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If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

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HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

(Warrant Code: 1248)

**PROPOSED CAPITAL REORGANISATION
AND
CHANGE IN BOARD LOT SIZE**

A letter from the board of directors of Heritage International Holdings Limited is set out on pages 4 to 9 of this circular.

A notice convening a special general meeting of Heritage International Holdings Limited to be held at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 16 August 2012 at 4:30 p.m. is set out on pages 10 to 11 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.

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Accompanying document(s):

– *proxy form*

DEFINITIONS

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

“Adjusted Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company following the Capital Reorganisation
“Board”	the board of Directors
“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.
“Capital Reduction”	the proposed reduction of the issued share capital of the Company (i) by eliminating any fraction of a Consolidated Share in the issued share capital of the Company following the Share Consolidation in order to round down the total number of Consolidated Shares to a whole number; and (ii) by cancelling the paid-up capital to the extent of HK\$0.049 on each issued Consolidated Share
“Capital Reorganisation”	the proposed capital reorganisation of the Company comprising the Share Consolidation, the Capital Reduction and the Subdivision, as referred to in the section headed “Capital Reorganisation” in the “Letter from the Board” in this circular
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Heritage International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company immediately after the Share Consolidation becomes effective
“Director(s)”	the director(s) of the Company
“HKSCC”	Hong Kong Securities Clearing Company Limited

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	20 July 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“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
“Registrar”	Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, 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 Thursday, 16 August 2012 at 4:30 p.m. for the purpose of approving the Capital Reorganisation
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Consolidation”	the proposed consolidation of Shares as referred to in the paragraph headed “Share Consolidation” in this circular
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivision”	the proposed subdivision of every authorised but unissued Share (including the unissued Shares arising from the Capital Reduction) into 10 Adjusted Shares of HK\$0.001 each
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

EXPECTED TIMETABLE

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

2012

Latest time for lodging proxy form for the SGM	4:30 p.m. on Tuesday, 14 August
Date and time of the SGM	4:30 p.m. on Thursday, 16 August
Announcement of the results of the SGM	Thursday, 16 August
Effective date of the Capital Reorganisation	Friday, 17 August
First day of free exchange of certificates for existing Shares into new certificates for the Adjusted Shares	Friday, 17 August
Adjusted Shares commence trading on the Stock Exchange	9:00 a.m. on Friday, 17 August
Original counter for trading in existing Shares in existing share certificates in board lots of 50,000 existing Shares temporarily closes	9:00 a.m. on Friday, 17 August
Temporary counter for trading in board lots of 10,000 Adjusted Shares (in the form of existing share certificates) opens	9:00 a.m. on Friday, 17 August
Original counter for trading in Adjusted Shares in board lots of 10,000 Adjusted Shares (only new certificates for the Adjusted Shares can be traded at this counter) re-opens	9:00 a.m. on Friday, 31 August
Parallel trading in the Adjusted Shares (in the form of new and existing certificates) commences.	9:00 a.m. on Friday, 31 August
Temporary counter for trading in board lots of 10,000 Adjusted Shares (in the form of existing share certificates) closes	4:00 p.m. on Thursday, 20 September
Parallel trading in the Adjusted Shares (in the form of new and existing certificates) ends	4:00 p.m. on Thursday, 20 September
Last day of free exchange of certificates for existing Shares into new certificates for the Adjusted Shares	Monday, 24 September

Notes:

1. All references to time and dates refer to Hong Kong local time and dates.
2. The above timetable is subject to change and the Company will make further announcement(s) in respect of such change where required under the Listing Rules.

LETTER FROM THE BOARD



HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

(Warrant Code: 1248)

Executive Directors:

Kwong Kai Sing, Benny

Ong Peter

Poon Chi Wan

Chow Chi Wah, Vincent

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent non-executive Directors:

To Shing Chuen

Ha Kee Choy, Eugene

Chung Yuk Lun

Lo Wong Fung

Principal place of business in

Hong Kong:

29/F., China United Centre

28 Marble Road

North Point

Hong Kong

24 July 2012

*To the Shareholders and, for information purpose only,
the holders of warrants of the Company*

Dear Sir or Madam,

PROPOSED CAPITAL REORGANISATION AND CHANGE IN BOARD LOT SIZE

INTRODUCTION

The Board announced the Capital Reorganisation on 10 July 2012.

The Capital Reorganisation is subject to, among other things, approval by the Shareholders at the SGM. The purpose of this circular is to set out details of the Capital Reorganisation and to give you notice of the SGM.

* For identification purposes only

LETTER FROM THE BOARD

CAPITAL REORGANISATION

At the SGM, the Company intends to put forward to the Shareholders a special resolution to approve the Capital Reorganisation comprising the Share Consolidation, the Capital Reduction and the Subdivision, details of which are set out below.

Share Consolidation

Every five (5) Shares of HK\$0.01 each in the issued share capital of the Company will be consolidated into one (1) Consolidated Share of HK\$0.05. Fractional Consolidated Shares will not be issued to individual Shareholders but will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise if the entire shareholding of a Shareholder is not in integral multiple of five (5) regardless of the number of share certificates held by such Shareholder.

Capital Reduction

Forthwith upon the Share Consolidation taking effect, the issued share capital of the Company will be reduced (i) by eliminating any fraction of a Consolidated Share in the issued share capital of the Company following the Share Consolidation in order to round down the total number of Consolidated Shares to a whole number; and (ii) by cancelling the paid-up capital to the extent of HK\$0.049 on each issued Consolidated Share.

On the basis of 7,810,278,984 Shares currently in issue, a credit of approximately HK\$76.5 million will arise from the Capital Reduction, the entire amount of which will be transferred to the contributed surplus account of the Company, to be applied for setting-off the accumulated losses of the Company, which stood at approximately HK\$2,128.5 million as at 31 March 2012.

Subdivision

Following the Capital Reduction, every authorised but unissued Share (including the unissued Shares arising from the Capital Reduction) will be subdivided into 10 Adjusted Shares of HK\$0.001 each.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (a) the passing by the Shareholders of the relevant resolution at the SGM approving the Capital Reorganisation;
- (b) the publication of a notice in respect of the Capital Reduction in Bermuda in accordance with the Companies Act;
- (c) on the date on which the Capital Reduction is to take effect, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction would be, unable to pay its liabilities as they fall due; and

LETTER FROM THE BOARD

- (d) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Adjusted Shares to be issued following completion of the Capital Reorganisation.

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Adjusted Shares to be issued following completion of the Capital Reorganisation. No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchanges.

Subject to the granting of the listing of, and permission to deal in, the Adjusted Shares on the Stock Exchange, the Adjusted Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Adjusted Shares on the Stock Exchange or such other date 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.

Effect of the Capital Reorganisation

The Adjusted Shares arising from the Capital Reorganisation will rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions contained in the by-laws of the Company. The following table sets out the effect of the Capital Reorganisation on the share capital of the Company, that is, before and after implementation of the Capital Reorganisation:

	Before the Capital Reorganisation	Immediately after the Capital Reorganisation
Nominal value	HK\$0.010	HK\$0.001
Authorised share capital	HK\$500,000,000.000 divided into 50,000,000,000 Shares	HK\$500,000,000.000 divided into 500,000,000,000 Adjusted Shares
Issued and paid-up share capital	HK\$78,102,789.840 divided into 7,810,278,984 Shares	HK\$1,562,055.796 divided into 1,562,055,796 Adjusted Shares

Notes:

- (a) The above table is prepared on the assumption that no further Shares will be issued or repurchased between the Latest Practicable Date and the date of the SGM.
- (b) As at the Latest Practicable Date, the Company had outstanding warrants entitling the holders thereof to subscribe for 54,258,712 Shares. Save for the aforesaid, the Company did not have any outstanding options or other securities which are convertible or exchangeable into Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

The implementation of the Capital Reorganisation will not, of itself, materially alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders, save for any fractional Consolidated Shares to which Shareholders would otherwise be entitled.

Reasons for the Capital Reorganisation

The main purpose for implementing the Capital Reorganisation is to reduce the accumulated losses of the Company which will be offset by the credit arising from the Capital Reduction. Although the accumulated losses of the Company cannot be completely offset by the Capital Reduction, it would help to reduce such losses by approximately HK\$76.5 million and enable the Company to declare dividends to the Shareholders at an earlier opportunity in the future after all accumulated losses are eliminated.

Besides, by carrying out the Share Consolidation, the trading price per share would rise while the par value of each share would be reduced as a result of the Capital Reduction and the Subdivision. Given that investors generally have negative impression on shares which are traded below HK\$0.1, the Directors are of the view that by conducting the Share Consolidation, the shares of the Company would become more attractive to the general investors including institutional investors. That may help to broaden the shareholders' base of the Company in the future. In addition, by reducing the par value of the shares, the Company would be afforded greater flexibility in pricing any future issue of securities as the Company is not permitted to issue shares at a price below its par value.

For the reasons aforesaid, the Directors consider the Capital Reorganisation to be in the interests of the Company and the Shareholders as a whole. At present, the Company has no intention to conduct any fund raising activities.

Exchange of share certificates

Subject to the passing of the relevant resolution approving the Capital Reorganisation, Shareholders may, during normal business hours from Friday, 17 August 2012 until Monday, 24 September 2012, submit their existing certificates (in purple colour) for the Shares to the Registrar in exchange for new certificates (in grey colour) for the Adjusted Shares at the expenses of the Company. Thereafter, existing certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new certificate issued for the Adjusted Shares or each old share certificate for the Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, certificates for the existing Shares will continue to be good evidence of legal title and may be exchanged for certificates for the Adjusted Shares (fractional entitlements to the Adjusted Shares being ignored) at any time.

Unless otherwise instructed, new certificates for the Adjusted Shares will be issued in board lots of 10,000 Adjusted Shares. It is expected that new certificates for the Adjusted Shares will be available for collection on or after the tenth business day from the submission of existing certificates for the Shares to the Registrar for exchange. If Shareholders are able to lodge their existing certificates for the Shares with the Registrar during normal business hours on Friday, 17 August 2012, new certificates for the Adjusted Shares will be available for collection during normal business hours on Friday, 31 August 2012.

LETTER FROM THE BOARD

Trading arrangements

Once the Capital Reorganisation becomes effective, dealings in the Adjusted Shares are expected to commence at 9:00 a.m. on Friday, 17 August 2012. It is proposed that arrangements for trading in the Adjusted Shares will be as follows:

- (a) from 9:00 a.m. on Friday, 17 August 2012, the existing counter for trading in the Shares in board lots of 50,000 Shares will temporarily be closed. A temporary counter will be established for trading in the Adjusted Shares in board lots of 10,000 Adjusted Shares. Only existing certificates for the Shares may be traded at this temporary counter;
- (b) with effect from 9:00 a.m. on Friday, 31 August 2012, the existing counter will be re-opened for trading in the Adjusted Shares in board lots of 10,000 Adjusted Shares. Only new certificates for the Adjusted Shares may be traded at this counter;
- (c) during the period from 9:00 a.m. on Friday, 31 August 2012 to 4:00 p.m. on Thursday, 20 September 2012 (both days inclusive), there will be parallel trading at the above two counters; and
- (d) the temporary counter for trading in the Adjusted Shares in board lots of 10,000 Adjusted Shares represented by existing share certificates will be removed after closing of trading on Thursday, 20 September 2012. Thereafter, trading in the Adjusted Shares will be in board lots of 10,000 Adjusted Shares represented by new share certificates only and existing share certificates will cease to be acceptable for dealing purposes. However, such certificates will continue to be good evidence of legal title to the Adjusted Shares on the basis of five (5) Shares for one (1) Adjusted Share and may be exchanged for new certificates for the Adjusted Shares as described above (fractional entitlements to the Adjusted Shares being ignored).

Adjustment to the subscription price and rights of the outstanding warrants

Subject to the Capital Reorganisation taking effect, the subscription price and rights of the outstanding warrants of the Company will be adjusted in accordance with the terms and conditions of the instrument creating the warrants. The adjustment to the subscription price and rights of the warrants is subject to certification by an approved merchant bank or the auditors of the Company and will be disclosed by the Company in the announcement to be issued after the Capital Reorganisation has been approved by the Shareholders.

CHANGE IN BOARD LOT SIZE

After the Capital Reorganisation becoming effective, the board lot for trading in the shares of the Company will be changed from 50,000 Shares to 10,000 Adjusted Shares.

LETTER FROM THE BOARD

SGM

A notice convening the SGM to be held at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on Thursday, 16 August 2012 at 4:30 p.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

The Directors are of the opinion that the Capital Reorganisation is in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the resolution to be proposed at the SGM.

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

NOTICE OF SGM



HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

(Warrant Code: 1248)

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 Thursday, 16 August 2012 at 4:30 p.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as a special resolution of the Company:

SPECIAL RESOLUTION

“**THAT** subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Adjusted Shares (as defined below) and with effect from 9:00 a.m. on the business day (not being a Saturday) immediately following the date on which this resolution is passed:

- (a) every five (5) ordinary shares of HK\$0.01 each in the issued share capital of the Company be consolidated (the “Share Consolidation”) into one (1) consolidated ordinary share of HK\$0.05 (“Consolidated Share(s)”);
- (b) immediately following the Share Consolidation, the issued share capital of the Company be reduced (the “Capital Reduction”) (i) by eliminating any fraction of a Consolidated Share in the issued share capital of the Company following the Share Consolidation in order to round down the total number of Consolidated Shares to a whole number; and (ii) by cancelling the paid-up capital of the Company to the extent of HK\$0.049 on each issued Consolidated Share, and the credit arising from the Capital Reduction in the books of the Company be transferred to the contributed surplus account of the Company where it may be applied in accordance with the bye-laws of the Company and all applicable laws, including to eliminate the accumulated losses of the Company as at 31 March 2012;
- (c) immediately following the Capital Reduction, every authorised but unissued ordinary share of the Company (including the unissued shares arising from the Capital Reduction) will be subdivided into 10 ordinary shares of HK\$0.001 each (“Adjusted Share(s)”), and the Adjusted Shares in issue shall rank *pari passu* in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of shares contained in the bye-laws of the Company,

* For identification purposes only

NOTICE OF SGM

and the directors of the Company be and are hereby authorised to take any and all steps, and to do and/or procure to be done any and all acts and things, and to approve, sign and execute any documents which in their absolute discretion consider to be necessary, desirable or expedient to implement and carry into effect this resolution.”

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

Hong Kong, 24 July 2012

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

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.