimited Creativity Holdings Limited	8079	10 for 1	2.00%	82.14%	29.58%
29 Jun 2011	Radford Capital Investment Limited	901	1 for 2	2.50%	7.40%	5.06%
8 Jul 2011	Suncorp Technologies Limited	1063	18 for 1	3.00%	85.51%	23.72%
			Maximum	**4.00%**	**96.70%**	**73.70%**
			Minimum	**0.00%**	**7.40%**	**5.06%**
			Mean	**2.29%**	**64.64%**	**33.98%**
	The Company	**412**	**22 for 1**	**3.00%**	**86.52%**	**22.50%**

Source: The Stock Exchange

Notes:

1. As set out in the announcement of 21 Holdings Limited dated 22 September 2010, the rights issue were fully underwritten by Get Nice Securities Limited with 2.25% underwriting commission and Emperor Securities Limited with 2.0% underwriting commission. For calculation purpose, the average of 2.13% underwriting commission will be used for the calculation of the average of the underwriting commission of the Comparables.

2. As set out on the announcement of Oriental City Group Holdings Limited dated 27 September 2010, the proposed rights issue was on the basis of one rights share for every two existing shares held by qualifying shareholders on the record date with bonus issue on the basis of one bonus share for every rights share taken up under the rights issue.

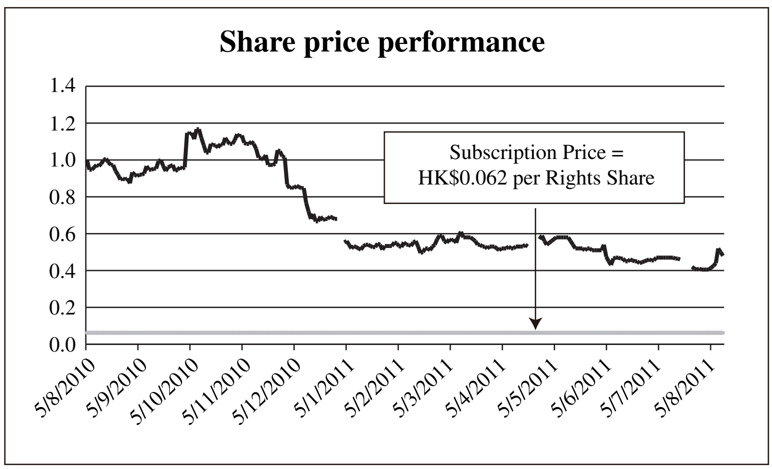
3. As set out in the announcement of Polyard Petroleum International Group Limited dated 12 April 2011, the rights issue was not on an underwritten basis.

Based on the above table, we noted that (i) the subscription prices to the closing price on the last trading date prior to the announcement dates of the Comparables ranged from a discount of approximately 7.40% to 96.70%, with the mean at discount of approximately 64.64%. The discount of the Subscription Price of the Rights Issue to the closing price of the Shares on the Last Trading Date is approximately 86.52%, which represents a higher discount than the mean but falls within the range of the Comparables; and (ii) the subscription prices to the theoretical ex-rights price per share based on the last trading date prior to the announcement dates in relation to the Comparables ranged from a discount of 5.06% to 73.70%, with the mean at discount of approximately 33.98%.

The discount of the Subscription Price of the Rights Issue to the theoretical ex-rights price per Share of 22.50%, based on the closing price of the Shares on the Last Trading Date, represents a lower discount than the mean and falls within the range of the Comparables.

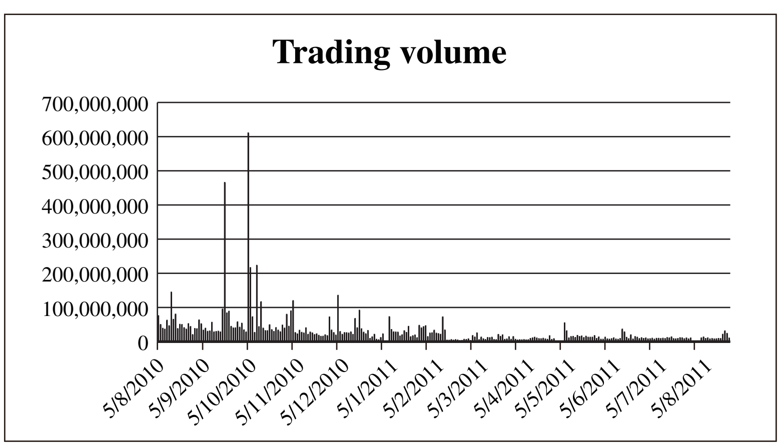
Share prices and trading liquidity of the Company

For the purpose of further assessing the fairness and reasonableness of the level of the Subscription Price, we have reviewed the closing prices and the trading liquidity of the Shares during the twelve-month period preceding the date of the Underwriting Agreement up to and including the Latest Practicable Date (the "Review Period").



Source: The Stock Exchange

Note: The trading in Shares was suspended on 5 January 2011, 6 January 2011, from 5 May 2011 to 11 May 2011 (both dates inclusive) and from 8 August 2011 to 11 August 2011 (both dates inclusive).



Source: The Stock Exchange

Note: The trading in Shares was suspended on 5 January 2011, 6 January 2011, from 5 May 2011 to 11 May 2011 (both dates inclusive) and from 8 August 2011 to 11 August 2011 (both dates inclusive).

Month	Highest daily turnover	Lowest daily turnover	Average daily turnover	Number of trading days with turnover lower than 20 million	Percentage of average daily turnover over total number of Shares in issue	Percentage of average daily turnover over total number of Shares held by the Independent Shareholders
	Number of Shares	*Number of Shares*	*Number of Shares*	*Number of days*	*(Note 2)* %	*(Note 3)* %
2010						
August	144,300,600	19,950,000	52,593,339	1	18.46	18.48
September	465,312,523	27,688,040	67,805,155	0	23.80	23.83
October	610,472,560	26,286,800	88,557,717	0	31.08	31.12
November	119,386,860	14,875,160	36,736,356	6	12.89	12.91
December	134,906,812	4,787,700	32,916,575	5	11.55	11.57
2011						
January	72,387,360	10,810,000	28,963,145	7	10.16	10.18
February	71,836,032	2,462,580	19,263,831	9	6.76	6.77
March	24,923,586	2,570,676	10,479,743	21	3.68	3.68
April	16,660,000	4,096,910	8,085,691	18	2.84	2.84
May	54,348,538	5,883,144	16,345,384	14	5.74	5.74
June	36,057,300	6,269,013	12,151,829	19	4.26	4.27
July	13,300,003	6,745,008	9,198,997	20	3.23	3.23
August	30,895,380	7,265,240	11,646,649	16	4.09	4.09

Source: The Stock Exchange

Notes:

1. The trading in Shares was suspended on 5 January 2011, 6 January 2011, from 5 May 2011 to 11 May 2011 (both dates inclusive) and from 8 August 2011 to 11 August 2011 (both dates inclusive).

2. Based on the total number of issued Shares of 284,947,018 Shares as at the Latest Practicable Date.

3. Based on the total number of issued Shares held by the Independent Shareholders of 284,568,609 Shares as at the Latest Practicable Date.

We noted that, during the Review Period, the daily closing price of the Shares was first fluctuate at the high level and reached to a high of HK$1.167 per Shares on 12 October 2010 and 13 October 2010 and it has experienced a downward trend to a low of HK$0.405 per Share on 16 August 2011 afterward and the Subscription Price represents a discount to the closing price of the Shares throughout the Review Period. In addition, the average daily turnover was approximately 30,745,374 Shares, representing approximately 10.79% of the entire issued share capital of the Company as at the Latest Practicable Date. Having taken into account of the capital reorganisation conducted by the Company in early 2011, details of which are set out in the announcement dated 6 January 2011, we are of the view that the liquidity in trading of the Shares is thin during the

Review Period. The closing prices of the Shares varied within a range between HK$0.405 per Share and HK$1.167 per Share which were above the Subscription Price of HK$0.062 per Rights Share at all time during the Review Period. The Shares are closed at HK$0.48 per Share as at the Latest Practicable Date.

We are aware that the discount of approximately 86.52% to the closing price of the Shares on the Last Trading Date represents a deeper discount as compared to the average discount of the Comparables. Nonetheless, we note that it is common for the listed issuers in Hong Kong to offer large discount of the subscription prices with the higher offer ratio to the shareholders in order to increase the attractiveness of a rights issue exercise. Having considered that the Group had recorded continued losses in recent years, we are given to understand that the Company needs to set the Subscription Price at a deep discount with a high offer ratio to enhance the attractiveness of the Rights Issue in order to raise the specified funds, details of which is set out in the "use of proceeds" section. Hence, the Subscription Price is lower than the prevailing market prices of the Shares and is in line with the normal market practice.

Having considered the section headed in "Reasons for the Rights Issue and proposed use of proceeds", the Subscription Price represents a discount to the relevant means of the closing prices on the theoretical ex-rights prices per share of the Comparables and within the range of the Comparables and the followings: (i) the downward trend in the price of the Shares; (ii) the low liquidity in the trading of the Shares during the Review Period; (iii) the common practice by the Comparables to set their subscription prices of their rights issues at a discount rate to the prevailing market prices of the relevant shares before the relevant announcements; (iv) all Qualifying Shareholders are offered an equal opportunity to subscribe for the Rights Shares at the Subscription Price which represents discount to market price; and (v) the possibility of participating in the future benefits which may be brought about by business development of the Group and the improvement of the financial position of the Group from the Rights Issue, we are of the view that the Subscription Price of the Rights Issue is in line with market practice and is fair and reasonable, and thus is in the interests of the Company and the Independent Shareholders as a whole.

4. Application for excess Rights Shares

As stated in the Letter from the Board, Qualifying Shareholders will be entitled to apply for any unsold entitlements of the Excluded Shareholders and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders. Application may be made by completing the form of application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion, but on a fair basis in accordance with the Listing Rules on the following principles:

(1) preference will be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and

(2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied by them (i.e. Qualifying Shareholders applying for a smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive lesser number of Rights Shares; whereas Qualifying Shareholders applying for larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive greater number of Rights Shares).

The Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation for excess Rights Shares will not be extended to beneficial owners individually. Beneficial owners who hold their Shares through a nominee company are advised to consider whether they would like to arrange registration of their Shares in their own names prior to the Record Date.

After reviewing the circulars of the Comparables, we noted that the above practices are in line with market practice and are of the view that such arrangement is fair and reasonable to the Company and the Independent Shareholders as a whole.

5. Bonus Warrants Issue

The Company also proposed to issue the Bonus Warrants to the first registered holders of the Rights Shares on the basis of one Bonus Warrant for every five Rights Shares taken up under the Rights Issue.

Each of the Bonus Warrant will entitle the holders thereof to subscribe for one Bonus Warrants Share at the Exercise Price of HK$0.04 per Share (subject to adjustments), details of the terms of the Bonus Warrants are set out in Appendix III to the Circular. The Exercise Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market price and the theoretical ex-rights price of the Share.

The Bonus Warrants will be listed on the Stock Exchange and dealings of which is expected to commence on Friday, 28 October 2011. The Bonus Warrants will have a subscription period of 24 calendar months from the date when the dealings in the Bonus Warrants commence on the Stock Exchange. Holders of the Bonus Warrants can choose to realise such Bonus Warrants in the market for economic benefit.

On the basis of 6,268,834,396 Rights Shares to be issued under the Rights Issue, the total number of Bonus Warrants to be issued will be 1,253,766,879. Each of the Bonus Warrants will entitle the holder(s) thereof to subscribe for one Share at the Exercise Price of HK$0.04 per Share (subject to adjustments), a total of 1,253,766,879 Bonus Warrants Shares at the Exercise Price will be issued. The Bonus Warrants Shares to be issued upon exercise of the Bonus Warrants represents approximately 16.06% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares and the Bonus Warrants Shares.

As to the potential dilution of shareholding interest as a result of the exercise of the Bonus Warrants, holders of the Bonus Warrants can choose to subscribe for the Company's new Shares at a significant discount to the prevailing market price to participate the future growth of the Company, or choose to realise the Bonus Warrants in the market for economic benefits. Having considered the above, we are of the opinion that the potential dilution effect on the shareholding interests of the Shareholders, which may only happen when the holders of the Bonus Warrant do not subscribe for their Bonus Warrants Shares, to be acceptable. As we are aware from the section headed "Comparison with other rights issues" above, we are aware that the discount of approximately 86.52% to the closing price of the Shares on the Last Trading Date represents a deeper discount than the average discount of the Comparables. However, given that the rights issue is a preferred source of financing due to the loss making financial position of the Company and the high offer ratio of the Rights Issue, we consider that the Bonus Warrants will definitely enhance the attractiveness of the offer, thus, we are of the view that the Bonus Warrants serves as an incentive for the Qualifying Shareholders to subscribe for the Rights Shares.

As (i) the Bonus Warrants, which will be listed on the Stock Exchange, serve as an incentive for the Qualifying Shareholders to subscribe for the Rights Shares; (ii) holders of such Bonus Warrants can choose to realise such Bonus Warrants in the market for economic benefits or have full discretion on whether or not to subscribe for the same number of Shares; and (iii) the Bonus Warrants, when exercised, may raise additional working capital to further strengthen the financial position of the Group, we consider the Bonus Issue, as part of the Rights Issue, is in the interests of the Company and the Independent Shareholders as a whole, and is fair and reasonable so far as the Independent Shareholders are concerned.

6. Underwriting Agreement

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite the Rights Shares not subscribed by the Qualifying Shareholders on a fully underwritten basis, being not exceeding 6,268,834,396 Rights Shares, subject to the terms and conditions of the Underwriting Agreement.

In addition, based on the Underwriting Agreement, the Company will pay the Underwriter an overall underwriting commission of 3% of the aggregate Subscription Price of the Underwritten Shares as determined on the Record Date. The underwriting commission of the Comparables ranged from nil to 4% with a mean of 2.29%. On this basis, we noted the underwriting commission charged by the Underwriter to the Company is higher than the mean but falls within the range of the commission of the Comparables. As such, we are of the view that the underwriting commission charged by the Underwriters is under normal commercial terms and is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

7. Termination of the Underwriting Agreement

It should also be noted that the Rights Issue would not proceed if the Underwriter exercises their termination rights under the Underwriting Agreement. Details of the provisions granting the Underwriter such termination rights are included in the Letter from the Board. After reviewing the circulars of the Comparables, we consider such provisions are on normal commercial terms and in line with the market practice.

8. Dilution effect of the Rights Issue on shareholding interests

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their entitlements in full under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue.

For those Qualifying Shareholders who do not exercise their rights to subscribe for the Rights Shares in full, depending on the extent that they accept their entitlements, their shareholding interests will be diluted. However, it should be noted that such Shareholders will have the opportunity to realise their nil-paid rights to subscribe for the Rights Shares (the "Nil-Paid Rights") in the market during the dealing of Nil-Paid Rights on the Stock Exchange, subject to the then prevailing market conditions. As mentioned in the section headed "Share prices and trading liquidity of the Company", the liquidity in trading of the Shares is thin during the Review Period. However, it is the common practice of the price of a nil-paid rights is lower than the market price of that corresponding security, we thus are of the view that the past trading volume of the Shares does not represent the liquidity of the Nil-Paid Rights, which has no co-relation to each others. Therefore, given that the Subscription Price is set at a deep discount together with the Bonus Warrants to be issued, we consider that the liquidity of the Nil-Paid Rights should be highly supported by the Qualifying Shareholders to be participated in the Rights Issue.

Meanwhile, Qualifying Shareholders who wish to increase their shareholdings in the Company through the Rights Issue may, subject to availability, acquire additional Nil-Paid Rights in the market. The Qualifying Shareholders may also apply for excess Rights Shares.

We are of the view that the arrangement for the Rights Issue is in line with recent market practice for the rights issue and are able to cater for different objectives for the Qualifying Shareholders.

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and upon completion of the Rights Issue:

			Before exercise of Bonus Warrants				After exercise of all Bonus Warrants			
	As at the Latest Practicable Date		Shareholding after the Rights Issue (assuming all Shareholders take up their entitlements)		Shareholding after the Rights Issue (assuming no Shareholders take up their entitlements)		Shareholding after the Rights Issue (assuming all Shareholders take up their entitlements)		Shareholding after the Rights Issue (assuming no Shareholders take up their entitlements)	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*	*Number of Shares*	*Approximate %*
Directors										
Kwong Kai Sing, Benny	231,660	0.082	5,328,180	0.082	231,660	0.003	6,347,484	0.082	231,660	0.003
Ong Peter	128,929	0.045	2,965,367	0.045	128,929	0.002	3,532,654	0.045	128,929	0.001
Poon Chi Wan	17,820	0.006	409,860	0.006	17,820	0.001	488,268	0.006	17,820	0.001
Public	284,568,609	99.867	6,545,078,007	99.867	284,568,609	4.342	7,797,179,887	99.867	284,568,609	3.645
Underwriter	–	–	–	–	6,268,834,396	95.652	–	–	7,522,601,275	96.350
Total	284,947,018	100	6,553,781,414	100	6,553,781,414	100	7,807,548,293	100	7,807,548,293	100

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter had already sub-underwritten all of its underwriting obligations under the Underwriting Agreement to sub-underwriters such that each of the Underwriter and the sub-underwriters (i) will not own 30% or more of the issued share capital of the Company immediately after completion of the Rights Issue; and (ii) none of the Underwriter and the sub-underwriters will not immediately after the Rights Issue own or control 20% or more of the voting rights of the Company. Accordingly, the Company is of the view that (i) minimum public float requirement under Rule 8.08 will be complied with upon the completion of the Rights Issue will be maintained; and (ii) the Underwriter will not and the sub-underwriters will not own 30% or more of the issued share capital of the Company.

The Independent Shareholders who are Qualifying Shareholders should note that, if they decide to subscribe for their full provisional allotment entitlements of the Rights Shares, there would not be any dilution effect on their shareholding interests in the Company. However, we would like to draw the Independent Shareholders' attention to the fact that, for those Independent Shareholders who do not wish to take up all or part of their provisional allotment entitlements to the Rights Shares, their corresponding interest in the Company will be diluted. In view that the Company sets the Subscription Price at a deep discount with a high offer ratio and the Bonus Warrants to be issued, the Qualifying Shareholders are more likely to be attracted to participate in the Rights Issue so as not to be diluted. Nevertheless, if all the Qualifying Shareholders (other than the Underwriters) still decide not to take up the provisional allotments of the Rights Issue and the Underwriter has taken up all the provisional allotments in its capacity as the Underwriter, the percentage of shareholding of the other public Shareholders will be reduced from approximately 99.867% to approximately 4.342% before exercise of the Bonus Warrants or to approximately 3.645% after exercise the Bonus Warrants.

We noted that the proposed size of the Rights Issue is close to high end among the Comparables (i.e. 22 Rights Issue for 1 existing Shares), where only four cases that have a larger size than the proposed Rights Issue. In order to justify the size of the Rights Issue, we have also considered whether the Company is necessary to conduct the Rights Issue with high offer ratio. However, having considered the funding requirement as disclosed in the section headed "Reasons for the Rights Issue and proposed use of proceeds", we are of the view that in order to maintain the attractiveness of the Rights Issue and to raise sufficient funds for its future investment and development, a larger scale of Rights Issue will be required. As such, we are of the view that the Rights Issue is justifiable. Additionally, as discussed with the Directors, the Company considered that the Qualifying Shareholders will be attracted to participate in the Rights Issue so as not to be diluted on their shareholding interests in the Company and the Company can be raised sufficient amount for applying to its intended use of proceeds, details of which are set out in the section "Reason for and benefit of the Rights Issue". Having considered that (i) the intended use of proceeds from the Rights Issue will enable the Group to strengthen its capital base and to enhance the financial position for negotiation of future strategic investments as and when opportunities arise; (ii) a lower subscription price which represents discounts to the Last Trading Date and to the theoretical ex-entitlement price may likely to attract the Qualifying Shareholders to participate in the Rights Issue given the loss making performance of the Group for the past five years ended 31 March 2011; (iii) the inherent dilutive nature of rights issue in general; and (iv) the Rights Issue are on the basis that all Qualifying Shareholders have been offered the same opportunity to maintain their proportional interests in the Company, and should the Qualifying Shareholders decide not to take up their entitlements under the Rights Issue, they can sell the nil-paid Rights Shares in the market for economic benefit, we are of the view that the potential dilution effect on the shareholding is fair and reasonable to the Independent Shareholders and is not prejudicial to the Independent Shareholders' interests in the Company if they choose to subscribe for their full entitlement of the Rights Shares under the Rights Issue.

9. Arrangement of the Excluded Shareholders

We have reviewed the arrangements of the Excluded Shareholders regarding the Rights Issue. We noted that the Company has one Shareholder whose address as shown on the register of members of the Company is outside Hong Kong. The Company will ascertain on the Record Date whether there are any Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong and make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges for the Company's offering the Rights Shares to the Excluded Shareholders in compliance with the Listing Rules to determine who will be the Excluded Shareholders.

10. Financial effects of the Rights Issue

(a) Net assets value

With reference to the unaudited pro forma financial information of the Group as set out in the appendix II to this Circular, the consolidated net tangible asset value of the Group was approximately HK$957.97 million as at 31 March 2011. After taking into account the net proceeds from the Rights Issue, the unaudited pro forma adjusted consolidated net tangible assets of the Group will be raised to approximately HK$1,331.97 million.

Upon completion of the Rights Issue, the total number of Shares shall be increased from 284,947,018 Shares to 6,553,781,414 Shares before exercise of the Bonus Warrants or to 7,807,548,293 Shares after exercise of the Bonus Warrants and thus, the unaudited consolidated net tangible asset per Share will be decreased from approximately HK$3.36 per Share to approximately HK$0.20 and approximately HK$0.17 respectively.

(b) Gearing (total borrowing/total assets)

According to the 2011 Annual Report, the gearing ratio of the Group was approximately 6.31%. Immediately after completion of the Rights Issue, the net debt of the Group would remain unchanged whereas the equity attributable to shareholders of the Group would increase approximately HK$374 million. Hence, the gearing ratio of the Group would be improved to approximately 4.65% as a result of the Rights Issue.

(c) Working capital

With reference to the 2011 Annual Report, the net current assets of the Group was approximately HK$589.13 million as at 31 March 2011. Immediately after completion of the Rights Issue, the net current assets of the Group would increase to approximately HK$963.13 million. In this regard, we are of the view that the Rights Issue will improve the liquidity position of the Group.

Based on the foregoing, the Rights Issue will enhance the net assets value of the Group, reduce the indebtedness and improve the liquidity position of the Group. Hence, we are of the view that the Rights Issue is in the interest of the Company and the Independent Shareholders as a whole.

D. CONCLUSION

Having taken into consideration of the following principal factors and reasons regarding the major terms of the Rights Issue including:

(a) the net proceeds from the Rights Issue will strengthen the capital base and to enhance the financial position of the Company for future strategic investments as and when arise;

(b) the Rights Issue would be a preferred method of equity financing as it will allow all the Qualifying Shareholders to maintain their proportionate interests in the Company and to participate in the future growth and development of the Company;

(c) the Subscription Price and the theoretical ex-right subscription price fall within the range of the Comparables;

(d) the major terms of the Underwriting Agreement is in line with the market practice;

(e) the dilution effect is not prejudicial to the Independent Shareholders' interests in the Company if they choose to subscribe for their full entitlement of the Rights Shares under the Rights Issue; and

(f) the Rights Issue will enhance the net assets value of the Group, reduce the indebtedness and improve the liquidity position of the Group,

we are of the view that the terms of Rights Issue are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Rights Issue.

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the years ended 31 March 2011, 2010 and 2009 together with the relevant notes to the consolidated financial statements of the Group can be found from pages 27 to 122 of the annual report of the Company for the year ended 31 March 2011, pages 27 to 122 of the annual report of the Company for the year ended 31 March 2010 and pages 25 to 117 of the annual report of the Company for the year ended 31 March 2009.

The said annual reports of the Company are available on the Company's website at www.heritage.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

2. INDEBTEDNESS

Borrowings

At the close of business on 31 July 2011, the Group had aggregate outstanding borrowings comprising secured bank loans of approximately HK$64,002,500.

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 July 2011, 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 July 2011.

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 July 2011.

3. WORKING CAPITAL

The Directors are satisfied after due and careful enquiry that taking into account the present internal financial resources of the Group, the available banking facilities and the net proceeds to be derived from the Rights Issue, 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 publication of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 March 2011, the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FOREIGN EXCHANGE

The Group has interests in certain companies established and operating in the PRC. The relevant revenue and operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Shortages in the availability of foreign currency may restrict the ability of such companies to remit sufficient foreign currency to pay dividends or other amounts to the Group.

1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is an unaudited pro forma statement of adjusted consolidated net tangible assets of the Group which has been prepared based on the audited consolidated net tangible assets of the Group as at 31 March 2011, as extracted from the published annual report of the Company for the year ended 31 March 2011, and is adjusted as described below for the purpose of illustrating the effect of the Rights Issue as if it had been completed on 31 March 2011. This statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the financial position of the Group as at 31 March 2011 had the Rights Issue actually been completed on that date or at any future date.

	Consolidated net tangible assets as at 31 March 2011	**Consolidated net tangible assets per Share as at 31 March 2011**	**Estimated net proceeds from the Rights Issue**	**Unaudited pro forma adjusted consolidated net tangible assets after completion of the Rights Issue**	**Unaudited pro forma adjusted consolidated net tangible assets per Share after the Rights Issue**
			(Note 1)		*(Note 2)*
	(approximately)	(approximately)	(approximately)	(approximately)	(approximately)
	HK$'000	*HK$*	*HK$'000*	*HK$'000*	*HK$*
Based on 6,268,834,396 Rights Shares issued	957,970	3.36	374,000	1,331,970	0.2

Notes:

1. The estimated gross proceeds from the Rights Issue are approximately HK$388,000,000. Estimated expenses associated with the Rights Issue amounted to approximately HK$14,000,000, resulting in an estimated net proceeds from the Rights Issue of approximately HK$374,000,000.

2. The unaudited pro forma adjusted consolidated net tangible assets per Share after the Rights Issue of approximately HK$0.2 is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group as calculated above and on the basis of 6,553,781,414 Shares, comprising 284,947,018 Shares in issue as at the Record Date and 6,268,834,396 Rights Shares to be issued pursuant to the Rights Issue.

3. No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 31 March 2011.

2. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the text of a letter from Ernst &Young, the reporting accountants to the Company, in respect of the unaudited pro forma statement of adjusted consolidated net tangible assets for incorporation in this circular.

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

The Board of Directors
Heritage International Holdings Limited

2 September 2011

Dear Sirs

Accountants' report on the unaudited pro forma statement of adjusted consolidated net tangible assets

We report on the unaudited pro forma adjusted consolidated net tangible assets (the "Unaudited Pro Forma Financial Information") of Heritage International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed rights issue of 6,268,834,396 rights shares of the Company might have affected the financial information presented, for inclusion in Appendix II to the circular of the Company dated 2 September 2011 (the "Circular"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Circular.

Respective responsibilities of the directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagement 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 March 2011 or any future dates.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully
Ernst &Young
Certified Public Accountants
Hong Kong

The Bonus Warrants will be issued subject to and with the benefit of the instrument by way of deed poll (the "Instrument") to be executed by the Company. The Bonus Warrants will be issued in registered form and will form one class and rank pari passu in all respects with each other.

The principal terms and conditions of the Bonus Warrants (the "Conditions") will be set out in the certificates for the Bonus Warrants (the "Warrant Certificates") and will include provisions summarised below. Holders of the Bonus Warrants (the "Warrantholders") will be entitled to the benefit of, and will be bound by, and be deemed to have notice of the Conditions. They will also be entitled to the benefit of, and will be bound by, and be deemed to have notice of the provisions of the Instrument, copies of which will be available at the principal place of business for the time being of the Company in Hong Kong.

1. EXERCISE OF SUBSCRIPTION RIGHTS

(a) In this Appendix, unless otherwise stipulated, the following terms shall have the following meanings:

"Share(s)"	new ordinary share(s) of HK$0.01 each in the share capital of the Company;
"Subscription Date"	means any day (other than a Saturday, Sunday or any other public holiday) on which banks in Hong Kong are generally open for clearing and settlement business falling within the Subscription Period on which any of the Subscription Rights are duly exercised;
"Subscription Period"	means the period of 24 months from the date of issue of the Bonus Warrants;
"Subscription Price"	means the sum payable in respect of each Share upon exercise of the Subscription Rights, initially being HK$0.04 each (subject to adjustments); and
"Subscription Rights"	in respect of each Bonus Warrant, means the subscription right attached to the Bonus Warrant to subscribe for one fully-paid Share at the Subscription Price, initially being at HK$0.04 each (subject to adjustments).

(b) The registered holder for the time being of each Bonus Warrant will have the right, at any time during the Subscription Period on any day (other than a Saturday, Sunday or any other public holiday) on which banks in Hong Kong are generally open for clearing and settlement business, to subscribe for one fully-paid Share in cash at HK$0.04 per Share (subject to adjustments). After 4:00 p.m. on the last day of the Subscription Period, any Subscription Rights which have not been exercised will lapse and the Bonus Warrants and the Warrant Certificates will cease to be valid for any purpose.

(c) Each Warrant Certificate will contain a Subscription Form (as defined in the Instrument). In order to exercise in whole or in part the Subscription Rights represented by the Warrant Certificate, the Warrantholders must complete and sign the Subscription Form (which, once signed and completed, shall be irrevocable) and deliver the Warrant Certificate (and, if the subscription form used shall not be the form endorsed thereon, the separate subscription form) duly completed to the Registrars (as defined in the Instrument), together with a remittance for the Exercise Moneys (as defined in the Instrument) (or, in the case of a partial exercise, the relevant portion of the Exercise Moneys). In each case, compliance must also be made by the exercising Warrantholder with any exchange control, fiscal or other laws or regulations for the time being applicable.

(d) The number of Shares to be allotted on exercise of the Subscription Rights shall be the number of the Bonus Warrants subject to exercise as specified in the relevant Subscription Form and in respect of which the Exercise Moneys thereof have been duly remitted as aforesaid.

(e) The Company has undertaken in the Instrument that Shares falling to be issued upon the exercise of the Subscription Rights will be issued and allotted not later than 21 calendar days after the relevant Subscription Date and will rank pari passu with the fully-paid Shares in issue on the relevant Subscription Date and accordingly shall entitle the holders to vote at general meetings of the Company and to participate in all dividends or other distributions declared, paid or made on or after the relevant Subscription Date unless adjustment therefor has been made as provided in the Instrument, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant Subscription Date and notice of the amount and record date for which shall have been given to the Stock Exchange prior to the relevant Subscription Date.

(f) As soon as reasonably practicable after the relevant allotment of Shares (and not later than 21 calendar days after the relevant Subscription Date), there will be issued free of charge to the Warrantholder(s) to whom such allotment has been made:

(i) a certificate (or certificates) for the relevant Shares in the name(s) of such Warrantholder(s); and

(ii) (if applicable) a balancing Warrant Certificate in registered form in the name(s) of such Warrantholder(s) in respect of any Subscription Rights represented by the Warrant Certificate lodged but remaining unexercised.

(g) The certificate(s) for Shares arising on the exercise of the Subscription Rights and the balancing Warrant Certificate (if any) will be sent by post at the risk of such Warrantholder(s) to the address of such Warrantholder(s) or (in the case of a joint holding) to that one of them whose name stands first in the register of Warrantholders of the Company (which shall be deemed to be a sufficient despatch to all of them). If the Company agrees, such certificates may by prior arrangement be retained by the Registrars to await collection by the relevant Warrantholder(s).

2. ADJUSTMENT OF SUBSCRIPTION PRICE

The Instrument contains detailed provisions relating to the adjustment of the Subscription Price. The following is a summary of, and is subject to, the adjustment provisions of the Instrument:

(a) The Subscription Price shall (except as mentioned in sub-paragraphs (b), (c) and (d) below) be adjusted as provided in the Instrument in each of the following cases:

(i) if and whenever the nominal amount of the Shares is altered by reason of any consolidation or subdivision;

(ii) if and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including those in share premium account or contributed surplus account);

(iii) if and whenever the Company shall make any Capital Distribution (as defined in the Instrument), whether on a reduction of capital or otherwise, to holders of Shares (in their capacity as such);

(iv) if and whenever the Company shall grant to the holders of Shares (in their capacity as such) rights to acquire for cash assets of the Company or any of its Subsidiaries (as defined in the Instrument);

(v) if and whenever the Company shall offer to holders of Shares new Shares for subscription by way of rights or shall grant to holders of Shares any options or warrants to subscribe for new Shares, in each case at a price which is less than 90% of the market price (calculation as provided in the Instrument);

(vi) if and whenever the Company or any other company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total Effective Consideration (as defined in the Instrument) initially receivable per Share is less than 90% of the market price (calculation as provided in the Instrument), or the terms of any such issue being altered so that the said total Effective Consideration is less than 90% of such market price;

(vii) if and whenever the Company shall issue wholly for cash of any Shares (other than Shares issued pursuant to a Share Option Scheme (as defined in the Instrument)) at a price per Share which is less than 90% of the market price (calculation as provided in the Instrument); and

(viii) if and whenever the Company shall purchase any Shares (or securities convertible into, or any rights to subscribe for, Shares) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price.

(b) Except as mentioned in sub-paragraph (c) below, no such adjustment as is referred to in sub-paragraph (a) above will be made in respect of:

(i) an issue of fully-paid Shares upon the exercise of any conversion rights attached to securities convertible into Shares or upon the exercise of any rights (including the Subscription Rights) to acquire Shares;

(ii) an issue by the Company of Shares or by the Company or any Subsidiary of securities wholly or partly convertible into or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;

(iii) an issue of fully-paid Shares by way of capitalisation of all or part of the Subscription Rights Reserve (as defined in the Instrument) to be established in certain circumstances pursuant to the terms and conditions contained in the Instrument (or any similar reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into or carrying rights to acquire Shares);

(iv) an issue of Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Shares so issued is capitalised and the market value (calculation as provided in the Instrument) of such Shares is not more than 110% of the amount of dividend which holders of Shares could elect to or would otherwise receive in cash; or

(v) an issue by the Company of Shares or by the Company or any Subsidiary of securities convertible into, or exchangeable for, or carrying rights of subscription for, Shares pursuant to a Share Option Scheme.

(c) Notwithstanding the provisions referred to in sub-paragraphs (a) and (b) above, in any circumstances where the Directors shall consider that an adjustment to the Subscription Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided for under the said provisions, the Company may appoint the auditors of the Company or an approved merchant bank to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would not or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if the auditors of the Company or such approved merchant bank (as the case may be) shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner (including, without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by the auditors of the Company or such approved merchant bank (as the case may be) to be in its opinion appropriate.

(d) Any adjustment to the Subscription Price shall be made to the nearest one-tenth of a cent so that any amount under half of one-tenth of a cent shall be rounded down and any amount of half of one-tenth of a cent or more shall be rounded up. No adjustment shall be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than one-tenth of a cent and any adjustment that would otherwise be required then to be made shall not be carried forward. No adjustment may be made (except on a consolidation of Shares into shares of a larger nominal amount or upon a repurchase of Shares) which would increase the Subscription Price.

(e) Every adjustment to the Subscription Price will be certified to be fair and appropriate by the auditors of the Company or an approved merchant bank and notice of each adjustment (giving the relevant particulars) will be given to the Warrantholders. In giving any certificate or making any adjustment hereunder, the auditors of the Company or the approved merchant bank (as the case may be) shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, their decision shall be conclusive and binding on the Company and the Warrantholders and all persons claiming through or under them respectively. Any such certificate of the auditors of the Company or the approved merchant bank (as the case may be) will be available for inspection at the principal place of business of the Company for so long as any of the Subscription Rights remains exercisable.

3. REGISTERED WARRANTS

The Bonus Warrants will be issued in registered form. The Company will be entitled to treat the registered holder of any Bonus Warrant as the absolute owner thereof and accordingly will not, except as ordered by a court of competent jurisdiction or required by law, be bound to recognise any equitable or other claim to or interest in such Bonus Warrant on the part of any other person, whether or not it shall have express or other notice thereof.

4. TRANSFER, TRANSMISSION AND REGISTER

(a) The Bonus Warrants will be transferrable, by instrument of transfer in any usual or common form or in any other form which may be approved by the Directors. Where the transferor or transferee is HKSCC Nominees Limited or its successor thereto (or such other company as may be approved by the Directors for this purpose), the instrument of transfer may be executed under the hand of an authorised person(s) or by machine imprinted signature(s).

(b) The Company will maintain a register of Warrantholders accordingly. The register may be closed from time to time. Any transfer or exercise of the Subscription Rights attached to the Bonus Warrants made while the register is so closed shall, as between the Company and the person claiming under the relevant transfer of Bonus Warrants or, as the case may be, as between the Company and the Warrantholder who has so exercised the Subscription Rights attached to his Bonus Warrants (but not otherwise), be considered as made immediately after the reopening of the register. Transfers of Bonus Warrants must be executed by both the transferor and the transferee. The provisions of the Company's Bye-laws relating to, inter alia, the registration, transmission and transfer of Shares and the register of members shall, mutatis mutandis, apply to the registration, transmission and transfer of the Bonus Warrants and the register of Warrantholders.

(c) Persons who hold Bonus Warrants and have not registered the Bonus Warrants in their own names and wish to exercise the Bonus Warrants should note that they may incur additional costs and expenses in connection with any expedited re-registration of Bonus Warrants prior to the transfer or exercise of the Subscription Rights attached to the Bonus Warrants, in particular during the period commencing 10 business days prior to and including the last day of the Subscription Period.

(d) Since the Bonus Warrants will be admitted to CCASS, so far as applicable laws or regulations of relevant regulatory authorities and the terms of the Instrument and circumstances permit, the Company may determine the last trading day of the Bonus Warrants to be a date at least three trading days before the last day of the Subscription Period.

5. PURCHASE AND CANCELLATION

The Company or any of the Subsidiaries may at any time, subject to the Hong Kong Code on Share Repurchases, the Listing Rules, and all other applicable laws, rules and regulations, purchase the Bonus Warrants:

(a) in the open market or by tender (available to all Warrantholders alike) at any price; or

(b) by private treaty at a price per Bonus Warrant, exclusive of expenses, not exceeding 110% of the closing price on the Stock Exchange per Bonus Warrant for one or more board lots of Bonus Warrants on the last day on which the Bonus Warrants were traded on the Stock Exchange prior to the date of purchase of the Bonus Warrants, but not otherwise.

All Bonus Warrants purchased as aforesaid shall be cancelled forthwith and may not be reissued or re-sold.

6. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS

(a) The Instrument contains provisions for convening meetings of the Warrantholders to consider any matter affecting the interests of the Warrantholders, including the modification by a Special Resolution (as defined in the Instrument) of the provisions of the Instrument and/or the Conditions. A resolution duly passed at any such meeting shall be binding on the Warrantholders, whether present or not.

(b) All or any of the rights for the time being attached to the Bonus Warrants (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up) be altered or abrogated (including but without prejudice to that generality by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the provisions of the Conditions and/or the Instrument) and the sanction of a Special Resolution of the Warrantholders shall be necessary to effect such alteration or abrogation.

(c) Where a Warrantholder is a recognised clearing house (within the meaning of the SFO) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative(s) or its proxy (or proxies) at any Warrantholders' meeting provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of Bonus Warrants in respect of which each such person is so authorised. The person(s) so authorised will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise as if such person(s) were an individual Warrantholder.

7. REPLACEMENT OF WARRANT CERTIFICATES

If a Warrant Certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Company, be replaced at the office of the Registrars on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Company may require and on payment of such fee not exceeding the maximum fee as may from time to time be permitted by the Stock Exchange as the Company may determine. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued.

In the case of lost Warrant Certificates, sub-sections (2), (3), (4), (6), (7) and (8) of section 71A of the Companies Ordinance shall apply as if "shares" referred to therein included Bonus Warrants.

8. PROTECTION OF SUBSCRIPTION RIGHTS

The Instrument contains certain undertakings by and restrictions on the Company designed to protect the Subscription Rights.

9. CALL

If at any time, the aggregate number of Bonus Warrants outstanding is equal to or less than 10% of the total number of Bonus Warrants issued under the Instrument, the Company may, on giving not less than three months' notice, require the Warrantholders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Bonus Warrants will be automatically cancelled without compensation to the Warrantholders.

10. FURTHER ISSUES

The Company shall be at liberty to issue further subscription warrants.

11. NOTICES

(a) The Instrument contains provisions relating to notices to be given to Warrantholders.

(b) Every Warrantholder shall register with the Company an address either in Hong Kong or elsewhere to which notices can be sent and if any Warrantholder shall fail to do so, notice may be given to such Warrantholder by sending the same in any of the manners hereinafter mentioned to his last known place of business or residence or, if there be none, by posting the same for three days at the principal place of business for the time being of the Company.

(c) A notice may be given by way of an announcement in accordance with the Listing Rules or by delivery, prepaid letter (airmail in the case of an overseas address) or facsimile.

(d) All notices with respect to the Bonus Warrants standing in the names of joint holders shall be given to whichever of such persons is named first in the register of Warrantholders and notice so given shall be sufficient notice to all the joint holders of such Bonus Warrants.

12. RIGHTS OF WARRANTHOLDERS ON WINDING-UP

(a) The Instrument provides that:

(i) in the event a notice is given by the Company to its Shareholders (and the Warrantholders) to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to wind-up the Company voluntarily, every Warrantholder shall be entitled by irrevocable surrender of his Warrant Certificate(s) to the Company with the Subscription Form(s) duly completed, together with payment of the relevant Exercise Moneys or the relative portion thereof (such Subscription Form(s) and Exercise Moneys to be received by the Company not later than two business days prior to the proposed shareholders' meeting), to exercise the Subscription Rights represented by such Warrant Certificate(s) and the Company shall cause to be allotted and issued, as soon as possible and in any event no later than the day immediately prior to the date of the proposed shareholders' meeting, such number of Shares which fall to be issued pursuant to the exercise of the relevant Subscription Rights; and

(ii) if an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some person(s) designated by them for such purpose by Special Resolution, shall be a party or in conjunction with which a proposal is made to the Warrantholders and is approved by Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal will be binding on all the Warrantholders.

(b) In all other circumstances in which the Company may be wound up, the Instrument provides that all Subscription Rights which have not been exercised at the commencement of the winding-up will lapse and each Warrant Certificate will cease to be valid for any purpose.

13. OVERSEAS WARRANTHOLDERS

If a Warrantholder has a registered address in any territory other than Hong Kong where, in the opinion of the Directors, the allotment of Shares to such Warrantholder upon exercise of any Subscription Rights would or might, in the absence of compliance with registration or any other special formalities in such territory, be unlawful or impracticable under the laws of such territory, then the Company will as soon as practicable after exercise by such Warrantholder of any Subscription Rights either (i) allot the Shares which would otherwise have been allotted to such Warrantholder to one or more third parties selected by the Company, or (ii) allot such Shares to such Warrantholder and then, on his behalf, sell them to one or more third parties selected by the Company, in each case for the best consideration then reasonably obtainable by the Company. As soon as reasonably practicable following any such allotment or (as the case may be) allotment and sale, the Company will pay to such Warrantholder an amount equal to the consideration, after deduction of expenses, received by it by posting the remittance to him at his own risks.

14. GOVERNING LAW

The Instrument and the Bonus Warrants are governed by and will be construed in accordance with the laws of Hong Kong. The Company irrevocably submits to the non-exclusive jurisdiction of the courts of Hong Kong in respect of the Instrument and the Bonus Warrants and all matters and disputes arising in connection with them.

1. 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 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. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following completion of the Rights Issue and exercise of all Bonus Warrants was and will be as follows:

Number of Shares		**Nominal value** *HK$*
Authorised:		
50,000,000,000	Shares	500,000,000.00
Issued and fully-paid:		
284,947,018	Shares in issue as at the Latest Practicable Date	2,849,470.18
6,268,834,396	Rights Shares to be issued pursuant to the Rights Issue	62,688,343.96
1,253,766,879	Bonus Warrant Shares to be issued upon exercise of all Bonus Warrants	12,537,668.79
7,807,548,293	Shares in issue following completion of the Rights Issue and exercise of all Bonus Warrants	78,075,482.93

All the issued Shares rank pari passu in all respects as regards dividends, voting rights and return of capital.

No part of the share capital of the Company has been listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed for the Shares to be listed or dealt in on any other stock exchange.

Save pursuant to the options agreement, which is more particularly described in sub-paragraph (g) of section 9 of this Appendix, as at the Latest Practicable Date, none of the capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option.

3. PARTICULARS OF DIRECTORS

Name	Address
Executive Directors	
Dr. Kwong Kai Sing, Benny	29/F., China United Centre 28 Marble Road North Point, Hong Kong
Mr. Ong Peter	29/F., China United Centre 28 Marble Road North Point, Hong Kong
Ms. Poon Chi Wan	29/F., China United Centre 28 Marble Road North Point, Hong Kong
Mr. Chow Chi Wah, Vincent	29/F., China United Centre 28 Marble Road North Point, Hong Kong
Independent Non-Executive Directors	
Mr. To Shing Chuen	29/F., China United Centre 28 Marble Road North Point, Hong Kong
Mr. Ha Kee Choy, Eugene	29/F., China United Centre 28 Marble Road North Point, Hong Kong
Mr. Chung Yuk Lun	29/F., China United Centre 28 Marble Road North Point, Hong Kong
Mr. Lo Wong Fung	29/F., China United Centre 28 Marble Road North Point, Hong Kong

Executive Directors

Kwong Kai Sing, Benny, aged 52, is the Chairman and an Executive Director of the Company since 2001. Dr. Kwong graduated from Simon Fraser University in British Columbia, Canada with a bachelor degree in arts. Dr. Kwong was awarded the honor degree of doctor of commerce by The University of West Alabama in 2008.

Dr. Kwong held senior positions with major international banks in Hong Kong in respective lending departments and China department for many years. For the past several years, he has served as executive director of over 10 publicly listed companies both in Hong Kong, Canada and the UK. Dr. Kwong has extensive knowledge in corporate finance and banking. Dr. Kwong was a director of the Tung Wah Group of Hospitals from 2008 to 2010 and was a member of the Campaign Committee of The Community Chest from 2006 to 2010. Dr. Kwong was nominated as 中國企業創新優秀人物 in China in 2006 and was an appointed member of the China People's Political Consultative Conference of the Hubei Province in 1995-1996. He is currently an appointed member of the China People's Political Consultative Conference of the Zhaoqing City.

Ong Peter, aged 41, is the Managing Director and an Executive Director of the Company since 2003. Mr. Ong holds a bachelor degree from California State University, Los Angeles, the United States of America. He has extensive experience in the press and the insurance industries.

Poon Chi Wan, aged 55, is an Executive Director of the Company since 2001. Ms. Poon has over 10 years' experience in administrative management including management experience in another listed company. Ms. Poon graduated from the Royal School of Music.

Chow Chi Wah, Vincent, aged 42, is the Financial Controller, the Company Secretary and an Executive Director of the Company since 2006. Mr. Chow is a fellow member of the Association of Chartered Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants. Mr. Chow has over 15 years' experience in the finance and accounting field in Hong Kong.

Independent Non-Executive Directors

To Shing Chuen, aged 60, is an Independent Non-Executive Director of the Company since 2002. Mr. To has a Bachelor's degree in Arts and has over 19 years' experience in trading, garment and leather field. He enjoys excellent relationship with Mainland China companies.

Ha Kee Choy, Eugene, aged 54, is an Independent Non-Executive Director of the Company since 2005. Mr. Ha is the director of a certified public accounting practice and an advisory service company in Hong Kong. Mr. Ha holds a Master's degree in business administration and is a fellow member of the Association of Chartered Certified Accountants. Mr. Ha possesses over 20 years of experience in the finance and banking industry and acts as director of a number of private and listed companies in Hong Kong. Mr. Ha is also an executive director of 21 Holdings Limited, a company listed on the Stock Exchange.

Chung Yuk Lun, aged 50, is an Independent Non-Executive Director of the Company since 2001. Mr. Chung has over 20 years' experience in the finance and accounting field. Mr. Chung is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and an Associate Chartered Accountant (England and Wales). Mr. Chung is also the Chairman of Radford Capital Investment Limited, an executive director of Ming Fung Jewellery Group Limited and an independent non-executive director of Forefront Group Limited and Dragonite International Limited, all of which companies are listed on the Stock Exchange.

Lo Wong Fung, *JP*, aged 64, is an Independent Non-Executive Director of the Company since 2007. Mr. Lo is the founder and Chairman of Golden Fame Logistics Holding Limited and has more than 30 years' experience in the logistic field. He is the Chairman of The Chamber of Hong Kong Logistics Industry, a director and the Chairman of the Technology Committee of Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies, the Permanent President of Hong Kong CFS & Logistics Association, the Permanent President of Hong Kong Container Drayage Services Association, the Honorary President of Hong Kong Cargo Vessel Traders' Association and also a member of the Hong Kong Logistics Development Council.

Mr. Lo is also the Vice Chairman and Welfare Committee Chairman of Ning Po Residents Association (H.K.), a member of the Political Consultative Committee of Zhongshan City, the PRC and the Vice Chairman of Zhongshan Association of Overseas Chinese Enterprises. Mr. Lo is currently a visiting professor at the Shanghai Maritime University of the PRC.

4. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Principal place of business in Hong Kong	29/F., China United Centre 28 Marble Road North Point, Hong Kong
Authorised representatives in Hong Kong	Kwong Kai Sing, Benny Poon Chi Wan
Company secretary	Chow Chi Wah, Vincent, *FCCA, HKICPA*
Underwriter of the Rights Issue	Chung Nam Securities Limited 26/F., China United Centre 28 Marble Road North Point, Hong Kong
Legal advisers to the Company	*As to Bermuda law:* Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place, Central Hong Kong *As to Hong Kong law:* Iu, Lai & Li 20/F., Gloucester Tower The Landmark 11 Pedder Street, Central Hong Kong
Auditors	Ernst & Young *Certified Public Accountants* 18/F., Two International Finance Centre 8 Finance Street, Central Hong Kong
Principal share registrar in Bermuda	Butterfield Corporate Services Limited Rosebank Centre 11 Bermudiana Road Pembroke Bermuda

Hong Kong branch share registrar	Computershare Hong Kong Investor Services Limited Shops 1712-16, 17/F. Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal banker	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong

5. DISCLOSURE OF DIRECTORS' INTERESTS

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

Name of Director	Number of Shares (long position)	Nature of interest	Percentage of total issued share capital as at the Latest Practicable Date
Kwong Kai Sing, Benny	231,660	Personal	0.082%
Ong Peter	128,929	Personal	0.045%
Poon Chi Wan	17,820	Personal	0.006%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they would be taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

6. DISCLOSURE OF SHAREHOLDER'S INTERESTS

As at the Latest Practicable Date, so far as the Directors or chief executive of the Company were aware or could ascertain after reasonable enquiry, the following person, not being a Director or chief executive of the Company, had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under section 336 of the SFO or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any option in respect of such capital.

Interests in the shares of the Company

Name	Number of Shares (long position)	Nature of interest	Percentage of total issued share capital as at the Latest Practicable Date
Anwar Hendra	18,200,649	Personal	6.387%

Save as disclosed above and so far as the Directors or chief executive of the Company were aware, as at the Latest Practicable Date, there were no other persons who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group or had any option in respect of such capital.

7. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

None of the Directors has, or has had, any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2011, the date to which the latest published audited financial statements of the Group were made up.

None of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors entered, or proposed to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

9. MATERIAL CONTRACTS

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

(a) a conditional placing agreement dated 29 September 2009 between the Company as issuer and the Underwriter 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;

(b) a conditional placing agreement dated 29 September 2009 between the Company as issuer and the Underwriter 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;

(c) a conditional placing agreement dated 9 April 2010 between the Company as issuer and the Underwriter 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;

(d) a conditional sale and purchase agreement dated 4 January 2011 between Hennabun Capital Group Limited ("Hennabun") as the purchaser and Coupeville Limited (a subsidiary of the Company) as the vendor in relation to the sale of 19.75% of the entire issued share capital of Best Purpose Limited to Hennabun for a total consideration of HK$69 million. Further details of the transaction were set out in the announcement and circular of the Company dated 4 January 2011 and 24 January 2011, respectively;

(e) a conditional underwriting agreement dated 4 January 2011 between the Company as issuer and the Underwriter as underwriter relating to the issue of 94,982,339 rights shares at a subscription price of HK$0.50 per share on the basis of one rights share for every two shares held on 2 March 2011. Further details of the rights issue were set out in the announcement and prospectus of the Company dated 6 January 2011 and 3 March 2011, respectively;

(f) a conditional agreement dated 4 May 2011 entered into between Power Global Limited (a wholly-owned subsidiary of the Company), the Company, Nation Wealth Holdings Limited and Dragonite International Limited in relation to, amongst other things, the sale and purchase of the entire share capital of Central Town Limited for a cash consideration of HK$117 million. Further details of the transaction were set out in the announcement and circular of the Company dated 11 May 2011 and 10 June 2011, respectively;

(g) the options agreement dated 8 August 2011 entered into between Power Global Limited ("PGL") and Nation Wealth Holdings Limited ("NWHL") in relation to the grant of options to sell and purchase the entire share capital of Apex Corporate Investments Limited ("APC"). Such option is exercisable within a period of five years from the date of the options agreement. If the audited consolidated statement(s) of comprehensive income of APC and its subsidiary/subsidiaries (together, the "APC Group") for the year ending 31 March 2012 or any accounting period subsequent thereto has not been released and issued at the time of exercise of the option, the exercise price of the option will be HK$25 million. If the audited consolidated statement(s) of comprehensive income of the APC Group for the year ending 31 March 2012 or any accounting period subsequent thereto has been released and issued, the exercise price of the option will be the higher of (i) HK$25 million or (ii) the lower of 10 time EBITDA or HK$75 million if NWHL wishes to acquire APC from PGL. If PGL were to exercise the option to sell APC to NWHL and the audited consolidated statement(s) of comprehensive income of the APC Group for the year ending 31 March 2012 or any accounting period subsequent thereto has been released and issued, the exercise price of the option will be the higher of (i) HK$25 million or (ii) the lower of 5 time EBITDA or HK$75 million. Further details of the transaction were set out in the announcement and circular of the Company dated 11 May 2011 and 10 June 2011, respectively; and

(h) the Underwriting Agreement.

10. LITIGATION

As at the Latest Practicable Date, there is no litigation or claims of material importance pending or threatened against any member of the Group.

11. CONSENT OF EXPERT

The followings are the qualifications of the professional advisers who have given opinion or advice contained in this circular:

Name	**Qualification**
Vinco Capital	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified public accountants, Hong Kong

Each of Vinco Capital and Ernst & Young has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter/report and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, neither Vinco Capital nor Ernst & Young had: (a) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2011, the date to which the latest published audited financial statements of the Group were made up.

12. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, documentation, printing, translation, legal and accountancy fees and expenses, and the fees for the application for listing of the Rights Shares, the Bonus Warrants and the Bonus Warrant Shares are estimated to amount to approximately HK$14 million and are payable by the Company.

13. 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 during normal business hours up to and including the date of the SGM:

(a) the Memorandum of Association and the Bye-laws of the Company;

(b) the letter from the Independent Board Committee, the text of which is set out on page 24 of this circular;

(c) the letter from Vinco Capital, the text of which is set out on pages 25 to 44 of this circular;

(d) the report from Ernst & Young set out in section 2 of Appendix II to this circular;

(e) the material contracts referred to in section 9 of this Appendix;

(f) the written consents given by Vinco Capital and Ernst & Young referred to in section 11 of this Appendix;

(g) the annual reports of the Company for the two years ended 31 March 2010 and 31 March 2011; and

(h) the circular of the Company dated 10 June 2011.

14. MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text.

HERITAGE INTERNATIONAL HOLDINGS LIMITED
漢基控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 412)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Heritage International Holdings Limited (the "Company") will be held at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on Wednesday, 21 September 2011 at 9:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

1. subject to and conditional upon, among others, (i) the Listing Committee of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the ordinary shares of HK$0.01 each in the share capital of the Company (the "Shares") to be issued by way of rights in both their nil-paid and fully-paid forms to the shareholders of the Company (the "Shareholders") pursuant to the terms and conditions of the Rights Issue (as defined below); (ii) the filing with and registration by the Registrar of Companies in Hong Kong of all documents relating to the Rights Issue as required by applicable law; and (iii) the obligations of Chung Nam Securities Limited (the "Underwriter") under the underwriting agreement dated 8 August 2011 (as amended by a supplemental underwriting agreement dated 10 August 2011) (together, the "Underwriting Agreement") made between the Company and the Underwriter, copies of which have been produced to this meeting marked "A" and signed by the Chairman of this meeting for the purpose of identification, becoming unconditional and the Underwriting Agreement not being terminated in accordance with its terms or otherwise:

   (a) the entering into of the Underwriting Agreement be and is hereby approved, confirmed and ratified and the performance of the transactions contemplated thereunder be and is hereby approved;

* *For identification purposes only*

(b) the issue by way of rights (the "Rights Issue") of 6,268,834,396 Shares (the "Rights Shares") to the Shareholders whose names appear on the register of members of the Company at the close of business on 3 October 2011 other than those Shareholders (the "Excluded Shareholders") with registered addresses outside Hong Kong and whom the board of directors (the "Directors") of the Company, after making relevant enquiry, considers their exclusion from the Rights Issue to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, in the proportion of 22 Rights Shares (with warrants to be issued in the proportion of one warrant for every five Rights Shares subscribed) for every existing Share then held at the subscription price of HK$0.062 per Rights Share and on the terms and conditions as set out in the circular of the Company dated 2 September 2011 (the "Circular") despatched to the Shareholders containing the notice convening this meeting, a copy of the Circular has been produced to this meeting marked "B" and signed by the Chairman of this meeting for the purpose of identification, be and is hereby approved; and

(c) the Directors be and are hereby authorised to allot and issue the Rights Shares (with warrants in the proportion of one warrant for every five Rights Shares subscribed) pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing Shareholders and, in particular, the Directors be and are hereby authorised to make such exclusions or other arrangements in relation to the Excluded Shareholders as they may, at their absolute discretion, deem necessary, desirable or expedient;

2. subject to and conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) the listing of, and permission to deal in, the Warrants (as defined below) and any new Shares which may be issued upon the exercise of the subscription rights attaching to the Warrants, the Directors be and are hereby authorised:

(a) to create and issue warrants (the "Warrants"), which shall be in registered form and exercisable in whole or in part at any time within a period of 24 months from the date of issue of the Warrants, to subscribe for new Shares at an initial subscription price of HK$0.04 per Share (subject to adjustments) and otherwise on the terms and subject to the conditions set out in the warrant instrument (the "Warrant Instrument"), a copy of the form of which has been produced to this meeting marked "C" and signed by the Chairman of this meeting for the purpose of identification, by way of bonus to the successful applicants of the Rights Shares under the Rights Issue and so that the Warrants shall confer on the holders thereof the right to subscribe for new Shares at HK$0.04 per Share for each Warrant;

(b) to affix the common seal of the Company to and to sign the Warrant Instrument in accordance with the Bye-laws of the Company; and

(c) to allot and issue the Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants or any of them;

3. the performance of all transactions contemplated under the Rights Issue and the creation and issue of the Warrants be and are hereby approved; and

4. the Directors be and are hereby authorised to do all acts and things and execute all documents which in their opinion may be necessary, desirable or expedient to carry out or to give effect to any or all transactions contemplated in this resolution."

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

Hong Kong, 2 September 2011

Registered office:	*Principal place of business in Hong Kong:*
Clarendon House	29/F., China United Centre
2 Church Street	28 Marble Road
Hamilton HM 11	North Point
Bermuda	Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint one or, if he is the holder of two or more shares, more than one person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.

2. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the meeting either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

3. Completion and return of the form of proxy will not preclude a member from attending and voting at the above meeting or any adjournment thereof if he so wishes. In that event, his form of proxy will be deemed to have been revoked.

4. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the principal place of business of the Company in Hong Kong at 29/F., China United Centre, 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.