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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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A copy of this circular has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Hong Kong Companies Ordinance. A copy of this circular has also been or will as soon as reasonably practicable be filed with the Registrar of Companies in Bermuda in accordance with the Companies Act 1981 of Bermuda. The Registrar of Companies in Hong Kong, the Securities and Futures Commission of Hong Kong and the Registrar of Companies in Bermuda take no responsibility as to the contents of this circular.

**HERITAGE INTERNATIONAL HOLDINGS LIMITED****漢基控股有限公司****(Incorporated in Bermuda with limited liability)***(Stock Code: 412)****PROPOSED BONUS ISSUE OF WARRANTS
AND
CAPITAL REORGANISATION**

A letter from the board of directors of Heritage International Holdings Limited is set out on pages 5 to 14 of this circular.

A notice convening a special general meeting of Heritage International Holdings Limited to be held at 30th Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong on Wednesday, 19 December 2007 at 9:00 a.m. is set out on pages 24 to 26 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 32nd Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof or, in the case of a poll taken subsequently to the date of the meeting or any adjournment thereof, not less than 24 hours before the time appointed for the taking of the poll. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

* *For identification purposes only*

26 November 2007

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DEFINITIONS

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

“Board”	the board of Directors
“Bonus Warrant Issue”	the proposed bonus issue of Warrants, on the basis of one Warrant for every five (5) Consolidated Shares held, to Shareholders (other than Non-Qualifying Shareholders, if any) whose names appear on the register of members of the Company at the close of business on the Record Date
“Capital Reduction”	the reduction of the issued share capital of the Company to the extent of HK\$0.08 on each issued Share
“Capital Reorganisation”	the proposed capital reorganisation of the Company comprising the Capital Reduction, the Subdivision, the Reduction of Authorised Share Capital and the Share Consolidation, as referred to in the section headed “Proposed Capital Reorganisation” in this circular
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“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
“Consolidated Share(s)”	new ordinary share(s) of HK\$0.10 each in the share capital of the Company following the Capital Reorganisation
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Latest Practicable Date”	22 November 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Non-Qualifying Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which are outside Hong Kong whom the Board, after making enquiries, considers it necessary or expedient not to offer the Warrants to, on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Record Date”	20 December 2007, being the date for determination of entitlements to the Bonus Warrant Issue
“Reduction of Authorised Share Capital”	the reduction of authorised share capital of the Company from HK\$5,000,000,000.00 to HK\$1,000,000,000.00
“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 30th Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong on Wednesday, 19 December 2007 at 9:00 a.m. for the purpose of approving the Capital Reorganisation and the Bonus Warrant Issue
“Share(s)”	ordinary share(s) of HK\$0.10 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 subdivision of every authorised but unissued Share into five (5) shares of HK\$0.02 par value each
“Warrant(s)”	warrant(s) proposed to be issued by the Company entitling the holders thereof to subscribe for new shares of the Company at an initial subscription price of HK\$0.60 per Consolidated Share (subject to adjustments)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

EXPECTED TIMETABLE

The expected timetable for the Bonus Warrant Issue is set out below:

Last day of dealings in Shares cum-entitlements to the Bonus Warrant Issue	12 December 2007
First day of dealings in Shares ex-entitlements to the Bonus Warrant Issue	13 December 2007
Latest time for lodging transfers of Shares for entitlements to the Bonus Warrant Issue	4:30 p.m. on 14 December 2007
Latest time for lodging proxy form for the SGM	9:00 a.m. on 17 December 2007
Closure of register of members of the Company	17 December 2007 to 20 December 2007
Date and time of the SGM	9:00 a.m. on 19 December 2007
Effective date of the Capital Reorganisation	20 December 2007
Record Date	20 December 2007
Consolidated Shares commence trading on the Stock Exchange	9:30 a.m. on 20 December 2007
Original counter for trading in the Shares in board lots of 5,000 Shares closes	9:30 a.m. on 20 December 2007
Temporary counter for trading in the Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) opens	9:30 a.m. on 20 December 2007
First day of free exchange of share certificates for existing Shares for new share certificates for Consolidated Shares	20 December 2007
Despatch of Warrant certificates	on or around 31 December 2007
Commencement of dealings in the Warrants	9:30 a.m. on 3 January 2008
Original counter for trading in the Consolidated Shares in board lots of 5,000 Consolidated Shares (in the form of new share certificates) re-opens	9:30 a.m. on 8 January 2008
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) commences	9:30 a.m. on 8 January 2008

EXPECTED TIMETABLE

Designed broker starts to stand in the
market to provide matching services 9:30 a.m. on 8 January 2008

Temporary counter for trading in the Consolidated
Shares in board lots of 1,000 Consolidated Shares
(in the form of existing share certificates) closes 4:00 p.m. on 29 January 2008

Parallel trading in the Consolidated Shares (in the form of new
share certificates and existing share certificates) ends 4:00 p.m. on 29 January 2008

Designated broker ceases to stand in the
market to provide matching services 4:00 p.m. on 29 January 2008

Last day of free exchange of the share certificates for existing
Shares for new share certificates for Consolidated Shares 31 January 2008

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. Pursuant to paragraph 3(2)(h)(i) of Practice Note 8 to the Listing Rules, if the expected end of book close period or date of despatch of the Warrant certificates is deferred by issue of tropical cyclone warning signal number 8 or above or a “black” rainstorm warning on or around such dates, the Company will issue further announcement.

LETTER FROM THE BOARD



HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

Executive Directors:

Kwong Kai Sing, Benny

Lo Ki Yan, Karen

Ong Peter

Poon Chi Wan

Chow Chi Wah, Vincent

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent non-executive Directors:

Chan Sze Hung

To Shing Chuen

Ha Kee Choy, Eugene

Chung Yuk Lun

Lo Wong Fung

Principal place of business in

Hong Kong:

32nd Floor, China United Centre

No.28 Marble Road

North Point

Hong Kong

26 November 2007

To the Shareholders

Dear Sir or Madam,

PROPOSED BONUS ISSUE OF WARRANTS AND CAPITAL REORGANISATION

A. INTRODUCTION

The Board announced the Bonus Warrant Issue and the Capital Reorganisation on 7 November 2007.

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

* For identification purposes only

LETTER FROM THE BOARD

B. BONUS WARRANT ISSUE

With a view to providing the Shareholders with a further opportunity to participate in the growth of the Company, the Directors proposed a bonus issue of Warrants to Shareholders, which details are set out below.

1. Basis of the Bonus Warrant Issue

Subject to the fulfillment of the conditions mentioned below, the proposed Bonus Warrant Issue will be made on the basis of one bonus Warrant for every five Consolidated Shares held by the Shareholders (other than Non-Qualifying Shareholders, if any) whose names appear on the register of members of the Company on the Record Date.

On the basis of 8,883,339,582 Shares in issue as at the Latest Practicable Date, and assuming no further Shares are issued or repurchased before the Record Date, the total number of Consolidated Shares in issue immediately after the Capital Reorganisation will be 1,776,667,916.40 and the total number of Warrants to be issued will be approximately 355,333,583, entitling the holders thereof to subscribe for up to 355,333,583 Consolidated Shares, representing 20% of the issued share capital of the Company after the Capital Reorganisation.

As at the Latest Practicable Date, the Company did not have any outstanding options or other securities which are convertible or exchangeable into Shares.

2. Subscription price

The Warrants will entitle the holders thereof to subscribe for new Consolidated Shares at an initial subscription price of HK\$0.60 per Consolidated Share (or HK\$0.12 per Share for illustrative purpose) (subject to adjustments). The initial subscription price of the Warrants represents (i) a discount of approximately 6.98% to the closing price of HK\$0.129 per Share as quoted on the Stock Exchange on 6 November 2007, being the last trading day immediately before the date of the announcement of the Company dated 7 November 2007; (ii) a discount of approximately 7.41% to the average closing price of approximately HK\$0.1296 per Share as quoted on the Stock Exchange from 31 October 2007 to 6 November 2007, both dates inclusive, being the last five trading days immediately before the date of the announcement of the Company dated 7 November 2007; (iii) a discount of approximately 74.47% to the net asset value per Share of approximately HK\$0.47 as at 31 March 2007 based on the audited consolidated balance sheet of the Group made up to 31 March 2007 and adjusted as if the share consolidation announced by the Company on 14 June 2007 had been completed on that date; (iv) a discount of approximately 29.41% to the net asset value per Share of approximately HK\$0.17 as at 31 October 2007 based on the unaudited consolidated balance sheet of the Group made up to 31 October 2007; and (v) a premium of approximately 30.43% to the closing price of HK\$0.092 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The initial subscription price will be subject to customary anti-dilutive adjustments in market transactions of this type in certain events. A summary of the terms and conditions of the Warrants, including circumstances in which the subscription price of the Warrants may be adjusted, is set out in the Appendix to this circular.

LETTER FROM THE BOARD

3. Subscription period

The Warrants may be exercised at any time between the date of issue of the Warrants and the day immediately preceding the date which is eighteen months after the date of issue.

4. Fractional entitlements

Fractional entitlements to the Warrants will not be allotted but will be aggregated and sold for the benefit of the Company.

5. Overseas Shareholders

The documents to be issued in relation to the Bonus Warrant Issue will not be filed or registered under the securities or equivalent legislation of any jurisdiction other than Hong Kong and Bermuda. If on the Record Date, a Shareholder's address as shown on the register of members of the Company is in a place outside Hong Kong, no Warrants will be issued to such Shareholder if the Directors, after making enquiries with the relevant foreign legal advisers, conclude that it would be necessary or expedient not to extend the Bonus Warrant Issue to such Shareholder.

According to the register of members of the Company, there were six Shareholders whose registered addresses were in Macau and two Shareholders whose registered addresses were in the Mainland China as at the Latest Practicable Date. In compliance with Rule 13.36(2)(a) of the Listing Rules, the Directors have made enquiries as to whether the issue of the Warrants (and Shares issued upon their exercise) to these Shareholders may contravene the applicable securities legislation of the relevant places or the requirements of the relevant regulatory body or stock exchange. The Directors have been advised by the legal counsels in Macau and the Mainland China that it would be lawful for the Company to issue the Warrants (and Shares issued upon their exercise) in Macau and the Mainland China even though this circular is not registered in the relevant jurisdiction.

It is the responsibility of anyone outside Hong Kong wishing to make an application for the Warrants (and Shares issued upon their exercise) to satisfy himself/herself/itself as to the observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any government or other consents, and to pay any taxes and duties required to be paid in such territory or jurisdiction in connection therewith. If you are in doubt as to your position, you should consult your own professional advisers.

Arrangements will be made for the Warrants which would otherwise have been issued to the Non-Qualifying Shareholders, if any, to be sold in the market as soon as practicable after dealings in the Warrants commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the relevant Non-Qualifying Shareholders in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for its own benefit.

LETTER FROM THE BOARD

6. Conditions of the Bonus Warrant Issue

The Bonus Warrant Issue is conditional upon:

- (a) passing by the Shareholders of the relevant resolution(s) at the SGM approving the Capital Reorganisation and the Bonus Warrant Issue; and
- (b) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Warrants and the new Consolidated Shares which may fall to be issued upon exercise of the subscription rights attaching to the Warrants.

7. Certificates for the Warrants

Subject to the fulfillment of the conditions of the Bonus Warrant Issue, certificates for the Warrants are expected to be posted to the Shareholders (other than Non-Qualifying Shareholders) by ordinary post at their own risks on or around 31 December 2007.

Pursuant to paragraph 3(2)(h)(i) of Practice Note 8 to the Listing Rules, if the expected end of book close period or date of despatch of the Warrants certificates is deferred by issue of tropical cyclone warning signal number 8 or above or a “black” rainstorm warning on or around such dates, the Company will issue further announcement.

Dealings in the Warrants and any Consolidated Shares which fall to be issued upon exercise of the Warrants will be subject to Hong Kong stamp duty.

8. Closure of register

The register of members of the Company will be closed from 17 December 2007 to 20 December 2007, both dates inclusive, in order to determine entitlements to the Bonus Warrant Issue. No transfer of Shares may be registered during this period.

Shareholders are reminded that in order to qualify for the Bonus Warrant Issue, they must ensure that all transfers accompanied by the relevant share certificates are lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 14 December 2007.

9. Listing and dealing

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrants and the new Consolidated Shares which may fall to be issued upon exercise of the subscription rights attaching to the Warrants. The Warrants will not be listed or traded on any other stock exchange other than the Stock Exchange and no such listing, or permission to deal in such Warrants, is being or proposed to be sought. The Warrants will be traded in board lots of 20,000 Warrants.

LETTER FROM THE BOARD

Application will also be made to HKSCC for the admission of the Warrants into CCASS operated by HKSCC. Subject to the Listing Committee granting the listing of and permission to deal in the Warrants and any Consolidated Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants, and subject to compliance with the stock admission requirements of HKSCC, the Bonus Warrants and the Consolidated Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants 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 Warrants or such other date as determined by HKSCC. Settlement 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.

Other than the Bonus Warrant Issue, the Company does not have any current plan for fund raising. Taking into account the net proceeds derived from the rights issue which became unconditional on 22 October 2007, the Directors are satisfied that the Company has sufficient working capital for its present requirements.

C. PROPOSED CAPITAL REORGANISATION

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

1. Capital Reduction

The issued share capital of the Company will be reduced by cancelling the paid-up capital to the extent of HK\$0.08 on each issued Share.

On the basis of 8,883,339,582 Shares currently in issue, a credit of HK\$710,667,166.56 will arise from the Capital Reduction and will be transferred to the contributed surplus account of the Company. It will be applied to set-off the accumulated losses of the Company, which stood at approximately HK\$326,973,000.00 as at 31 March 2007. The remaining balance standing to the credit of the contributed surplus account may be utilised in the future in accordance with the bye-laws of the Company and the Companies Act, including distribution to the Shareholders subject in any event to the relevant statutory requirements on making distributions in the Companies Act.

After the Capital Reduction, the issued share capital of the Company will become HK\$177,666,791.64 divided into 8,883,339,582 shares of HK\$0.02 each and the authorised but unissued share capital will become HK\$4,822,333,208.36 divided into 48,223,332,083.60 shares of HK\$0.10 each.

2. Subdivision

Forthwith upon the Capital Reduction taking effect, every authorised but unissued Share will be subdivided into five (5) shares of HK\$0.02 par value each such that the authorised but unissued share capital of the Company will be HK\$4,822,333,208.36 divided into 241,116,660,418 shares of HK\$0.02 each.

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3. Reduction of Authorised Share Capital

Following the Subdivision, the authorised share capital of the Company will be reduced from HK\$5,000,000,000.00 to HK\$1,000,000,000.00 by cancelling 200,000,000,000 unissued shares of HK\$0.02 each.

4. Share Consolidation

Upon the Capital Reduction, the Subdivision and the Reduction of Authorised Share Capital becoming effective, every five (5) shares of HK\$0.02 each in both the issued and unissued share capital of the Company will be consolidated into one Consolidated Share of HK\$0.10. Fractional Consolidated Shares will not be issued to individual Shareholders but will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a Shareholder regardless of the number of share certificates held by such Shareholder.

5. Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon:

- (a) passing by the Shareholders of the relevant resolution(s) at the SGM approving the Capital Reorganisation;
- (b) publication of a notice of 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
- (d) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Consolidated Shares to be issued following completion of the Capital Reorganisation.

LETTER FROM THE BOARD

6. Effect of the Capital Reorganisation

The Consolidated 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\$0.10	HK\$0.10
Authorised share capital	HK\$5,000,000,000.00 divided into 50,000,000,000 Shares	HK\$1,000,000,000.00 divided into 10,000,000,000 Consolidated Shares
Issued and paid-up share capital	HK\$888,333,958.20 divided into 8,883,339,582 Shares	HK\$177,666,791.64 divided into 1,776,667,916.40 Consolidated Shares

Notes:

- (a) The above table is prepared on the assumption that no further Shares are issued or repurchased between the Latest Practicable Date and the date of the SGM.
- (b) As at the Latest Practicable Date, the Company did not have any outstanding options or other securities which are convertible or exchangeable into Shares.

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.

7. Reasons for the Capital Reorganisation

The main purpose for implementing the Capital Reorganisation is to reduce the overall transaction costs for dealings in the shares of the Company. In addition, the Company can apply the credit arising from the Capital Reduction to offset the accumulated losses of the Company.

Therefore, the Directors consider the Capital Reorganisation to be in the interests of the Company and the Shareholders as a whole.

8. Exchange of share certificates

Subject to the passing of the relevant resolution(s) approving the Capital Reorganisation, Shareholders may, during business hours from 20 December 2007 until 31 January 2008 submit their existing certificates for the Shares to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in exchange for new certificates for the Consolidated Shares at the expenses

LETTER FROM THE BOARD

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 Consolidated Shares or each old share certificate for the Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. However, such existing certificates will continue to be good evidence of legal title to the Consolidated Shares on the basis of five (5) Shares for one Consolidated Share and may be exchanged for new certificates for Consolidated Shares (fractional entitlements to the Consolidated Shares being ignored).

Unless otherwise instructed, new share certificates for the Consolidated Shares will be issued in the board lots of 5,000 Consolidated Shares. It is expected that new share certificates for Consolidated Shares will be available for collection within a period of ten (10) business days from the submission of existing share certificates for Shares to the Company's branch share registrar in Hong Kong for exchange. If Shareholders are able to lodge their existing share certificates for Shares with the Company's branch share registrar in Hong Kong during normal business hours on 20 December 2007, new share certificates for Consolidated Shares will be available for collection during normal business hours on 7 January 2008.

9. Trading arrangements

On the Capital Reorganisation becoming effective, dealings in the new Consolidated Shares are expected to commence on 9:30 a.m. on 20 December 2007. It is proposed that arrangements for trading in the Consolidated Shares will be as follows:

- (a) with effect from 9:30 a.m. on 20 December 2007, the existing counter for trading in Shares in board lots of 5,000 Shares in the form of existing share certificates (in pink colour) will instead be used for trading in Consolidated Shares in board lots of 1,000 Consolidated Shares in the form of new share certificates in orange colour. Only new orange coloured share certificates for Consolidated Shares can be traded at this counter;
- (b) with effect from 9:30 a.m. on 20 December 2007, a temporary counter for trading in new Consolidated Shares in board lots of 1,000 Consolidated Shares in the form of existing share certificates (in pink colour) for the Shares will be established and every five (5) Shares will be deemed to represent one Consolidated Share. Existing share certificates (in pink colour) for Shares can only be traded at the temporary counter;
- (c) during the period from 9:30 a.m. on 8 January 2008 to 4:00 p.m. on 29 January 2008 (both dates inclusive), there will be parallel trading at the above two counters; and
- (d) the temporary counter for trading in Consolidated Shares in board lots of 1,000 Consolidated Shares represented by existing share certificates will be removed after closing of trading on 29 January 2008. Thereafter, trading will be in Consolidated Shares in board lots of 5,000 Consolidated 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 Consolidated Shares on the basis of five (5) Shares for one Consolidated Share and may be exchanged for new certificates for Consolidated Shares as described above (fractional entitlements to the Consolidated Shares being ignored).

LETTER FROM THE BOARD

10. Change of board lot and matching services

After the Share Consolidation becoming effective, the board lot for trading in the Consolidated Shares will be changed from 5,000 Shares to 5,000 Consolidated Shares. The Consolidated Shares in board lots of 1,000 Consolidated Shares, in the form of existing share certificates, will become odd lots when parallel trading starts on 8 January 2008 at the original counter.

In order to alleviate the difficulties arising from the existence of odd lots of the new Consolidated Shares as a result of the Capital Reorganisation, the Company has agreed to procure Chung Nam Securities Limited to stand in the market to provide matching services for the odd lots of new Consolidated Shares on a best efforts basis, during the period from 8 January 2008 to 29 January 2008 (both dates inclusive). Holders of the Consolidated Shares in odd lots who wish to take advantage of this matching facility either to dispose of their odd lots of Consolidated Shares or to top up to board lots of 5,000 Consolidated Shares, may contact Mr. Cecil Chan of 31st Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong at telephone number (852) 3198 0838 during office hours.

D. SGM AND PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

A notice convening the SGM to be held at 30th Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong on Wednesday, 19 December 2007 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 in this circular in accordance with the instructions printed thereon to the principal place of business of the Company in Hong Kong at 32nd Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof or, in the case of a poll taken subsequently to the date of the SGM or any adjournment thereof, not less than 24 hours before the time appointed for the taking of the poll. 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.

Under the bye-laws of the Company, at the SGM, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is required under the Listing Rules or is (before or on the declaration of the result of the show of hands) demanded:

- (i) by the chairman of the meeting; or
- (ii) by at least three members present in person or by proxy or representative for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person or by proxy or representative and representing not less than one-tenth of the total voting rights of all the members having the right to attend and vote at the meeting; or
- (iv) by any member or members present in person or by proxy or representative and holding Shares conferring a right to attend and vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; or

LETTER FROM THE BOARD

- (v) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing 5% or more of the total voting rights at such meeting.

E. RECOMMENDATION

The Directors are of the opinion that the Bonus Warrant Issue and the Capital Reorganisation are in the interests of the Company and the Shareholders as a whole and accordingly recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the SGM.

F. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement contained herein misleading.

G. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong at 32nd Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong during normal business hours from the date of this circular up to and including the date of the SGM:

- (a) an advanced draft (subject to non-material amendment) of the instrument constituting the Warrants with an advanced draft of the certificate for the Warrants (subject to modification); and
- (b) the memorandum of association and bye-laws of the Company.

An executed copy of the instrument constituting the Warrants will be available to the holders of the Warrants for inspection at the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong commencing from the date of issue of the Warrants.

H. ADDITIONAL INFORMATION

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

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

The 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 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 Warrants (the “Conditions”) will be set out in the certificates for the Warrants (the “Warrant Certificates”) and will include provisions summarised below. Holders of the 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\$0.10 each in the share capital of the Company following the Capital Reorganisation;

“Subscription Date” means any day (other than a Saturday) on which banks in Hong Kong are open for business for clearing and settlement purpose falling within the Subscription Period on which any of the Subscription Rights are duly exercised;

“Subscription Period” means the period of eighteen (18) months from the date of issue of the Warrants;

“Subscription Price” means the sum payable in respect of each Share upon exercise of the Subscription Rights, initially being HK\$0.60 each (subject to adjustment); and

“Subscription Rights” in respect of one Warrant, means the subscription right attached to the Warrant to subscribe for one fully paid new Share at the Subscription Price, initially being at HK\$0.60 each (subject to adjustment).

- (b) The registered holder for the time being of each Warrant will have the right, at any time during the Subscription Period on any day (other than a Saturday) on which banks in Hong Kong are open for clearing and settlement business, to subscribe for one fully paid Share in cash at HK\$0.60 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 Warrants and 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 Warranholders 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 Warranholder 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 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 Warranholder(s) to whom such allotment has been made:
 - (i) a certificate (or certificates) for the relevant Shares in the name(s) of such Warranholder(s); and
 - (ii) (if applicable) a balancing Warrant certificate in registered form in the name(s) of such Warranholder(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 Warranholder(s) to the address of such Warranholder(s) or (in the case of a joint holding) to that one of them whose name stands first in the register of Warranholders 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 Warranholder(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) and (c) 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 its Shares (in their capacity as such);
 - (iv) if and whenever the Company shall grant to the holders of its 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 per cent. 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 per cent. 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 per cent. 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 per cent. 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 acquire, 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 of Shares or other securities of the Company or any Subsidiary wholly or partly convertible into, or carrying rights to acquire, Shares to Directors or employees of the Company or any of its Subsidiaries or associates or other eligible persons pursuant to a Share Option Scheme;
 - (iii) 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 businesses;
 - (iv) 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); or
 - (v) 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 capitalized 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.
- (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 at 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) 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 Warrantheolders. 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, the decision shall be conclusive and binding on the Company and the Warrantheolders 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 Warrants will be issued in registered form. The Company will be entitled to treat the registered holder of any 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 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 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 Warrantheolders accordingly. The register may be closed from time to time. Any transfer or exercise of the Subscription Rights attached to the Warrants made while the register is so closed shall, as between the Company and the person claiming under the relevant transfer of Warrants or, as the case may be, as between the Company and the Warrantheolder who has so exercised the Subscription Rights to his Warrants (but not otherwise), be considered as made immediately after the reopening of the register. Transfers of 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 Warrants and the register of Warrantheolders.

- (c) Persons who hold Warrants and have not registered the Warrants in their own names and wish to exercise the Warrants should note that they may incur additional costs and expenses in connection with any expedited re-registration of Warrants prior to the transfer or exercise of Subscription Rights attached to the Warrants, in particular during the period commencing 10 business days prior to and including the last day of the Subscription Period.
- (d) Since the 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 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 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 Warrant, exclusive of expenses, not exceeding 110 per cent. of the closing price on the Stock Exchange per Warrant for one or more board lots of Warrants on the last day on which the Warrants were traded on the Stock Exchange prior to the date of purchase of the Warrants, but not otherwise. All 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 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 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)) 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 must specify the number of Warrants in respect of which each

such person is so authorised. The person so authorized 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 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 Company's branch registrar in Hong Kong 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.

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 Warrants outstanding is equal to or less than 10 per cent. of the 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 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 delivery, prepaid letter (airmail in the case of an overseas address), facsimile or by way of announcement in accordance with the requirements of the Stock Exchange.
- (d) All notices with respect to 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 holders of such Warrants.

12. RIGHTS OF WARRANTHOLDERS ON WINDING UP

- (a) The Instrument provides that if an effective resolution is passed during the Subscription Period for the voluntary winding up of the Company, then:
- (i) if such winding up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders, or some person 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; and
 - (ii) 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 5 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.
- (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 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 Warrants and all matters and disputes arising in connection with them.

NOTICE OF SPECIAL GENERAL MEETING



HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a Special General Meeting of Heritage International Holdings Limited (the “Company”) will be held at 30th Floor, China United Centre, No. 28 Marble Road, North Point, Hong Kong on Wednesday, 19 December 2007 at 9:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions as ordinary and special resolutions of the Company respectively:

ORDINARY RESOLUTIONS

1. **“THAT**, conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the warrants (“Warrants”) and any shares of the Company to be issued upon any exercise of the subscription rights attaching to the Warrants, the directors of the Company be and are hereby authorized:
 - (a) to create the Warrants, which shall be in registered form carrying rights to subscribe, at the initial exercise price of HK\$0.60 per share, subject to adjustments, for ordinary shares of the Company within the prescribed subscription period and upon the terms and conditions set out in the warrant instrument constituting the Warrants (the “Warrant Instrument”, a copy of a draft of which has been produced to the meeting marked “A” and signed for the purpose of identification by the Chairman) and to issue the same by way of bonus to and among the persons who are registered as shareholders of the Company as at the close of business on the date to be determined by the directors as the record date for the determination of entitlements to the bonus issue of the Warrants (“Record Date”) in the proportion of one Warrant for every five (5) Consolidated Shares (as defined in resolution numbered 2 set out in the notice convening this meeting) then held on the Record Date, provided that those shareholders whose addresses as at the close of business on the Record Date are outside Hong Kong and their entitlements (if any) will be dealt with in accordance with the arrangements set out in the circular of the Company dated 26 November 2007, and provided further that fractional entitlements to the Warrants will not be issued, but will be aggregated and sold for the benefit of the Company and the net proceeds of the sale will be retained for the benefit of the Company;
 - (b) to allot and issue the shares in the capital of the Company arising from the exercise of subscription rights attaching to such Warrants or any of them pursuant to the Warrant Instrument;

* *For identification purposes only*

NOTICE OF SPECIAL GENERAL MEETING

- (c) to execute the Warrant Instrument, certificates for the Warrants and all other documents, deeds and instruments under hand or, where necessary, under seal of the Company in accordance with the bye-laws of the Company as the directors of the Company consider necessary or expedient to give effect to the Warrant Instrument and other transactions contemplated in this resolution; and
- (d) to do all such acts and things as the directors of the Company consider necessary or expedient to give effect to the transactions contemplated under this resolution or the Warrant Instrument.”

SPECIAL RESOLUTION

- 2. **“THAT** subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Consolidated Shares (as defined below) and with effect from 9:30 a.m. on the next business day (not being a Saturday) after the date on which this resolution is passed:
 - (a) the issued share capital of the Company be reduced by cancelling the paid-up capital of the Company to the extent of HK\$0.08 on each of the issued ordinary shares of the Company of HK\$0.10 each (the “Capital Reduction”), so that each issued ordinary share of the Company will be treated as one fully paid-up share of HK\$0.02, 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 entire accumulated losses of the Company as at 31 March 2007;
 - (b) every authorised but unissued ordinary share of the Company of HK\$0.10 each be subdivided into five (5) ordinary shares of HK\$0.02 par value each;
 - (c) immediately following the Capital Reduction and the sub-division of the authorised but unissued ordinary shares of the Company above:
 - (i) the authorised share capital of the Company be reduced from HK\$5,000,000,000.00 to HK\$1,000,000,000.00 by cancelling 200,000,000,000 unissued ordinary shares of the Company of HK\$0.02 each; and
 - (ii) every five (5) ordinary shares of HK\$0.02 each in both the issued and unissued share capital of the Company be consolidated into one consolidated ordinary share of HK\$0.10 (“Consolidated Share(s)”) and the Consolidated 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,

NOTICE OF SPECIAL GENERAL MEETING

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
Company Secretary

Hong Kong, 26 November 2007

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 32/F., China United Centre, No.28 Marble Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.