

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

This announcement appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

ANNOUNCEMENT

**(1) MAJOR TRANSACTION IN RELATION TO
THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED SHARE
CAPITAL OF CHARM BEST DEVELOPMENT LIMITED
(2) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE AND ALLOT
CONVERTIBLE PREFERENCE SHARES AND CONVERSION SHARES**

THE ACQUISITION

Reference is made to the announcement of the Company dated 28 August 2015, relating to re-commencing of negotiations between the parties in connection with the proposed acquisition of Charm Best Development Limited. The Board is pleased to announce that on 18 September 2015 (after trading hours), Platinum City, Able Victory, First Bonus, Honor Ace and Metro Group (together as the Sellers), Coastal Silk Limited (as the Buyer), Mr. Liu Jin Cheng (as the Guarantor), Charm Best Development Limited (as the Target Company) and the Company entered into the Sale and Purchase Agreement, pursuant to which the Sellers have conditionally agreed to sell, and the Buyer has conditionally agreed to purchase, the entire issued share capital of the Target Company on the terms and subject to the conditions of the Sale and Purchase Agreement. The Guarantor, as the sole shareholder of each of the Sellers, has agreed to guarantee to the Buyer the performance of all obligations of the Sellers under the Sale and Purchase Agreement. The Target Group principally engages in (i) importation of automobiles; (ii) online and offline sales of automobiles and (iii) online and offline financing related services.

The Consideration shall be RMB1,464 million (equivalent to approximately HK\$1,782 million, based on the exchange rate of RMB0.8215 to HK\$1.0000 of the People's Bank of China as of 17 September 2015), which shall be satisfied by the issue and allotment by the Company of the Base Consideration CPS, being 2,255,830,258 CPS, to the Sellers on a pro-rata basis (being the proportional percentage shareholding held by each Seller in the Target Company) at the Issue Price, subject to adjustments in accordance with the terms of the Sale and Purchase Agreement.

The Buyer has also agreed to provide a sum of RMB400 million to the Target Company within 14 calendar days after the Completion Date as general working capital.

LISTING RULES IMPLICATIONS

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

A SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve among others, (i) the terms of the Sale and Purchase Agreement, (ii) the proposed grant of a Specific Mandate to allot and issue the CPS and the Conversion Shares; and (iii) the creation of CPS. Any Shareholder who has a material interest in the Acquisition are required to abstain from voting on the relevant resolution(s) to be proposed at the SGM.

GENERAL

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

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

Reference is made to the announcement of the Company dated 28 August 2015, relating to re-commencing of negotiations between the parties in connection with the proposed acquisition of the Target Company. The Board is pleased to announce that on 18 September 2015 (after trading hours), Platinum City, Able Victory, First Bonus, Honor Ace and Metro Group (together as the Sellers), Coastal Silk Limited (as the Buyer), Mr. Liu Jin Cheng (as the Guarantor), the Target Company and the Company entered into the Sale and Purchase Agreement.

Upon Completion, the Company will hold, indirectly, the entire issued share capital of the Target Company. The Target Group principally engages in (i) importation of automobiles; (ii) online and offline sales of automobiles and (iii) online and offline financing related services.

Details of the Acquisition and the key terms of the Sale and Purchase Agreement are set out below.

THE SALE AND PURCHASE AGREEMENT

Date

18 September 2015 (after trading hours)

Parties

- (i) the Sellers;
- (ii) the Buyer;
- (iii) the Guarantor;
- (iv) the Target Company; and
- (v) the Company.

The Sellers have conditionally agreed to sell, and the Buyer has agreed to purchase, the Sale Shares, being the entire issued share capital of the Target Company, free from encumbrances and on the terms and subject to the conditions of the Sale and Purchase Agreement. The Guarantor, as the sole shareholder of each of the Sellers, has agreed to guarantee to the Buyer the performance of all obligations of the Sellers under the Sale and Purchase Agreement.

Consideration

The Consideration shall be RMB1,464 million (equivalent to approximately HK\$1,782 million, based on the exchange rate of RMB0.8215 to HK\$1.0000 of the People's Bank of China as of 17 September 2015), which shall be satisfied by the issue and allotment by the Company of the Base Consideration CPS, being 2,255,830,258 CPS, to the Sellers on a pro-rata basis (being the proportional percentage shareholding held by each Seller in the Target Company) at the Issue Price, subject to adjustments in accordance with the terms of the Sale and Purchase Agreement.

The conversion of the Base Consideration CPS shall be exercisable by the Sellers in two stages, once upon each of the First Year Conversion Date and Second Year Conversion Date, on which a maximum of 845,936,347 CPS, being 37.5% of the Base Consideration CPS (the **First Year CPS**, "Y") may be converted in aggregate by the Sellers and a maximum of 1,409,893,911 CPS, being 62.5% of the Base Consideration CPS (the **Second Year CPS**, "Z") may be converted in aggregate by the Sellers, respectively, in accordance with and subject to the provisions set out in the Sale and Purchase Agreement as outlined below.

Basis of the Consideration

The Consideration was arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement, taking into account (i) the parallel import license for automobiles in Shanghai possessed by the Target Group and the established platform for auto-financing services of the Target Group; (ii) the financial performance and prospects of the business of the Target Group; and (iii) the profits guaranteed by the Sellers.

Profit Guarantee and Adjustments

Under the Sale and Purchase Agreement, the Sellers have guaranteed that the First Year Audited Net Profit shall be no less than RMB150 million (the **First Year Net Profit Target**). The Buyer and the Sellers shall jointly appoint a firm of auditors to prepare and provide the First Year Audited Consolidated Accounts within three calendar months immediately after the First Year.

In the event that the First Year Audited Net Profit is equal to or more than the First Year Net Profit Target, the Sellers are entitled to convert all the First Year CPS into Conversion Shares on the First Year Conversion Date in accordance with the terms and conditions in the Sale and Purchase Agreement. The amount, if any, in excess of the First Year Net Profit Target (the **Net Profit Excess**) shall count towards the Second Year Net Profit Target to the extent it shall be decreased by an amount equivalent to the Net Profit Excess. For the avoidance of doubt, there shall be no upward adjustment to the First Year CPS which the Sellers are entitled to convert.

First Year Adjustment

In the event that the First Year Audited Net Profit is less than RMB150 million, the First Year CPS that the Sellers are entitled to convert (the **First Year Convertible CPS**, “y”) shall be reduced. The First Year Convertible CPS shall be adjusted as follow:

$$y = \text{First Year CPS} \times (\text{First Year Audited Net Profit} / \text{RMB150 million})$$

In the event that the First Year Audited Net Profit is a negative figure, the First Year Audited Net Profit should be set as zero for the purpose of calculations pursuant to the formula above.

The amount falling short of the First Year Net Profit Target (the **Net Profit Shortfall**) shall count towards the Second Year Net Profit Target to the extent it shall be increased by an amount equivalent to the Net Profit Shortfall. The number of CPS not entitled to be converted by the Sellers (i.e. “Y” minus “y”) (the **CPS Shortfall**) shall count towards the Second Year CPS so that the maximum number of CPS which can be converted by the Sellers upon the Second Year Conversion Date shall be increased accordingly by the CPS Shortfall (the **Adjusted Second Year CPS**).

Under the Sale and Purchase Agreement, the Sellers have also guaranteed that the Second Year Audited Net Profit shall be no less than:

- (a) RMB250 million (the **Second Year Net Profit Target**), where the First Year Audited Net Profit equals to the First Year Net Profit Target;
- (b) RMB250 million less the Net Profit Excess (the **Downward Adjusted Second Year Net Profit Target**), where the First Year Audited Net Profit exceeds the First Year Net Profit Target; or
- (c) the aggregate sum of RMB250 million and the Net Profit Shortfall (the **Upward Adjusted Second Year Net Profit Target**), where the First Year Audited Net Profit is less than the First Year Net Profit Target.

In the event that the Second Year Audited Net Profit equals to the Second Year Net Profit Target, the Sellers are entitled to convert all the Second Year CPS into Conversion Shares on the Second Year Conversion Date in accordance with the mechanism for conversion as set out in the Sale and Purchase Agreement, where the First Year Audited Net Profit is equal to the First Year Net Profit Target.

In the event that the Second Year Audited Net Profit equals to or is more than the Downward Adjusted Second Year Net Profit Target, the Sellers are entitled to convert all the Second Year CPS into Conversion Shares on the Second Year Conversion Date in accordance with the Sale and Purchase Agreement, where the First Year Audited Net Profit exceeds the First Year Net Profit Target. For the avoidance of doubt, there shall be no upward adjustment to the Second Year CPS which the Sellers are entitled to convert.

In the event that the Second Year Audited Net Profit equals to or is more than the Upward Adjusted Second Year Net Profit Target, the Sellers are entitled to convert the Adjusted Second Year CPS into Conversion Shares on the Second Year Conversion Date in accordance with the mechanism for conversion as set out in the Sale and Purchase Agreement, where the First Year Audited Net Profit is less than the First Year Net Profit Target.

Second Year Adjustment

In the event that the Second Year Audited Net Profit is less than (i) the Second Year Net Profit Target, (ii) or the Downward Adjusted Second Year Net Profit Target or (iii) the Upward Adjusted Second Year Net Profit Target (as the case may be), the Second Year CPS that the Sellers are entitled to convert (the **Second Year Convertible CPS**, “z”) shall be reduced. The Second Year Convertible CPS shall be adjusted as follow:

$$z = (\text{First Year Audited Net Profit} + \text{Second Year Audited Net Profit}) / \text{RMB400 million} \times X - y$$

In the event that the Second Year Audited Net Profit is less than the Second Year Net Profit Target or the Upward Adjusted Second Year Net Profit Target and is a negative figure, the Second Year Audited Net Profit should be set as zero for the purpose of calculations pursuant to the formula above. In the event that the Second Year Audited Net Profit is less than the Downward Adjusted Second Year Net Profit Target and is a negative figure, such negative figure should be used for the purpose of calculation pursuant to the formula above.

In the event that the Second Year Audited Net Profit should fall short of the Second Year Net Profit Target or the Adjusted Second Year Net Profit Target (as the case may be), the number of Second Year CPS or the Adjusted Second Year CPS (as the case may be) which the Sellers are not entitled to convert shall be repurchased or redeemed by the Company (the **Second Year Repurchase CPS**) from the Sellers and the Sellers shall be obliged to transfer the Second Year Repurchase CPS free of encumbrances at a total nominal consideration of HK\$1.00 within three Business Days after the Second Year Adjustment. The number of Second Year Repurchase CPS shall be calculated according to the following formula:

$$\text{Second Year Repurchase CPS} = X - y - z$$

Conditions Precedent

Completion of the Acquisition is conditional on the fulfilment of the following conditions on or before the End Date (the Buyer may at its discretion waive conditions (f), (g), (i), (j) and (k) below):

- (a) approval having been obtained from the Shareholders at the SGM for (i) entering into the Sale and Purchase Agreement and performing the transactions under the Sale and Purchase Agreement, (ii) the proposed grant of a specific mandate to allot and issue the Base Consideration CPS and Conversion Shares;

- (b) all necessary licences, consents, approvals, permits, authorisations, permissions, waivers, notices, orders, filings, exemptions from governmental or regulatory authorities or bodies (including but not limited to the Stock Exchange), the creditors and shareholders of the Target Group and/or other relevant third parties, which are required for the entering into of the Sale and Purchase Agreement or Completion having been obtained or made and not having been revoked prior to Completion;
- (c) no notice or notification having been received to the effect that the transactions contemplated under the Sale and Purchase Agreement shall be treated as or decided (as the case may be) by the Stock Exchange as reverse takeover under the Listing Rules;
- (d) no applicable laws and regulations in Hong Kong, the PRC, the British Virgin Islands and Bermuda and no relevant government, governmental quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that restrict or prohibit the implementation of the transactions contemplated the Sale and Purchase Agreement;
- (e) approval having been obtained from the Listing Committee for the listing of, and permission to deal in, the Conversion Shares on the Main Board of the Stock Exchange;
- (f) the Buyer having conducted and completed due diligence on all business, legal and financial matters and all such other matters as deemed necessary by the Buyer in its absolute discretion, in relation to the Target Group, and the Buyer being satisfied with the results of such due diligence in its absolute discretion;
- (g) the Buyer and the Company having received a legal opinion issued by a law firm qualified to practise PRC laws in PRC, in respect of the Target Group Companies that are incorporated in the PRC and other PRC legal issues in form and substance satisfactory to the Buyer and the Company;
- (h) the Reorganisation having been completed in a manner satisfactory to the Buyer and the Company;
- (i) the Warranties remaining true and accurate and not misleading in any material respect as of Completion;
- (j) no material adverse change or prospective material adverse change in the business, operations, financial condition or prospects of any of the Target Group Companies having occurred since 31 December 2014; and
- (k) the Sellers and the Guarantor having performed and complied with all agreements, obligations and conditions contained in the Sale and Purchase Agreement that are required to be performed or complied with by each of them on or before Completion.

Completion

Completion is expected to take place on or before the tenth Business Day after the date on which the last of the conditions is fulfilled or waived (as the case may be) (or such other date as the parties shall agree in writing). Upon Completion, the Target Company shall become a wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Group as enlarged by the Acquisition.

Post completion undertakings

The Buyer shall provide a sum of RMB400 million to the Target Company within 14 calendar days after the Completion Date as general working capital.

The Sellers shall complete all necessary tax filing(s) with the relevant PRC tax authority(s) for the transactions contemplated under the Sale and Purchase Agreement and pay for or settle, to the satisfaction of the Buyer and the Company, any tax arising from the transaction under the Sale and Purchase Agreement required to be paid to the relevant PRC tax authority(s).

INFORMATION ON THE CPS AND THE CONVERSION SHARES

The Conversion Shares

The Conversion Shares to be issued upon conversion of the CPS will be issued as fully paid and will rank pari passu in all respects with the Shares in issue as at the date of conversion.

An application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Conversion Shares.

The CPS

The major terms of the CPS are as follows:

The Conversion Shares

The Conversion Shares to be issued upon conversion of the CPS will be issued as fully paid and will rank pari passu in all respects with the Shares in issue as at the date of conversion.

Application for listing

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in the Conversion Shares.

The CPS

The major terms of the CPS are as follows:

- Nominal value: Redeemable convertible preference shares of HK\$0.00025 each to be created as a new class of shares in the share capital of the Company upon Completion.
- Conversion ratio: The CPS shall be convertible, without the payment of any additional consideration therefor, into such number of fully paid Shares at the conversion ratio of one CPS for one Share.
- Conversion rights: Subject to the adjustments in accordance with the terms of the Sale and Purchase Agreement and outlined under the paragraph “The Sale and Purchase Agreement – Profit Guarantee and Adjustments” in this Announcement, holders of the First Year Convertible CPS will have the right to convert all or such number of CPS into Conversion Shares on or after the First Year Conversion Date and the holder of the Second Year Convertible CPS will have the right to convert all or such number of CPS into Conversion Shares on or after the Second Year Conversion Date, provided that they may not exercise the conversion rights as to such number of CPS the conversion of which would result in the Company not meeting the minimum public float requirement under the Listing Rules or any of the Shareholders having triggered any mandatory general offer obligation under the Takeovers Code (unless a waiver from strict compliance with such requirement has been obtained).
- Redemption: The CPS shall be redeemable (including such redemption as provided in the Sale and Purchase Agreement and outlined under the paragraph “The Sale and Purchase Agreement – Profit Guarantee and Adjustments” in this Announcement) by the Company at such price as the Directors may determine.
- Preferred Distribution: Subject to compliance with all applicable laws and the bye-laws of the Company, each CPS shall confer on its holder the right to receive a preferred distribution (“**Preferred Distribution**”) in cash from the date of the issue of the CPS at a rate of 0.001% per annum on the Issue Price, payable annually in arrears. Each Preferred Distribution is non-cumulative.

Deferral or Non-payment of Preferred Distribution: The Board may, in its sole discretion, elect to defer or not to pay a Preferred Distribution. No interest shall accrue on any unpaid Preferred Distribution. If the Board elects to defer or not to pay a Preferred Distribution, the Company shall not pay any dividends, distributions or make any other payment on any Shares, unless at the same time it pays to the holders of CPS any deferred or unpaid Preferred Distribution which was scheduled to be paid on a day falling in the same financial year in respect of which payment of such dividends, distributions or other payments is made,

Dividend: Each CPS shall not confer on its holder the right to receive any dividend or distribution in cash or otherwise (except for the Preferred Distribution).

Distribution of Assets: The holders of the CPS shall have priority over the Shareholders to the extent of the nominal value of the CPS held on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, winding-up or dissolution of the Company (but not on conversion of CPS or any repurchase by the Company of CPS or Shares).

Voting rights: The holders of the CPS shall be entitled to receive notices of and to attend general meetings of the Company, but the CPS shall not confer on their holders the right to vote at a general meeting of the Company, unless a resolution is to be proposed at a general meeting for the winding-up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the CPS or vary the restrictions to which the CPS are subject.

Transferability: The CPS (and each of them) may not be transferred by the holder thereof without the prior written consent from the Company.

Ranking: Save and except for the voting rights, distribution entitlements, upon liquidation, winding-up or dissolution of the Company, the Preferred Distribution rights and other rights and other rights set out above, each CPS shall have the same rights as each of the Shares.

The Issue Price

The Issue Price of HK\$0.79 was determined after arm's length negotiation between the parties to the Sale and Purchase Agreement, taking into account the average of the closing prices of the Shares as quoted on the Stock Exchange for the 20 consecutive trading days immediately preceding the date of the Sale and Purchase Agreement.

The Issue Price per CPS represents:

- (a) a discount of approximately 10.23% to the closing price of the Shares of HK\$0.88 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 13.19% to the average of the closing price of the Shares as quoted on the Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day of approximately HK\$0.91 per Share;
- (c) a premium of approximately 3.95% to the average of the closing price of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.76 per Share; and
- (d) a premium of approximately 841.93% to the audited net asset value per Share of the Company as at 31 March 2015 of HK\$0.084.

REASONS FOR AND BENEFITS OF THE ACQUISITION

As stated in the management's discussion and analysis of the annual report of the Company for the year ended 31 March 2015, the Group will continue its investments in listed and unlisted securities and its money lending business. The Group intends to expand into a variety of financial services serving the PRC markets. On 1 September 2015, the Company completed the acquisition of a financial leasing group located in the PRC and Hong Kong as disclosed in the announcement of the Company dated 2 September 2015. The investment in the Target Company will facilitate the Group's expansion into the online and offline automobile sales and related financing services in the PRC.

The Directors believe that the Target Group's online and offline automobile sales and related financing services in the PRC can generate a stable income source for the Group while utilising the financial resources of the Group.

The Acquisition is expected to further enhance the investment portfolio of the Group and create business synergies from the integration of (i) the Target Group's auto financing services with the Group's existing leasing business; and (ii) the Group's existing business relationships, financial leasing transaction platform and that the Target Group's platform for auto financing services.

The Directors (including the independent non-executive Directors) are therefore of the view that the Acquisition will be in the interest of the Company and the Shareholders as a whole. Based on the rationale set out under this paragraph “Reasons for and benefits of the Acquisition” and the paragraph “Basis of the Consideration”, the Directors (including the independent non-executive Directors) consider that the terms of the Sale and Purchase Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is an investment holding company, the Group is principally engaged in investments in securities, money lending and financial leasing.

As disclosed in note 7 of the audited financial statement as set out in the Company’s annual report for the year ended 31 March 2015, the realised loss from the sales of listed securities for the 12 months ended 31 March 2015 was HK\$7,825,000 calculated from the sales proceeds of HK\$240,102,000 (as revenue) and the carrying value of the investment of HK\$247,927,000 (as cost of sales). The above figures have been audited by the Company’s auditors for the year ended 31 March 2015.

INFORMATION ON THE BUYER

The Buyer is a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company. The Buyer is an investment holding company.

INFORMATION ON THE SELLERS

The Sellers are incorporated in the British Virgin Islands and investment holding companies wholly-owned by the Guarantor.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Sellers and their ultimate beneficial owner, Mr. Liu Jin Cheng, are third parties independent of the Company and connected persons of the Company.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in the British Virgin Islands. The Target Group comprises Asian Brilliant Investment Limited*, Golden Trend Investment Development Limited* and Global Goldfield International Limited* and their subsidiaries and associates, which principally engage in (i) importation of automobiles; (ii) online and offline sales of automobiles and (iii) online and offline financing related services.

FINANCIAL INFORMATION ABOUT THE TARGET GROUP

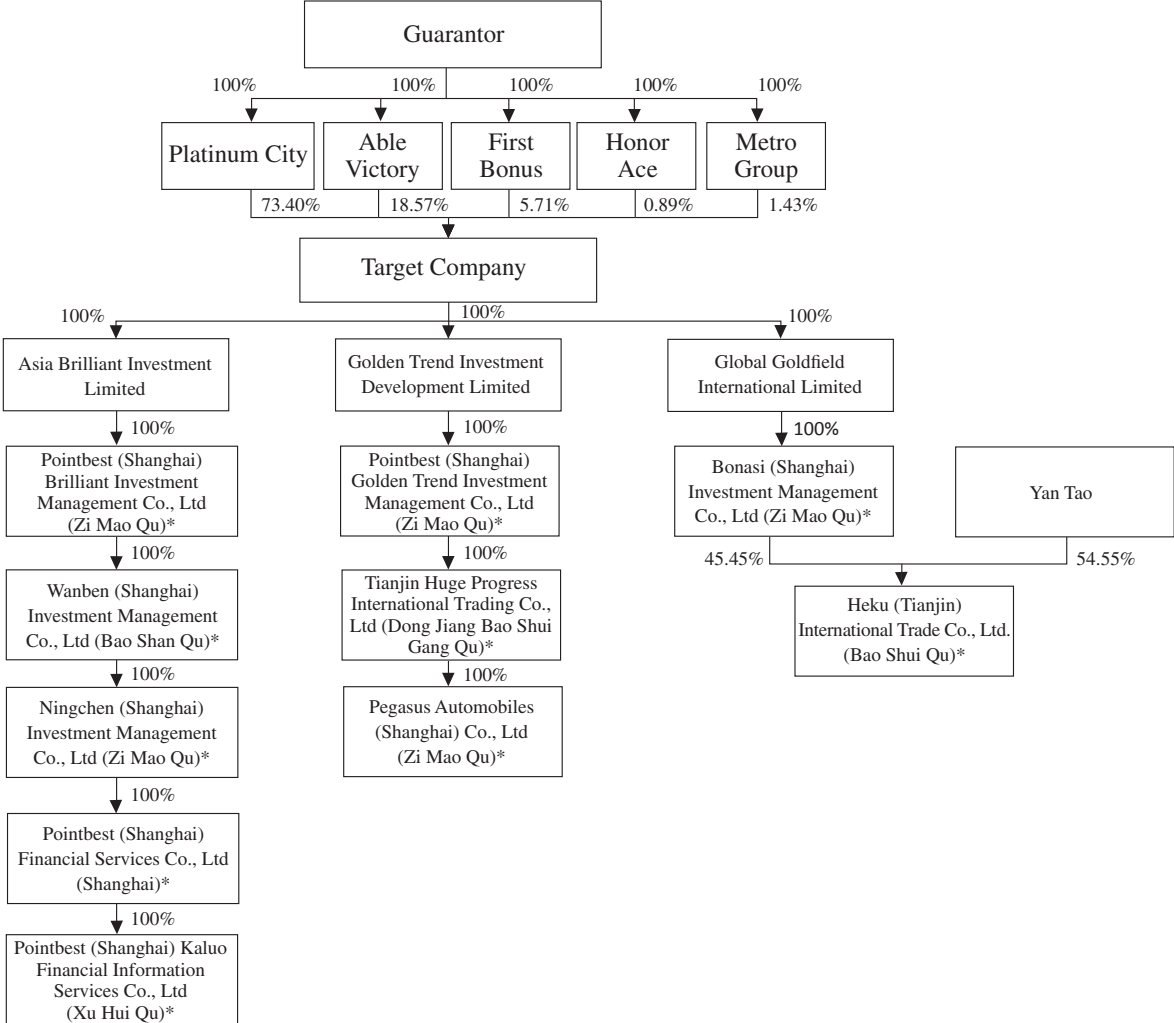
Set out below is the unaudited financial information of the Target Group for each of the two financial years ended 31 December 2013 and 31 December 2014 respectively.

	Year ended 31 December 2013 (RMB)	Year ended 31 December 2014 (RMB)
Turnover	24,971,027.59	85,533,435.53
Profit/(Loss) before Tax	2,673,473.31	5,435,408.33
Profit/(Loss) after Tax	2,300,423.11	4,016,753.45

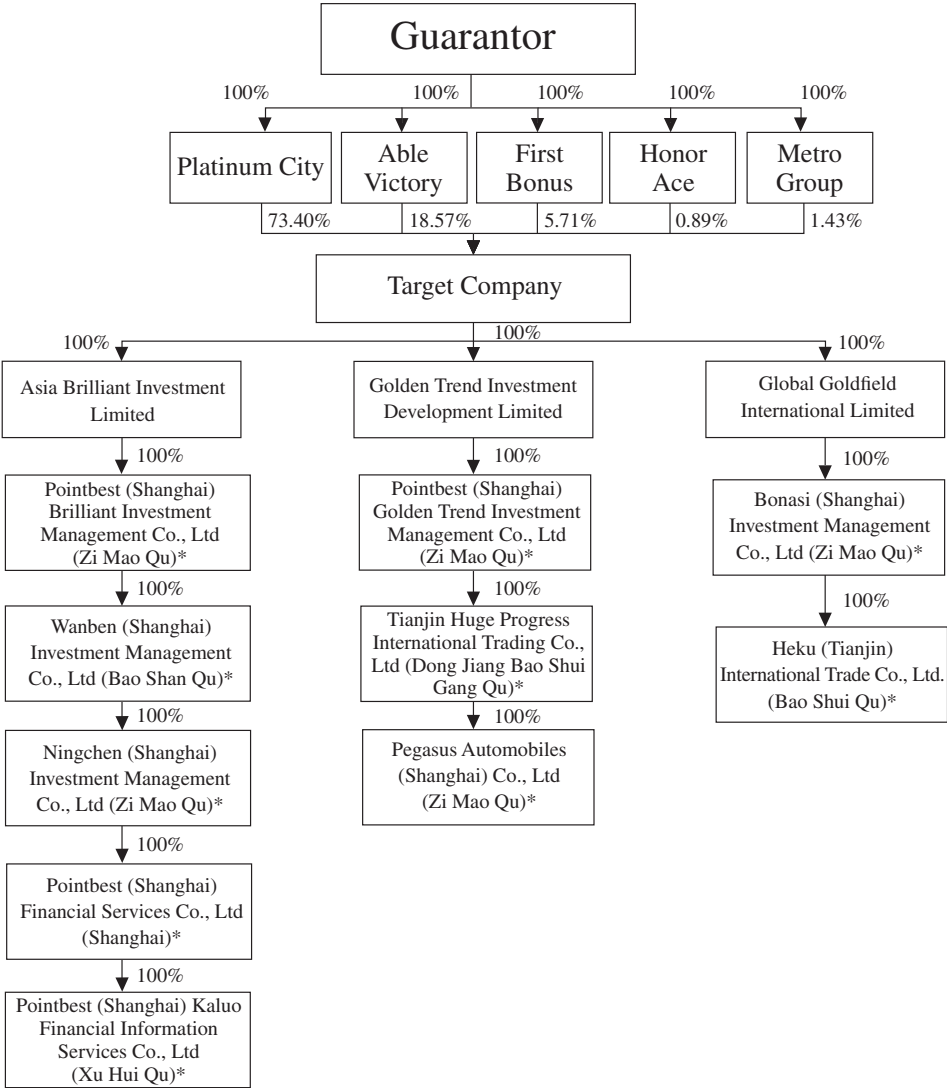
The unaudited net asset value of the Target Group as at 31 December 2013 and 31 December 2014 was RMB51,934,984.68 and RMB83,178,483.66 respectively.

The following diagrams illustrate the shareholding structure of the Target Group (i) as at the date of this Announcement before the Reorganization and (ii) after the Reorganization and immediately prior to Completion:

(i) as at the date of this Announcement before the Reorganization



(ii) after the Reorganization and immediately prior to Completion



EFFECT OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after Completion (assuming there is no further change to the share capital of the Company between the date of this announcement and the Completion Date), (iii) immediately upon conversion of the First Year CPS by the Sellers (assuming full conversion of the First Year CPS and there is no further change to the share capital of the Company between the date of this announcement and the First Year Conversion Date) and (iv) immediately upon conversion of the Second Year CPS by the Sellers (assuming full conversion of the Second Year CPS and there is no further change to the share capital of the Company between the date of this announcement and the Second Year Conversion Date):

Substantial Shareholders	As at the date of this announcement		Immediately after Completion			Immediately upon full conversion of the First Year CPS by the Sellers			Immediately upon full conversion of the Second Year CPS by the Sellers		
	Approx. % of total		Approx. % of total		No. of CPS held	Approx. % of total		Approx. % of total		No. of CPS held	
	No. of Shares held	issued Shares	Number of Shares held	issued Shares		Number of Shares held	issued Shares	No. of Shares held	Number of Shares held		issued Shares
Hao Tian Development Group Limited											
(Note 1)	4,941,500,000	25.60	4,941,500,000	25.60	-	4,941,500,000	24.52	-	4,941,500,000	22.92	-
	80,729,170 (S)	-	80,729,170 (S)	-	-	80,729,170 (S)	-	-	80,729,170 (S)	-	-
	(Note 5)										
Yau Wai Lung	3,059,480,000	15.85	3,059,480,000	15.85	-	3,059,480,000	15.18	-	3,059,480,000	14.19	-
(Note 2)											
Huang Rulun (Note 3)	2,320,000,000	12.02	2,320,000,000	12.02	-	2,320,000,000	11.51	-	2,320,000,000	10.76	-
Ji Kewei (Note 4)	2,284,947,214	11.84	2,284,947,214	11.84	-	2,284,947,214	11.34	-	2,284,947,214	10.60	-
Sellers	-	-	-	-	2,255,830,258	845,936,347	4.20	1,409,893,911	2,255,830,258	10.46	-
Public	6,698,903,151	34.70	6,698,903,151	34.70	-	6,698,903,151	33.24	-	6,698,903,151	31.07	-
Total	19,304,830,365	100	19,304,830,365	100	2,255,830,258	20,150,766,712	100.00	1,409,893,911	21,560,660,623	100.00	-

Notes:

- Hao Tian Development Group Limited is deemed to be interested in the 4,941,500,000 Shares held by Hao Tian Management (Hong Kong) Limited pursuant to the Securities and Futures Ordinance by virtue of Hao Tian Management (Hong Kong) Limited being a subsidiary of Win Team Investments Limited, which in turn is a subsidiary of Hao Tian Development Group Limited.
- Yau Wai Lung, a Director of the Company, is deemed to be interested in the 3,059,480,000 Shares held by Leading Fortune International Group Limited by virtue of his 100% beneficial interest in Leading Fortune International Group Limited.

3. Huang Rulun is deemed to be interested in the 2,320,000,000 Shares held by Century Golden Resources Investment Co. Ltd. pursuant to the Securities and Futures Ordinance by virtue of his controlling interest in Century Golden Resources Investment Co. Ltd.
4. Ji Kewei, a Director of the Company, is deemed to be interested in the 2,284,947,214 Shares held by China Hover Dragon Group Limited pursuant to the Securities and Futures Ordinance by virtue of Chinanet Consultancy Limited (wholly-owned by Ji Kewei) holding 50% issued Shares of China Hover Dragon Group Limited.
5. (S) – Short position.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition is 25% or more but less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A SGM of the Shareholders will be convened and held for the Shareholders to consider and, if thought fit, to approve (i) the terms of the Sale and Purchase Agreement, (ii) the proposed grant of a Specific Mandate to allot and issue the CPS and the Conversion Shares; and (iii) the creation of CPS.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder has a material interest in the Sale and Purchase Agreement. Therefore, no Shareholder is required to abstain from voting at the SGM of the Shareholders.

DESPATCH OF CIRCULARS

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

WARNING

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

DEFINITIONS

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

“Able Victory”	Able Victory Holdings Corporation, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Guarantor
“Accounts Date”	31 December 2014
“Acquisition”	the proposed acquisition by the Buyer from the Sellers of the Sale Shares pursuant to the terms and conditions of the Sale and Purchase Agreement
“Adjusted Second Year CPS”	the CPS Shortfall counting towards the Second Year CPS so that the maximum number of CPS which can be converted by the Sellers upon the Second Year Conversion Date shall be increased accordingly by the CPS Shortfall
“Base Consideration CPS”	the issue and allotment of a total of 2,255,830,258 CPS to satisfy the Consideration
“Board”	the board of Directors of the Company
“Business Day”	a day (other than a Saturday or Sunday or days on which a tropical cyclone warning Number 8 or above or a “black” rain warning signal is hoisted in Hong Kong at any time between 9 am and 5 pm) on which Hong Kong clearing banks are open for the transaction of normal banking business
“Buyer”	Coastal Silk Limited, a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Capital Increase”	the additional working capital of RMB400 million the Buyer undertakes to provide to the Target Company as its general working capital
“Circular”	the circular of the Company to be issued in relation to the Acquisition

“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended or supplemented from time to time
“Company”	Heritage International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 412)
“Completion”	the completion of the sale and purchase of the Sale Shares in accordance with the Sale and Purchase Agreement
“Completion Date”	a date which is no later than the 10th Business Day after the date on which the last of the Conditions is fulfilled or waived by the Buyer or such other date as the parties shall agree in writing
“Conditions”	the conditions precedents for the Acquisition in the Sale and Purchase Agreement
“Consideration”	RMB1,464 million, to be satisfied by the Buyer by the issue and allotment of the Base Consideration CPS in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Rights”	the right to convert any CPS into Shares subject to the terms and conditions in the Sale and Purchase Agreement and the bye-laws of the Company
“Conversion Shares”	a maximum of 2,255,830,258 new Shares to be allotted and issued by the Company upon the exercise of the Conversion Rights in relation to the Base Consideration CPS
“CPS”	the new redeemable convertible preference shares to be created as a new class of shares in the share capital of the Company upon Completion
“CPS Shortfall”	the number of CPS not entitled to be converted by the Sellers
“Directors”	directors of the Company

“Downward Adjusted Second Year Net Profit Target”	RMB250 million less the Net Profit Excess
“End Date”	31 December 2015 or such later date as the parties to the Sale and Purchase Agreement may agree in writing
“Enlarged Group”	the Group and the Target Group upon Completion
“First Bonus”	First Bonus Worldwide Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Guarantor
“First Year”	the first 12-month period commencing the Business Day immediately following the Reference Date
“First Year Adjustment”	the review of the First Year Audited Net Profit against the First Year Net Profit Target and the resultant adjustments made to the number of CPS entitled to be converted and where appropriate, the Second Year Net Profit Target and the Second Year CPS
“First Year Audited Consolidated Accounts”	the audited financial statements of the Target Group including the balance sheet, profit and loss statement and cash flow statement, together with all notes and reports attached to them, for the First Year
“First Year Audited Net Profit”	the audited net profit of the Target Group as shown in the First Year Audited Consolidated Accounts
“First Year Conversion Date”	the tenth Business Day after the completion of the First Year Adjustment with reference to the First Year Audited Consolidated Accounts
“First Year Convertible CPS”	the First Year CPS that the Sellers are entitled to convert
“First Year CPS”	a maximum of 845,936,347 CPS, being 37.5% of the Base Consideration CPS
“First Year Net Profit Target”	the target that the First Year Audited Net Profit shall be no less than RMB150 million
“Group”	the Company and its subsidiaries

“Guarantor”	Mr. Liu Jin Cheng, who is the guarantor and the sole ultimate beneficial shareholder of each of the Sellers
“Heku Tianjin”	Heku (Tianjin) International Trade Co., Ltd* (海酷(天津)國際貿易有限公司), a company incorporated in the PRC, a Target Group Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“holding company”	a holding company as defined in the Companies Ordinance
“Honor Ace”	Honor Ace Development Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Guarantor
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Price”	means HK\$0.79 each per CPS, as determined by the average closing price of the Shares of the Company as quoted on the Stock Exchange over the 20 trading days immediately preceding the date of the Sale and Purchase Agreement
“Last Trading Day”	18 September 2015, being the last full trading day for the Shares before the date of this announcement
“Listing Rules”	the rules (as amended from time to time) governing the listing of securities on the Stock Exchange
“Metro Group”	Metro Master Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Guarantor
“Net Profit Excess”	the amount in excess of the First Year Net Profit Target
“Net Profit Shortfall”	the amount falling short of First Year Net Profit Target
“percentage ratio”	any of the five ratios set out in Rule 14.07 of the Listing Rules
“Platinum City”	Platinum City Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Guarantor

“PRC”	the People’s Republic of China, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Reference Date”	means the date on which the Capital Increase is completed
“Reorganisation”	the proposed transfer of 54.55% equity interest in Heku Tianjin from Mr. Yan Tao to Bonasi (Shanghai) Investment Management Co., Ltd* (上海博納斯投資管理有限公司), a company incorporated in the PRC, a Target Group Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 18 September 2015 entered into between the Sellers, the Buyer, the Guarantor, the Target Company and the Company for the sale and purchase of the Sale Shares
“Sale Shares”	the entire issued share capital of the Target Company
“Second Year”	the second 12-month period (being the 13th to the 24th calendar month) commencing the Business Day immediately following the Reference Date
“Second Year Adjustment”	the review of the Second Year Audited Net Profit against the Second Year Net Profit Target (or the Adjusted Second Year Net Profit Target as the case may be) and the resultant adjustments made to the number of CPS entitled to be converted
“Second Year Audited Consolidated Accounts”	the audited financial statements of the Target Group including the balance sheet, profit and loss statement and cash flow statement, together with all notes and reports attached to them, for the Second Year
“Second Year Audited Net Profit”	the audited net profit of the Target Group as shown in the Second Year Audited Consolidated Accounts
“Second Year Conversion Date”	the tenth Business Day after the completion of the Second Year Adjustment with reference to the Second Year Audited Consolidated Accounts

“Second Year Convertible CPS”	the Second Year CPS that the Sellers are entitled to convert
“Second Year CPS”	a maximum of 1,409,893,911 CPS, being 62.5% of the Base Consideration CPS
“Second Year Net Profit Target”	the target that the Second Year Audited Net Profit shall be no less than RMB250 million
“Second Year Repurchase CPS”	the number of Second Year CPS or the Adjusted Second Year CPS (as the case may be) which the Sellers are not entitled to convert that are repurchased or redeemed by the Company
“Sellers”	Platinum City, Able Victory, First Bonus, Honor Ace and Metro Group, together as the sellers of the Target Company
“SGM”	the special general meeting of the Company to be convened for the purpose of considering, and if thought fit, approving the Acquisition
“Share(s)”	ordinary shares of HK\$0.00025 each in the share capital of the Company
“Shareholders”	the holders of the Shares
“Specific Mandate”	the specific mandate to allot and issue the CPS and Conversion Shares to be sought from the Shareholders at the SGM
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning attributed to it in the Companies Ordinance
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Target Company”	Charm Best Development Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Sellers
“Target Group”	the Target Company and all of its respective subsidiaries and associates (whether direct or indirect); and each a “Target Group Company”

“Upward Adjusted Second Year Net Profit Target”	the aggregate sum of RMB250 million and the Net Profit Shortfall
“Warranties”	the warranties set out in the Sale and Purchase Agreement
“%”	Per cent

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

Hong Kong, 18 September 2015

As at the date of this announcement, the Company has three executive directors, being Mr. Ji Kewei, Mr. Yau Wai Lung and Mr. Ma Chao; one non-executive director being Mr. Qiu Jianyang; and three independent non-executive directors, being Mr. To Shing Chuen, Mr. Chung Yuk Lun and Mr. Cheung Wing Ping.