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 the Company, you should at once hand this circular together with the enclosed form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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HERITAGE INTERNATIONAL HOLDINGS LIMITED
漢基控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 412)
(Warrant Code: 1248)

(1) MAJOR TRANSACTION – ACQUISITION OF SHARES OF HAO TIAN RESOURCES GROUP LIMITED (2) MAJOR AND CONNECTED TRANSACTION – POSSIBLE DISPOSAL OF SHARES TO A CONNECTED PERSON OF THE COMPANY AND (3) NOTICE OF SPECIAL GENERAL MEETING

Independent financial adviser to the Independent Board Committee and the Independent Shareholders

VINCO 域高

Grand Vinco Capital Limited

(A wholly-owned subsidiary of Vinco Financial Group Limited)

Capitalised terms used in this cover page have the same meanings as defined in this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 11 of this circular. A letter from Vinco Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 20 of this circular.

A notice convening the SGM to be held at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on 12 June 2012 at 4:30 p.m. is set out on pages 51 to 52 of this circular. If you are not able to attend the meeting, you are strongly advised to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company in Hong Kong at 29/F., China United Centre, 28 Marble Road, North Point, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjourned meeting should you so wish.

* *For identification purposes only*

25 May 2012

CONTENTS

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

"Acquisition"	the acquisition of 400,000,000 HT Shares by the Group as described in this circular
"Acquisition Shares"	the 400,000,000 HT Shares acquired by the Group pursuant to the Acquisition, representing approximately 10.18% of the entire issued share capital of HT as at the Latest Practicable Date
"associate(s)"	has the meaning ascribed thereto in the Listing Rules
"Board"	the board of Directors
"Chung Nam"	Chung Nam Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activities under the SFO
"Company"	Heritage International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
"connected person(s)"	has the meaning ascribed thereto in the Listing Rules
"Director(s)"	the director(s) of the Company
"Dr. Kwong"	Dr. Kwong Kai Sing, Benny, an executive Director and the Chairman of the Board
"Forced Sale"	the disposal of the Acquisition Shares to third party/parties in the event that neither the Acquisition nor the Proposed Disposal is approved by the Independent Shareholders at the SGM
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HT"	Hao Tian Resources Group Limited (Stock Code: 474), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
"HT Group"	HT and its subsidiaries
"HT Shares"	ordinary share(s) of HK$0.05 each in the share capital of HT
"Independent Board Committee"	a committee of the Board, comprising all the independent non-executive Directors, formed to advise the Independent Shareholders in relation to the Proposed Disposal

"Independent Shareholders"	Shareholders other than Dr. Kwong and his associate(s)
"Latest Practicable Date"	22 May 2012, 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
"PRC"	the People's Republic of China
"Proposed Disposal"	the proposed disposal of the Acquisition Shares to Dr. Kwong in the event that the Acquisition is not ratified by the Independent Shareholders at the SGM
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be convened at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on 12 June 2012 at 4:30 p.m. for the purpose of ratifying the Acquisition and considering the Proposed Disposal in the event that the Acquisition is not ratified by the Independent Shareholders
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Undertaking"	the deed of undertaking entered into between the Company and Dr. Kwong on 21 March 2012 (as amended by a supplemental deed dated 22 May 2012) in relation to the Proposed Disposal and the Forced Sale
"Vinco Capital"	Grand Vinco Capital Limited, a wholly-owned subsidiary of Vinco Financial Group Limited (stock code: 8340), a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Disposal
"%"	per cent.
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

HERITAGE INTERNATIONAL HOLDINGS LIMITED
漢基控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 412)
(Warrant Code: 1248)

Executive Directors:
Kwong Kai Sing, Benny
Ong Peter
Poon Chi Wan
Chow Chi Wah, Vincent

Independent non-executive Directors:
To Shing Chuen
Ha Kee Choy, Eugene
Chung Yuk Lun
Lo Wong Fung

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
29/F., China United Centre
28 Marble Road
North Point
Hong Kong

25 May 2012

To the Shareholders and, for information purpose only, the holders of warrants of the Company

Dear Sir or Madam,

(1) MAJOR TRANSACTION – ACQUISITION OF SHARES OF HAO TIAN RESOURCES GROUP LIMITED (2) MAJOR AND CONNECTED TRANSACTION – POSSIBLE DISPOSAL OF SHARES TO A CONNECTED PERSON OF THE COMPANY AND (3) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

On 22 March 2012, the Board announced that the Group had purchased 300,000,000 HT Shares off the Stock Exchange and subscribed 100,000,000 HT Shares during the placing of shares by HT in March 2012. The Acquisition constituted a major transaction for the Company under the Listing Rules and is subject to the approval of the Independent Shareholders. Given that the Acquisition has already been completed, if approval of the Independent Shareholders cannot be obtained, the Group would be forced to give up the Acquisition Shares. In this connection, Dr. Kwong had undertaken to the Company that in the

* *For identification purposes only*

event that the requisite approval of the Independent Shareholders could not be obtained on or before 30 June 2012, he would acquire all the Acquisition Shares at an aggregate consideration of HK$115 million (equal to the original cost of acquisition to the Group) and reimburse the Group for all costs and expenses incurred in connection with the Acquisition and the Proposed Disposal. As Dr. Kwong is a Director, the Proposed Disposal constitutes a connected transaction for the Company under the Listing Rules and is subject to the approval of the Independent Shareholders.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on the terms of the Proposed Disposal. Vinco Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you with, among other things, further information on the Acquisition and the Proposed Disposal, the recommendation of the Independent Board Committee in relation to the Proposed Disposal, the advice of Vinco Capital in respect of the Proposed Disposal and the notice of the SGM at which resolutions will be proposed to consider and, if thought fit, approve the Acquisition and (where necessary) the Proposed Disposal.

THE ACQUISITION

On 21 March 2012, the Group, through Chung Nam, completed the acquisition of 300,000,000 HT Shares off the Stock Exchange at HK$0.275 per share. Together with the 100,000,000 HT Shares subscribed by the Group earlier during the placing of shares by HT in March 2012 at HK$0.325 per share, the Group together held 400,000,000 HT Shares as at the Latest Practicable Date, representing approximately 10.18% of the entire issued share capital of HT as at the Latest Practicable Date.

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, and based on the confirmation from Chung Nam, all sellers of the 300,000,000 HT Shares are individuals who are third parties independent of the Company and its connected persons.

The average price at which the Acquisition Shares were acquired was approximately HK$0.29 per share which:

(a) represents a discount of approximately 17.14% to the average closing price of approximately HK$0.35 per HT Share as quoted on the Stock Exchange for the last 20 trading days immediately prior to the date of the Acquisition;

(b) represents a discount of approximately 6.45% to the average closing price of approximately HK$0.31 per HT Share as quoted on the Stock Exchange for the last 10 trading days immediately prior to the date of the Acquisition;

(c) is equal to the average closing price of approximately HK$0.29 per HT Share as quoted on the Stock Exchange for the last 5 trading days immediately prior to the date of the Acquisition;

(d) represents a premium of approximately 69.59% over the closing price of HK$0.171 per HT Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(e) represents a discount of approximately 60.27% to the unaudited consolidated net asset value per HT Share of HK$0.73 which is calculated by dividing the unaudited consolidated net asset value of the HT Group as at 30 September 2011 of HK$2,884,978,000 by the number of HT Shares in issue as at the Latest Practicable Date.

The price at which the 300,000,000 HT Shares were acquired by the Group was determined after arm's length negotiations between the Company and Chung Nam with reference to the average closing price of the HT Shares immediately prior to completion of the Acquisition. The average acquisition price of the Acquisition Shares either represents a discount or is equivalent to the average closing price of the HT Shares immediately prior to completion of the Acquisition. No premium was intended to be paid for the Acquisition Shares. The aggregate consideration for the Acquisition of HK$115 million was paid to Chung Nam in cash on settlement thereof and was funded by internal resources of the Group.

THE PROPOSED DISPOSAL AND THE FORCED SALE

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constituted a major transaction for the Company under the Listing Rules and is subject to the approval of the Independent Shareholders. If the approval of the Independent Shareholders is not obtained, the Group would be forced to give up the Acquisition Shares. In this connection, Dr. Kwong had undertaken to the Company on 21 March 2012 that in the event that the approval of the Independent Shareholder could not be obtained on or before 30 June 2012, he would acquire all the Acquisition Shares at an aggregate consideration of HK$115 million (equal to the original cost of acquisition to the Group) and reimburse the Group for all costs and expenses incurred in connection with the Acquisition and the Proposed Disposal within 5 business days from the date of the SGM.

No gain or loss is expected to accrue to the Group as a result of the Proposed Disposal as the consideration reflects the actual acquisition cost incurred by the Group in relation to the Acquisition and Dr. Kwong would reimburse the Group for all costs and expenses incurred in connection with the Acquisition and the Proposed Disposal, thus enabling the Company to recover all cash expended in the Acquisition. The net proceeds receivable by the Group under the Proposed Disposal are intended to be used for expansion of the Group's existing business and/or future development and/or acquisition of new businesses and assets where suitable opportunities arise. As at the Latest Practicable Date, the Company had identified certain resources-related investment opportunities in the PRC, but all of them are only in preliminary discussion with no concrete agreement reached or signed.

As Dr. Kwong is a Director, the Proposed Disposal constitutes a connected transaction for the Company under the Listing Rules and is subject to the approval of the Independent Shareholders. If neither the Acquisition nor the Proposed Disposal is approved by the Independent Shareholders at the SGM, the Group would be forced to sell the Acquisition Shares to third party/parties. Pursuant to the Undertaking entered into between the Company and Dr. Kwong, the Company would procure disposal of all the Acquisition Shares to third party/parties within 3 months after the date of the SGM if neither the Acquisition nor the Proposed Disposal is approved by the Independent Shareholders, and if the Group suffers any losses, costs and expenses as a result of or in connection with the Acquisition or the Forced Sale, Dr. Kwong would indemnify the Group for all such losses, costs and expenses.

INFORMATION ON THE HT GROUP

The HT Group is principally engaged in the mining, washing and marketing of coking coal in the PRC. The following is a summary of the audited consolidated results and assets of the HT Group for the two financial years ended 31 March 2010 and 2011 and as at 31 March 2010 and 31 March 2011 as extracted from the 2010/11 annual report of HT:

	For the financial year ended 31 March	
	2010	**2011**
	HK$'000	*HK$'000*
Loss before taxation	(468,024)	(96,609)
Taxation	(1,385)	(37)
Loss for the year	(469,409)	(96,646)

	As at 31 March	
	2010	**2011**
	HK$'000	*HK$'000*
Total assets	2,502,224	2,744,900
Net assets	1,098,282	1,799,835

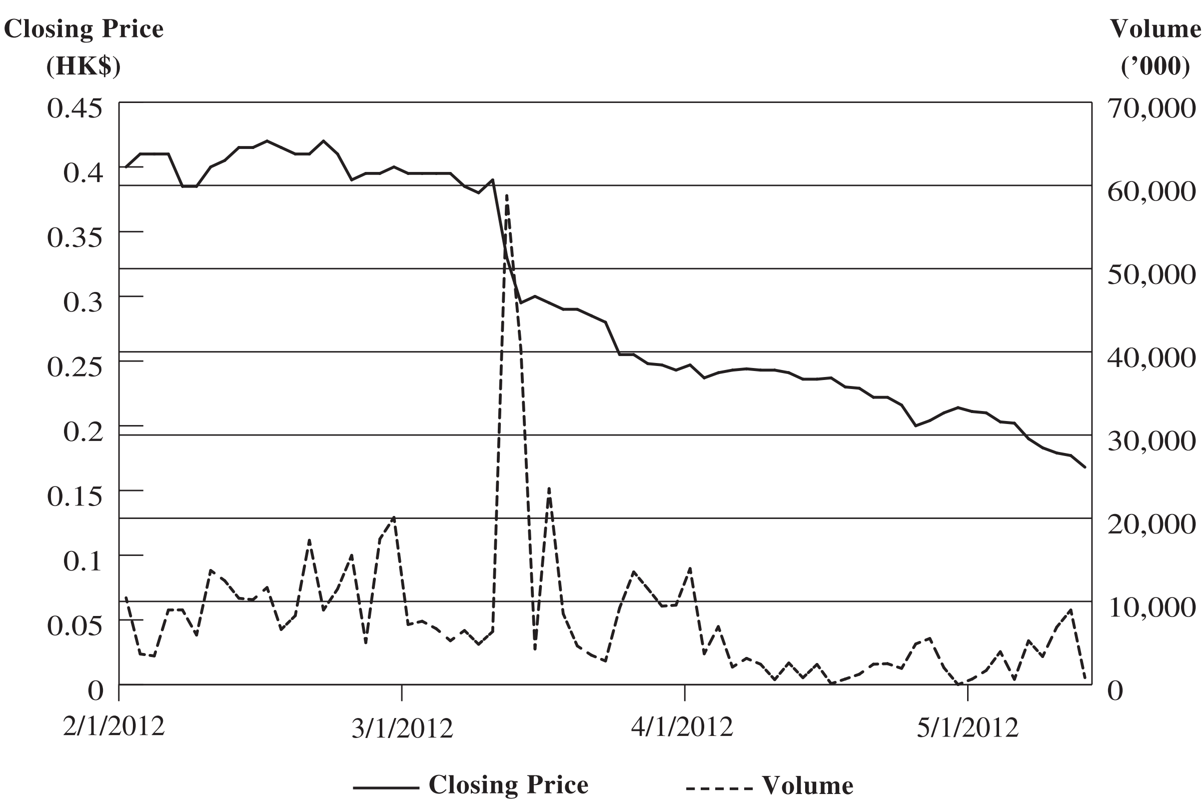
REASONS FOR THE ACQUISITION AND THE PROPOSED DISPOSAL

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, money-lending businesses and Chinese medicine clinic operation.

The Acquisition is conducted with a view to providing the Group with capital appreciation which would arise if the market price of the HT Shares increases to above the average acquisition cost to the Group at an acceptable level of risk, which is in line with the Company's ordinary course of business and investment objective. Investment decision is made by the investment committee (comprising all the executive Directors) after considering the recommendation of its investment adviser (namely, Chung Nam). The investment objective is to provide the Group with a reasonable dividend yield as well as capital appreciation at an acceptable level of risk which may vary from time to time depending on the prevailing market conditions and on a case-by-case basis. There is no fixed guideline of what constitutes a reasonable dividend yield or what is an acceptable level of risk. Members of the investment committee would make the investment decision based on their investment experience and perception of the market.

Although the Group had suffered realised/unrealised losses from its equity investments in recent years (2011: HK$177,121,000 (realised losses), HK$72,834,000 (unrealised losses); 2010: HK$101,641,000 (realised losses), HK$55,468,000 (unrealised gains); 2009: HK$57,184,000 (realised losses), HK$271,793,000 (unrealised losses)), the Directors are of the view that this is mainly due to the slowdown of the global economy and market volatility. Notwithstanding such losses, the Directors would still consider investing in securities pending identification of suitable business opportunities given the current low interest rate environment. The Directors believe that investing in securities may still offer a higher yield to the Company than to deposit its cash resources in an interest-bearing savings account as the Group would have a better chance of acquiring those securities at a low price and capture the appreciation when the market rebounds though this may not always be the case due to market volatility, and in order to limit the losses, the Group may be forced to dispose of its investment before the market rebounds or reaches the original target set.

The HT Group is actively investing in energy resources business, and mining energy is one of its main business focuses. As foreseen by the HT Group, the demand for coking coal in the international and domestic markets will still be tight and coking coal price is expected to rise continually. In addition, the Chinese government is now actively promoting the integration and consolidation of coal mines through merger, reorganisation and shutdown of obsolete, small, inefficient and unsafe coal mines. The shortage in supply of coking coal may therefore be intensified. In view of the great potential of the business of the HT Group and that the acquisition price of HK$0.275 per share is much lower than the placing price of HK$0.325 per share, the Company therefore decided to acquire an additional 300,000,000 HT Shares after the placing. Before making the decision to invest in HT, the investment committee has performed an investment analysis by comparing the market price of the HT Shares with their net asset value based on the published financial statements issued by HT. Chung Nam also advised the investment committee that chances of acquiring such a substantial stake in HT are rare and the price at which the Acquisition Shares are offered is also low compared to the net asset value of such shares. Although the investment committee does not have any knowledge in mining industry or expertise in carrying out analysis on mining companies, it has general knowledge on mining companies and considers that this is sufficient as the investment would be accounted for as equity investment at fair value through profit and loss in the Group's accounts. The price performance of the HT Shares since the beginning of 2012 is illustrated by the chart below:



Source from: hkex.com.hk

Although the market price of the HT Shares has continued to drop since completion of the Acquisition with the fair value of the Acquisition Shares reduced to HK$68,400,000 as at the Latest Practicable Date (resulting in an unrealised fair value loss of approximately HK$46,600,000 to the Group) and no dividend has been declared by HT since 2009, in view of the shortage in supply of coking coal in the international and domestic markets and the significant discount of the average acquisition price to the unaudited consolidated net asset value per HT Share, the Directors consider the terms of the Acquisition to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Given that the Acquisition involves a number of sellers and a conditional disposal is not customary for sale of listed securities on the market, the Group has no choice but to complete the Acquisition first as the Directors consider that the Acquisition is in the interests of the Company and the Shareholders as a whole. To comply with the Listing Rules in relation to the obtaining of shareholders' approval, Dr. Kwong had volunteered to take up all the Acquisition Shares at the original acquisition cost of the Group and undertake to reimburse the Group for all costs and expenses incurred in connection with the Acquisition and the Proposed Disposal. The Proposed Disposal is merely an arrangement to facilitate the Acquisition and enable the Company to comply with the requirements of the Listing Rules. As the Proposed Disposal can save the Group from loss in the event that approval of the Independent Shareholders is not obtained in respect of the Acquisition, the Directors consider that the terms of the Proposed Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

At the present moment, the Company has no intention to appoint any person to the board of directors of HT as the Company does not want to interfere with the present management of HT.

FINANCIAL EFFECTS OF THE ACQUISITION AND THE PROPOSED DISPOSAL

After completion of the Acquisition, the Group has an effective interest of approximately 10.18% in HT. HT will not become a subsidiary of the Company at this level of shareholding. Accordingly, its assets, liabilities and results will not be consolidated with those of the Group. Based on the closing price of the HT Shares as at 31 March 2012, the Acquisition Shares had a carrying value of HK$96,400,000 as at 31 March 2012. Thus, a fair value loss of HK$18,600,000 was recorded in the profit and loss account of the Group for the year ended 31 March 2012 as a result of the Acquisition. Hence, the earnings of the Group decreased by HK$18,600,000 for the year ended 31 March 2012. If the Group disposes of the Acquisition Shares to Dr. Kwong at the original acquisition cost in the subsequent financial year, a same amount of realised gain of HK$18,600,000 would be recorded in the profit and loss account of the Group for the year ending 31 March 2013, thus making up the foregoing loss. Combining the accounting treatments for the two years ending 31 March 2013, the Proposed Disposal would not have any effect on the accumulated losses account in the consolidated statement of changes in equity of the Group for the year ending 31 March 2013.

Although there is no current intention to dispose of the Acquisition Shares within a short period of time (i.e. within one month), the Company would still treat its investment in HT as equity investment at fair value through profit and loss in the Group's accounts. For the year ended 31 March 2012, a decrease in the assets of the Company of HK$18,600,000 was recorded due to the loss from the Acquisition. On the other hand, the Proposed Disposal would increase the Group's assets in the subsequent year which would equal to the loss from the Acquisition in the previous year of HK$18,600,000. Therefore, the Proposed Disposal would not have any impact on the net asset value of the Group if combining the financial effects for the two years ending 31 March 2013. However, if it is to be reviewed separately, the net asset value of the Group as at 31 March 2012 would be decreased by HK$18,600,000 but it would be able to recover a same amount by 31 March 2013 due to the cash reimbursement from Dr. Kwong under the Proposed Disposal.

Save as disclosed above, the Directors expect that the Acquisition and the Proposed Disposal will not have any immediate impact on the earnings, and assets and liabilities of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constituted a major transaction for the Company under the Listing Rules and is subject to the approval of the Independent Shareholders. To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates (other than Dr. Kwong) have any material interest in the Acquisition. As such, only Dr. Kwong and his associates, who together held approximately 0.082% of the issued share capital of the Company as at the Latest Practicable Date, would be required to abstain from voting in favour of the resolution approving the Acquisition at the SGM.

In respect of the Proposed Disposal, given that Dr. Kwong is a Director, and one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Proposed Disposal exceeds 25% and the total consideration is more than HK$10 million, the Proposed Disposal constitutes a major and connected transaction for the Company under the Listing Rules and is subject to the approval of the Independent Shareholders. In accordance with the Listing Rules, Dr. Kwong, who is considered to have a material interest in the transaction contemplated under the Undertaking, has abstained from voting on the relevant resolutions of the Board approving the Undertaking and the transaction contemplated thereunder. Similarly, Dr. Kwong and his associates, who together held 6,347,484 Shares, representing approximately 0.082% of the issued share capital of the Company as at the Latest Practicable Date, would be required to abstain from voting in favour of the resolution approving the Proposed Disposal at the SGM.

SGM

A notice convening the SGM to be held at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on 12 June 2012 at 4:30 p.m. is set out at the end of this circular.

If you are not able to attend the SGM, you are requested to complete and return the form of proxy for the SGM enclosed with this circular in accordance with the instructions printed thereon to the principal place of business of the Company in Hong Kong at 29/F., China United Centre, 28 Marble Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or any adjournment thereof should you so wish.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 11 of this circular which contains its recommendation to the Independent Shareholders in relation to the Proposed Disposal and the letter from Vinco Capital set out on pages 12 to 20 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders.

As mentioned above, the Directors consider the terms of the Acquisition to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution approving the Acquisition at the SGM.

As stated in the letter from the Independent Board Committee, if the Independent Shareholders are of the view that the Acquisition is not in the interests of the Company and the Shareholders as a whole and have decided to vote against the resolution approving the Acquisition, they are nonetheless recommended to vote in favour of the resolution approving the Proposed Disposal in order to save the Group from loss arising as a result of the Acquisition.

ADDITIONAL INFORMATION

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

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

HERITAGE INTERNATIONAL HOLDINGS LIMITED
漢基控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 412)
(Warrant Code: 1248)

25 May 2012

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION – POSSIBLE DISPOSAL OF SHARES TO A CONNECTED PERSON OF THE COMPANY

We refer to the circular dated 25 May 2012 (the "Circular") of the Company of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context requires otherwise.

We have been appointed as the Independent Board Committee to consider the Proposed Disposal and to advise the Independent Shareholders as to the fairness and reasonableness of the Proposed Disposal and to recommend whether or not the Independent Shareholders should vote for the resolution to be proposed at the SGM to approve the Proposed Disposal in the event that the Acquisition is not ratified by the Independent Shareholders. Vinco Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board and the letter from Vinco Capital as set out in the Circular which contains, inter alia, its advice and recommendation to us and the Independent Shareholders regarding the terms and conditions of the Proposed Disposal with the principal factors and reasons for its advice and recommendation.

Having taken into account the advice and recommendation of Vinco Capital, we consider that the terms of the Proposed Disposal are fair and reasonable so far as the interests of the Independent Shareholders are concerned and the Proposed Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Proposed Disposal in the event that the Acquisition is not ratified by the Independent Shareholders.

Yours faithfully,
For and on behalf of the Independent Board Committee
To Shing Chuen **Ha Kee Choy, Eugene** **Chung Yuk Lun** **Lo Wong Fung**
Independent non-executive Directors

* *For identification purposes only*

The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in connection with the Proposed Disposal which has been prepared for the purpose of incorporation in this circular:

VINCO 城高
Grand Vinco Capital Limited
Units 4909-4910, 49/F., The Center
99 Queen's Road Central, Hong Kong

25 May 2012

To the Independent Board Committee and the Independent Shareholders of
Heritage International Holdings Limited

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION POSSIBLE DISPOSAL OF SHARES TO A CONNECTED PERSON OF THE COMPANY

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Proposed Disposal, details of which are set out in the section headed "Letter from the Board" (the "Letter from the Board") in the circular (the "Circular") issued by the Company to the Shareholders dated 25 May 2012 of which this letter forms part. Capitalized terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

According to the announcement of the Company dated 22 March 2012, the Group had purchased 300,000,000 HT Shares off the Stock Exchange at HK$0.275 per share through Chung Nam. When aggregating with the 100,000,000 HT Shares acquired during the placing of shares by HT in March 2012 at HK$0.325 per share, the Group together held 400,000,000 HT Shares, representing approximately 10.18% of the entire issued share capital of HT as at the Latest Practicable Date. The total consideration of the Acquisition of HK$115 million was paid to Chung Nam in cash on settlement thereof and was funded by internal resources of the Group.

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constituted a major transaction for the Company under the Listing Rules and is subject to the approval of the Independent Shareholders. Since the Acquisition has already been completed, in the event that the approval of the Independent Shareholders in relation to the Acquisition cannot be obtained at the SGM, the Company will then be forced to dispose of the Acquisition Shares. Hence, Dr. Kwong, being a Director and the Chairman of the Board, has entered into the Undertaking which provides that in the event that i) the approval of the Independent Shareholders in relation to the Acquisition cannot be obtained on or before 30 June 2012, Dr. Kwong would acquire all the Acquisition Shares at an aggregate consideration of HK$115 million, which is equivalent to the original cost of acquisition to the Group and reimburse the Group for all costs and expenses incurred in connection with the Acquisition and the Proposed Disposal within 5 business days from the date of the SGM and ii) if neither the Acquisition nor the Proposed Disposal is approved by the Independent Shareholders at the SGM, the Group would be forced to sell the Acquisition Shares to third party/parties. Pursuant to the Undertaking entered into between the Company and Dr. Kwong, the Company would procure disposal of all the Acquisition Shares to third party/parties within 3 months after the date of the SGM if neither the Acquisition nor the Proposed Disposal is approved by the Independent Shareholders, and if the Group suffers any losses, costs and expenses as a result of or in connection with the Acquisition or the Forced Sale, Dr. Kwong would indemnify the Group for all such losses, costs and expenses.

Dr. Kwong, as a director of the Company, is regarded as a connected person of the Company under Chapter 14A of the Listing Rules. Since Dr. Kwong is a connected person and is considered to have a material interest in the transaction contemplated under the Undertaking, he has abstained from voting on the relevant resolutions of the Board with regard to the approval of the Undertaking and the transaction contemplated thereunder. Furthermore, Dr. Kwong and his associates, who together held 6,347,484 Shares, representing approximately 0.082% of the issued share capital of the Company as at the Latest Practicable Date, would be required to abstain from voting in favour of the resolution in respect of the approval of the Proposed Disposal at the SGM.

The Independent Board Committee, comprising Messrs. To Shing Chuen, Ha Kee Choy, Eugene, Chung Yuk Lun and Lo Wong Fung, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders on the Proposed Disposal. We have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Disposal. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give you an independent opinion as to whether the terms of the Proposed Disposal are fair and reasonable so far as the interests of the Independent Shareholders are concerned and the Proposed Disposal is in the interests of the Company and the Shareholders as a whole.

BASIS OF OUR OPINION AND RECOMMENDATION

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the Proposed Disposal, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Proposed Disposal and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Disposal, we have considered the principal factors and reasons set out below:

1. Background and reasons of the Proposed Disposal

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, money-lending businesses and Chinese medicine clinic operation. The HT Group is principally engaged in the mining, washing and marketing of coking coal in the PRC. In March 2012, the Company subscribed 100,000,000 HT Shares at HK$0.325 per share during the placing of shares by HT and then further acquired 300,000,000 HT Shares off the Stock Exchange at HK$0.275 per share on 21 March 2012. The Company has acquired an aggregate of 400,000,000 HT Shares, representing approximately 10.18% of the entire issued capital of HT at the Latest Practicable Date. The total consideration of the Acquisition of HK$115 million was paid to Chung Nam in cash on settlement thereof and was funded by internal resources of the Group.

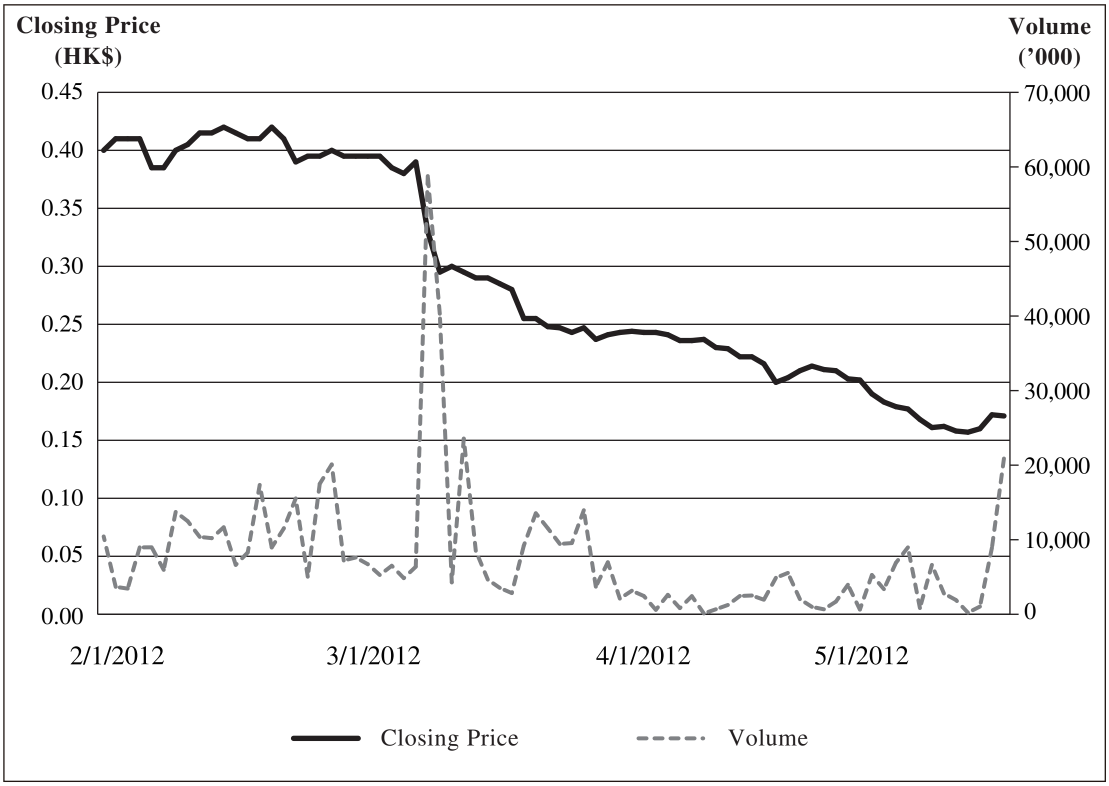
With reference to the applicable percentage ratios as defined in the Listing Rules, the Acquisition constituted a major transaction given that one of the applicable percentage ratios exceeds 25% but is less than 100%. Under Chapter 14 of the Listing Rules, the Acquisition is subject to announcement, reporting and approval of shareholders provided that any shareholder (together with his associates) who has a material interest in the transaction must abstain from voting. Since the Acquisition has already been completed, if the approval of the Independent Shareholders in relation to the Acquisition cannot be obtained at the SGM, the Company will be forced to dispose of the Acquisition Shares. In this connection, Dr. Kwong had undertaken to the Company on 21 March 2012 that in the event that such approval cannot be obtained on or before 30 June 2012, he would acquire all the Acquisition Shares at an aggregate consideration of HK$115 million, which is equivalent to the original cost of acquisition to the Group and reimburse the Group for all the costs and expenses incurred in connection with the Acquisition and the Proposed Disposal within 5 business days from the date of the SGM.

Given that the Acquisition involves a number of sellers and a conditional disposal is not customary for sale of listed securities on the market, the Group has no choice but to complete the Acquisition first as the Directors consider that the Acquisition is in the interests of the Company and the Shareholders as a whole. Dr. Kwong had volunteered to take up all the Acquisition Shares at the original acquisition cost of the Group and undertake to reimburse the Group for all costs and expenses incurred in connection with the Acquisition and the Proposed Disposal. Since (i) the Proposed Disposal is merely an arrangement to facilitate the Acquisition, (ii) the Company is free from bearing any pecuniary losses and expenses thereunder and (iii) disposal of securities forms part of the investment process, we are of the view that the Proposed Disposal is in the ordinary course of business and on normal commercial terms, fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

2. Analysis of the Consideration

Under the terms of the Proposed Disposal, the Company would dispose of the Acquisition Shares to Dr. Kwong at the original cost of the acquisition of HK$115 million and reimburse the Group for all costs and expenses incurred in connection with the Acquisition and the Proposed Disposal if the Acquisition is not approved by the Independent Shareholders on or before 30 June 2012. No gain or loss is expected to accrue as a result of the Proposed Disposal since the consideration of the Proposed Disposal reflects the actual acquisition cost incurred by the Group in relation to the Acquisition and pursuant to the Undertaking, Dr. Kwong would reimburse the Group for all the losses, costs and expenses incurred in connection with the Acquisition and the Proposed Disposal if approval of the Independent Shareholders for the Acquisition is not obtained on or before 30 June 2012. By taking into consideration of the purchase of (i) 300,000,000 HT Shares at HK$0.275 per share and (ii) 100,000,000 HT Shares at HK$0.325 per share, the average disposal price of one HT Share under the Proposed Disposal would be HK$0.2875 (the "Disposal Price"). As illustrated in Appendix I, II and III, the closing price of HT Share is at a downward trend during the 3 months prior to the Latest Practicable Date and the Disposal Price represents a premium to the 30-day, 10-day and 5-day average of HT Share price as at the Latest Practicable Date.

Appendix I: Graph showing the movement of closing price and trading volume of HT Share during the 3 months prior to the Latest Practicable Date:



Source from: hkex.com.hk

Appendix II: The analysis of the closing price of HT Share with the Disposal Price prior to the date of the Acquisition:

	Share price of HT *(HK$)*	**Premium/(Discount) of the Disposal Price to the share price of HT**
30-day average	0.3728	(22.89%)
10-day average	0.3135	(8.29%)
5-day average	0.2880	(0.17%)
Closing Price	0.2800	2.68%

Source from hkex.com.hk

Appendix III: The analysis of the closing price of HT Share with the Disposal Price as at the Latest Practicable Date:

	Share price of HT *(HK$)*	**Premium/(Discount) of the Disposal Price to the share price of HT**
30-day average	0.2001	43.65%
10 day average	0.1665	72.67%
5-day average	0.1636	75.73%
Closing price	0.1710	68.13%

Source from hkex.com.hk

Given that the closing price of one HT share is HK$0.1710 as at the Latest Practicable Date, the fair value of the Acquisition Shares at the Latest Practicable Date is approximately HK$68,400,000, which implied the Acquisition Shares have an unrealized fair value loss of approximately HK$46,600,000 as at the Latest Practicable Date.

In the event that neither the Acquisition nor the Proposed Disposal is approved by the Independent Shareholders at the SGM, the Group would be forced to dispose of the Acquisition Shares to third party/parties within 3 months from the date of the SGM. As stated in the Letter from the Board, the net proceeds receivable by the Group under the Proposed Disposal are intended to be used for expansion of the Group's existing business and/or future development and/or acquisition of new businesses and assets where suitable opportunities arise. Although Dr. Kwong would indemnify the Group if losses, costs and expenses are incurred as a result of or in connection with the Acquisition or the Forced Sale, the Group may not be able to further capture potential investment opportunities due to the delay in receipt of the payment from the sale of the Acquisition Shares in the market and the reimbursement of the losses, costs and expenses in connection with the Acquisition or the Forced Sale.

As confirmed by the Directors, the Group has sufficient fund for its daily operation and investment activities. However, in case of the Group requires additional funding as suitable investment opportunities arise, we are of the view that it is beneficial for the Group to obtain additional funding and replenish the Company's cash reserve without conducting any fundraising activities which may incur additional costs or dilution of shareholding of the existing Shareholders. We consider that the Proposed Disposal provides the Company an additional capital for its business development if and when opportunity arises and it is reasonable for the Company to maintain its flexibility in deciding the best financing alternative for its future investments and/or business development.

Regardless to the Independent Shareholders' voting decision on the Acquisition, the Proposed Disposal would generate HK$115 million plus the reimbursement of costs and expenses incurred in relation to the Acquisition and the Proposed Disposal to the Company. In light of the continuous drop of HT's share price, the Company would be benefited from the Proposed Disposal through the disposal of the Acquisition Shares above the current market price as stated in the above analysis. Furthermore, compared to the Forced Sale which would dispose of the Acquisition Shares within 3 months after the SGM, the Proposed Disposal would enable the Company to receive the payment of the HK$115 million plus the reimbursement thereof within 5 business days after the SGM, which is a much shorter period in receiving cash flow than the Forced Sale. Therefore, the Proposed Disposal can enhance the cash position of the Group and enable the Group to capture investment opportunities in a timely manner.

After taking into account that (i) the primary purpose of the Proposed Disposal is to facilitate the Acquisition, (ii) the Undertaking from Dr. Kwong will further protect the interests of the Group and the Group is free from bearing any pecuniary losses and expenses as a result of the Proposed Disposal, (iii) the share price of HT is at a downward trend as observed from the analysis above, (iv) the payment from Dr. Kwong in the event that the Proposed Disposal has been approved by the Independent Shareholders will enable the Group to timely capture further suitable investment opportunities, we are of the view that the Proposed Disposal is fair and reasonable so far as the interests of the Independent Shareholders are concerned and the Proposed Disposal is in the interests of the Company and the Shareholders as a whole.

3. Financial effects

Earnings

As confirmed by the Directors, the carrying value of the Acquisition Shares would be HK$96,400,000 as at 31 March 2012 and a fair value loss of HK$18,600,000 has been recorded in the profit and loss account of the Group for the year ended 31 March 2012 as a result of the Acquisition. Hence, the earnings of the Group decreased by HK$18,600,000 for the year ended 31 March 2012. If the Company disposes of the Acquisition Shares to Dr. Kwong at the original acquisition costs in the subsequent financial year, a same amount of realized gain of HK$18,600,000 in the profit and loss account will be recorded and compensating the foregoing loss for the year ended 31 March 2013 with the reimbursement of cash from Dr. Kwong. Combining the accounting treatments for two years ended 31 March 2013, the Proposed Disposal would not have any effects on the accumulated losses account under the consolidated statement of changes in equity of the Group for the year ending 31 March 2013.

Net assets value

As stated in the Letter from the Board, the Company will treat its investment in HT as equity investment at fair value through profit and loss in the Group's accounts. For the year ended 31 March 2012, decrease of HK$18,600,000 in assets of the Group has been recorded due to loss from investments incurred during the year. On the other hand, the Proposed Disposal would increase the Group's assets in the subsequent year which would equal to the loss from investment of HK$18,600,000 in the previous year. Therefore, the Proposed Disposal will have no impact on the net assets value of the Group if combining the financial effects for two years ended 31 March 2013. However, if reviewing separately, the net assets value of the Group would be decreased by HK$18,600,000 as at 31 March 2012 and it would be able to recovered with the same amount by 31 March 2013 due to the cash reimbursement from Dr. Kwong under the Proposed Disposal. There will be no effects on the liabilities of the Group for the year ended 31 March 2012 and 31 March 2013.

Cash position

Since the Acquisition has already been completed and the aggregate consideration of the Acquisition has already been funded by the internal resources of the Group, the approval of the Proposed Disposal will restore the Company to its cash position prior to the Acquisition.

Since the Proposed Disposal will enable the Group to recover the earnings, net assets and cash position and prevent the Group from suffering any loss in case of the Acquisition is not approved by the Independent Shareholders, we are of the view that the Proposed Disposal is in the interests of the Company and the Shareholders as a whole.

4. Conclusion

Having taken into consideration the principal factors and reasons as set out below:

i. the Proposed Disposal is on normal commercial terms and in the ordinary course of business;

ii. the primary purpose of the Proposed Disposal is merely an arrangement to facilitate the Acquisition;

iii. the Undertaking from Dr. Kwong will further protect the interests of the Group and the Group is free from bearing any pecuniary losses and expenses as a result of the Proposed Disposal;

iv. the share price of HT is at a downward trend and the current and the 30-day, 10-day and 5-day average prices of one HT Share are below the Disposal Price as at the Latest Practicable Date;

v. the payment from Dr. Kwong within 5 business days from the date of SGM in regard to the sale of the Acquisition Shares and the reimbursement of the costs and expenses in connection with the Acquisition and the Proposed Disposal would enable the Group to further capture suitable investment opportunities in a timely manner; and

iv. the Proposed Disposal will enable the Group to recover the earnings, net assets and cash position before the Acquisition, we are of the view that the Proposed Disposal is on normal commercial terms and in the ordinary course of business, fair and reasonable so far as the interests of the Independent Shareholders are concerned and the Proposed Disposal is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Proposed Disposal irrespective of the voting decision made by the Independent Shareholders in relation to the Acquisition.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Alister Chung
Managing Director

1. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE YEARS ENDED 31 MARCH 2011, 2010 AND 2009

The audited consolidated financial statements of the Group for the years ended 31 March 2011, 2010 and 2009 together with the relevant notes thereto can be found from pages 27 to 122 of the annual report of the Company for the year ended 31 March 2011, pages 27 to 122 of the annual report of the Company for the year ended 31 March 2010 and pages 25 to 117 of the annual report of the Company for the year ended 31 March 2009.

The said annual reports of the Company are available on the Company's website at www.heritage.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

2. UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF THE GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011 AND 2010

The unaudited consolidated interim financial statements of the Group for the six months ended 30 September 2011 and 2010 together with the relevant notes thereto can be found from pages 4 to 21 of the interim report of the Company for the six months ended 30 September 2011 and pages 2 to 22 of the interim report of the Company for the six months ended 30 September 2010.

The said interim reports of the Company are available on the Company's website at www.heritage.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

3. INDEBTEDNESS

Borrowings

At the close of business on 31 March 2012, the Group had aggregate outstanding borrowings comprising secured bank loans of approximately HK$35,348,600.

The Group's bank loans were secured by the first legal charges over the Group's investment properties.

Contingent liabilities

At the close of business on 31 March 2012, the Group had no material contingent liabilities.

Disclaimers

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding mortgages, charges, debentures or other loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptances or acceptances credits, finance leases or hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 31 March 2012.

No material changes

The Directors have confirmed that, save as disclosed herein, there has not been any material change in the indebtedness and contingent liabilities of the Group since 31 March 2012.

4. WORKING CAPITAL

The Directors are satisfied after due and careful enquiry that taking into account the present internal financial resources of the Group and the available banking facilities, in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements, that is, for at least twelve months from the date of this circular.

5. MATERIAL ADVERSE CHANGE

The Directors confirm that, save for the decrease in the total assets and the increase or (as the case may be) expected increase in the losses of the Group as disclosed in the interim report of the Company for the six months ended 30 September 2011 and the announcement of the Company dated 17 April 2012, there was no material adverse change in the financial or trading position of the Group since 31 March 2011, the date to which the latest published audited consolidated financial statements of the Group were made up.

6. REVIEW OF OPERATIONS AND PROSPECTS

For the year ended 31 March 2011, the Group made a loss before tax of approximately HK$392 million. The loss was mainly attributable to loss on sale of equity and debt investments, unrealised fair value losses arisen from equity and debt investments and share of losses of associates as at the fiscal year end date. Performance of the Group's major businesses for the year ended 31 March 2011 is summarised below:

(a) Real estate investment

The Group owned certain commercial properties in North Point and a luxury residential property in Stanley. With the increase in property prices in Hong Kong, the Group's property portfolio appreciated in value. The gain arising from changes in fair value amounted to approximately HK$4.2 million for the year ended 31 March 2011. The value of the Group's property investment stood at HK$246.8 million as at 31 March 2011. Subsequent to fiscal year end, the Group entered into an agreement on 4 May 2011 with an independent third party to dispose of one of its commercial properties in cash of approximately HK$117 million.

(b) Investment in listed securities

The Group's securities portfolio has suffered a loss on sale of investments at fair value through profit or loss of approximately HK$177.1 million for the year ended 31 March 2011. Besides, there were fair value losses on investments at fair value through profit and loss of approximately HK$72.8 million in the same period.

(c) Money lending business

The Group's share of losses of associates, engaging in money lending business, amounted to approximately HK$182.6 million for the year ended 31 March 2011. Besides, a new wholly owned subsidiary was formed to engage in the money lending business.

(d) Investment in lottery related business in the PRC

The Group has a 20% interest in a company engaging in lottery related business in the PRC (the "PRC Company"). In view of the technological development in the PRC which makes Internet more popular and selling of lottery tickets through Internet possible, the Group has considered diversifying its business into Internet lottery business by increasing its investment in the PRC Company but given that the government policy on Internet lottery business is evolving, the Group is still unable to formalise its investment plan for the time being.

As set out in the annual report of the Company for the year ended 31 March 2011, with the globalisation of the world economy, economic measures taken in one country may have devastating consequences in other nations. For example, in the United States, the loose monetary policy, quantitative easing 2 leads to severe inflation in other parts of the world. On the other hand, if an over aggressive tightening policy was adopted, it may block economic rebound. While the global economy is dealing with the aftermath of the financial tsunami and each country is trying to resolve its own economical problems, the PRC has proactively taken monetary precautionary measures to guard against the rising inflation. With its existing foreign exchange policy and economic growth and size, the PRC is relatively insulated from global economic forces. To avoid economic bubble, the central government restored the PRC's economy through a series of tightening policy measures including currency revaluation, interest rate controls and tightening money supply to drive away unacceptable inflation. Such policies will slow down the PRC's economy in the immediate term but it is believed to be beneficial to the long term growth and sustainability of the economy as a whole. To get through such economic volatility, the Group is prepared and equipped through the combination of sufficient cash level and low gearing.

Recently, the Group has developed a new line of business in traditional Chinese medicine industry through the operation of the Hon Chinese Medicine Clinic. This operation includes Chinese medical consultation and other Chinese manipulative therapy treatments such as acupuncture, tui na, moxibustion, fire cupping, Chinese herbalism and qigong. The management believes that the outlook of the Chinese medicine business is buoyant as Chinese medicine is gaining popularity especially among the younger generation.

With the growing uncertainty in the global economy and gradual slowdown of the economy in the PRC, the Group is taking a cautious approach in making investment decision and in its future growth. However, since the Group is relatively lowly geared, it will take on good business opportunity as and when it arises.

1. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE HT GROUP FOR THE YEARS ENDED 31 MARCH 2011, 2010 AND 2009

The audited consolidated financial statements of the HT Group for the years ended 31 March 2011, 2010 and 2009 together with the relevant notes thereto can be found from pages 39 to 125 of the annual report of HT for the year ended 31 March 2011, pages 37 to 123 of the annual report of HT for the year ended 31 March 2010 and pages 30 to 85 of the annual report of HT for the year ended 31 March 2009.

The said annual reports of HT are available on HT's website at www.haotianhk.com and the website of the Stock Exchange at www.hkexnews.hk.

2. UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION OF THE HT GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2011 AND 2010

The unaudited condensed consolidated interim financial statements of the HT Group for the six months ended 30 September 2011 and 2010 together with the relevant notes thereto can be found from pages 21 to 62 of the interim report of HT for the six months ended 30 September 2011 and pages 25 to 56 of the interim report of HT for the six months ended 30 September 2010.

The said interim reports of HT are available on HT's website at www.haotianhk.com and the website of the Stock Exchange at www.hkexnews.hk.

3. MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS OF HT

Set out below is the management discussion and analysis of HT's results and financial position for the years ended 31 March 2011, 2010 and 2009 and the six months ended 30 September 2011 extracted from the relevant annual and interim reports of HT with slight modifications (such as substituting the words "the Company", "the Group" and "we" as appeared in the relevant reports with the words "HT" and "the HT Group" respectively, and elaborating the meaning of those capitalised terms by including the definitions extracted from other sections of the relevant reports) where appropriate.

For the six months ended 30 September 2011

Results Overview

The technological improvement of the HT Group's Mine No. 1 in Wuhai City, Inner Mongolia Autonomous Region has already completed by the end of July, while Mine No. 4 is still at its final stage of development. However, as the board of directors of HT has been considering the disposal of Mine No. 1 and No. 4 in Wuhai City, Inner Mongolia since the issue of the "內蒙古自治區煤炭企業兼併重組工作方案" ("Working Proposal on Merger and Reorganization of Coal Enterprises in Inner Mongolian Autonomous Region") by the Inner Mongolian Autonomous Region Government, the 2 mines did not commence any production. Accordingly, during the period under review, no revenue was recorded from the mining business in Wuhai City, Inner Mongolia.

According to the "Working Proposal on Merger and Reorganization of Coal Enterprises in Inner Mongolian Autonomous Region", by the end of 2013, coal mine operators with an annual production capacity of less than 1,200,000 tonnes will be eliminated. As for operators located in areas with promising prospect, the minimum requirement of annual production capacity may be lifted up to 3,000,000 tonnes. The elimination will be effected by a process of mergers, acquisitions and restructuring and the list of existing mine operators in Inner Mongolia will be classified as "acquirers" and "acquirees". The HT Group's Mine No. 1 and No. 4 in Wuhai City, Inner Mongolia will likely be subject to the above government restructuring proposal and, taking into account their annual production capacity, may be liable to be eliminated. Alternatively, HT estimates that an investment of not less than RMB2 billion will be required in order for the Mines and the HT Group to be classified as an "acquirer" per the said restructuring proposal. In the event the said proposal becomes effective or HT or its subsidiary falls within the said list of "acquirees", the Mines will likely be prohibited by the PRC authorities from commencing production until they are acquired by "acquirers" specified in the above proposal. After assessing the HT Group's capability and prospect of further investment in the Inner Mongolia coal industry, and the uncertain prospect and outlook brought by the recently imposed government policies, the HT Group decided to dispose of the Mines.

The HT Group has successfully acquired the coal mine in Baicheng ("Baicheng coal mine"), Xinjiang Uygur Autonomous Region on 15 June 2011, and has then resumed the production preparation. However, the relevant PRC governmental authorities have issued notices to the Baicheng coal mine that required it to suspend production in July 2011 to deal with certain safety issues, including, inter alia, the implementation of measures regarding gas levels in the Baicheng coal mine and the inadequacies of its ventilation system. HT has rectified the safety issues of the Baicheng coal mine in response to the requests of the PRC governmental authorities. The improvement of ventilation system was completed by the end of October 2011 and inspected by the relevant PRC governmental authorities in mid-November 2011, and it is expected that the Baicheng coal mine can resume production in late December 2011. Moreover, new mining shafts with an annual production capacity of 900,000 tonnes are still pending for the approval from the government of the Xinjiang Autonomous Region, while Baicheng coal mine has started the preparation for preliminary technological improvement, including the design of shafts, according to the plan aiming at an annual production capacity of 900,000 tonnes. During the period under review, the production of Baicheng coal mine was approximately 3,400 tonnes, and the gain from the sale of raw coal from continuing operation was approximately RMB553,000 (equivalent to approximately HK$671,000).

The global economic recovery drove the demand for high-end consumer good's plastic boxes and paper boxes to increase. Accordingly, the HT Group's packaging segment revenue increased by 39.4% to HK$71,362,000 (2010: HK$51,197,000) as compared with the same period last year. The profit margin was benefited by the significant increase product sales, and thus offsetting the effect caused by ever rising direct labour costs and costs of raw materials and the continuous appreciation of Renminbi ("RMB"). During the period under review, the profit margin increased significantly to approximately 26.5% (2010: 8.2%), while the gross profit increased to approximately HK$18,911,000 (2010: HK$4,208,000).

Business Review and Outlook

With the continuous growth of China's economy, the sale of luxury consumer goods showed an upward trend, which also drove the demand for consumer goods and packaging boxes. As the result, the HT Group's packaging box business orders increased remarkably and led a tremendous growth in gross profit. During the period under review, the HT Group's revenue and gross profit of the packaging box business was approximately HK$71.4 million and HK$18.9 million respectively, representing a significant increase of approximately 39.4% and 349.4% respectively as compared with the same period last year. The packaging box business of the HT Group recovered gradually and resumed its profitability during the period under review.

Inner Mongolia's uncertain coal industry prospect was caused by the Government's upcoming new policy on restructuring the industry. Therefore, during the period under review, the HT Group has executed a sale and purchase agreement for the disposal of the entire equity interest in Wuhai City Menggang Industrial Development Co., Ltd. of Inner Mongolia Autonomous Region at a total consideration of RMB1.503 billion. Upon completion of the agreement, the HT Group ceased to hold any equity interest in Mine No. 1 and No. 4 and Tianyu coal washing plant located in Wuhai City. Generating a profit of approximately HK$237 million and tremendously increasing the HT Group's cash in hand, provides the HT Group with sufficient funds. This facilitated the HT Group in seeking investment opportunities, focusing on coking coal in Xinjiang and Qinghai, the PRC, as well as reducing the financial cost incurred by the increase of future production capacity of the coal mine in Baicheng County.

During the period under review, the HT Group successfully acquired a coal mine located in Baicheng County, Xinjiang Uygur Autonomous Region, and has conducted technological improvement on the basis of an annual production capacity of 900,000 tonnes. The mine has aggregate coal resources of approximately 112 million tonnes, including indicated resources of 69 million tonnes of which with 33% of coking coal and 50% of caking coal content. The HT Group has been poised to increase the coal resources volume and production by proactively participating in mergers and consolidations of coal resources in regions where the HT Group's mine is located.

"The 12th Five-Year Plan" emphasizes on the acceleration of urbanization process. To facilitate the implementation of relevant policies, a number of cities will start off various infrastructures construction, causing a significantly increase in the energy consumption. In view of the potential increment of coke price due to the short supply in the market and the inflationary pressure, the prospect of coke industry is very promising. The HT Group endeavors to become a major player in the coke industry during industry consolidation process. To achieve this, the HT Group will adapt to market changes to strengthen the horizontal development of its business and actively expand its production scale by acquisitions and mergers.

Liquidity, Capital Structure and Financial Resources

The HT Group funds its operations from a combination of internal resources, equity fund raising and financial instruments. As at 30 September 2011, the HT Group had cash and cash equivalents of approximately HK$66.0 million (31 March 2011: HK$48.7 million). The HT Group's working capital increased to approximately HK$1,925.9 million (31 March 2011: HK$62.7 million). Such increase was mainly due to the non-current assets of Menggang Group which were classified as current assets held for sale. Gearing ratio (a ratio of total borrowings to total assets) as at 30 September 2011 was approximately 11.5% (31 March 2011: 7.9%), such increase was mainly due to the liability component of new convertible bond issued on 15 June 2011 for the acquisition of Venture Path Group.

The HT Group has pledged its leasehold land and buildings with carrying value of approximately HK$2.9 million (31 March 2011: HK$3.0 million) to secure the unutilized general banking facilities granted to the HT Group and no other assets pledged at the day of reporting.

Capital Commitment and Contingent Liabilities

As at 30 September 2011, there were capital commitments of approximately HK$6.0 million (31 March 2011: HK$130.3 million) and HK$357.5 million (31 March 2011: HK$167.3 million) in respect of addition of property, plant and equipment contracted for but not provided in the consolidated financial statements and authorised but not contracted for respectively.

Save as disclosed in the interim report of HT for the six months ended 30 September 2011, the HT Group had no material contingent liabilities as at the close of business on 30 September 2011.

Exposure to Fluctuations in Exchange Rates

The HT Group's sales are denominated mainly in Hong Kong dollars ("HKD"), United States dollars ("USD") and Euros ("EUR"). The HT Group's purchases and expenses are mostly denominated in HKD and RMB, and some in EUR and USD. The HT Group has certain foreign currency bank balances, investments held for trading, available-for-sale investments and investment in foreign operations, which are exposed to foreign currency exchange risk. The HT Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Employment and Share Option Schemes

As at 30 September 2011, the HT Group had a total of approximately 1,500 employees (31 March 2011: 1,650 employees) in the PRC, Hong Kong and France. The HT Group provides a mandatory provident fund scheme for its employees in Hong Kong and the state-managed retirement benefit schemes for its employees in the PRC and France. Remuneration packages are reviewed periodically.

The HT Group has also adopted a share option scheme. During the period, there were share options granted and a summary of the share option schemes of the HT Group is set out in its interim report for the six months ended 30 September 2011.

Significant Investments, Material Acquisitions and Disposals

On 7 September 2011, the HT Group entered into a sale and purchase agreement (the "Agreement") with an independent third party, Inner-Mongolia Shuangxin Resources Group Co., Ltd (the "Purchaser"). Pursuant to the Agreement, the HT Group conditionally agreed to dispose of the Menggang Group (the "Disposal Group") for a cash consideration of RMB1,503,000,000 (equivalent to approximately HK$1,832,927,000). In addition to the total consideration, the Purchaser is required to advance RMB300,000,000 (equivalent to approximately HK$365,190,000) to the Disposal Group, which is used to repay the Disposal Group's existing indebtedness and current account with HT and its subsidiaries before the completion of sale of the Disposal Group. The completion of sale of the Disposal Group is subject to fulfillment of conditions precedent including, amongst others, the approval from shareholders of HT and approval from the relevant PRC government departments.

Save as disclosed above, the HT Group did not have other significant investment, material acquisition and disposals for the period ended 30 September 2011.

Future Prospects

Looking forward, with the agreement on the exploration of Qinghai Muli Coalfield and the investment in deep processing projects of coal chemicals between the HT Group and Qinghai Muli Coal Development Group Co., Ltd., the HT Group will comply with the Government's essence in the consolidation of mines to participate in the consolidation of the Qinghai Muli Coalfield and be actively involved in the investment of deep processing projects of coal chemicals. Apart from the investment in coalfields in Qinghai, the HT Group also entered into a strategic cooperation framework agreement with Xinjiang Production and Construction Corps State-owned Assets Operation Company to form a strategic cooperation relationship and actively implement the cooperation by fully utilizing the respective advantages of both parties, as well as providing mutual support and service for the development in various aspects, including coal, chemicals, petroleum, natural gas and nonferrous metal, and quickly facilitate the industrialized conversion of Xinjiang's resources.

For the year ended 31 March 2011

Results Overview

The 600,000 tonnes per annum technical improvement of the HT Group's Mine No. 1 in Wuhai City, Inner Mongolia Autonomous Region will be completed soon, and trial operation will be commenced by the end of July 2011. Mine No. 4 is at the final stage of development and preparations for the relevant construction are well under way. In order to align with HT's overall development strategy, the production capacity will be adjusted and raised to 2.4 million tonnes annually, i.e. 900,000 tonnes more than the originally planned capacity of 1.5 million tonnes. The construction commenced in December 2010. HT strives to complete the construction by the end of 2012 and expect full-scale operation in the first quarter of 2013. The Tianyu coal washing plant will commence trial operation in July 2011, with an annual processing capacity of 3 million tonnes. Since the coal mining business operation of the HT Group was still at the development stage during the year under review, there was no revenue generated from this business sector.

The global economic recovery drove demand for consumer goods and packaging boxes to increase. Accordingly, the HT Group's packaging segment revenue during the year under review increased by approximately 25.8% to HK$122.1 million (2010: HK$97.0 million) as compared with the same period last year. The segment loss significantly decreased by approximately 59.0% to HK$8.6 million (2010: HK$20.9 million). While HT strived to control its costs in order to maintain the gross profit margin, the continuous increase in direct labour costs, raw material prices and RMB appreciation could not be totally passed on to customers. Therefore, the gross profit margin only increased slightly to approximately 15.6% (2010: 11.7%). The overall gross profit increased to approximately HK$19.0 million (2010: HK$11.4 million).

Business Review and Outlook

During 2010, the world's economy was showing signs of slow recovery from the financial tsunami, which resulted in a pick-up in market demands for consumer products and packaging boxes. Under this circumstance, the number of packaging box orders had been escalated during the year under review when compared with the previous year, featured by the improvement in the HT Group's packaging business operation. Nonetheless, soaring wages and raw material prices in the PRC weighed with the production cost control, while the exporting environment became less favorable due to the strong RMB. It presents some of the challenges that the HT Group is facing in their packaging operation.

The HT Group commenced its investment in the coking coal mining industry at the beginning of the previous year. During the year under review, the HT Group actively developed its coking coal mining business, including enhancement of its shafts' production capacity, construction of coal washing plants and acquisition of the Baicheng Mine in the Xinjiang Uygur Autonomous Region. The upcoming years will be a prime time to develop coking coal business as coking coal business will benefit from the tight supply of global coking coal. Moreover, factors such as the rise in international crude oil prices, continuous depreciation of USD and the floods in Australia drove the global price of coking coal rising persistently; the average daily production of steel reached a record high, which also boosted the pig iron production sector's demand for coking coal. In the medium to long term, the post-earthquake reconstruction of Japan shows increasing needs of coking coal, which will bring international coal price strong support and momentum. In addition, the PRC is now actively promoting the integration among coal mines by merger and reorganization as well as abandoning laggard coal mines to upgrade technological level of equipment of coal mines and improve production safety conditions, meanwhile planning to develop large and competitive coal mining enterprises. The HT Group will seize the opportunity to strengthen the development of coking coal business and seek to become a sizable coking coal enterprise.

The 600,000 tonnes technical improvement of the HT Group's Mine No. 1 in Wuhai City, Inner Mongolia Autonomous Region will be completed soon, and will commence trial operation of quality underground coal by the end of July. Mine No. 4 is in advanced stage of development and relevant preparation for construction is ready. It is estimated to be completed by the end of 2012 and put in full production in the first quarter of 2013 with an expected production of 2,400,000 tonnes per annum. The Tianyu coal washing plant, which is established within the area of Mine No. 4, will commence trial operation in July 2011. The raw coal produced from Mine No. 1 and No. 4 will be directly provided to coal washing plant for the purposes of production and sale of washed clean coal that commands a higher profit margin than raw coking coal, so as to increase the profit and the product value. All these products can be directly sold in Wuhai City.

The HT Group is poised to increase the volume of coal resources by proactively participating in the mergers and consolidations of coal resources in places where the HT Group's mines are located. On 15 June 2011, the HT Group acquired the Baicheng Mine in the Xinjiang Uygur Autonomous Region successfully, and subsequently put it into production. The Baicheng Mine has aggregate coal resources of approximately 112 million tones which include indicated resources of 69 million tonnes of which with 33% of coking coal and 50% of caking coal content. The annual production is 300,000 tonnes per annum and the technical improvement has been conducted on the basis of 900,000 tonnes. It is expected that the technical improvement of 900,000 tonnes will be completed by the end of 2012. The HT Group will enhance production capacity of coking coal by continuous technical improvement to achieve the production goal of 3,000,000 tonnes by 2013.

Looking ahead, in view of the commencement of production of Mine No. 1, coal washing plant and the Baicheng Mine, the operating performance and cash flows of the HT Group will improve. The HT Group will actively expand its production scale as well as further strengthen its vertical development by acquisition and merger, so as to improve profitability. The HT Group will endeavor to achieve the following objectives by the end of 2013: (i) the total volume of coal resources reaching 400,000,000 tonnes; (ii) total coal mining volume reaching 150,000,000 tonnes; and (iii) annual output reaching 6,000,000 tonnes.

The year 2011 is the introductory year of the Twelve Five-year Plan. The demand for energy is set to grow increasingly as Chinese economy develops at an accelerated speed. HT believes that the coal industry in China has a promising future and there is ample room for further increase in coal price. HT's coal mines and coal washing plants have been successively put into operation. Given the abundant coking coal resources and advanced mining technology, not only will it facilitate the consolidation of the coal mining business development of the HT Group in the future, but also indicate a considerable growth in earnings. In order to further expand its production scale, the HT Group will also purchase raw coals externally for processing and resale, thus, ensuring that the production efficiency and economic benefits of the coal washing plant will be maximized to its fullest extent. The HT Group believes that there is ample room for further development in the coking coal industry. HT will continue to devote tremendous resources into its coal mining business and will respond actively to market changes and seek acquisition projects that are in line with the HT Group's development direction. Through mergers and integration of this highly segmented coking coal industry, HT aims at becoming one of the sizable coking coal enterprises in China.

Liquidity, Capital Structure and Financial Resources

The HT Group funds its operations from a combination of internal resources, equity fund raising, financial instruments and bank borrowing. As at 31 March 2011, the HT Group had cash and cash equivalents of approximately HK$48.7 million (2010: HK$302.7 million). The HT Group's working capital decreased to approximately HK$62.7 million (2010: HK$235.5 million), mainly due to capital expenditure for the construction of Tianyu coal washing plant, civil and earthwork for Mine No. 4 and technical improvement of the HT Group's Mine No. 1 in the PRC. Current ratio (a ratio of total current assets to total current liabilities) decreased by approximately 4.2% to 2.3 times (2010: 2.4 times). Gearing ratio (a ratio of total borrowings to total assets other than goodwill) as at 31 March 2011 was approximately 7.9% (2010: 15.1%), such decrease was mainly due to part of the convertible notes issued were converted and the repayment of bank loan during the year.

For the year ended 31 March 2011, the HT Group incurred a net cash outflow from operating activities of approximately HK$62.5 million (2010: net cash inflow generated approximately HK$30.7 million). In addition, the HT Group incurred a net cash outflow from investing activities of approximately HK$440.0 million (2010: HK$168.6 million), primarily due to (i) the payment of cash consideration for the deposit of HK$250 million in relation to the acquisition of Venture Path Limited ("Venture Path") and capital expenditure of HK$190.5 million on property, plant and equipment. The net cash inflow from financing activities of approximately HK$248.3 million (2010: approximately HK$385.2 million) mainly represented by the proceeds approximately HK$327.4 million from the placement of new shares; (ii) the repayment of the bank loan approximately HK$9.1 million; (iii) settlement of other payables approximately HK$61.1 million; and (iv) payment of transaction cost of approximately HK$8.6 million attributable to issue of new shares upon placing.

The HT Group has pledged its leasehold land and buildings with carrying value of approximately HK$3.0 million (31 March 2010: HK$3.1 million) to secure the unutilized general banking facilities granted to the HT Group and no other assets pledged at the day of reporting (31 March 2010: The HT Group had pledged its leasehold land and buildings with carrying values of approximately HK$12.6 million with deposit placed with the third party amounted to RMB2.0 million (equivalent to approximately HK$2.3 million) to secure the outstanding bank borrowing).

Capital Commitment and Contingent Liabilities

As at 31 March 2011, there was capital commitment of approximately HK$130.3 million (31 March 2010: HK$108.3 million) and HK$167.3 million (31 March 2010: HK$407.8 million) in respect of addition of property, plant and equipment contracted for but not provided in the consolidated financial statements and authorised but not contracted for respectively.

In addition, there were outstanding capital commitments of approximately HK$1,300 million in respect of acquisition of Tai Rong Xin Ye International Power Generation Inc. ("Tai Rong"). Pursuant to the sale and purchase agreement dated 28 January 2011, the HT Group conditionally agreed to acquire the entire issued share capital of Venture Path at a consideration of HK$1,550 million from Tai Rong.

Save as disclosed in the annual report of HT for the year ended 31 March 2011 and the tax audit initiated by the Inland Revenue Department on certain group companies, the HT Group had no material contingent liabilities as at the close of business on 31 March 2011.

Exposure to Fluctuations in Exchange Rates

For the year ended 31 March 2011, the HT Group's net foreign exchange loss was approximately HK$2.5 million compared to the net foreign exchange gain of approximately HK$0.3 million in the same period of last year. The HT Group's foreign exchange risks arise mainly from the mismatch between the currency of its sales, purchases and operating expenses. Its sales are denominated in USD, EUR, RMB and HKD. The HT Group's purchases and expenses are mostly denominated in HKD and RMB, and some in USD and EUR. The HT Group has certain foreign currency investments held for trading, available-for-sale investments and investment in foreign operations, which are exposed to foreign currency exchange risk. The HT Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Employment and Share Option Schemes

As at 31 March 2011, the HT Group had a total of approximately 1,650 employees in the PRC, Hong Kong and France. The HT Group provides a mandatory provident fund scheme for its employees in Hong Kong and the state-managed retirement benefit schemes for its employees in PRC and France. Remuneration packages are reviewed periodically.

The HT Group has also adopted a share option scheme. During the year, there were share options granted and a summary of the share option schemes of the HT Group is set out in its annual report 2010/11.

Significant Investments, Material Acquisitions and Disposals

HT, Champ Universe Limited, a wholly owned subsidiary of HT and Tai Rong entered into the sale and purchase agreement dated 28 January 2011 to acquire the entire issued share capital of Venture Path at a consideration of HK$1,550 million. Venture Path owns 拜城溫州礦業開發有限公司一礦3號井(No. 3 decline of Mine One of Baicheng Wenzhou) located at Baicheng County, Aksu Prefecture, Xinjiang Uygur Autonomous Region, the PRC. The acquisition was completed on 15 June 2011.

Future Prospects

Looking forward, the demand for coking coal in international and domestic markets will still be tight and coking coal price is expected to rise continually. In addition, China is now actively promoting the integration and consolidation among coal mines through the merger, reorganization and shutdown of obsolete, small, inefficient and unsafe coal mines. The shortage in supply of coking mine may therefore be intensified. The year 2011 is the beginning of the Twelfth Five Year Plan and the rapid economic development of China leads to increasing demand for energy. The HT Group will actively seek merger and acquisition opportunities to expand its base of coal resources, and will capture appropriate timing for investing in projects with good return other than those related to coal resources. On 27 April 2011, the HT Group and Qinghai Muli Coal Development Group Co., Ltd. entered into a strategic cooperation framework agreement to jointly consolidate the exploitation work of Qinghai Muli Coalfield and actively participate in the investment of deep processing projects of coal chemicals. The HT Group is of the view that this project can provide a solid base for the consolidation of coal reserves which will enhance the long-term growth potential of the HT Group. On 18 May 2011, the HT Group and China Jingu International Trust Co., Ltd entered into a strategic cooperation agreement. Both parties will establish a mining energy fund for the acquisition and integration of coal resources projects and construction work for production capacities improvement. Lastly, the HT Group will actively work in line with the Xinjiang development policy formulated by the central government and utilise sound communication channels to invest in development and acquisition projects of Xinjiang coal mines, with a view to increasing the total investment amount of HT in the coal industry by the end of 2012. HT will spare no efforts in developing itself into one of the large-scale coking coal enterprises in China.

For the year ended 31 March 2010

Results Overview

Since the HT Group completed the acquisitions of the two coal mines (Mine No. 1 and Mine No. 4 with a coal washing plant construction project) near the end of the financial year, and Mine No. 1 and Mine No. 4 are under technical improvement and construction respectively, the coal mining segment did not provide significant contribution to the results of the HT Group for the year. Accordingly, there were no material changes to the resources and reserves of both mines as disclosed in the circular of HT dated 28 December 2009. For the year ended 31 March 2010, the coal mining segment only records revenue of approximately HK$0.06 million (2009: nil). The segment loss amounted to approximately HK$413.0 million (2009: nil), mainly due to the impairment on goodwill amounting to approximately HK$411.1 million arising from the acquisition of the two coal mines (the "Acquisitions"). The impairment on goodwill is non-operating in nature and will not affect the financial and cashflow positions of the HT Group.

The packaging box segment revenue for the year ended 31 March 2010 decreased by approximately 41.7% to HK$97.0 million (2009: HK$166.5 million). The decrease was attributable to the global economic downturn which caused their major customers in the United States and Europe to become more cautious in placing their orders. Segment loss amounted to approximately HK$20.9 million (2009: segment profit of HK$20.9 million), which includes an one-off impairment loss on goodwill of approximately HK$10.6 million previously recognised for the HT Group's France operation. As a result of the pessimistic market condition in Europe, management expects that the demands for the HT Group's products from the France operation will be decreased in the near future, hence impairment is required. Other main reasons for the incurred loss include (1) the substantial drop in turnover; (2) the increase in cost of sales incurred for the relocation of the manufacturing plant from Shenzhen to Dongguang, the PRC; and (3) higher direct labour costs.

Business Review and Outlook

The financial tsunami caused an obvious slump in the global economy and had decreased the demand for packaging boxes in the major markets of the HT Group, i.e. Europe and the United States, thereby exerting setback to both the overall packaging industry and the HT Group at different degrees. Although the HT Group had continuously improved its operating conditions, however, as binded by the entire adverse macroeconomic environment, the packaging operation of the HT Group was affected. Furthermore, the weak economic performance in Europe and the United States had greatly affected the operation performance of the festive season surge. The HT Group was inevitably being affected, resulting in an adverse impact in its sales performance during the peak season.

In order to further improve its production efficiency and reduce production costs, the HT Group relocated its production facilities and plant from Longhua, Shenzhen to Qiao Tou, Dongguan in China and the operation had formally commenced. Despite incurring additional expenditure as a result of relocation, the HT Group believes that the plant relocation will help the HT Group in controlling its production costs and improving its production efficiency.

For the coal mining business, Mine No. 1 of the HT Group, located in Wuhai City, Inner Mongolia Autonomous Region, is undergoing technical reconstruction so as to reach the higher national standard. Mine No. 4 has also been under formal construction with an annual production capacity of 1.50 million tonnes. The coal mines adopt both advanced technology and effective exploitation methods to develop its abundant coal resources. It is expected that the targeted exploitation capacity of 1.65 million tonnes per annum of raw coal in 2011 will be achieved. The HT Group estimates that in the next 3 years to come, the total production capacity of raw coal from the two mines will increase to 1.95 million tonnes in 2012. Furthermore, the construction of Tianyu coal washing plant under the HT Group is expected to be completed by December 2010. The plant is mainly responsible for the production and sale of washed clean coals that have much higher profit margin than raw coal, and is beneficial to the increase of the HT Group's business profits and product category expansion. Although the revenue from coal mining business had not been significantly accounted for within the year ended 31 March 2010, the revenue of this segment will greatly contribute to the HT Group's earnings capacity in the future, which will further strengthen the development of the coking coal and fine coal businesses of the HT Group.

Looking forward, despite the difficulties facing manufacturing business in China due to continuously increasing costs, augmented by the setbacks arising from the global financial crisis which was not fully recovered, HT will strive for its best to proactively expand its coal mining business. It will also further strengthen the horizontal and vertical development aspects of its businesses through mergers and acquisitions, thereby improving its earnings capacity. The HT Group believes that in the next two years, the coal mining business will bring considerable profit growth to the HT Group and be complimented by its firm management vision and aggressive business strategy, HT will attain satisfactory results in the future.

For HT, 2009/2010 was a year full of challenges and opportunities. Under the threats of the financial tsunami, not only had the HT Group not shrunk back but further sought a breakthrough by transforming itself into a coal mining industry player with solid development potential, thriving to achieve better results to the HT Group.

Liquidity, Capital Structure and Financial Resources

The HT Group funds its operations from a combination of internal resources, equity fund raising, financial instruments and bank borrowing. As at 31 March 2010, the HT Group had cash and cash equivalents of approximately HK$302.7 million (2009: HK$54.7 million). The HT Group's working capital increased to approximately HK$235.5 million (2009: HK$108.6 million), mainly due to the additional fund raising from the placement of new shares for the Acquisitions in January 2010. Current ratio (a ratio of total current assets to total current liabilities) decreased by approximately 63.1% to 2.4 times (2009: 6.5 times). Gearing ratio (a ratio of total borrowings to total assets other than goodwill) as at 31 March 2010 was approximately 15.1% (2009: 0%), such increase was mainly due to the issuance of the convertible notes for the Acquisitions during the year.

For the year ended 31 March 2010, the HT Group generated a net cash inflow from operating activities of approximately HK$30.7 million (2009: HK$16.1 million). On the other hand, the HT Group incurred a net cash outflow from investing activities of approximately HK$168.6 million (2009: HK$21.5 million), primarily due to the payment of cash consideration in relation to the Acquisitions. The net cash inflow from financing activities of approximately HK$385.2 million (2009: net cash outflow of approximately HK$14.0 million) mainly represented by the proceeds from the placement of new shares (approximately HK$698.3 million), which was partially offset by the repayment of the loans of the target group (approximately HK$282.2 million) in relation to the Acquisitions during the year.

The HT Group has pledged its leasehold land and buildings with carrying values of approximately HK$12.6 million (2009: Nil) to secure the outstanding bank borrowing and HK$3.1 million (2009: HK$3.2 million) to secure the unutilised general banking facilities granted to the HT Group.

Capital Commitment and Contingent Liabilities

As at 31 March 2010, there was capital commitment of approximately HK$108.3 million and HK$407.8 million in respect of addition of property, plant and equipment contracted for but not provided in the consolidated financial statements and authorised but not contracted for respectively.

Save as disclosed, the HT Group had no material contingent liabilities as at the close of business on 31 March 2010.

Exposure to Fluctuations in Exchange Rates

The net foreign exchange gain for the year ended 31 March 2010 was approximately HK$0.3 million compared to the net foreign exchange loss of approximately HK$5.8 million for the corresponding period in 2009. The HT Group's foreign exchange risks arise mainly from the mismatch between the currency of its sales, purchases and operating expenses. Its sales are denominated in USD, EUR, RMB and HKD. The HT Group's purchases and expenses are mostly denominated in HKD and RMB, and some in USD and EUR. The HT Group has certain foreign currency investments held for trading, available-for-sale investments and investment in foreign operations, which are exposed to foreign currency exchange risk. As HKD is pegged to USD, the HT Group does not expect any significant foreign currency exposure arising from the fluctuation of the USD/HKD exchange rates. The HT Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Employment and Share Option Schemes

As at 31 March 2010, the HT Group had a total of approximately 1,363 employees in the PRC, Hong Kong and France. Remuneration packages for the employees are maintained at a competitive level in the relevant jurisdiction, within which employees are attracted, retained and motivated. Remuneration packages are reviewed periodically.

A summary of the share option schemes of the HT Group is set out in note 39 to the consolidated financial statements.

Significant Investments, Material Acquisitions and Disposals

During the year 2009/2010, the HT Group had completed the acquisitions of two coal mines (Mine No. 1 and Mine No. 4) located in Inner Mongolia, PRC on 25 January 2010. To finance the Acquisitions, the HT Group has issued a total of 554,216,000 placing shares at the placing price of HK$1.26 per placing share, a total number of 323,696,505 consideration shares at HK$0.88 per consideration share and convertible notes with the principal amount of approximately US$135.51 million (approximately HK$1,050.34 million) and with conversion price at HK$0.88 per conversion share.

Future Prospects

Despite the macroeconomic environment still not recovered and augmented by the challenges of the European debt crisis, minimum wages and RMB appreciation issues, HT deeply believes that the coal mining business of the HT Group will have sufficient development potential to turn back the HT Group from its adverse disadvantages. Their coal mines and coal washing plant will put into operation one after another. Given the abundant coking coal resources and advanced mining technology, not only will it facilitate the consolidation of the coal mining business development of the HT Group in the future, it will also indicate a considerable earnings growth in the next two years. In order to further expand its production scale, the HT Group will also purchase raw coals externally for processing and resale, thus, ensuring the production efficiency and economic benefits of the coal washing plant will maximize to its fullest extent. HT will continue to devote tremendous resources into its coal mining business and will react actively to market changes and seek acquisition projects that are in line with the HT Group's development direction. Through the consolidation and integration of this highly segmented coking coal industry, HT aim at becoming one of the biggest coking coal enterprises in China. HT will persevere unremittingly to achieve recordbreaking performance in the years to come.

For the year ended 31 March 2009

Results Overview

The HT Group's revenue for the year ended 31 March 2009 decreased by approximately 5.8% to approximately HK$166.5 million (2008: HK$176.8 million) while the HT Group's gross profit also decreased to approximately HK$37.9 million (2008: HK$55.6 million) for the year ended 31 March 2009. Gross profit margin decreased from approximately 31.5% for the year ended 31 March 2008 to approximately 22.8% for the year ended 31 March 2009, primarily due to rapidly rising labour and material costs, appreciation of RMB in the first half of the year 2008/09. Moreover, due to the turmoil in the financial market during the year, the HT Group's other income from investing activities had recorded a substantial loss, mainly due to impairment loss recognised in respect of available-for-sale investments and change in fair value of investments held for trading. As a result, the HT Group had recorded a loss of approximately HK$22.9 million for the year ended 31 March 2009 (2008: gain of approximately HK$22.2 million) and the respective net margin decreased from a positive 12.5% to a negative 13.7% for the year ended 31 March 2009. Basic loss per share was HK5.57 cents (2008: earning of HK5.48 cents).

Business Review and Outlook

This year was a difficult year for most of the manufacturers in the Pearl River Delta region as the increase in material and labour costs, upsurging commodity prices and the appreciation of the RMB eroded the margin in the first half of the year, followed by the spectacular collapse in the global economy gave the industry, and indeed most labour and material intensive exporters in China, a twin shock. Following the global economic downturn resulting from the United States sub-prime mortgage crisis and the global credit crunch which significantly softened demand, their customers have been more cautious in placing orders. The weakening of the EUR against the USD also dampened the demand in the European market. Sales became sluggish in the final quarter of year 2008/09. In response to the current unfavourable economic conditions, the HT Group is broadening its product ranges, strengthening the sales force and tightening its cost control measures.

The economic conditions have been deteriorating significantly in many countries and regions, including their major markets in the United States and Europe, and may remain depressed for the foreseeable near future. In order to tackle the coming challenges, HT has adopted a more prudent business and financial management policy to ensure that it maintains adequate working capital to finance its operations. The HT Group had also launched a round of aggressive restructuring late last year aimed at cutting production and administrative costs, controlling inventories and improving the overall management of its manufacturing operations. Through the implementation of systematic reports generated by the ERP system and effective KPIs (Key Performance Indicators), department heads and line supervisors are thereof becoming more sophisticated with the supply chain management. Production efficiency and effectiveness are continuously improving through better communication and periodic meetings held among operating departments.

In addition, the first stage of the new plant facilities located in Qiao Tou, Dongguan, PRC had been completed in late 2008/09. Certain production lines have been relocated to the new facilities to further capture the comparatively lower cost advantage. The second stage of the facilities is expected to be completed by the end of year 2009/10 and it will gradually shift its existing production lines from Longhua, Shenzhen, to the new plant facilities located in Qiao Tou, Dongguan. Since the HT Group only leases the plant facilities from the village committee in Qiao Tou, the relocation process will only has minimum cash flow impact.

Despite the uncertainties ahead as the global financial crisis unfolds, HT believes that the operating environment for manufacturers in the Pearl River Delta region has improved slightly in early 2009/10 as commodity prices are reduced as compared with last year's level and the government of the PRC has executed an array of policies, including Valued Added Tax refund, a loosening of lending restrictions and a reduction in interest rates, which have been providing positive impact to their operations. Even though the coming 2009/10 will continue to be challenging, HT is confident that the HT Group will achieve a better performance in the coming years as the global economy is showing sign of recovery.

Liquidity, Capital Structure and Financial Resources

The HT Group funds its operations principally from internal resources. As at 31 March 2009, the HT Group had cash and cash equivalents of approximately HK$54.7 million (2008: HK$75.6 million). The HT Group's working capital decreased to approximately HK$108.6 million (2008: HK$141.0 million), mainly due to purchases of additional available-for-sale investments and payment of dividends. Current ratio (a ratio of total current assets to total current liabilities) increased by approximately 51.4% to 6.5 times (2008: 4.3 times). Gearing ratio (a ratio of total borrowings to total assets other than goodwill) as at 31 March 2009 was maintained at a minimum level of 0% (2008: 2.0%).

For the year ended 31 March 2009, the HT Group generated a net cash inflow from operating activities of approximately HK$16.1 million (2008: HK$32.8 million). On the other hand, the HT Group incurred a net cash outflow from investing activities of approximately HK$21.5 million (2008: HK$22.4 million), primarily due to additional purchases of available-for-sale investments, which are mainly listed shares held for long-term investment purposes. The dividend payment to the HT Group's shareholders of approximately HK$10.3 million (2008: HK$10.1 million) constituted the major part of the outflow under the HT Group financing activities for the year ended 31 March 2009.

The HT Group has executed deeds of charge in favour of the financial institutions to facilitate the HT Group to enter into the investment schemes and secure the bank borrowings. The deeds are secured by the charge over the assets of the HT Group held by these financial institutions, including investments held for trading, available-for-sale investments and bank balances. As at 31 March 2009, total assets of the HT Group charged in favour of the financial institutions were approximately HK$39.1 million (2008: HK$65.2 million). The HT Group has pledged its leasehold buildings with a carrying value of approximately HK$3.2 million (2008: HK$3.3 million) and bank deposits amounted to approximately HK$5.3 million (2008: nil) to secure general banking facilities granted to the HT Group. As at 31 March 2009, the HT Group did not have any outstanding investment schemes and bank borrowings and did not utilise any of the banking facilities granted.

Capital Commitment and Contingent Liabilities

There were no significant capital commitments as at 31 March 2009.

The HT Group had no material contingent liabilities as at the close of business on 31 March 2009.

Exposure to Fluctuations in Exchange Rates

The net foreign exchange loss for the year ended 31 March 2009 was approximately HK$5.8 million compared to the net foreign exchange gain of approximately HK$0.6 million for the corresponding period in 2008. The HT Group's foreign exchange risks arise mainly from the mismatch between the currency of its sales, purchases and operating expenses. Its sales are denominated in USD, EUR and HKD. The HT Group's purchases and expenses are mostly denominated in HKD and RMB, and some in USD and EUR. The HT Group has certain foreign currency investments held for trading, available-for-sale investments and investment in foreign operations, which are exposed to foreign currency exchange risk. As HKD is pegged to USD, the HT Group does not expect any significant foreign currency exposure arising from the fluctuation of the USD/HKD exchange rates. During the year ended 31 March 2009, HKD against EUR and RMB have experienced an increase of approximately 16.9% and a decrease of approximately 1.3% respectively. The unfavourable currency exchange rate movement has had an adverse impact on the HT Group's results. The HT Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Employment and Share Option Schemes

As at 31 March 2009, the HT Group had a total of approximately 1,031 employees in the PRC, Hong Kong and France. Remuneration packages for the employees are maintained at a competitive level in the relevant jurisdiction, within which employees are attracted, retained and motivated. Remuneration packages are reviewed periodically.

A summary of the share option schemes of the HT Group is set out in note 33 to the consolidated financial statements.

Significant Investments, Material Acquisitions and Disposals

The HT Group did not have any significant investments, material acquisitions and disposals during the year ended 31 March 2009.

The following is the text of a report, for the purpose of inclusion in this circular, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

1. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

ERNST & YOUNG
安 永

22/F CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

25 May 2012

The Board of Directors
Heritage International Holdings Limited

Dear Sirs

We report on the unaudited pro forma financial information (the "Unaudited Pro Forma Financial Information") of Heritage International Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company (the "Directors") for illustrative purposes only, to provide information about how the acquisition of 400,000,000 shares of Hao Tian Resources Group Limited by the Group might have affected the financial information presented, for inclusion in Appendix III to the circular of the Company dated 25 May 2012 (the "Circular"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix III to the Circular.

Respective responsibilities of the Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standards on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 30 September 2011 or any future dates.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully
Ernst & Young
Certified Public Accountants
Hong Kong

2. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Unaudited pro forma consolidated statement of financial position of the Group

Introduction

The unaudited pro forma consolidated statement of financial position of the Group has been prepared to illustrate the effect of the Acquisition.

In March 2012, the Group subscribed 100,000,000 HT Shares during the placing of shares by HT at HK$0.325 per share. On 21 March 2012, the Group, through Chung Nam, acquired another 300,000,000 HT Shares off the Stock Exchange at HK$0.275 per share.

The unaudited pro forma consolidated statement of financial position of the Group has been prepared in accordance with Rule 4.29 of the Listing Rules for the purposes of illustrating the effect of the Acquisition as if the Acquisition took place on 30 September 2011. The unaudited pro forma consolidated statement of financial position of the Group is based on the unaudited consolidated statement of financial position of the Group as at 30 September 2011, which has been extracted from the interim report of the Group for the six months ended 30 September 2011 (the "Interim Report"), after making pro forma adjustments relating to the Acquisition that are (i) directly attributable to the Acquisition; and (ii) factually supportable.

The unaudited pro forma consolidated statement of financial position of the Group is based on a number of assumptions, estimates and uncertainties. Accordingly, the accompanying unaudited pro forma consolidated statement of financial position of the Group does not purport to describe the actual financial position of the Group that would have been attained had the Acquisition been completed on 30 September 2011. The unaudited pro forma consolidated statement of financial position of the Group does not purport to predict the future financial position of the Group.

The unaudited pro forma consolidated statement of financial position of the Group should be read in conjunction with the historical information of the Group as set out in the Interim Report and other financial information included elsewhere in this circular.

Unaudited pro forma consolidated statement of financial position of the Group as at 30 September 2011

	The Group 30 September 2011 (Unaudited)	Pro forma adjustments	Pro forma The Group 30 September 2011 (Unaudited)
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	
NON-CURRENT ASSETS			
Property, plant and equipment	15,292	–	15,292
Investment properties	104,600	–	104,600
Loans receivable	8,383	–	8,383
Investments at fair value through profit or loss	95,212	–	95,212
Total non-current assets	223,487	–	223,487
CURRENT ASSETS			
Loans receivable	124	–	124
Inventories	119	–	119
Investments at fair value through profit or loss	450,093	115,000	565,093
Prepayments, deposits and other receivables	3,564	–	3,564
Cash and bank balances	67,127	(115,000)	(47,873)
Total current assets	521,027	–	521,027
CURRENT LIABILITIES			
Other payables and accruals	3,785	–	3,785
Due to an associate	10,094	–	10,094
Interest-bearing bank borrowings	36,526	–	36,526
Total current liabilities	50,405	–	50,405
NET CURRENT ASSETS	470,622	–	470,622
TOTAL ASSETS LESS CURRENT LIABILITIES	694,109	–	694,109
NON-CURRENT LIABILITIES			
Deferred tax liabilities	4,207	–	4,207
Net assets	689,902	–	689,902
EQUITY			
Equity attributable to owners of the Company			
Issued capital	2,849	–	2,849
Reserves	687,053	–	687,053
Total equity	689,902	–	689,902

Notes:

1. Extracted from the unaudited consolidated statement of financial position of the Group set out in the Interim Report of the Company for the six months ended 30 September 2011.

2. The adjustments reflect the impact of the Acquisition assuming that the Acquisition had taken place on 30 September 2011. After making the adjustment, the unaudited pro forma assets and liabilities of the Group showed a shortfall of cash and bank balances of approximately HK$47,873,000.

   The shortfall was mainly satisfied by the cash received by the Group subsequent to 30 September 2011 through ordinary activities, disposal of investments at fair value through profit or loss and a rights issue.

   The aggregate market values of 400,000,000 HT Shares as at 31 March 2012 and the Latest Practicable Date were HK$96,400,000 and HK$68,400,000, respectively.

   There was a decline in the aggregate market value of HK$46,600,000 between the respective acquisition dates of the 400,000,000 HT Shares and the Latest Practicable Date.

For the purpose of preparing the Unaudited Pro Forma Financial Information, the cost of the Acquisition of HK$115,000,000 does not include the estimated legal and professional fees and related expenses in connection with the Acquisition.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

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 or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

Name of Director	Number of Shares (long position)	Nature of interest	Percentage of total issued share capital as at the Latest Practicable Date
Kwong Kai Sing, Benny	6,347,484	Personal	0.082%
Ong Peter	3,532,654	Personal	0.045%
Poon Chi Wan	488,268	Personal	0.006%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required (a) 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 would be taken or deemed to have under such provisions of the SFO); (b) to be recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

3. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP

Save for Dr. Kwong's interest under the Undertaking, none of the Directors has, or has had, any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2011, the date to which the latest published audited financial statements of the Group were made up.

Save for Dr. Kwong's interest under the Undertaking, none of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. 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.

6. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and are or may be material:

(a) a conditional subscription agreement dated 27 July 2010 between the Company and Mr. Hendra Anwar in relation to the subscription by Mr. Hendra Anwar of 182,006,498 new shares of the Company at HK$0.112 each. Further details of the transaction were set out in the announcement of the Company dated 27 July 2010;

(b) a conditional placing agreement dated 5 October 2010 entered into between the Company and Get Nice Securities Limited in relation to the placing of 316,607,798 new shares of the Company at HK$0.102 each by Get Nice Securities Limited on a fully underwritten basis. Further details of the transaction were set out in the announcement of the Company dated 5 October 2010;

(c) a conditional sale and purchase agreement dated 4 January 2011 between Hennabun Capital Group Limited ("Hennabun") as the purchaser and Coupeville Limited (a subsidiary of the Company) as the vendor in relation to the sale of 19.75% of the entire issued share capital of Best Purpose Limited to Hennabun for a total consideration of HK$69 million. Further details of the transaction were set out in the announcement and circular of the Company dated 4 January 2011 and 24 January 2011, respectively;

(d) a conditional underwriting agreement dated 4 January 2011 between the Company as issuer and Chung Nam as underwriter relating to the issue of 94,982,339 rights shares at a subscription price of HK$0.50 per share on the basis of one rights share for every two shares held on 2 March 2011. Further details of the rights issue were set out in the announcement and prospectus of the Company dated 6 January 2011 and 3 March 2011, respectively;

(e) a conditional agreement dated 4 May 2011 entered into between Power Global Limited ("PGL", a wholly-owned subsidiary of the Company), the Company, Nation Wealth Holdings Limited and Dragonite International Limited in relation to, amongst other things, the sale and purchase of the entire share capital of Central Town Limited. Further details of the transaction were set out in the announcement and circular of the Company dated 11 May 2011 and 10 June 2011, respectively;

(f) the options agreement dated 8 August 2011 entered into between PGL and Nation Wealth Holdings Limited ("NWHL'") in relation to the grant of options to sell and purchase the entire share capital of Apex Corporate Investments Limited ("APC"). Such option is exercisable within a period of five years from the date of the options agreement. If the audited consolidated statement(s) of comprehensive income of APC and its subsidiary/ subsidiaries (together, the "APC Group") for the year ended 31 March 2012 or any accounting period subsequent thereto has not been released and issued at the time of exercise of the option, the exercise price of the option will be HK$25 million. If the audited consolidated statement(s) of comprehensive income of the APC Group for the year ended 31 March 2012 or any accounting period subsequent thereto has been released and issued, the exercise price of the option will be the higher of (i) HK$25 million or (ii) the lower of 10 times EBITDA or HK$75 million if NWHL wishes to acquire APC from PGL. If PGL were to exercise the option to sell APC to NWHL and the audited consolidated statement(s) of comprehensive income of the APC Group for the year ended 31 March 2012 or any accounting period subsequent thereto has been released and issued, the exercise price of the option will be the higher of (i) HK$25 million or (ii) the lower of 5 times EBITDA or HK$75 million. Further details of the transaction were set out in the announcement and circular of the Company dated 11 May 2011 and 10 June 2011, respectively;

(g) a conditional underwriting agreement dated 8 August 2011 between the Company as issuer and Chung Nam as underwriter relating to the issue of 6,268,834,496 rights shares at a subscription price of HK$0.062 per share on the basis of 22 rights shares for every share held on 3 October 2011 (as amended by a supplemental underwriting agreement dated 10 August 2011). Further details of the rights issue were set out in the announcement and circular of the Company dated 11 August 2011 and 2 September 2011, respectively;

(h) a note purchase agreement dated 2 February 2012 entered into between Dollar Group Limited (a wholly-owned subsidiary of the Company) and Quinella International Incorporated in relation to the sale and purchase of the 2.5% unsecured notes due 2014 in the aggregate principal amount of HK$200 million issued by Mascotte Holdings Limited. Further details of the transaction were set out in the announcement of the Company dated 2 February 2012;

(i) the Undertaking; and

(j) a conditional subscription agreement dated 20 April 2012 between the Company and Mr. Liu On Bong, Peter in relation to the subscription by Mr. Liu On Bong, Peter of 56,989,403 shares at HK$0.12 each. Further details of the transaction were set out in the announcement of the Company dated 20 April 2012.

7. LITIGATION

As at the Latest Practicable Date, there is no litigation or claims of material importance pending or threatened against any member of the Group.

8. CONSENT OF EXPERT

The followings are the qualifications of the professional advisers who have given opinion or advice contained in this circular:

Name	Qualification
Vinco Capital	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified public accountants, Hong Kong

Each of Vinco Capital and Ernst & Young has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter/report and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, neither Vinco Capital nor Ernst & Young had: (a) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and (b) any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2011, the date to which the latest published audited financial statements of the Group were made up.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business of the Company in Hong Kong during normal business hours from the date of this circular up to and including the date of the SGM:

(a) the Memorandum of Association and the Bye-laws of the Company;

(b) the letter from the Independent Board Committee, the text of which is set out on page 11 of this circular;

(c) the letter from Vinco Capital, the text of which is set out on pages 12 to 20 of this circular;

(d) the report from Ernst & Young set out in section 1 of Appendix III to this circular;

(e) the material contracts referred to in section 6 of this Appendix;

(f) the written consents given by Vinco Capital and Ernst & Young referred to in section 8 of this Appendix;

(g) the annual reports of the Company for the two years ended 31 March 2010 and 31 March 2011; and

(h) the circular of the Company dated 10 June 2011.

10. MISCELLANEOUS

(a) The secretary of the Company is Mr. Chow Chi Wah, Vincent, who is a fellow member of the Association of Chartered 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 29/F., 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, Wanchai, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text.

HERITAGE INTERNATIONAL HOLDINGS LIMITED
漢基控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 412)
(Warrant Code: 1248)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Heritage International Holdings Limited (the "Company") will be held at 30/F., China United Centre, 28 Marble Road, North Point, Hong Kong on 12 June 2012 at 4:30 p.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT** the acquisition of 400,000,000 shares of HK$0.05 each in the capital of Hao Tian Resources Group Limited by the Company's subsidiary as further described in the circular of the Company dated 25 May 2012, a copy of which has been produced to this meeting marked "A" and signed by the Chairman of this meeting for the purpose of identification, be and is hereby approved, confirmed and ratified."

2. "**THAT**:

(a) the entering into and the terms and conditions of the deed of undertaking (the "Undertaking") executed by the Company and Dr. Kwong Kai Sing, Benny ("Dr. Kwong") on 21 March 2012 and amended by a supplemental deed dated 22 May 2012 (the copies of which have been produced to this meeting marked "B" and "C" respectively and signed by the Chairman of this meeting for the purpose of identification) pursuant to which Dr. Kwong undertook to purchase the 400,000,000 shares of HK$0.05 each in the capital of Hao Tian Resources Group Limited (the "Acquisition Shares") acquired by the Company's subsidiary at an aggregate consideration equals to the original cost of acquisition to the Company's subsidiary in the event that resolution numbered 1 set out in the notice convening this meeting is not approved by the shareholders and reimburse the Company and its subsidiary for all costs and expenses incurred in connection with the acquisition and disposal of the Acquisition Shares, be and are hereby approved, ratified and confirmed;

(b) all the transactions contemplated under the Undertaking including, without limitation, the disposal of the Acquisition Shares to Dr. Kwong, be and are hereby approved; and

* *For identification purposes only*

(c) any one of the directors of the Company (other than Dr. Kwong) be and is hereby authorised to do all acts and things and execute all documents or make such arrangement as he/she may determine to be appropriate, necessary or desirable to give effect to or in connection with the Undertaking and the transactions contemplated thereunder, and to agree to such variation, amendment, supplement or waiver of matters relating thereto as are, in the opinion of such director, in the interest of the Company and its shareholders as a whole."

By order of the Board
Heritage International Holdings Limited
Chow Chi Wah, Vincent
Executive Director & Company Secretary

Hong Kong, 25 May 2012

Registered office:	*Principal place of business in Hong Kong:*
Clarendon House	29/F., China United Centre
2 Church Street	28 Marble Road
Hamilton HM 11	North Point
Bermuda	Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint one or, if he is the holder of two or more shares, more than one person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.

2. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the meeting either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

3. Completion and return of the form of proxy will not preclude a member from attending and voting at the above meeting or any adjournment thereof if he so wishes. In that event, his form of proxy will be deemed to have been revoked.

4. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the principal place of business of the Company in Hong Kong at 29/F., China United Centre, 28 Marble Road, North Point, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.