
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Heritage International Holdings Limited, you should at once hand this circular 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)

DISCLOSEABLE TRANSACTION**ACQUISITION OF THE ENTIRE INTEREST IN
E-GARDEN PROPERTIES LIMITED**

A letter from the board of directors of Heritage International Holdings Limited is set out on pages 3 to 6 of this circular.

* For identification purposes only

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DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Interest
“Board”	the board of Directors
“Company”	Heritage International Holdings Limited, a 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
“E-Garden”	E-Garden Properties Limited, a company incorporated in the British Virgin Islands with limited liability and the beneficial owner of the entire issued share capital of East Champion
“East Champion”	East Champion Limited, a company incorporated in Hong Kong with limited liability and the registered owner of the Property
“Group”	the Company and its subsidiaries
“Latest Practicable Date”	12 May 2008, 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
“Property”	basement of China United Centre, No.28 Marble Road, North Point, Hong Kong
“Purchaser”	Central Town Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“S&P Agreement”	the conditional sale and purchase agreement dated 25 April 2008 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Interest
“Sale Interest”	the Sale Share and the Sale Loan
“Sale Loan”	shareholder’s loan of approximately HK\$154 million owing by E-Garden to the Vendor
“Sale Share”	1 share of US\$1.00 in the issued share capital of E-Garden, representing the entire issued share capital of E-Garden

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Z & Z International Limited, the sole legal and beneficial owner of E-Garden
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq. ft.”	square feet
“%”	per cent

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
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
28 Marble Road
North Point
Hong Kong

15 May 2008

To the Shareholders and holders of warrants of the Company

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

ACQUISITION OF THE ENTIRE INTEREST IN E-GARDEN PROPERTIES LIMITED

INTRODUCTION

The Board announced that on 25 April 2008, the Purchaser, a wholly-owned subsidiary of the Company, entered into the S&P Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Sale Interest for a cash consideration of approximately HK\$100 million.

The Acquisition constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules. The main purpose of this circular is to provide you with further particulars of the Acquisition.

* For identification purposes only

LETTER FROM THE BOARD

S&P AGREEMENT

A. Date

25 April 2008

B. Parties

Vendor : Z & Z International Limited, an investment holding company incorporated in the British Virgin Islands with limited liability. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Purchaser : Central Town Limited, an investment holding company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.

C. Assets acquired

The entire issued share capital of, and the related shareholder's loan in the amount of approximately HK\$154 million extended to, E-Garden.

E-Garden is a company incorporated under the laws of the British Virgin Islands and is the ultimate beneficial owner of the entire issued share capital of East Champion. Other than holding the interest in East Champion, E-Garden has no other assets or business.

East Champion, a wholly-owned subsidiary of E-Garden, is a property holding company and its principal asset is the Property. The Property occupies a gross floor area of approximately 15,748 sq. ft. and is valued at approximately HK\$135 million as at 31 March 2008 by Asset Appraisal Limited, an independent qualified professional property valuer appointed by the Company.

As per the management accounts supplied by the Vendor, the unaudited consolidated net liabilities of E-Garden as at 31 March 2008 were approximately HK\$53 million (mainly attributable to the Sale Loan) with the value of the Property booked at HK\$135 million and the unaudited consolidated loss of E-Garden (both before and after taxation and extraordinary items) for the two years ended 31 March 2007 and 2008 was HK\$1,465,298 and HK\$728,711 respectively.

D. Consideration

The aggregate consideration payable by the Purchaser to the Vendor for the acquisition of the Sale Interest is HK\$135 million less any amount of bank loan outstanding as at completion and subject to further adjustments by reference to the net assets or liabilities (as the case may be) of E-Garden (excluding the value of the Property, the bank loan and the Sale Loan) as at completion. According to the S&P Agreement, when calculating the net assets or liabilities of E-Garden, only the book value of the following assets, namely, utility and other deposits and prepayments, and cash and bank balance, would be taken into account. According to the management accounts supplied by the Vendor, the amount of bank

LETTER FROM THE BOARD

loan outstanding as at 7 May 2008 was approximately HK\$34 million and was provided by Chong Hing Bank Limited to East Champion on normal commercial terms, and the rental and utility deposit paid by E-Garden amounted to HK\$342,296 as at 7 May 2008 and E-Garden had cash and bank balance amounting to HK\$69,726 as at 7 May 2008. After taking into account the adjustments as aforesaid, the consideration for the acquisition of the Sale Interest is HK\$101,169,949.08.

The aggregate consideration of approximately HK\$101 million was paid by cash in the following manner:

- (a) a deposit of approximately HK\$10 million was paid by the Purchaser to the Vendor upon signing of the S&P Agreement; and
- (b) the remaining balance of approximately HK\$91 million was paid by the Purchaser to the Vendor on completion.

The consideration was financed by internal resources of the Group.

The consideration has been arrived at after arm's length negotiations between the Purchaser and the Vendor with reference to the value of the Property of HK\$135 million as at 31 March 2008.

E. Completion

Completion of the S&P Agreement is conditional upon:

- (a) the mortgagee bank agreeing to keep current the banking facilities now extended to East Champion as secured by the mortgage of the Property subject only to such conditions as may be acceptable to the Purchaser;
- (b) the Purchaser being satisfied with its due diligence review of the legal and financial affairs of E-Garden and East Champion;
- (c) the Vendor having shown and given a good title of East Champion to the Property; and
- (d) the representations and warranties made or given by the Vendor under the S&P Agreement remaining true and accurate in all material respects and not misleading in any material respect as at the completion date.

All the above conditions precedent having been fulfilled, completion of the S&P Agreement took place on 7 May 2008.

Pursuant to the S&P Agreement, if any of the conditions precedent set out above is not fulfilled (or waived by the Purchaser) on or before 30 June 2008, the rights and obligations of the parties under the S&P Agreement shall lapse and be of no further force and effect, and the parties shall be released from all further obligations thereunder without any liability save to any antecedent breach and provided that the deposit paid by the Purchaser to the Vendor shall be returned to the Purchaser forthwith.

LETTER FROM THE BOARD

REASONS FOR, AND BENEFITS OF, THE ACQUISITION

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

The Property is currently left vacant. After completion, the Group would try to lease out the Property for rental income and depending on the market conditions, may also sell the Property for gain. The Directors believe that the Acquisition can enhance the property portfolio and future earnings of the Company and thus is in the interests of the Company and its shareholders as a whole. Taking into account the value of the Property of approximately HK\$135 million as at 31 March 2008, the Directors consider the terms of the Acquisition to be fair and reasonable and in the interests of the Shareholders as a whole.

FINANCIAL EFFECT OF THE ACQUISITION

Upon completion of the S&P Agreement, E-Garden and East Champion become indirect wholly-owned subsidiaries of the Company and their results will be consolidated into the income statement of the Group for the financial period ending after completion. The Directors believe that the Acquisition can enable the Group to generate more recurring rental income and thus strengthen the income base of the Group in Hong Kong.

In addition, the Acquisition can broaden the asset base of the Group although it is not expected that there will be any significant impact on the Group's net asset value as any increase in non-current assets will be offset by a corresponding decrease in bank balances and cash and a corresponding increase in bank borrowings of the Group.

ADDITIONAL INFORMATION

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

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

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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 herein misleading.

DISCLOSURE OF INTERESTS**(a) Directors and chief executive**

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 and its associated corporations (within the meaning of Part XV of the SFO) which were required 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) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Nature of interest	Number of Shares		Approximate percentage of existing issued share capital of the Company
		Long position	Short position	
Kwong Kai Sing, Benny	Beneficial owner	15,444,000	–	0.60%
Ong Peter	Beneficial owner	8,595,360	–	0.34%
Poon Chi Wan	Beneficial owner	1,188,000	–	0.05%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required 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) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders

As at the Latest Practicable Date, according to the register of interests kept by the Company under section 336 of the SFO and so far as was known to the Directors and chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position 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, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any options in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Capacity in which such interests were held	Number of Shares or underlying Shares	Approximate percentage of existing issued share capital of the Company
Willie International Holdings Limited	Corporate interest	183,941,280	7.19%
Radford Capital Investment Limited ^{Note}	Corporate interest	132,711,300	5.19%

Note:

Messrs. Chung Yuk Lun and Chan Sze Hung, both Directors, are also directors of Radford Capital Investment Limited.

According to the register of interests kept by the Company under section 336 of the SFO and so far as was known to the Directors and chief executive of the Company, save as disclosed above, there were no other persons (other than the Directors or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position 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, 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 other member of the Group or in any options in respect of such capital.

LITIGATION

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

SERVICE CONTRACTS

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

COMPETING INTERESTS

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

MISCELLANEOUS

- (a) The secretary and the qualified accountant of the Company is Mr. Chow Chi Wah, Vincent, who is a fellow member of the Chartered Association of Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company is located at 32nd Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited of Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of inconsistency.