
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 PROPERTY INTEREST

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 Share and the Loan
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“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 Stock Exchange
“Completion”	completion of the S&P Agreement
“Completion Date”	the day falling one calendar month after the date of the S&P Agreement or such other date as the Vendor and the Purchaser may agree in writing
“Director(s)”	the director(s) of the Company
“FW”	Fei Wang Incorporated, a company incorporated in the British Virgin Islands with limited liability and the beneficial owner of the entire issued share capital of GG
“GG”	Great Gains International Limited, a company incorporated in Hong Kong with limited liability and the registered owner of the Properties
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	22 June 2005, 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
“Loan”	the shareholder’s loan of approximately HK\$96 million owing by FW to the Vendor
“Mortgage”	the bank mortgage over the Properties

DEFINITIONS

“Properties”	Property I and Property II
“Property I”	Unit 5 of Ground Floor, China United Centre, 28 Marble Road, North Point, Hong Kong
“Property II”	Unit 6 of Ground Floor, China United Centre, 28 Marble Road, North Point, Hong Kong
“Purchaser”	Super Sharp Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“S&P Agreement”	the sale and purchase agreement dated 10 June 2005 entered into between the Purchaser and the Vendor in relation to the sale and purchase of the Sale Share and the Loan
“Sale Share”	1 share of US\$1.00 in the issued share capital of FW, representing the entire issued share capital of FW
“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)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Sunderland Properties Limited, a company incorporated in the Cayman Islands with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	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
Lo Ki Yan, Karen
Ong Peter
Poon Chi Wan

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-executive Director:

Chung Yuk Lun

Principal place of business

in Hong Kong:

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

Independent non-executive Directors:

Chan Sze Hung
To Shing Chuen
Frank H. Miu

24 June 2005

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

ACQUISITION OF PROPERTY INTEREST

INTRODUCTION

The Board announced on 13 June 2005 that the Purchaser entered into the S&P Agreement with the Vendor on 10 June 2005, pursuant to which the Purchaser had agreed to purchase, and the Vendor had agreed to sell, the Sale Share and the Loan for a cash consideration of HK\$14 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

Date:

10 June 2005

Parties:

1. Sunderland Properties Limited, being the vendor. The Vendor is an investment holding company incorporated in the Cayman 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 are not connected with any of the directors, chief executive or substantial shareholder(s) of the Company or its subsidiaries or their respective associate(s).
2. Super Sharp Investments Limited, a wholly-owned subsidiary of the Company, being the purchaser.

Asset to be acquired:

The entire issued share capital of FW and all the Vendor's title, rights, interests and benefits of and in the Loan.

FW is a company incorporated under the laws of the British Virgin Islands and is the beneficial owner of the entire issued share capital of GG. Other than GG, FW has no other assets or business. The principal business of FW is investment holding.

GG, a wholly-owned subsidiary of FW, is the registered owner of the Properties. The Properties comprise 2 retail shop units on the ground floor of a 4-storey commercial and car port podium over-mounted by a 24-storey office building situated in North Point, Hong Kong. The Properties occupy a total gross floor area of approximately 2,506 square feet and are valued at approximately HK\$30 million as at 31 May 2005 by RHL Appraisal Ltd., an independent property valuer appointed by the Company, taking into account the existing tenancies under Property I. Property I is currently subject to two tenancies with monthly rentals determined in accordance with the market rates prevailing as at the time when the tenancy agreements were entered into by GG which was in about December 2004. Both tenancies will continue after Completion and expire in December 2005 unless terminated earlier by either party by giving to the other party not less than 3 months' prior written notice. Besides, the Properties are subject to the Mortgage with loan balance of approximately HK\$15 million as at 9 June 2005. Other than the Properties, GG has no other assets or business.

The unaudited consolidated net asset value of FW (excluding the Loan) was approximately HK\$14 million as at 9 June 2005 with net book value of the Properties at HK\$29 million and the unaudited consolidated net loss of FW (both before and after taxation and extraordinary items) for the two years ended 31 December 2003 and 2004 was approximately HK\$3 million and HK\$7 million. Save and except the Loan, the loan balance of approximately HK\$15 million under the Mortgage and the rental deposits

LETTER FROM THE BOARD

of approximately HK\$70,000.00 received by GG in respect of the tenancy agreements subsisting under Property I (all of which will continue to remain in the accounts of the FW and GG after Completion), FW and GG had no other liabilities.

Consideration:

The aggregate consideration payable by the Purchaser to the Vendor for the acquisition of the Sale Share and the Loan is HK\$14 million. A deposit of HK\$2 million has been paid by the Purchaser to the Vendor upon signing of the S&P Agreement and the remaining balance of HK\$12 million will be paid by the Purchaser to the Vendor in cash on Completion. The Directors intend to fund the entire consideration 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 (i) the unaudited consolidated net asset value of FW (excluding the Loan) of approximately HK\$14 million as at 9 June 2005 with net book value of the Properties at HK\$29 million; and (ii) the value of the Properties of approximately HK\$30 million as at 31 May 2005.

Pursuant to the terms of the S&P Agreement, the Group is not required to provide any guarantee in respect of the Mortgage.

Completion:

Subject to the fulfilment of the following conditions, Completion shall take place on the day falling one calendar month after the date of the S&P Agreement or such other date as the Vendor and the Purchaser may agree in writing.

Completion shall be conditional upon:

- (a) the Purchaser being satisfied with its due diligence review of the legal and financial affairs of FW and GG;
- (b) the Vendor having shown and given a good title of GG to the Properties; and
- (c) the representations and warranties made or given by the Vendor under the S&P Agreement remaining true and accurate in all respects and not misleading in any respect as at the Completion Date.

If any of the conditions precedent set out above is not fulfilled (or waived (save and except condition (b) set out above) by the Purchaser) on or before the Completion Date, either party may rescind the S&P Agreement by giving written notice to the other party whereupon the S&P Agreement shall from such date have no further force and effect and the deposit shall be returned to the Purchaser within five business days from the Completion Date. As at the Latest Practicable Date, none of the above conditions had been fulfilled or waived.

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 investment in casino services and gaming business, property related investments and investment in securities and money-lending businesses.

The Directors believe that the Acquisition can enhance the property portfolio and future earnings of the Group and thus is in the interests of the Company and its shareholders as a whole. Taking into account (i) the unaudited consolidated net asset value of FW (excluding the Loan) of approximately HK\$14 million as at 9 June 2005 with net book value of the Properties at HK\$29 million; and (ii) the value of the Properties of approximately HK\$30 million as at 31 May 2005, 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, FW and GG will 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 corporation(s) (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 Companies 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	50,000,000	–	3.05%
Lo Ki Yan, Karen	Beneficial owner	35,000,000	–	2.13%
Ong Peter	Beneficial owner	5,000,000	–	0.30%

Save as disclosed above, as at the Latest Practicable Date:

- (i) 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 corporation(s) (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 Companies of the Listing Rules, to be notified to the Company and the Stock Exchange; and
- (ii) none of the Directors or chief executive of the Company was a director or employee of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial shareholders

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, 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) 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 Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company is located on 32/F., China United Centre, No. 28 Marble Road, North Point, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited of Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of inconsistency.