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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)

**(1) MAJOR TRANSACTION
IN RELATION TO
THE ACQUISITION OF THE ENTIRE ISSUED
SHARE CAPITAL
OF HONG KONG LEASING LIMITED
INVOLVING ISSUE OF NEW SHARES
UNDER SPECIFIC MANDATE**

(2) RESUMPTION OF TRADING

Financial adviser to the Company



THE ACQUISITION

The Board is pleased to announce that on 8 April, 2015 (after trading hours), subject to the terms and conditions of the S&P Agreement, the Vendors as the legal and beneficial owners agreed to sell and transfer upon Completion, and the Purchaser (in reliance on the representations, warranties and undertakings made by the Vendors in the S&P Agreement) agreed to purchase upon Completion, the Offered Shares free from any Encumbrance.

As the consideration for the sale and transfer of the Offered Shares, the Purchaser shall pay the Base Consideration to the Vendors upon Completion. The total amount of the Base Consideration shall be HK\$1,558,334,000, of which HK\$1,508,065,161 shall be paid for China Hover Dragon Offered Shares and HK\$50,268,839 shall be paid for Mr. Gao Offered Shares. The Purchaser shall pay the Base Consideration for China Hover Dragon Offered Shares and Mr. Gao Offered Shares by way of allotment and issue of the Base Consideration Shares by the Company to China Hover Dragon and Mr. Gao, respectively. The Base Consideration is 4.006 times the net asset value of the Target Company as at Completion Date assuming that the net asset value stated in the Completion Audited Accounts of the Target Company as at Completion Date shall be no less than HK\$389,000,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition is 25% or more but less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The issue of the Base Consideration Shares, 1st Additional Consideration Shares and 2nd Additional Consideration Shares under the S&P Agreement is subject to the Specific Mandate to be sought from the Shareholders at the SGM.

A SGM of the Shareholders will be convened and held for the Shareholders to consider and, if thought fit, to approve (i) the S&P Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate to allot and issue the Base Consideration Shares, 1st Additional Consideration Shares and 2nd Additional Consideration Shares. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the S&P Agreement. Therefore, no Shareholder is required to abstain from voting at the SGM of the Shareholders.

GENERAL

A circular containing, among other things, (i) further details of the Acquisition; (ii) the financial information of the Target Group; (iii) the financial and other information of the Group; (iv) the unaudited pro forma financial information of the Enlarged Group; (v) other information as required under the Listing Rules; and (vi) the notice of the SGM will be despatched to the Shareholders as soon as possible. As additional time is required for the Company and the professional parties to prepare the relevant information for inclusion in the circular, the circular is expected to be despatched to the Shareholders on or before 30 June 2015.

As Completion is subject to the fulfilment or waiver (as the case may be) of various conditions precedent as set out in the S&P Agreement, the Acquisition and the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Listco Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Listco Shares on the Stock Exchange has been halted from 9:00 a.m. on 9 April 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Listco Shares with effect from 9:00 a.m. on 13 April 2015.

BACKGROUND

The Board is pleased to announce that on 8 April, 2015 (after trading hours), subject to the terms and conditions of the S&P Agreement, the Vendors as the legal and beneficial owners agreed to sell and transfer upon Completion, and the Purchaser (in reliance on the representations, warranties and undertakings made by the Vendors in the S&P Agreement) agreed to purchase upon Completion, the Offered Shares free from any Encumbrance.

As the consideration for the sale and transfer of the Offered Shares, the Purchaser shall pay the Base Consideration to the Vendors upon Completion. The total amount of the Base Consideration shall be HK\$1,558,334,000, of which HK\$1,508,065,161 shall be paid for China Hover Dragon Offered Shares and HK\$50,268,839 shall be paid for Mr. Gao Offered Shares. The Purchaser shall pay the Base Consideration for China Hover Dragon Offered Shares and Mr. Gao Offered Shares by way of allotment and issue of the Base Consideration Shares by the Company to China Hover Dragon and Mr. Gao, respectively. The Base Consideration is 4.006 times the net asset value of the Target Company as at Completion Date assuming that the net asset value stated in the Completion Audited Accounts of the Target Company as at Completion Date shall be no less than HK\$389,000,000.

THE S&P AGREEMENT

Date

8 April, 2015 (after trading hours)

Parties

- (i) Vendors;
- (ii) Purchaser;
- (iii) Company; and
- (iv) Guarantors.

China Hover Dragon is an investment holding company incorporated in the British Virgin Islands with limited liability, the issued share capital of which is beneficially, indirectly held by Mr. Ji as to 50% and directly held by Ms. Wang as to 50%. China Hover Dragon holds 96.77% equity interests in the issued share capital of the Target Company, being 300,000,000 Shares of the Offered Shares.

Mr. Gao, a PRC citizen, holds 3.23% equity interests in the issued share capital of the Target Company, being 10,000,000 Shares of the Offered Shares.

In consideration of the Purchaser agreeing to enter into the S&P Agreement, Mr. Ji and Ms. Wang agreed to be the Guarantors to guarantee the performance by the Vendors of their obligations under the S&P Agreement.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Vendors and its ultimate beneficial owners, the Guarantors, and their respective associates (if applicable) is an independent third party.

Assets to be acquired

The Target Company is a company incorporated under the laws of Hong Kong and has an issued share capital of HK\$310,000,000, divided into 310,000,000 Shares, i.e. the Offered Shares. The Vendors are the legal and beneficial owners of the Offered Shares.

Consideration

As the consideration for the sale and transfer of the Offered Shares, the Purchaser shall pay the Base Consideration to the Vendors upon Completion. The total amount of the Base Consideration shall be HK\$1,558,334,000, of which HK\$1,508,065,161 shall be paid for China Hover Dragon Offered Shares and HK\$50,268,839 shall be paid for Mr. Gao Offered Shares. The Purchaser shall pay the Base Consideration for China Hover Dragon Offered Shares and Mr. Gao Offered Shares by way of allotment and issue of the Base Consideration Shares by the Company to China Hover Dragon and Mr. Gao, respectively. The Base Consideration is 4.006 times the net asset value of the Target Company as at Completion Date (assuming that the net asset value stated in the Completion Audited Accounts of the Target Company as at Completion Date shall be no less than HK\$389,000,000).

Adjustment of the Consideration

1. Year 2015 Adjustment

- (i) Subject to paragraph (ii) below, if the audited Net Profit After Tax of the Target Company as shown in the 2015 Audited Consolidated Accounts (“**2015 Audited Net Profit**”) exceeds HK\$150,000,000, the Base Consideration shall be increased as incentives. The difference between the increased consideration and the Base Consideration paid by the Purchaser to the Vendors under the S&P Agreement shall be paid by the Company to the Vendors by allotment and issue of additional Listco Shares to the Vendors according to their respective proportion in the Offered Shares (“**1st Additional Consideration Shares**”). The Company shall allot and issue 1st Additional Consideration Shares to the Vendors at 5.156 times the net asset value of the Target Company as at Completion Date and the number of 1st Additional Consideration Shares shall be calculated according to the following formula, with the issue price being HK\$0.66 per 1st Additional

Consideration Share. No fractional share shall be issued. The number of 1st Additional Consideration Shares to be allotted and issued shall be calculated based on the amount that the 2015 Audited Net Profit exceeds HK\$150,000,000 and subject to paragraph (ii) below, shall be calculated subject to a maximum 2015 Audited Net Profit of HK\$200,000,000 as follows:

$$\text{Number of 1st Additional Consideration Shares} = (\text{2015 Audited Net Profit (subject to a maximum of HK\$200,000,000)} - \text{HK\$150,000,000}) \times 5.156/0.66.$$

The maximum number of 1st Additional Consideration Shares that may be allotted and issued pursuant to the terms of the S&P Agreement is 390,606,061 Listco Shares.

- (ii) The Purchaser shall procure that the maximum number of 1st Additional Consideration Shares be allotted and issued by the Company to the Vendors in accordance with paragraph (i) above, be subject to a maximum 2015 Audited Net Profit of HK\$200,000,000.
- (iii) If the 2015 Audited Net Profit is less than HK\$100,000,000, the Base Consideration shall be decreased. The portion of 2015 Audited Net Profit which is less than HK\$100,000,000 shall be deducted from the Base Consideration. The number of Listco Shares to be sold by the Vendors to the Company shall be calculated by reference to 4.006 times the net asset value of the Target Company as at Completion Date and the amount so deducted from the Base Consideration (“**1st Repurchase Shares**”). The Vendors are, subject to applicable laws (including the Listing Rules), obliged to sell such 1st Repurchase Shares to the Company at nil consideration and the Company shall repurchase the 1st Repurchase Shares at nil consideration. The number of 1st Repurchase Shares to be repurchased at nil consideration shall be calculated using the following formula:

$$\text{Number of 1st Repurchase Shares} = (\text{HK\$100,000,000} - \text{2015 Audited Net Profit}) \times 4.006/0.66.$$

If the 2015 Audited Net Profit is negative, then the 2015 Audited Net Profit shall be zero when calculating the number of 1st Repurchase Shares. The maximum number of 1st Repurchase Shares that may be repurchased by the Company at nil consideration pursuant to the terms of the S&P Agreement is 606,969,697 Listco Shares.

2. *Year 2016 Adjustment*

- (i) Subject to Paragraph (ii) below, if the audited Net Profit After Tax of the Target Company as shown in the 2016 Audited Consolidated Accounts (“**2016 Audited Net Profit**”) exceeds HK\$300,000,000, the Base Consideration shall be increased as incentives. The difference between the increased consideration and the consideration adjusted in 2015 and paid by the Purchaser to the Vendors under the S&P Agreement shall be paid by the Company to the Vendors by allotment and issue of additional Listco Shares to the Vendors according to their respective proportion in the Offered Shares (“**2nd Additional Consideration Shares**”). The Company shall allot and issue 2nd Additional Consideration Shares to the Vendors at 5.156 times the net asset value of the Target Company as at Completion Date. The number of 2nd Additional Consideration Shares shall be calculated according to the following formula, with the issue price being HK\$0.66 per 2nd Additional Consideration Share. No fractional share shall be issued. The number of 2nd Additional Consideration Shares to be allotted and issued shall be calculated based on the amount that the 2016 Audited Net Profit exceeds HK\$300,000,000 and subject to paragraph (ii) below, shall be calculated subject to a maximum 2016 Audited Net Profit of HK\$400,000,000 as follows:

$$\text{Number of 2nd Additional Consideration Shares} = (\text{2016 Audited Net Profit (subject to a maximum of HK\$400,000,000)} - \text{HK\$300,000,000}) \times 5.156/0.66.$$

The maximum number of 2nd Additional Consideration Shares that may be allotted and issued pursuant to the terms of the S&P Agreement is 781,212,121 Listco Shares.

- (ii) The Purchaser shall procure that the maximum number of 2nd Additional Consideration Shares be allotted and issued by the Company to the Vendors in accordance with paragraph (i) above, be subject to a maximum 2016 Audited Net Profit of HK\$400,000,000.
- (iii) If the 2016 Audited Net Profit is less than HK\$200,000,000, the Base Consideration shall be decreased. The portion of 2016 Audited Net Profit which is less than HK\$200,000,000 shall be deducted from the Base Consideration. The number of Listco Shares to be sold by the Vendors to the Company shall be calculated by reference to 4.006 times the net asset value of the Target Company as at Completion Date and the amount so deducted from the Base Consideration (“**2nd Repurchase Shares**”). The Vendors are, subject to applicable laws (including the Listing Rules), obliged to sell such 2nd Repurchase Shares to the Company at nil consideration and the Company

shall repurchase the 2nd Repurchase Shares at nil consideration. The number of 2nd Repurchase Shares to be repurchased at nil consideration shall be calculated using the following formula:

$$\text{Number of 2nd Repurchase Shares} = (\text{HK\$200,000,000} - \text{2016 Audited Net Profit}) \times 4.006/0.66.$$

If the 2016 Audited Net Profit is negative, then the 2016 Audited Net Profit shall be zero when calculating the number of 2nd Repurchase Shares. The maximum number of 2nd Repurchase Shares that may be repurchased at nil consideration pursuant to the terms of the S&P Agreement is 1,213,939,394 Listco Shares.

The consideration was determined by the Purchaser and the Vendors by reference to the following factors after arm's length negotiation: (i) unaudited consolidated net assets value of the Target Group of approximately HK\$379,000,000 as set out in the unaudited consolidated management accounts of the Target Group as at 31 December 2014; (ii) the expected target Net Profit After Tax of HK\$100,000,000 and HK\$200,000,000 for years 2015 and 2016, respectively; and (iii) the prospects of the business of the Target Group.

Based on the above, the Directors consider that the consideration is fair and reasonable to the Company and taking into account the reasons as further elaborated in the section headed "Reasons for and Benefits of the Acquisition" below, the Acquisition is in the interests of the Company and the Shareholders as a whole.

BASE CONSIDERATION SHARES

On Completion Date, to satisfy the Base Consideration, the Purchaser will procure the Company to allot and issue 2,284,947,214 new Listco Shares and 76,164,907 new Listco Shares to China Hover Dragon and Mr. Gao, respectively, free from any Encumbrance, totalling 2,361,112,121 new Listco Shares at HK\$0.66 per Listco Share based on the average of closing prices for the five trading days prior to 2 April 2015 and amounting to HK\$1,558,334,000.

The said 2,361,112,121 Base Consideration Shares represent: (i) approximately 13.94% of the existing and issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.23% of the enlarged and issued share capital of the Company following issue of the Base Consideration Shares.

The issue price of HK\$0.66 per Base Consideration Share represents the average of the closing prices per Listco Share as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to 2 April 2015 and was arrived at after arm's length negotiation between the Company and the Vendors taking into account the recent market prices of the Listco Shares. The issue price of the Base Consideration Shares also represents:

- A discount of approximately 46% over the closing price of HK\$1.23 per Listco Share on the Last Trading Day;
- A discount of approximately 19% over the average of the closing prices of HK\$0.81 per Listco Share for the last 5 trading days up to and including the Last Trading Day; and
- A premium of approximately 1.5% over the average of the closing prices of HK\$0.65 per Listco Share for the last 10 trading days up to and including the Last Trading Day.

The Base Consideration Shares, 1st Additional Consideration Shares and 2nd Additional Consideration Shares will be issued subject to the Specific Mandate to be sought from the Shareholders at the SGM. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Base Consideration Shares, 1st Additional Consideration Shares and 2nd Additional Consideration Shares.

Details of the impact of the Base Consideration Shares, 1st Additional Consideration Shares and 2nd Additional Consideration Shares on the shareholding structure of the Company are set out in the section headed "Shareholding structure as a result of the Acquisition" in this announcement below.

CONDITIONS PRECEDENT

Completion of the S&P Agreement is subject to the satisfaction (or waiver in accordance with the S&P Agreement) of the following conditions precedent:

Conditions precedent for the benefits of all parties

1. the transactions contemplated under the S&P Agreement having complied with applicable laws of relevant jurisdictions (including but not limited to Hong Kong and PRC), and having obtained all approvals, consents, clearance or waivers from all relevant governmental authorities (including but not limited to the approval and regulatory authorities of Hong Kong and the PRC), and where any such approvals, consents, clearance or waivers is subject to conditions, such conditions being acceptable to the absolute discretion of the parties to the S&P Agreement;
2. no notice that the transactions contemplated under the S&P Agreement shall be treated as or decided (as the case may be) by the Stock Exchange as reverse takeover under the Listing Rules having been received;

Conditions precedent in favour of the Vendors

3. all the warranties of the Purchaser under the S&P Agreement in all material respects remaining true and accurate and not misleading in any respect as of the Completion Date, as though such representations and warranties were made on and as of the Completion Date (except any warranties of the Purchaser that are made as of a specified date shall be true and correct as of such specified date);
4. the Purchaser having performed and complied in all material respects with all agreements and obligations required by the S&P Agreement to be performed and complied by it prior to the Completion Date;
5. the Vendors having received a certified true copy of the resolutions of the board of directors of the Purchaser approving, among other things, execution of the S&P Agreement;
6. the Vendors having received a certified true copy of the resolutions of the Board approving, among other things, execution of the S&P Agreement;

Conditions precedent in favour of the Purchaser and the Company

7. there is no material adverse change in the business or financial conditions of each member of the Target Group since the date of the S&P Agreement;
8. all the warranties of the Vendors and the Guarantors remaining true and accurate and not misleading in any respect as of the Completion Date, as though such representations and warranties were made on and as of the Completion Date (except any warranties of the Vendors and the Guarantors that are made as of a specified date shall be true and correct as of such specified date);
9. each of the Vendors and Guarantors having performed and complied in all material respects with all agreements and obligations required by the S&P Agreement to be performed and complied with by them prior to the Completion Date;
10. the Shareholders (other than those Shareholders as required under the Listing Rules to abstain from voting at the SGM to approve the execution of the S&P Agreement and the transactions contemplated thereby) having passed resolutions at the SGM approving the execution and delivery of the S&P Agreement, the ancillary documents to which the Company is a party, and the transactions contemplated under the S&P Agreement;
11. the Company having obtained all necessary approvals, consents, clearance and waivers (if applicable) under the Listing Rules and any applicable laws from the regulatory authorities, including the Stock Exchange in respect of the transactions contemplated by the S&P Agreement, and where any such approvals, consents, clearance or waivers is subject to conditions, such conditions being acceptable to the absolute discretion of the Company;

12. the Listing Committee having granted or agreed to grant (either unconditional or conditional) the listing of, and permission to deal in the Base Consideration Shares, 1st Additional Consideration Shares and 2nd Additional Consideration Shares, and where any such grant or permission is subject to conditions, such conditions being acceptable to the absolute discretion of the Company;
13. the legal or other advisers of the Purchaser and the Company having completed legal, financial, business, litigation and assets due diligence reviews on the Target Group, and are satisfied with the results of such reviews in all respects;
14. the Purchaser and the Company having received and satisfied in its absolute discretion (in substance and form) a legal opinion issued by a law firm qualified to practise in PRC;
15. the Purchaser and the Company having received a certified true copy of the resolutions of the board of directors and minutes of shareholders' meeting of China Hover Dragon;
16. the Purchaser and the Company having obtained a valuation report of the Target Company issued by a professional valuer, if necessary;
17. tax filing with the PRC tax authority for the transactions contemplated under the S&P Agreement having been completed, and the tax arising from the transaction under the S&P Agreement required to be paid to the PRC tax authority having been paid or settled to the satisfaction of the Purchaser and the Company; and
18. all other consents, approvals, authorizations and waivers as may be required or necessary under any instrument, contract, document or agreement to which the Vendors is a party or by which the Vendors or their assets are bound, for the sale and transfer of the Offered Shares as contemplated under the S&P Agreement and otherwise to give effect to the transactions contemplated under the S&P Agreement having been obtained and where any such consent, approval, authorization or waiver is subject to any conditions, such conditions being fulfilled to the satisfaction of the Purchaser in its sole and absolute discretion.

Each party to the S&P Agreement shall, use its best endeavours, to procure the satisfaction of the conditions precedent (including but not limited to, making all necessary applications and timely supply of documents to the Stock Exchange). The Vendors shall and undertake to procure the Target Company to provide all such information and documents and sign all such applications, documents and take any other actions as reasonably required by the Stock Exchange or any other regulatory authority. Each party to the S&P Agreement shall keep each other informed immediately of any circumstances which may result in any of the conditions precedent not being satisfied in accordance with its terms.

The above conditions precedent set out in 1 and 2 are made in favour of all parties to the S&P Agreement; the conditions precedent set out from 3 to 6 are made in favour of the Vendors; while conditions precedent set out from 7 to 18 are made in favour of the Purchaser. Only the parties which have the benefit of a condition precedent shall be entitled to waive (to the extent that it is capable of waiving) that condition precedent by giving written notice to the other parties to the S&P Agreement and such waiver may be subject to the terms and conditions as the party waiving may require. For avoidance of doubt, no conditions precedent set out in 1, 2 and from 10 to 12 may be waived by any party.

If any of the conditions precedent set out above has not been satisfied before the Long Stop Date or waived in accordance with the above terms, the party for the benefit of whom the conditions precedent that are not satisfied or waived may terminate the S&P Agreement by written notice to the other parties. If the conditions precedent set out in 1 or 2 has not been satisfied before the Long Stop Date, the Vendors (acting jointly) or the Purchaser may, in its own discretion, terminate the S&P Agreement by written notice to the other parties.

COMPLETION

Completion will take place within five Business Days after all the conditions precedent have been fulfilled or waived (as the case may be) (or any other date as may be agreed in writing among the parties to the S&P Agreement). Upon Completion, the Target Company shall become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Group.

POST COMPLETION UNDERTAKINGS

1. Lock up period

The Vendors irrevocably undertake to the Company that, save and except with the prior written consent or waiver of the Company or as otherwise provided in the S&P Agreement as an exception to the lock up restriction, none of the Base Consideration Shares, 1st Additional Consideration Shares (if applicable) or 2nd Additional Consideration Shares (if applicable) may be sold, the subject of any Encumbrance or otherwise disposed of, within a period of 24 months from the date of allotment and issue of the Base Consideration Shares. The Vendors agree to deposit the Base Consideration Shares, 1st Additional Consideration Shares (if applicable) and 2nd Additional Consideration Shares (if applicable) into an escrow account maintained with an escrow agent to be jointly appointed by the Vendors and the Purchaser. Save as provided in the S&P Agreement as an exception to the lock up restriction, Vendors shall not dispose of the Base Consideration Shares, 1st Additional Consideration Shares (if applicable) and 2nd Additional Consideration Shares (if applicable) in the escrow account without the prior written approval of the Purchaser.

2. **Exception to the lock up restriction**

The Purchaser and the Company irrevocably undertake to the Vendors that the Vendors and Purchaser shall upon expiry of 12 months from the date of allotment and issue of the Base Consideration Shares, release 25% of the Listco Shares in the escrow account (including the Base Consideration Shares, 1st Repurchase Shares (if applicable) and 1st Additional Consideration Shares (if applicable)), and Vendors shall thereafter be entitled to freely dispose of such Listco Shares.

3. **Receivables**

If the RMB34,380,000 receivable from Hainan Xinli Industry Limited and RMB65,620,000 receivable from Xiang Long Group, as stated in the audited accounts of the Target Company for the year ended 31st December 2014 are not recovered in full within 24 months from the Completion Date, the unrecovered receivable amount (“**Bad Debt**”) shall be deducted from the Base Consideration. The number of Listco Shares to be sold by the Vendors to the Company shall be calculated by reference to 4.006 times the net asset value of the Target Company as at Completion Date and the amount of Bad Debt (“**Bad Debt Repurchase Shares**”). The Vendors shall be obliged to sell at nil consideration to the Company Bad Debt Repurchase Shares and the Company shall repurchase such Bad Debt Repurchase Shares at nil consideration. The number of Bad Debt Repurchase Shares to be repurchased at nil consideration shall be calculated as follows:

$$\text{Number of Bad Debt Repurchase Shares} = (\text{Bad Debt amount in HK\$}) \times 4.006/0.66$$

The maximum number of Bad Debt Repurchase Shares that may be repurchased by the Company at nil consideration pursuant to the terms of the S&P Agreement is 758,712,121 Listco Shares (RMB are translated at an exchange rate of RMB1: HK\$1.25).

4. **Net Asset Value of Target Group upon Completion Date**

The Purchaser shall, after the Completion Date, complete the Draft Completion Audited Accounts within the specified period in accordance with the S&P Agreement, and upon approval of the Vendors finalize the Completion Audited Accounts. If the net asset value as stated in the Completion Audited Accounts is less than HK\$389,000,000, the Base Consideration shall be adjusted. The number of Listco Shares to be sold by the Vendors to the Company shall be calculated by reference to 4.006 times the net asset value of the Target Company as at Completion Date and the amount so deducted from the assumed net asset value of the Target Company of HK\$389,000,000 (“**Completion Accounts Repurchase Shares**”). The Vendors shall be obliged to sell the Completion Accounts Repurchase Shares to the Company at nil consideration and the Company shall

repurchase such Completion Accounts Repurchase Shares at nil consideration. The number of Completion Accounts Repurchase Shares to be repurchased at nil consideration shall be calculated as follows:

$$\text{Completion Accounts Repurchase Shares} = (\text{HK\$389,000,000} - \text{the net asset value as stated in the Completion Audited Accounts}) \times 4.006/0.66$$

The maximum number of Completion Accounts Repurchase Shares that may be repurchased by the Company at nil consideration pursuant to the terms of the S&P Agreement is 2,361,112,121 Listco Shares.

MAXIMUM NUMBER OF LISTCO SHARES THAT MAY BE REPURCHASED BY THE COMPANY

The aggregate number of 1st Repurchase Shares, 2nd Repurchase Shares, Bad Debt Repurchase Shares and Completion Accounts Repurchase Shares that may be repurchased by the Company under the S&P Agreement shall not exceed the aggregate number of Base Consideration Shares, 1st Additional Consideration Shares and 2nd Additional Consideration Shares that may be allotted and issued by the Company to the Vendors in respect of the Acquisition.

GUARANTEES

In consideration of the entry into and performance by the Purchaser of the S&P Agreement, the Guarantors unconditionally and irrevocably guarantee to the Purchaser the due and punctual performance and observance by the Vendors of all their obligations, commitments and undertakings under or pursuant to the S&P Agreement and agree to indemnify the Purchaser against all losses which Purchaser may suffer arising from any breach by the Vendors of their obligations under the S&P Agreement.

INFORMATION ON THE TARGET GROUP

The Target Company

The Target Company is a company incorporated in Hong Kong with limited liability. The total issued share capital of the Target Company is HK\$310,000,000, divided into 310,000,000 Shares. The Vendors are the legal and beneficial owners of the Offered Shares, of which China Hover Dragon owns 96.77% of the Offered Shares (or 300,000,000 of the Offered Shares) and Mr. Gao owns 3.23% of the Offered Shares (or 10,000,000 of the Offered Shares).

The PRC Subsidiaries

The direct and indirect, wholly and non-wholly owned, PRC Subsidiaries of the Target Company include Shenzhen Chuan Long, Shanghai Xiong Long, Beijing Chuan Long, Qianhai Lu Jian, Shenzhen Xiong Long, Xiong Long Finance, Shenzhen Pacific and Pacific Ying Xin. The principal business of the Target Group is financial leasing and related business.

The Target Group provides direct lease, leaseback after sale, commissioned lease, sublease, operating lease, international lease, manufacturer lease, joint lease, leveraged lease and other different lease products and services to a variety of domestic and overseas companies in the fields of infrastructure, communications, medical equipment, scientific equipment, inspection equipment, engineering machinery, offshore oil engineering equipment, transport vehicles (including aircraft, automobiles and seagoing vessels) and related technologies, providing a comprehensive package of lease-related solutions; it also provides leasing transactions consultation services, guarantees and factoring business and sale of residual value of the lease products, handling and other approved related businesses.

The management team of the Target Company consists of professionals with many years of experience working in domestic and overseas commercial banks, investment banks and finance lease businesses. The Target Company has established long-term and stable cooperation with many world-renowned financial institutions, multinational consortia and corporate entities by virtue of its international management experience, professional work ethic and professional standard of services. As of the end of February 2015, the Company and its subsidiaries have signed cooperation agreements with various banks and obtained credit lines amounting to approximately RMB16.5 billion. As at end of February 2015, the leased asset size reached RMB650 million.

Shenzhen Pacific

Shenzhen Pacific, a subsidiary of the Target Company, is jointly established by Everbright Xinglong Trust Co., Ltd. (光大興隴信託有限責任公司), Shenzhen Xiang Long and the Target Company, is an international and professional integrated financial services platform in Mainland China with unique leasing service business chain approved by the Shenzhen Municipal People's Government of China. Shenzhen Pacific is engaged in trading business relating to the leasing facilities, leasing assets and other related leasing properties, and provision of spot trading platform and market services and consulting services relating to the aforesaid businesses.

Shenzhen Pacific is a unique financial platform and is among the few financial transaction platforms in Shenzhen which possess the "Trading Business Qualification" (《交易場所業務資格》).

Shenzhen Pacific, rooted in Qianhai, and benefitting from the policy advantages of the Guangdong Free Trade Area and Qianhai-Shenzhen-Hong Kong Cooperation Area, plans to be a leading domestic and international integrated financial leasing business chain service provider and financial leasing transaction service platform.

INFORMATION OF THE GROUP

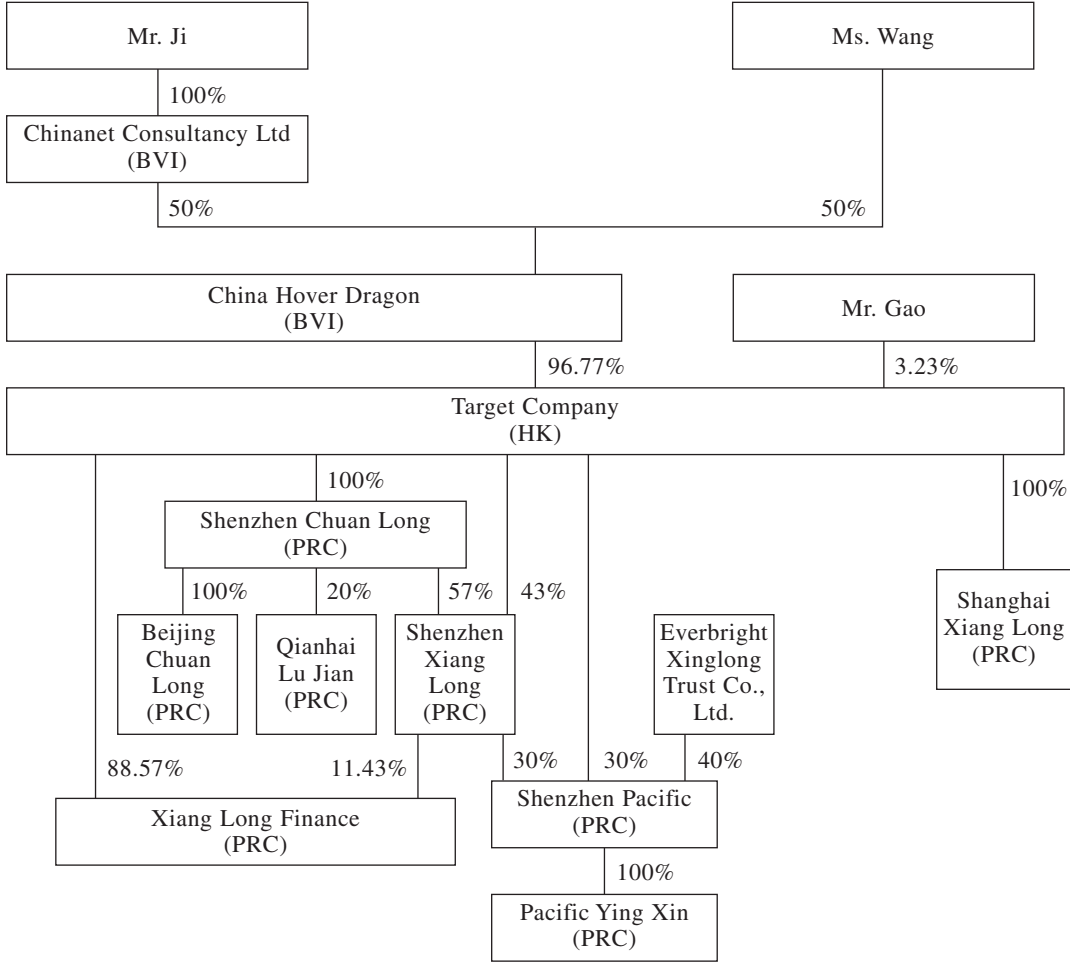
The Company is an investment holding company, the Group is principally engaged in investment in listed securities, money lending, property investment and investment in and management of forest operations.

One of the principal activities of the Group is investment in listed securities. As disclosed in note 7 of the Company’s annual report for the year ended 31 March 2014 (“**Annual Report**”), the realized gain from the sales of listed securities for the 12 months ended 31 March 2014 was HK\$18,975,000, and it is arose from the sales proceeds of HK\$194,371,000 (as revenue) and the carrying value of the investment of HK\$175,396,000 (as cost of sales). The above figures have been audited by the Company’s auditors for the year ended 31 March 2014.

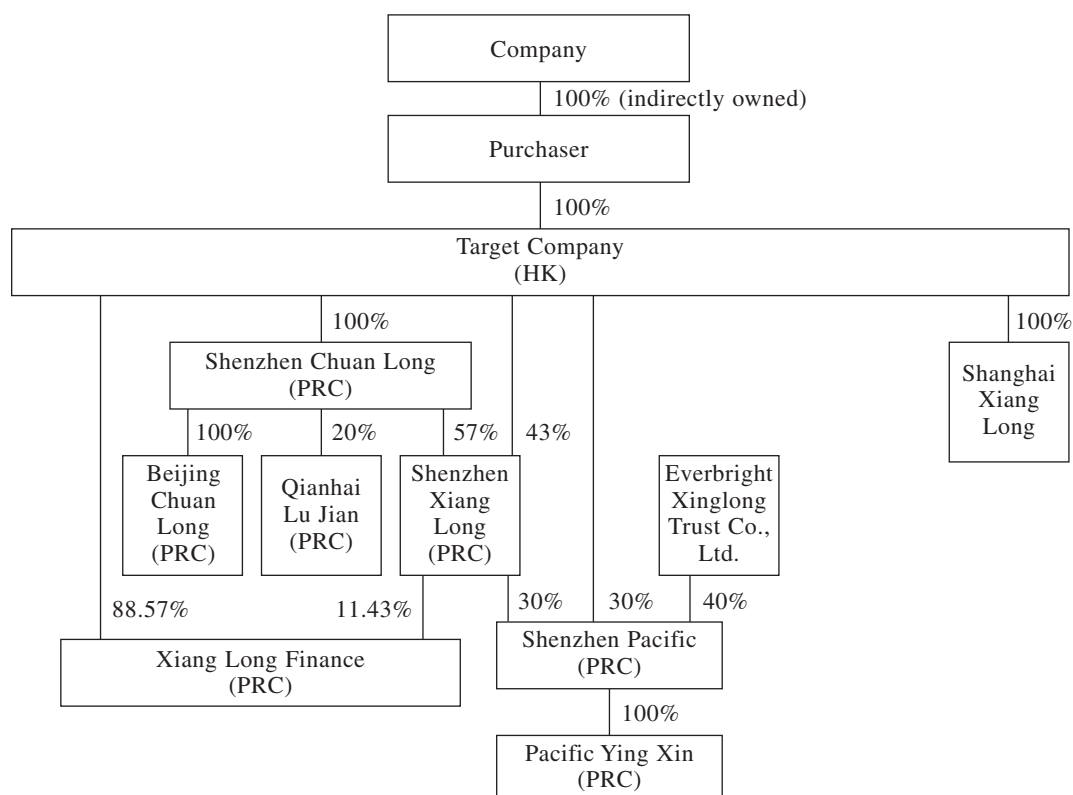
THE ACQUISITION

The following table illustrates shareholding structure of the Target Group: (i) as at the date of this Announcement; and (ii) immediately after Completion:

As at the date of this Announcement:



Immediately after completion:



FINANCIAL INFORMATION ABOUT THE TARGET GROUP

Set out below is the financial information of the subsidiaries of the Target Group for each of the three financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 respectively.

	Year ended 31 December 2014 (unaudited) HK\$	Year ended 31 December 2013 (audited) HK\$	Year ended 31 December 2012 (audited) HK\$
Income Statement			
Turnover	78,420,971	21,871,715	–
Profit/(Loss) before Tax	9,124,534	(17,766,108)	(8,409,139)
Profit/(Loss) after Tax (<i>Note</i>)	7,410,769	66,002,852	(8,409,139)
Balance Sheet	As at 31 December 2014 (unaudited) HK\$	As at 31 December 2013 (audited) HK\$	As at 31 December 2012 (audited) HK\$
Total Assets	1,274,466,859	1,082,735,843	97,135,638
Total Liabilities	(895,440,833)	(919,531,909)	(4,304,982)
Net Assets	379,026,026	163,203,934	92,830,656

Note:

For the year ended 31 December 2013 the profit after tax included a non-recurring income benefits of HK\$83,768,960 in relation to the acquisition of the equity interest of a subsidiary of the Target Group.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As stated in the management's discussion and analysis of the interim report of the Company for the six months ended 30 September 2014, the Group will focus on the development of the Group's money lending business while seeking opportunities to diversify into other areas in order to enhance the Group's performance and increase shareholders' value. The investment in the Target Company will assist the Group in a short period of time expanding to the unique PRC and Hong Kong financial leasing business and financial leasing platform.

The Directors believe that the Target Group can provide business synergies and that the unique financial leasing transaction platform can generate a stable income source for the Group, and therefore the Acquisition will further enhance the Group's new future business positioning and is in the overall best interest of the Group and the Shareholders.

SHAREHOLDING STRUCTURE AFTER THE ACQUISITION

Set out below is the shareholding structure summary of the Company (i) as at the date of this announcement; (ii) immediately after Completion (assuming there is no further issue or repurchase of Listco Shares between the date of this announcement and the Completion Date); (iii) immediately after Year 2015 Adjustment (assuming there is no repurchase of Listco Shares during the same period); and (iv) immediately after Year 2016 Adjustment (assuming there is no repurchase of Listco Shares during the same period):

Shareholder	As at the date of this announcement		Immediately after Completion		Immediately after Year 2015 Adjustment		Immediately after Year 2016 Adjustment	
	Number of Listco Shares	Approx. %	Number of Listco Shares	Approx. %	Number of Listco Shares	Approx. %	Number of Listco Shares	Approx. %
Hao Tian Development Group Limited	4,891,500,000	28.87%	4,891,500,000	25.34%	4,891,500,000	24.84%	4,891,500,000	23.89%
Huang Rulun	2,320,000,000	13.69%	2,320,000,000	12.02%	2,320,000,000	11.78%	2,320,000,000	11.33%
Freeman Financial Corporation Limited	1,091,802,352	6.44%	1,091,802,352	5.66%	1,091,802,352	5.54%	1,091,802,352	5.33%
Other Public Shareholders	8,640,415,892	51.00%	8,640,415,892	44.75%	8,640,415,892	43.87%	8,640,415,892	42.20%
Vendors	-	-	2,361,112,121	12.23%	2,751,718,182	13.97%	3,532,930,303	17.25%
Total	16,943,718,244	100.00%	19,304,830,365	100.00%	19,695,436,426	100.00%	20,476,648,547	100.00%

Note:

The shareholding structure immediately (a) after Year 2015 Adjustment and (b) after Year 2016 Adjustment is calculated based on (a) a maximum 2015 Audited Net Profit of HK\$200,000,000 and (b) a maximum 2016 Audited Net Profit of HK\$400,000,000, respectively.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition is 25% or more but less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The issue of the Base Consideration Shares, 1st Additional Consideration Shares and 2nd Additional Consideration Shares under the S&P Agreement is subject to the Specific Mandate to be sought from the Shareholders at the SGM.

A SGM of the Shareholders will be convened and held for the Shareholders to consider and, if thought fit, to approve (i) the S&P Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate to allot and issue the Base Consideration Shares, 1st Additional Consideration Shares and 2nd Additional Consideration Shares. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the S&P Agreement. Therefore, no Shareholder is required to abstain from voting at the SGM of the Shareholders.

GENERAL

A circular containing, among other things, (i) further details of the Acquisition; (ii) the financial information of the Target Group; (iii) the financial and other information of the Group; (iv) the unaudited pro forma financial information of the Enlarged Group; (v) other information as required under the Listing Rules; and (vi) the notice of the SGM will be despatched to the Shareholders as soon as possible. As additional time is required for the Company and the professional parties to prepare the relevant information for inclusion in the circular, the circular is expected to be despatched to the Shareholders on or before 30 June 2015.

As Completion is subject to the fulfilment or waiver (as the case may be) of various conditions precedent as set out in the S&P Agreement, the Acquisition and the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Listco Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Listco Shares on the Stock Exchange has been halted from 9:00 a.m. on 9 April 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Listco Shares with effect from 9:00 a.m. on 13 April 2015.

DEFINITION

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“1st Additional Consideration Shares”	new Listco Shares (free from Encumbrance) to be allotted and issued by the Company to the Vendors pursuant to the S&P Agreement
“1st Repurchase Shares”	Listco Shares to be sold by the Vendors and to be repurchased by the Company at nil consideration pursuant to the S&P Agreement
“2nd Additional Consideration Shares”	new Listco Shares (free from Encumbrance) to be allotted and issued by the Company to the Vendors pursuant to the S&P Agreement
“2nd Repurchase Shares”	Listco Shares to be sold by the Vendors and to be repurchased by the Company at nil consideration pursuant to the S&P Agreement
“2015 Audited Consolidated Accounts”	The Target Company’s audited consolidated financial statements for the 12 months ending 31 December 2015
“2016 Audited Consolidated Accounts”	The Target Company’s audited consolidated financial statements for the 12 months ending 31 December 2016
“Accounting Reference Date”	December 31
“Acquisition”	the proposed acquisition of the Offered Shares by the Purchaser from the Vendors pursuant to the terms and conditions of the S&P Agreement
“Adjusted Consideration Shares”	1st Additional Consideration Shares, 2nd Additional Consideration Shares, 1st Repurchase Shares, 2nd Repurchase Shares, Completion Accounts Repurchase Shares and Bad Debt Repurchase Shares
“associates”	has the same meaning ascribed thereto in the Listing Rules
“Audited Accounts”	audited consolidated financial statements of each member of the Target Group for the 12 months ended on the Accounting Reference Date

“Base Consideration”	the consideration payable by the Purchaser to the Vendors pursuant to the S&P Agreement for the sale and transfer of the Offered Shares, being HK\$1,558,334,000; of which, the base consideration for China Hover Dragon Offered Shares is 96.77% of the Base Consideration (i.e. HK\$1,508,065,161); and for Mr. Gao Offered Shares is 3.23% of the Base Consideration (i.e. HK\$50,268,839)
“Base Consideration Shares”	representing HK\$1,558,334,000, being 2,361,112,121 new Listco Shares (free from any Encumbrance) to be allotted and issued by the Company to the Vendors on the Completion Date, based on the 5-day average closing price prior to the close of market on 2 April, 2015, the price of each Listco Share is HK\$ 0.66; of which, the Company shall allot and issue 2,284,947,214 and 76,164,907 new Listco Shares (free from any Encumbrance) to China Hover Dragon and Mr. Gao respectively on the Completion Date
“Beijing Chuan Long”	北京傳龍投資諮詢有限公司, a company incorporated in PRC with limited liability
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holidays) on which licensed banks are generally open for business in Hong Kong
“China Hover Dragon”	China Hover Dragon Group Limited, a company incorporated under the laws of the British Virgin Islands, holding 96.77% issued share capital of the Target Company (i.e. 300,000,000 Shares), and one of the Vendors selling 300,000,000 Shares in the Target Company to the Purchaser
“China Hover Dragon Offered Shares”	300,000,000 Shares to be sold by China Hover Dragon to the Purchaser under the S&P Agreement
“Company”	means 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 (Stock Code: 412)
“Completion”	completion of the Acquisition in accordance with the terms of the S&P Agreement

“Completion Audited Accounts”	the audited consolidated balance sheet (with all the notes) of the Target Company as at the Completion Date, and the audited consolidated income statement and the audited consolidated cash flow statement for the twelve months ended the Completion Date
“Completion Date”	the date on which the Completion takes place, i.e., within five (5) Business Days from the satisfaction or waiver of all the conditions precedent, or other dates as agreed by the parties in writing
“Director(s)”	the director(s) of the Company, from time to time
“Draft Completion Audited Accounts”	means the draft audited consolidated balance sheet (containing all the notes) of the Target Company as at the Completion Date prepared in accordance with the S&P Agreement, as well as the audited consolidated income statement and audited consolidated cash flow statement for the twelve months ended the Completion Date
“Encumbrance”	any claims, charges, mortgages, liens, options, shareholdings, rights of sale, mortgage-backed securities, title retentions, priorities, pre-emptive rights or other third party rights or security interests of any kind, or any agreements, arrangements or obligations in relation to the creation of any items of the above
“Enlarged Group”	the Group enlarged by Acquisition
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Ji and Ms. Wang
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Date”	8 April 2015, being the date of the S&P Agreement
“Listing Committee”	has the same meaning ascribed thereto in the Listing Rules
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange

“Listco Shares”	ordinary shares of HK\$0.00025 per share in the capital of the Company
“Long Stop Date”	31 December 2015 or other date as mutually agreed among the parties to the S&P Agreement in writing
“Mr. Gao”	Mr. Gao Chuanyi, holding 3.23% of the issued share capital of the Target Company (i.e. 10,000,000 Shares), and a Vendor under the S&P Agreement selling to the Purchaser 10,000,000 Shares it holds in the Target Company
“Mr. Gao Offered Shares”	10,000,000 Shares to be sold by Mr. Gao to the Purchaser under the S&P Agreement
“Mr. Ji”	Mr. Ji Kewei, indirectly holding 50% of the issued shares of China Hover Dragon and a Guarantor under the S&P Agreement
“Ms. Wang”	Ms. Wang Zi Yi, directly owning 50% of the issued capital of China Hover Dragon and also a Guarantor the S&P Agreement
“Net Profit After Tax”	means the net operating profit after tax as indicated in the audited consolidated financial statements (except for any exceptional, unusual, recurring or extraordinary items)
“Offered Shares”	the 310,000,000 shares in the Target Company to be sold by the Vendors to the Purchaser pursuant to the terms of the S&P Agreement, being the aggregate of the China Hover Dragon Offered Shares and Mr. Gao Offered Shares
“Pacific Ying Xin”	深圳亞太盈鑫資產管理有限公司, a company incorporated in PRC with limited liability
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Macau and Taiwan
“PRC Subsidiaries”	means Shenzhen Chuan Long, Shanghai Xiang Long, Beijing Chuan Long, Qianhai Lu Jian, Shenzhen Xiang Long, Xiang Long Finance, Shenzhen Pacific and Pacific Ying Xin

“Purchaser”	Shinning Seas Limited, a company incorporated under the laws of the British Virgin Islands
“RMB”	Renminbi, the lawful currency of the PRC
“Qianhai Lu Jian”	深圳前海路建資產管理有限公司， a company incorporated in PRC with limited liability
“S&P Agreement”	the agreement dated 8 April 2015 made among the Vendors, the Purchaser, the Guarantors and the Company in relation to the Acquisition
“SGM”	the special general meeting of the Company to be convened to approve, among other things, (i) the S&P Agreement and the transactions contemplated thereunder; and (ii) the granting of the Specific Mandate to allot and issue the Base Consideration Shares, 1st Additional Consideration Shares and 2nd Additional Consideration Shares
“Shanghai Xiang Long”	上海翔龍融資租賃有限公司, a company incorporated in PRC with limited liability
“Share(s)”	ordinary share(s) of the share capital of the Target Company
“Shareholder(s)”	the shareholder(s) of the Company
“Shenzhen Chuan Long”	深圳傳龍投資諮詢有限公司, a company incorporated in PRC with limited liability
“Shenzhen Pacific”	Shenzhen Asia-Pacific Leasing Assets Exchange Center Co., Ltd. (深圳亞太租賃資產交易中心有限公司), a company incorporated in PRC with limited liability
“Shenzhen Xiang Long”	深圳翔龍融資租賃有限公司, a company incorporated in PRC with limited liability
“Specific Mandate”	the specific mandate to allot and issue the Base Consideration Shares, 1st Additional Consideration Shares and 2nd Additional Consideration Shares to be sought from the Shareholders at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company”	Hong Kong Leasing Limited, a company incorporated in Hong Kong with limited liability
“Target Group”	the Target Company and its PRC Subsidiaries
“Vendors”	China Hover Dragon and Mr. Gao
“Xiang Long Finance”	翔龍融資租賃有限公司, a company incorporated in PRC with limited liability

By order of the Board
Heritage International Holdings Limited
Yau Wai Lung
Executive Director

Hong Kong, 10 April 2015

As at the date of this announcement, the Company has two executive Directors, being Mr. Yau Wai Lung and Dr. Jonathan Ross and three independent non-executive Directors, being Mr. To Shing Chuen, Mr. Ha Kee Choy, Eugene, and Mr. Chung Yuk Lun.

* *For identification purposes only*