

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

VOLUNTARY ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE PROPOSED ACQUISITION

This announcement is made by the Company pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE PROPOSED ACQUISITION

The Board is pleased to announce that on 17 April 2015 (after trading hours), the Purchaser, Mr. Liu, the Vendor and HK Co entered into the non-legally binding MOU in relation to the Proposed Acquisition.

GENERAL

The Board wishes to emphasize that the MOU is not legally binding and the Proposed Acquisition may or may not proceed. Shareholders and potential investors are reminded that the Proposed Acquisition is subject to, among other things, the entering into of the Definitive Documentation, the terms of which are yet to be finalized. The Proposed Acquisition is also subject to and conditional upon such conditions as may be agreed by the parties to the Definitive Documentation. The MOU may or may not lead to the entering into of the Definitive Documentation and the Proposed Acquisition may or may not proceed. There is no assurance as to whether and when the Proposed Acquisition will take place. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

If the Definitive Documentation is entered into, it is expected that the Proposed Acquisition may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

This announcement is made by the Company pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE PROPOSED ACQUISITION

The Board is pleased to announce that on 17 April 2015 (after trading hours), the Purchaser, Mr. Liu, the Vendor and HK Co entered into the non-legally binding MOU in relation to the Proposed Acquisition.

Major Terms of the MOU

Date: 17 April 2015

Parties: (1) the Purchaser;
(2) Mr. Liu;
(3) the Vendor; and
(4) HK Co.

Mr. Liu intends and has the capacity to arrange and procure the existing shareholders of each PRC Company to carry out the Reorganization such that, upon completion of the Reorganization, the Vendor will, through the Target Company, indirectly hold majority interests in each PRC Company.

The Vendor is directly and wholly owned by Mr. Liu. HK Co is an investment holding company wholly owned by Mr. Liu.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Mr. Liu, the Vendor, HK Co and its ultimate beneficial owners and their respective associates (if applicable) is a third party independent of the Company and is not a connected person (as defined under the Listing Rules) of the Company.

The principal terms of the MOU are, among others, set out below:

Assets to be acquired

Under the MOU, subject to completion of the Reorganization, the Purchaser intends to acquire and the Vendor intends to dispose of the entire issued share capital of the Target Company.

The Target Company is a direct wholly owned subsidiary of the Vendor.

The PRC Companies principally engage in (i) parallel importation of automobiles; (ii) online and offline sales of automobiles; and (iii) online and offline financing related services. According to the information provided by Mr. Liu and HK Co, Target Group plans to (i) develop an online platform to facilitate the sale of brand new and pre-owned automobiles, after sales maintenance services and auto financing related services; (ii) offer after sales auto maintenance, modification and tuning and (iii) develop a platform for auto financing services.

Mr. Liu and HK Co intend and will procure the shareholders of each PRC Company to carry out the Reorganization such that, upon completion of the Reorganization, the Target Company will indirectly hold majority interests in each PRC Company.

Consideration

The Parties shall further negotiate on the consideration and the payment terms of the consideration for the Proposed Acquisition.

Due diligence review

Mr. Liu shall and shall procure each PRC Company and its shareholders to promptly provide the Purchaser and its representatives and advisors the opportunity to conduct detailed due diligence regarding the Target Group (including, without limitation, by promptly providing all information, books, records, documents and data that may be reasonably requested by the Purchaser and/or its representatives or advisors). Subject to reasonable prior notice from the Purchaser, the Purchaser (including its representatives/ advisors) shall be granted the right to access to the properties and management teams of the PRC Companies. The Parties agreed that financial, business and legal due diligence reviews on the Target Group shall commence after completion of the Reorganization.

Definitive Documentation

The Company, the Purchaser, Mr. Liu and the Vendor shall in good faith negotiate and intend that Definitive Documentation be finalized and signed on or before 10 June 2015.

The MOU shall be terminated (i) upon execution of the Definitive Documentation; (ii) 10 June 2015 (or such other date as may be extended by mutual agreement of the Parties) if no Definitive Documentation is entered into; or (iii) by mutual written agreement of the Parties.

Upon termination of the MOU, the Parties shall be released from their obligations under the MOU, except (i) for the provisions relating to confidentiality, expenses and the governing law of the MOU which shall remain in full force and effect; and (ii) that termination shall not prejudice any rights of the Parties which have accrued as at the date of the termination.

Conditions precedent

Completion of the Proposed Acquisition shall be conditional upon customary conditions precedent which shall include, without limitation, the following conditions precedent:

- (i) the transactions contemplated under the Definitive Documentation 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 Definitive Documentation;
- (ii) no notice that the transactions contemplated under the Definitive Documentation 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;
- (iii) the Shareholders (other than those Shareholders as required under the Listing Rules to abstain from voting at the special general meeting to approve the execution of the Definitive Documentation and the transactions contemplated thereby) having passed resolutions at the special general meeting approving the execution and delivery of the Definitive Documentation, the ancillary documents to which the Company is a party, and the transactions contemplated under the Definitive Documentation;
- (iv) 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 Definitive Documentation, and where any such approvals, consents, clearance or waivers is subject to conditions, such conditions being acceptable to the absolute discretion of the Company;
- (v) 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;
- (vi) 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; and
- (vii) the Reorganization having been completed.

Exclusivity

It is agreed in the MOU that Mr. Liu shall not, and shall procure each PRC Company and its shareholders not to, engage, nor engage any third party on its/his/her behalf to engage, in any discussions or negotiations with or accept, any offers from any other third party regarding the Proposed Acquisition, during the Exclusivity Period.

Non legally-binding effect

Save for the provisions relating to exclusivity, confidentiality, accuracy of representations, expenses, public announcement, legal effect and governing law of the MOU, which are legally binding on the Parties, the MOU is intended to record preliminary understanding in principle agreed between the Parties and, therefore, is not intended to create legal obligations on the Parties.

REASONS FOR THE PROPOSED ACQUISITION

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.

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 online and offline auto sales and related business platform in the PRC.

The Directors believe that online and offline auto sales and related business platform in the PRC can generate a stable income source for the Group, and therefore the Proposed Acquisition will further enhance the Group's new future business positioning and is in the overall best interest of the Group and the Shareholders.

GENERAL

The Board wishes to emphasize that the MOU is not legally binding and the Proposed Acquisition may or may not proceed. Shareholders and potential investors are reminded that the Proposed Acquisition is subject to, among other things, the entering into of the Definitive Documentation, the terms of which are yet to be finalized. The Proposed Acquisition is also subject to and conditional upon such conditions as may be agreed by the parties to the Definitive Documentation. The MOU may or may not lead to the entering into of the Definitive Documentation and the Proposed Acquisition may or may not proceed. There is no assurance as to whether and when the Proposed Acquisition will take place. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

If the Definitive Documentation is entered into, it is expected that the Proposed Acquisition may constitute a notifiable transaction for the Company under the Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

DEFINITIONS

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

“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 (Stock Code: 412)
“Definitive Documentation”	the formal share purchase agreement which may or may not be entered into in relation to the Proposed Acquisition
“Director(s)”	the director(s) of the Company, from time to time
“Exclusivity Period”	the period from the date of the MOU up to the (i) the date of signing of the Definitive Documentation; (ii) 10 June 2015 (or such other date as may be extended by mutual agreement of the Parties) if no Definitive Documentation is entered into; or (iii) the date of termination of the MOU by the Parties in writing
“Group”	the Company and its subsidiaries
“HK Co”	Point Best Group Limited (僑江集團有限公司), a company incorporated under the laws of Hong Kong with limited liability
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MOU”	the non-legally binding memorandum of understanding dated 17 April 2015 and entered into between the Purchaser, Mr. Liu, the Vendor and HK Co in relation to the Proposed Acquisition
“Mr. Liu”	Liu Jin Cheng (劉金誠)
“Parties”	the parties to the MOU, namely the Purchaser, Mr. Liu, the Vendor and HK Co, each a “Party”
“PRC”	the People’s Republic of China, for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC Companies”	Companies established under the laws of PRC which, upon completion of Reorganizations shall become part of the Target Group, each a “PRC Company”
“Proposed Acquisition”	the proposed acquisition of the entire issued share capital of the Target Company
“Purchaser”	Coastal Silk Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, an indirect wholly owned subsidiary of the Company
“Reorganization”	restructuring of the Target Group such that the Vendor shall hold the entire issued share capital of the Target Company which shall indirectly own majority interests in each PRC Company
“SFO”	Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Charm Best Development Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which, upon completion of the Reorganization, shall indirectly hold majority interests in each PRC Company

“Target Group” the Target Company and the PRC Companies, each a “Target Group Company”

“Vendor” Platinum City Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability

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

Hong Kong, 17 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. Chung Yuk Lun and Mr. Cheung Wing Ping.

* *For identification purposes only*