THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Heritage International Holdings Limited, you should at once hand this circular, 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.

HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢 基 控 股 有 限 公 司 *

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

VERY SUBSTANTIAL DISPOSAL IN RELATION TO (i) THE DISPOSAL OF THE ENTIRE SHARE CAPITAL OF A WHOLLY OWNED SUBSIDIARY AND (ii) THE GRANTING OF OPTIONS TO SELL AND PURCHASE THE ENTIRE SHARE CAPITAL OF ANOTHER WHOLLY OWNED SUBSIDIARY AND NOTICE OF SPECIAL GENERAL MEETING

A letter from the Board of Heritage International Holdings Limited is set out on pages 5 to 15 of this circular.

A notice convening a special general meeting of Heritage International Holdings Limited to be held at 30th Floor, China United Centre, No.28 Marble Road, North Point, Hong Kong on 28 June 2011 at 9:00 a.m. is set out on pages SGM – 1 to SGM – 3 of this circular.

If you are not able to attend the meeting, you are strongly urged to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of Heritage International Holdings Limited in Hong Kong at 29th Floor, China United Centre, No. 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*

10 June 2011

CONTENTS

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

"AC Loan(s)"	means the outstanding shareholder loan(s) advanced by the Company and its subsidiaries (excluding the Apex Corporate Group) to the Apex Corporate Group as at the date of completion of the Options Agreement, if any
"AC Share"	means one share of US$1.00 each in the issued share capital of the Apex Corporate legally and beneficially owned by the Power Global, representing the entire issued share capital of Apex Corporate
"Apex Corporate"	means Apex Corporate Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Power Global
"Apex Corporate Group"	means Apex Corporate and HON Chinese
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	means the board of Directors
"Business Day"	means a day on which licensed banks in Hong Kong are open for business, other than: (i) a Saturday; (ii) a Sunday; (iii) public holiday; or (iv) a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
"Call Option"	means an option to be granted by Power Global to the Purchaser to purchase the AC Share from Power Global and have the AC Loan(s) assigned to the Purchaser from Power Global and/or its associates, as the legal and beneficial owner
"Central Town"	means Central Town Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Power Global
"Central Town Group"	means Central Town, E-Garden and East Champion

"Clinic"	means the traditional Chinese medicine clinic operated by HON Chinese at the Property under the name 'HON Chinese Medicine Clinic'
"Company"	means Heritage International Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
"Completion"	means the completion of the sale and purchase of the CT Share and the assignment of the CT Loan(s) (if any) pursuant to the Conditional Agreement
"Completion Date"	means the second Business Day after the date on which all of the conditions precedent of the Conditional Agreement shall have been satisfied or waived by the parties thereto (or such other date and/or time as the parties thereto may agree from time to time) and where Completion shall take place
"Conditional Agreement"	means the conditional agreement (including its schedules and exhibit) dated 4 May 2011 entered into between Power Global, the Company, the Purchaser and Dragonite in relation to, amongst other things, (i) the sale and purchase of the entire share capital of Central Town and (ii) granting options to sell and purchase the entire share capital of Apex Corporate
"connected persons"	has the meaning ascribed to this term under the Listing Rules
"CT Loan(s)"	means the outstanding shareholder loan(s) advanced by the Company and its subsidiaries (excluding the Central Town Group) to the Central Town Group as at the Completion Date, if any
"CT Share"	means one share of US$1 in the issued share capital of the Central Town legally and beneficially owned by Power Global, representing the entire issued share capital of Central Town
"Director(s)"	means the director(s) of the Company
"Disposal"	disposal of the Central Town Group pursuant to the Conditional Agreement
"Dragonite"	means Dragonite International Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 329)

"East Champion"	means East Champion Limited (億綽有限公司), a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of E-Garden
"EBITDA"	means two times the latest earnings before interest, taxes, depreciation and amortization of Apex Corporate Group for a period of six months ended on either 31 March or 30 September during 1 October 2011 to 30 September 2016 as per Apex Corporate Group's latest available audited consolidated statement of comprehensive income, or if such audited consolidated statement of comprehensive income not available, Apex Corporate Group's consolidated statement of comprehensive income as certified by its director(s)
"E-Garden"	means E-Garden Properties Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Central Town
"Group"	the Company and its subsidiaries
"HK$"	means Hong Kong dollars, the lawful currency of Hong Kong
"HON Chinese"	means HON Chinese Medicine Company Limited (漢坊中醫藥業有限公司), a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of Apex Corporate
"Hong Kong"	means the Hong Kong Special Administrative Region of the People's Republic of China
"Latest Practicable Date"	8 June 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Option Period"	means a period of five years from the date of the Options Agreement
"Options"	means the Call Option and the Put Option; and "Option" mean either the Call Option or the Put Option
"Options Agreement"	means the separate options agreement, substantially in a form set out the Conditional Agreement, to be entered into by Power Global and the Purchaser upon Completion pursuant to which (i) Power Global shall grant the Call Option to the Purchaser; and (ii) the Purchaser shall grant the Put Option to Power Global, for a period of 5 years

"Power Global"	means Power Global Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company
"Property "	means the property known as Basement, Stamps Gallery "No.28 Marble Road", No.28 Marble Road, North Point, Hong Kong
"Purchaser"	means Nation Wealth Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of Dragonite
"Put Option"	means an option to be granted by the Purchaser to Power Global to sell the AC Share and assign and/or procure its associates to assign, as the legal and beneficial owner, the AC Loan(s) to the Purchaser
"Remaining Group"	the Group upon completion of the Disposal and the exercise of the Option
"SGM"	at 30/F., China United Centre, No. 28 Marble Road North Point, Hong Kong on 28 June at 9:00 a.m. for the purpose of considering, and if thought fit, to approve the Conditional Agreement and transactions contemplated thereunder, the notice of which is set out at the end of this circular
"Share(s)"	means ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	means shareholder(s) of the Company
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"Tenancy Agreement"	means the tenancy agreement, substantially in a form set out in Conditional Agreement, to be entered into by HON Chinese as the tenant and East Champion as the landlord upon Completion pursuant to which East Champion shall let and HON Chinese shall rent the Property for a period of 5 years at a monthly rental of HK$350,000
"US$"	means United States dollar, the lawful currency of the United States of America

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

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

Executive Directors:
Dr. Kwong Kai Sing, Benny
Mr. Wong Chun Hung
Mr. Ong Peter
Ms. Poon Chi Wan
Mr. Chow Chi Wah, Vincent

Independent Non-executive Directors:
Mr. Chan Sze Hung
Mr. To Shing Chuen
Mr. Ha Kee Choy, Eugene
Mr. Chung Yuk Lun
Mr. Lo Wong Fung

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

Principal place of business in Hong Kong:
29th Floor, China United Centre
No. 28 Marble Road
North Point
Hong Kong

10 June 2011

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL IN RELATION TO (i) THE DISPOSAL OF THE ENTIRE SHARE CAPITAL OF A WHOLLY OWNED SUBSIDIARY AND (ii) THE GRANTING OF OPTIONS TO SELL AND PURCHASE THE ENTIRE SHARE CAPITAL OF ANOTHER WHOLLY OWNED SUBSIDIARY AND NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

As announced by the Company, on 4 May 2011 (after trading hours), Power Global entered into the Conditional Agreement with the Purchaser pursuant to which, amongst other things, (1) Power Global has agreed to sell and the Purchaser agreed to purchase the CT Share together with the CT Loan(s) (if any) for a cash consideration of HK$117,000,000; and (2) Power Global has agreed to grant a call option to the Purchaser to purchase and the Purchaser has agreed to grant a put option to the Power Global to sell the AC Share together with the assignment of the AC Loan(s) if any.

* *For identification purposes only*

The main purpose of this circular is to provide you with, amongst other things, (a) further details of the Conditional Agreement; (b) financial information of the Central Town Group; (c) financial information of the Apex Corporate Group; (d) unaudited pro forma financial information of the Remaining Group; (e) financial information of the Group; (f) valuation report on the Property; (g) general information; and (h) a notice of SGM.

THE CONDITIONAL AGREEMENT

Set out below are the principal terms of the Conditional Agreement:

Date:

4 May 2011 (after trading hours)

Parties:

(1)	Vendor:	Power Global, a wholly owned subsidiary of the Company
(2)	Guarantor of the Vendor:	The Company
(3)	Purchaser:	Nation Wealth Holdings Limited, a wholly owned subsidiary of Dragonite
(4)	Guarantor of the Purchaser:	Dragonite

The Purchaser was incorporated in the BVI with principal activity of investment holding. The Purchaser is an indirect wholly owned subsidiary of Dragonite (Stock code: 329), a company listed on the main board of the Stock Exchange. The principal activities of Dragonite and its subsidiaries are securities trading, the production and sales of a series of health care products, pharmaceutical products and Ruyan atomizing cigarettes.

The Company shall act as the guarantor of Power Global whilst Dragonite shall act as the guarantor of the Purchaser in relation to the Conditional Agreement.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Sale and purchase of the CT Share and the CT Loan

Pursuant to the Conditional Agreement, Power Global shall, as the sole registered and beneficial owner, sell and the Purchaser shall purchase the CT Share together with the assignment of the benefit of and interest in the CT Loan(s) (if any) to the Purchaser, free from all claims, charges, liens, encumbrances, equities and other adverse claims and interests but together with all rights attached, accrued or accruing thereto.

Assets to be disposed of

The CT Share represents the entire issued share capital of Central Town. Central Town is the sole shareholder of E-Garden which is the sole shareholder of East Champion. East Champion is the registered and beneficial owner of the Property. The Property is known as Basement, Stamps Gallery "No.28 Marble Road", No.28 Marble Road, North Point, Hong Kong. The gross floor area of the Property is approximately 15,748 square feet. The Property is now subject to a legal charge/mortgage as security for a mortgage loan granted to East Champion with outstanding principal amount of approximately HK$28,503,000 as at 31 March 2011. Accordingly to a recent valuation conducted by an independent professional valuer, the market value of the Property as at 31 March 2011 was HK$145,000,000.

The CT Loan amounted to approximately HK$122,649,000 as at 31 March 2011.

Consideration

The aggregate consideration payable for the sale of the CT Share together with the assignment of the benefit of and interest in the CT Loan(s) (if any) shall be HK$117,000,000 of which, HK$11,700,000 in cash has been paid by the Purchaser upon the execution of the Conditional Agreement and the balance in the sum of HK$105,300,000 shall be payable in cash on the Completion Date.

The consideration was determined after arm's length negotiations between Power Global and the Purchaser with reference to (i) the market value of the Property of HK$145,000,000 as at 31 March 2011; and (ii) the amount of net liabilities of the Central Town Group of approximately HK$1,261,000 as per its unaudited consolidated statement of financial position as at 31 March 2011 (after taking into account of the above-mentioned mortgage loan with outstanding principal amount of approximately HK$28,503,000 as at 31 March 2011 and the CT Loan).

The letting of the Property after Completion

Upon Completion, according to the terms of the Conditional Agreement, the parties shall procure East Champion, as landlord, to enter into the Tenancy Agreement with HON Chinese, as tenant, whereby East Champion shall let to HON Chinese part of the Property (of about 9,749 square feet) for a period of five years at a monthly rental of HK$350,000. The monthly rental was determined after arm's length negotiations between the parties with reference to the market conditions. It is intended that such part of the Property so let will be occupied by HON Chinese for the operation of the Clinic during such tenancy period. The remaining part of the Property is currently vacant and will remain vacant upon Completion.

The granting of Options

Upon Completion, according to the terms of the Conditional Agreement, Power Global and the Purchaser shall also enter into the Options Agreement pursuant to which Power Global shall grant to the Purchaser an option to purchase and the Purchaser shall grant to Power Global an option to sell, the AC Share together with the assignment of the AC Loan(s) (if any) in accordance with the terms therein. The AC Share represents the entire issued share capital of Apex Corporate. Apex Corporate is the sole shareholder of HON Chinese whose principal business is the operation of the Clinic.

Other terms of the Options

Option period: a period of five years from the date of the Options Agreement;

Option price:

(I) if the audited consolidated statement(s) of comprehensive income of the Apex Corporate Group for the year ended 31 March 2012 or any accounting period subsequent thereto has not been released and issued, the exercise price of the Options shall be HK$25,000,000;

and

(II) if the audited consolidated statement(s) of comprehensive income of the Apex Corporate Group for the year ended 31 March 2012 or any accounting period subsequent thereto has been released and issued, the exercise price of the Options shall be as follows:

(a) in the case of the exercise of the Call Option, the higher of: (i) Hong Kong Dollars Twenty Five Millions (HK$25,000,000); or (ii) the lower of 10 times EBITDA or Hong Kong Dollars Seventy Five Millions (HK$75,000,000); and

(b) in the case of the exercise of the Put Option, the higher of: (i) Hong Kong Dollars Twenty Five Millions (HK$25,000,000); or (ii) the lower of 5 times EBITDA or Hong Kong Dollars Seventy Five Millions (HK$75,000,000).

According to the Options Agreement, Power Global shall warrant, amongst other things, that until the exercise or expiry of the Option, (i) the total amount of the paid up share capital of the Apex Corporate Group and the AC Loan(s) will not be less than Hong Kong Dollars Twenty Five Millions (HK$25,000,000); and (ii) the total amount of the liabilities of the Apex Corporate Group excluding the AC Loan(s) will not exceed Hong Kong Dollars Ten Millions (HK$10,000,000).

The Option price was determined after arm's length negotiations between Power Global and the Purchaser with reference to (i) the amount of net liabilities of approximately HK$57,000 of the Apex Corporate Group (after taking into account of the AC Loan) as per its unaudited consolidated statement of financial position of as at 31 March 2011; (ii) the AC Loan of approximately HK$5,850,000 as at 31 March 2011; and (iii) the aforesaid warranty to be given by Power Global in the Options Agreement that the paid up share capital of Apex Corporate and the AC Loan(s) will not be less than Hong Kong Dollars Twenty Five Millions (HK$25,000,000) until the exercise or expiry of the Option.

Conditions precedent

Completion shall be subject to and conditional upon the fulfillment of the following conditions:

(a) the Purchaser having conducted and completed due diligence on all business, technical, legal and financial matters and title investigation on the Property, and all such other matters as deemed necessary by the Purchaser in its absolute discretion, in relation to the Central Town Group, the Apex Corporate Group, the Property and the Clinic, and the Purchaser being satisfied with the results of such due diligence and title investigations in its absolute discretion;

(b) the approval of the Conditional Agreement and transactions contemplated thereunder (including the grant and exercise of the Options which is the subject of the Options Agreement) by Shareholders who are permitted to vote in accordance with the Listing Rules, if required;

(c) the approval of the Conditional Agreement and transactions contemplated thereunder (including the grant and exercise of the Options which is the subject of the Options Agreement) by shareholders of Dragonite who are permitted to vote in accordance with the Listing Rules, if required;

(d) the compliance by the Company and Dragonite with all the necessary requirements under the Listing Rules;

(e) if applicable, the obtaining of all consents or waiver from government or regulatory authorities or third parties (including the existing mortgagee of the Property) which are necessary in connection with the execution and performance of the Conditional Agreement and any of the transactions contemplated thereunder; and

(f) no events, facts or circumstances, which has constituted or may constitute any breach of any provisions of the Conditional Agreement (including without limitation the representations and warranties as stipulated therein) has happened on or before the Completion Date.

As at the Latest Practicable Date, none of the conditions has been fulfilled or waived.

Termination

If the above-mentioned conditions are not fulfilled or waived (as the case may be) or the Purchaser gives notice to the Vendor in writing with reason that any such condition is not capable of being fulfilled on or prior to 16 September 2011 (or such later date as may be agreed between Power Global and the Purchaser in writing), the Conditional Agreement shall terminate and shall become void and of no further effect and save in respect of any antecedent breaches, all liabilities of Power Global and the Purchaser shall cease and determine provided that such termination shall be without prejudice to any rights or remedies of the parties which shall have accrued prior to such termination. On termination of the Conditional Agreement, the Vendor shall within three Business Days of such termination refund the deposits paid by the Purchaser without interest.

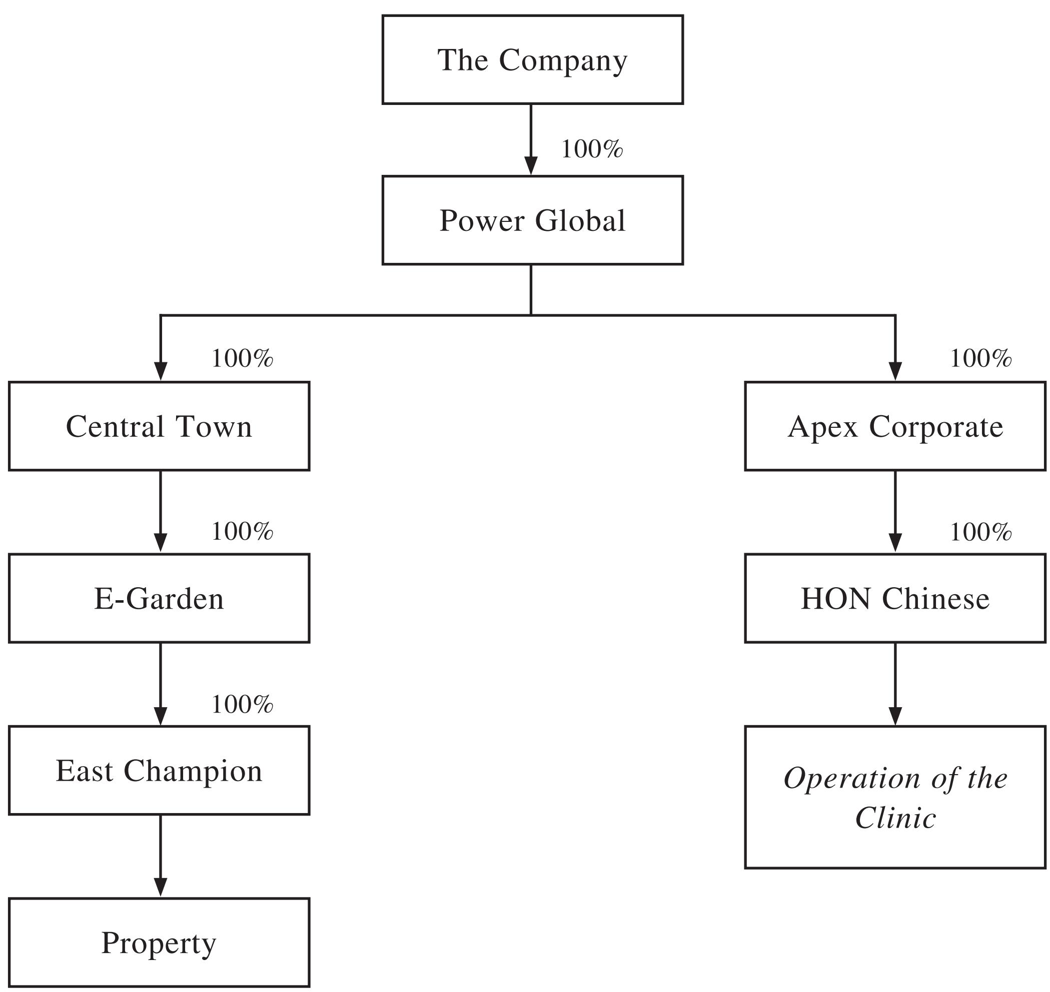
Completion

Completion shall take place on the second Business Day after the date on which the above-mentioned conditions shall have been satisfied or, if applicable, waived by the parties.

Power Global and the Purchaser shall procure that within a period of six months from Completion, there shall be a discharge of the corporate guarantee currently given by the Company for securing the existing mortgage loan granted to East Champion with outstanding principal amount of approximately HK$28,503,000 as at 31 March 2011 which is also secured by a legal charge/mortgage on the Property.

INFORMATION ON THE CENTRAL TOWN GROUP, THE PROPERTY AND THE APEX CORPORATE GROUP

As at the Latest Practicable Date, the shareholding structure in relation to the Central Town Group and the Apex Corporate Group is as follows:



THE CENTRAL TOWN GROUP AND THE PROPERTY

Central Town and E-Garden are companies incorporated in the British Virgin Islands with limited liability and the investment vehicles of the Group for the holding of East Champion. East Champion is principally engaged in the holding of the Property.

The Property is known as Basement, Stamps Gallery “No.28 Marble Road”, No.28 Marble Road, North Point, Hong Kong. The Property occupies the entire basement of No. 28 Marble Road, North Point, Hong Kong and has a gross floor area of approximately 15,748 square feet.

Based on the audited consolidated accounts of the Central Town Group, as at the 31 March 2011, the amount of net liabilities of the Central Town Group was approximately HK$1,285,000 (after taking into account of the CT Loan of approximately HK$122,673,000 and the carrying value of the Property was HK$145,000,000. Accordingly to a recent valuation conducted by an independent professional valuer, the market value of the Property as at 31 March 2011 was HK$145,000,000.

According to the audited consolidated accounts of the Central Town Group, the net profit before and after taxation and extraordinary items were both of (i) approximately HK$42,084,000 for the year ended 31 March 2010 and (ii) approximately HK$4,247,000 for the year ended 31 March 2011.

The Central Town Group will cease to be subsidiaries of the Company after Completion.

THE APEX CORPORATE GROUP

Apex Corporate is a company incorporated in the British Virgin Islands with limited liability. The principal activity of Apex Corporate is the holding of the investment in HON Chinese. HON Chinese is a company incorporated in Hong Kong with limited liability. HON Chinese is principally engaged in the operation of the Clinic which has commenced operation in mid-May 2011. The operation of the Clinic includes medical consultation and other Chinese manipulative therapy treatment such as acupuncture, tui na, moxibustion, fire cupping, Chinese herbalism and qigong.

Based on the audited consolidated accounts of the Apex Corporate Group, as at the 31 March 2011, the amount of net liabilities of the Apex Corporate Group was approximately HK$159,000 (after taking into account of the AC Loan of approximately HK$5,983,000).

The Apex Corporate Group was incorporated in October 2010. According to the audited consolidated accounts of the Apex Corporate Group, the net loss before and after taxation and extraordinary items was approximately HK$159,000 for the period from incorporation to 31 March 2011.

The Apex Corporate Group will remain as subsidiaries of the Company after Completion until the completion of the exercise of the Option under the Options Agreement.

FINANCIAL EFFECT OF COMPLETION OF THE CONDITIONAL AGREEMENT AND THE USE OF THE PROCEEDS FROM THE DISPOSAL

Based on the preliminary assessment, the Group is expected to recognise a net loss of approximately HK$5,858,000 upon the completion of the Disposal, which represents the consideration of HK$117 million less the total amount of the shareholder loans of approximately HK$122,673,000 as advanced by the Company to the Central Town Group as at 31 March 2011 plus the amount of net liabilities of the Central Town Group of approximately HK$1,285,000 as at 31 March 2011 and taking into consideration of the estimated transaction cost of approximately HK$1,470,000 for the Disposal.

The Company expects the Disposal will not materially affect the total assets, total liabilities and the earnings of the Group, upon completion of the Disposal. The Shareholders are also advised to read the unaudited pro forma financial information of the Remaining Group set out in the Appendix III of this circular.

The net proceeds from the Disposal being approximately HK$115,530,000 will be used by the Group mainly for (i) general working capital purposes which includes payment of administrative expenses, staff costs and audit fee, etc., (ii) where appropriate, future expansion of existing business which includes property related investments, money-leading business and investment in securities, and (iii) future development and/or acquisition of new businesses and assets where suitable opportunities arise.

As disclosed earlier, Power Global shall warrant under the Options Agreement that the total amount of the paid up share capital of the Apex Corporate Group and the AC Loan(s) will not be less than HK$25 million until the exercise or expiry of the Option. As at the Latest Practicable Date, the Company has injected approximately HK$8,116,000 into the Apex Corporate Group. Hence, the Company shall inject a further total amount of approximately HK$16,884,000 as capital and/or shareholder's loan to the Apex Corporate Group pursuant to warranty in the Options Agreement. Save as such further injection of capital and/or shareholder's loan to the Apex Corporate Group, at the Latest Practicable Date, the Company does not have any agreement, arrangement, understanding or negotiation in relation to the future expansion of existing business or future development and/or acquisition of new businesses and assets. Neither does the Company have any identified investment target as at the Latest Practicable Date. Hence, the Company does not have any quantitative breakdown of the future use of the net proceeds from Disposal.

The Company is unable to estimate reasonably the amount of gain or loss on the future exercise of the Option, if applicable, after Completion. This is because the amount will depend on the future operation results of the Apex Corporate Group before the exercise of the Option and the type of Option to be exercised. For illustration purpose only, based on the amount of net liabilities of the Apex Corporate Group as at the 31 March 2011 of approximately HK$159,000 and (i) the minimum Option price of HK$25,000,000 and (ii) the maximum Option price of HK$75,000,000, the Group will recognise a net gain of (i) at least approximately HK$159,000 which represents the minimum Option price of HK$25 million less the warranted minimum total amount of the paid up share capital of the Apex Corporate Group and the AC Loan(s) of HK$25 million plus the amount of accumulated loss of the Apex Corporate Group of approximately HK$159,000 as at 31 March 2011; and (ii) at most approximately HK$50,159,000 which represents the maximum Option price of HK$75 million less the warranted minimum total amount of the paid up share capital of the Apex Corporate Group and the AC Loan(s) of HK$25 million plus the amount of accumulated loss of the Apex Corporate Group of approximately HK$159,000 as at 31 March 2011, upon the completion of the exercise of the Option.

At the date of this circular, the Company is unable to estimate the intended use of the proceeds from the disposal of the AC Share and AC Loan(s) (if any) upon the exercise of the Option.

REASONS FOR AND BENEFITS OF THE 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 and money-lending businesses. Recently, the Group has also been developing a new line of business, i.e. business in the traditional Chinese medicine industry through the operation of the Clinic, as the Group sees high potential in this area. The operation of the Clinic includes medical consultation and other Chinese manipulative therapy treatments such as acupuncture, tui na, moxibustion, fire cupping, Chinese herbalism and qigong.

The Disposal will enable the Group to strengthen its financial position and liquidity and will also enhance the ability of the Group to fund its potential acquisitions or expand its existing business when appropriate. With the entering into of the Tenancy Agreement, the Group will be able to secure the tenancy and hence the occupation of the Property for the operation of the Clinic for at least the next five years after the Disposal.

The entering into of the Options Agreement will enable the Group to take advantage of the high potential in the traditional Chinese medicine industry and realise in the future its investment in the Clinic and capture any gains therefrom. The Options will also provide a clear and defined mechanism to the Group for the future realisation of part of its assets when appropriate, which also enable the Group to strengthen its financial position and liquidity, if needed, in a more predictable and certain way. The entering into of the Options Agreement is hence consistent with the Company's positive view towards the Chinese medicine industry.

The Board considers that the terms of the Conditional Agreement are negotiated on an arm's length basis. The Property had been vacant for a long time since its acquisition by the Group and the Property has not been generating any rental return but has been incurring maintenance costs and creating expenses burden to the Group. While the Disposal will generate a one-time loss for the Group, the Board decides to take advantage of the current market to cash in on the Group's interests in CT Share together with the CT Loan(s), so that the Group would have more financial flexibility and financial resources for funding its existing businesses in an attempt to generate positive return to the Company and the Shareholders as a whole.

Also, the Board considers that the consideration to be received for the sale of the CT Share together with the CT Loan(s) is a fair and good one based on the market price of the underlying Property and with reference to a recent valuation of the Property conducted by an independent professional valuer.

Having considered the above-mentioned terms and reasons of entering into the Conditional Agreement, the Board considers that the terms of the Conditional Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The sale and purchase of the CT Share together with the CT Loan(s) and the grant of option to sell/ purchase the AC Share together with the AC Loan(s) constitutes disposal of the Company's equity interests in those subsidiaries of the Company under Chapter 14 of the Listing Rules. As the applicable percentage ratio (as defined under the Listing Rules) is larger than 75%, the entering into of the Conditional Agreement constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

SGM

A notice convening the SGM will be held at 30/F., China United Centre, No. 28 Marble Road, North Point, Hong Kong on 28 June 2011 at 9:00 a.m. is set out at the end of this circular. A form of proxy for use at the SGM is also enclosed. If you are not able to attend the meeting, you are strongly urged 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 29th Floor, China United Centre, No. 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.

In accordance with Rule 13.39(4) of the Listing Rules, the vote of the Shareholders will be taken by poll at the SGM.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, none of the Shareholders and its associates has a material interest in the Conditional Agreement who is required to abstain from voting on the relevant resolutions to be proposed at the SGM.

FURTHER INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

By order of the Board
Heritage International Holdings Limited
Dr. Kwong Kai Sing, Benny
Chairman

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.

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

10 June 2011

The Board of Directors
Heritage International Holdings Limited

Dear Sirs

We set out below our report on the financial information of Central Town Limited ("Central Town") and its subsidiaries (hereinafter collectively referred to as the "Central Town Group") comprising the consolidated statements of comprehensive income, statements of changes in equity and statements of cash flows of the Central Town Group for each of the years ended 31 March 2009, 2010 and 2011 (the "Relevant Periods"), and the consolidated statements of financial position of the Central Town Group as at 31 March 2009, 2010 and 2011 together with the notes thereto (the "Financial Information"), prepared on the basis of preparation set out in note 3.1 to the Financial Information below, for inclusion in a circular (the "Circular") issued by Heritage International Holdings Limited (the "Company") dated 10 June 2011 in connection with the proposed disposal of the entire issued capital of a subsidiary of the Company, Central Town.

Central Town was incorporated in the British Virgin Islands (the "BVI") with limited liability on 31 March 2008. The Central Town Group is primarily involved in property investment.

No audited statutory financial statements for the Central Town Group and Central Town have been prepared up to the date of this report as Central Town was incorporated in the BVI where there were no statutory audit requirements.

The statutory financial statements of one of the major operating subsidiaries of Central Town Group were prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (the "HKASs") and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and were audited by us in accordance with Hong Kong Standards on Auditing (the "HKSA") issued by the HKICPA .

For the purpose of this report, the directors of the Company have prepared the consolidated management accounts of the Central Town Group (the "Underlying Financial Statements") for the Relevant Periods in accordance with HKFRSs issued by the HKICPA. The Underlying Financial Statements for the Relevant Periods were audited by us in accordance with the HKSA issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements, with no adjustments made thereon.

Directors' responsibility

The directors of the Company are responsible for the preparation of the Underlying Financial Statements and the Financial Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion on the Financial Information and to report our opinion thereon to you.

For the purpose of this report, we have examined the Underlying Financial Statements and have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

Opinion in respect of the Financial Information

In our opinion, for the purpose this report, the Financial Information gives a true and fair view of the state of the Central Town Group's affairs as at 31 March 2009, 2010 and 2011 and of its results and cash flows for the Relevant Periods.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years ended 31 March		
		2011	**2010**	**2009**
	Notes	*HK$*	*HK$*	*HK$*
REVENUE	5	–	–	–
Gain/(loss) arising from change in fair value of an investment property	10	8,000,000	44,715,303	(45,000,000)
General and administrative expenses		(2,729,626)	(946,974)	(913,917)
Finance cost	6	(1,023,308)	(1,684,580)	(1,702,370)
PROFIT/(LOSS) FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	7	4,247,066	42,083,749	(47,616,287)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 March		
		2011	2010	2009
	Notes	*HK$*	*HK$*	*HK$*
NON-CURRENT ASSETS				
Investment property	10	145,000,000	137,000,000	90,000,000
Property, plant and equipment	11	–	577,226	727,226
Total non-current assets		145,000,000	137,577,226	90,727,226
CURRENT ASSETS				
Prepayments, deposits and other receivables		5,042,024	4,552,535	3,797,230
Bank balance		58,226	54,926	62,276
Total current assets		5,100,250	4,607,461	3,859,506
CURRENT LIABILITIES				
Other payables and accruals		208,706	165,487	389,360
Interest-bearing bank borrowing	12	28,503,829	31,841,399	33,011,726
Due to the ultimate holding company	1	122,673,179	115,710,331	108,801,925
Total current liabilities		151,385,714	147,717,217	142,203,011
NET CURRENT LIABILITIES		(146,285,464)	(143,109,756)	(138,343,505)
Net liabilities		(1,285,464)	(5,532,530)	(47,616,279)
EQUITY				
Issued capital	13	8	8	8
Accumulated losses		(1,285,472)	(5,532,538)	(47,616,287)
Total equity		(1,285,464)	(5,532,530)	(47,616,279)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended 31 March 2009, 2010 and 2011

	Issued capital *HK$*	Accumulated losses *HK$*	Total equity *HK$*
At 1 April 2008	8	–	8
Total comprehensive loss for the year	–	(47,616,287)	(47,616,287)
At 31 March 2009 and at 1 April 2009	8	(47,616,287)	(47,616,279)
Total comprehensive income for the year	–	42,083,749	42,083,749
At 31 March 2010 and at 1 April 2010	8	(5,532,538)	(5,532,530)
Total comprehensive income for the year	–	4,247,066	4,247,066
At 31 March 2011	8	(1,285,472)	(1,285,464)

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years ended 31 March		
		2011	**2010**	**2009**
	Notes	*HK$*	*HK$*	*HK$*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) for the year		4,247,066	42,083,749	(47,616,287)
Adjustments for:				
Change in fair value of an investment property	10	(8,000,000)	(44,715,303)	45,000,000
Finance cost	6	1,023,308	1,684,580	1,702,370
Depreciation	7	125,000	150,000	22,774
Write-off of items of property, plant and equipment	7	452,226	–	–
		(2,152,400)	(796,974)	(891,143)
Increase in prepayments, deposits and other receivables		(489,489)	(755,305)	(3,447,230)
Increase/(decrease) in other payables and accruals		43,219	(223,873)	206,360
Increase in an amount due to the ultimate holding company		6,962,848	6,908,406	108,732,657
Net cash flows from operating activities		4,364,178	5,132,254	104,600,644
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of a subsidiary	14	–	–	(101,170,000)
Purchases of items of property, plant and equipment		–	–	(750,000)
Additions to an investment property		–	(2,284,697)	–
Net cash flows used in investing activities		–	(2,284,697)	(101,920,000)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid		(1,023,308)	(1,684,580)	(1,702,370)
Repayment of a bank loan		(33,337,570)	(1,170,327)	(985,274)
New bank loan		30,000,000	–	–
Net cash flows used in financing activities		(4,360,878)	(2,854,907)	(2,687,644)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,300	(7,350)	(7,000)
Cash and cash equivalents at beginning of year		54,926	62,276	69,276
CASH AND CASH EQUIVALENTS AT END OF YEAR		58,226	54,926	62,276
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS				
Bank balance		58,226	54,926	62,276

NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Central Town Limited ("Central Town") is a limited liability company incorporated in the British Virgin Islands. The principal place of business of Central Town is located at 29th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

During the Relevant Periods, the Central Town Group was primarily involved in property investment.

Central Town is a wholly-owned subsidiary of Power Global Limited, a company incorporated in the British Virgin Islands. In the opinion of the directors of the Company, Central Town's ultimate holding company is Heritage International Holdings Limited, which is incorporated in Bermuda.

The amount due to the ultimate holding company is unsecured, interest-free and has no fixed terms of repayment.

As at the end of the Relevant Periods, Central Town had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to Central Town		Principal activities
			Direct	Indirect	
E-Garden Properties Limited *(note (a))*	11 August 2000 British Virgin Islands/ Hong Kong	US$1	100	–	Investment holding
East Champion Limited *(note (b))*	3 February 1997 Hong Kong	HK$2	–	100	Property investment

Notes:

(a) No audited financial statements have been prepared for this entity for the years ended 31 March 2009, 2010 and 2011, as the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

(b) The statutory financial statements of this entity for the years ended 31 March 2009, 2010 and 2011 prepared under HKFRSs were audited by Ernst & Young, Hong Kong.

2. FUNDAMENTAL ACCOUNTING CONCEPT

The Financial Information has been prepared on the going concern basis, notwithstanding the Central Town Group had net current liabilities and a deficiency in assets at the end of the Relevant Periods, as the ultimate holding company of Central Town has agreed not to demand repayment of the amount due to it until the Central Town Group is in a position to do so and to provide adequate funds for the Central Town Group to meet its liabilities as and when they fall due, so as to maintain it as a going concern for the foreseeable future.

3.1 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. They have been prepared under the historical cost convention, except for an investment property, which has been measured at fair value. The Financial Information is presented in Hong Kong dollars.

Basis of consolidation

The Financial Information includes the financial statements of Central Town and its subsidiaries (collectively referred to as the "Central Town Group") for the three years ended 31 March 2009, 2010 and 2011 (the "Relevant Periods"). The financial statements of the subsidiaries are prepared for the same reporting period as Central Town, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Central Town Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

3.2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The HKICPA has issued a number of HKASs, HKFRSs, amendments and interpretations (hereinafter collectively referred to as the "new and revised HKFRSs") which are effective for the Central Town Group's financial year beginning on 1 April 2008. For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Central Town Group has adopted all these new and revised HKFRSs consistently throughout the Relevant Periods.

The Central Town Group has not early applied any new and revised HKFRSs, that have been issued but are not yet effective for the Relevant Periods, in the Financial Information. The Central Town Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Central Town Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Central Town Group's results of operations and financial position.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies Central Town controls, directly or indirectly, so as to obtain benefits from its activities.

Business combinations

Business combinations from 1 January 2010

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Central Town Group, liabilities assumed by the Central Town Group to the former owners of the acquiree and the equity interests issued by the Central Town Group in exchange for control of the acquiree. Acquisition costs are expensed as incurred.

When the Central Town Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the sum of the consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in the statement of comprehensive income as a gain on bargain purchase.

Business combinations prior to 1 January 2010

In comparison to the above-mentioned requirements which were applied on a prospective basis, the following differences applied to business combinations prior to 1 January 2010:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs.

When the Central Town Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than the investment property and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of the Relevant Periods as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of comprehensive income in the period in which it arises.

Related parties

A party is considered to be related to the Central Town Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Central Town Group; (ii) has an interest in the Group that gives it significant influence over the Central Town Group; or (iii) has joint control over the Central Town Group;

(b) the party is a member of the key management personnel of the Central Town Group;

(c) the party is a close member of the family of any individual referred to in (a) or (b); or

(d) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c).

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the Relevant Periods.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of comprehensive income in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income in the year of the retirement or disposal.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Central Town Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The Central Town Group's leasehold improvements are depreciated at an annual rate of 20%.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as loans and receivables. The Central Town Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Central Town Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the statement of comprehensive income. The loss arising from impairment is recognised in the statement of comprehensive income.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Central Town Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Central Town Group has transferred substantially all the risks and rewards of the asset, or (b) the Central Town Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Central Town Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Central Town Group's continuing involvement in the asset. In that case, the Central Town Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Central Town Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Central Town Group could be required to repay.

Impairment of financial assets

The Central Town Group assesses at the end of the Relevant Periods whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Central Town Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Central Town Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the statement of comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as loans and borrowings. The Central Town Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance cost in the statement of comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Central Town Group's cash management.

For the purpose of the statement of financial position, bank balance comprises cash at a bank, which is not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of comprehensive income.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Central Town Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investment in a subsidiary, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investment in a subsidiary, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Borrowing costs

Borrowing costs directly attributable to the construction of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Central Town Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the Relevant Periods. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Central Town Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Information:

Classification between investment property and owner-occupied property

The Central Town Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Central Town Group considers whether a property generates cash flows largely independently of the other assets held by the Central Town Group.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimation of fair value of investment property

Investment property is carried in the statement of financial position at its fair value. The fair value was based on a valuation on this property conducted by an independent firm of professional valuers using property valuation techniques which involve making assumptions on certain market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Central Town Group's investment property and the corresponding adjustments to the gain or loss recognised in the statement of comprehensive income.

Impairment of non-financial assets

The Central Town Group assesses whether there are any indicators of impairment for all non-financial assets at the end of the Relevant Periods. Non-financial assets with finite useful lives are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

5. REVENUE AND SEGMENT INFORMATION

The Central Town Group did not generate any revenue during the Relevant Periods.

Segment information

The application of HKFRS 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Central Town Group that are regularly reviewed by the chief operating decision maker ("CODM"), which is identified as the board of directors of Central Town, in order to allocate resources to segments and to assess their performance. During the Relevant Periods, the Central Town Group operated a single business of property investment in Hong Kong and only owned one property situated at the basement of China United Centre, 28 Marble Road, North Point, Hong Kong, which was expected to be leased to third parties under operating leases at the end of the Relevant Periods. The CODM of Central Town reviewed the results of the Central Town Group for purposes of resources allocation and performance assessment and no other discrete financial information is available. Accordingly, no segment analysis is presented.

6. FINANCE COST

	Years ended 31 March		
	2011	**2010**	**2009**
	HK$	*HK$*	*HK$*
Interest on a bank loan not wholly repayable within five years	1,023,308	1,684,580	1,702,370

7. PROFIT/(LOSS) FOR THE YEAR

The Central Town Group's profit/(loss) for the year is arrived at after charging:

	Years ended 31 March		
	2011	**2010**	**2009**
	HK$	*HK$*	*HK$*
Depreciation *(note 11)*	125,000	150,000	22,774
Auditors' remuneration	20,000	20,000	22,000
Directors' remuneration	–	–	–
Write-off of items of property, plant and equipment	452,226	–	–

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Central Town Group did not generate any assessable profits arising in Hong Kong during the Relevant Periods.

A reconciliation of the tax charge/(credit) applicable to the Central Town Group's profit/(loss) for the years at the Hong Kong statutory rate to the tax amount at the effective tax rate is as follows:

	Years ended 31 March		
	2011	**2010**	**2009**
	HK$	*HK$*	*HK$*
Profit/(loss) for the year	4,247,066	42,083,749	(47,616,287)
Tax charge/(credit) at the Hong Kong statutory tax rate of 16.5%	700,766	6,943,819	(7,856,687)
Income not subject to tax	(1,320,000)	(7,378,025)	–
Expenses not deductible for tax	617,664	277,956	7,705,891
Others	1,570	156,250	150,796
Tax amount at the Central Town Group's effective tax rate	–	–	–

There was no material unprovided deferred tax charge in respect of the Relevant Peiords and as at 31 March 2009, 2010 and 2011.

9. EARNINGS/LOSS PER SHARE

No basic or diluted earnings/loss per share information is presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful.

10. INVESTMENT PROPERTY

	2011	**2010**	**2009**
	HK$	*HK$*	*HK$*
Carrying amount at 1 April	137,000,000	90,000,000	–
Acquisition of a subsidiary *(note 14)*	–	–	135,000,000
Additions	–	2,284,697	–
Change in fair value of an investment property	8,000,000	44,715,303	(45,000,000)
Carrying amount at 31 March	145,000,000	137,000,000	90,000,000

The Central Town Group's investment property is situated in Hong Kong and is held under a long term lease.

The Central Town Group's investment property was revalued at 31 March 2009, 2010 and 2011 by Asset Appraisal Limited, independently professionally qualified valuers, at HK$90,000,000, HK$137,000,000 and HK$145,000,000, respectively, on an open market, existing use basis. The investment property is expected to be leased to third parties under operating leases.

At 31 March 2009, 2010 and 2011, the Central Town Group's investment property with a value of HK$90,000,000, HK$137,000,000 and HK$145,000,000, respectively, was pledged to secure general banking facilities granted to the Central Town Group (note 12).

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements *HK$*
31 March 2011	
At 31 March 2010 and at 1 April 2010:	
Cost	750,000
Accumulated depreciation	(172,774)
Net carrying amount	577,226
At 1 April 2010, net of accumulated depreciation	577,226
Depreciation provided during the year	(125,000)
Write-off	(452,226)
At 31 March 2011, net of accumulated depreciation	–
At 31 March 2011:	
Cost	–
Accumulated depreciation	–
Net carrying amount	–
31 March 2010	
At 31 March 2009 and at 1 April 2009:	
Cost	750,000
Accumulated depreciation	(22,774)
Net carrying amount	727,226
At 1 April 2009, net of accumulated depreciation	727,226
Depreciation provided during the year	(150,000)
At 31 March 2010, net of accumulated depreciation	577,226
At 31 March 2010:	
Cost	750,000
Accumulated depreciation	(172,774)
Net carrying amount	577,226

	Leasehold improvements
	HK$
31 March 2009	
Additions	750,000
Depreciation provided during the year	(22,774)
At 31 March 2009, net of accumulated depreciation	727,226
At 31 March 2009:	
Cost	750,000
Accumulated depreciation	(22,774)
Net carrying amount	727,226

12. INTEREST-BEARING BANK BORROWING

	Contractual interest rate	Maturity#	As at 31 March 2011 HK$	2010 HK$	2009 HK$
Current					
Bank loan – secured	Prime^	2027	–	31,841,399	33,011,726
Bank loan – secured	Prime*-2%	2025	28,503,829	–	–
			28,503,829	31,841,399	33,011,726

^ Represents the Hong Kong dollar prime lending rate as quoted by Chong Hing Bank Limited.

* Represents the Hong Kong dollar prime lending rate as quoted by Bank of East Asia, Limited.

The bank loan is repayable by instalments, this denotes the maturity of the last instalment of the relevant period.

The Central Town Group's term loan containing a repayment on demand clause is classified in total as current liabilities at the end of the Relevant Periods. Ignoring the effect of any repayment on demand clause and based on the maturity terms of the loan, the loan is repayable:

	As at 31 March 2011	2010	2009
	HK$	*HK$*	*HK$*
Within one year	1,573,898	1,195,874	1,149,011
In the second to fifth years, inclusive	7,056,467	5,532,838	5,248,142
Beyond five years	19,873,464	25,112,687	26,614,573
	28,503,829	31,841,399	33,011,726

The Central Town Group's bank loan is denominated in Hong Kong dollars and is secured by a mortgage over the Central Town Group's investment property situated in Hong Kong, which had a carrying amount as at 31 March 2009, 2010 and 2011 of HK$90,000,000, HK$137,000,000 and HK$145,000,000, respectively, (note 10).

13. SHARE CAPITAL

	As at 31 March 2011	2010	2009
Authorised:			
50,000 ordinary shares of US$1 each	US$50,000	US$50,000	US$50,000
Issued and fully paid:			
1 ordinary share of US$1	HK$8	HK$8	HK$8

14. BUSINESS COMBINATIONS

In April 2008, Central Town acquired a 100% interest in E-Garden Limited ("E-Garden") from an independent third party. The principal activity of E-Garden is investment holding. East Champion Limited, a wholly-owned subsidiary of E-Garden, is the registered owner of a property located at the basement of China United Centre, 28 Marble Road, North Point, Hong Kong. The purchase consideration for the acquisition was in the form of cash of approximately HK$101,170,000.

The fair values of the identifiable assets and liabilities of E-Garden and its subsidiary as at the date of acquisition which were equivalent to the corresponding carrying amounts immediately before the acquisition were as follows:

	HK$
Investment property *(note 10)*	135,000,000
Prepayments, deposits and other receivables	350,000
Interest-bearing bank borrowing	(33,997,000)
Other payables and accruals	(183,000)
Net assets acquired at fair values	101,170,000
Total cost of the acquisition satisfied by cash	101,170,000

Since the acquisition, E-Garden and its subsidiary had not contributed to the Central Town Group's consolidated turnover but contributed a loss of approximately HK$47,735,000 to the Central Town Group's consolidated loss for the year ended 31 March 2009.

Had the combination taken place at the beginning of the year ended 31 March 2009, the revenue of the Central Town Group would be the same and the loss of the Central Town Group for the year ended 31 March 2009 would have been approximately HK$433,226,000.

15. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the Relevant Periods are as follows:

	As at 31 March		
	2011	**2010**	**2009**
	HK$	*HK$*	*HK$*
Financial assets			
Loans and receivables			
Financial assets included in prepayments, deposits and other receivables	5,034,796	4,534,796	3,788,296
Bank balance	58,226	54,926	62,276
	5,093,022	4,589,722	3,850,572
Financial liabilities			
Financial liabilities at amortised cost			
Financial liabilities included in other payables and accruals	81,598	38,379	262,252
Interest-bearing bank borrowing	28,503,829	31,841,399	33,011,726
Due to the ultimate holding company	122,673,179	115,710,331	108,801,925
	151,258,606	147,590,109	142,075,903

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Central Town Group's principal financial instruments include a bank balance, an interest-bearing bank borrowing and an amount due to the ultimate holding company. The main purpose of these financial instruments is to finance the Central Town Group's operations.

The main risks arising from the Central Town Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Central Town Group's exposure to interest rate risk relates primarily to its interest-bearing financial liability. Interest-bearing financial liability represents an interest-bearing bank borrowing at floating interest rate. The Central Town Group's policy is to obtain the most favorable interest rate available.

For the Hong Kong dollar floating-rate borrowing, assuming that the amount of the liability outstanding at the end of the Relevant Periods was outstanding for the whole year with all other variables held constant, a 25 basis point increase/decrease in interest rates as at 31 March 2009, 2010 and 2011 would have decreased/increased the Central Town Group's profit/(loss) for the years by HK$82,529, HK$79,603 and HK$71,260, respectively.

Credit risk

The credit risk of the Central Town Group's financial assets, which comprise deposits and other receivables and a bank balance, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments. The bank balance of the Central Town Group is deposited with a creditworthy bank with no recent history of default.

Liquidity risk

In the management of liquidity risk, the Central Town Group monitors and maintains level of working capital deemed adequate by management to finance the Central Town Group's operations. The Central Town Group also maintains a balance between continuity of funding and flexibility through the funding from its holding company.

The maturity profile of the Central Town Group's financial liabilities as at the end of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	Repayable on demand/ no fixed terms of repayment	**Less than 3 months**	**Total**
	HK$	*HK$*	*HK$*
31 March 2011			
Financial liabilities included in other payables and accruals	–	81,598	81,598
Interest-bearing bank borrowing *(note)*	29,377,873	–	29,377,873
Due to the ultimate holding company	122,673,179	–	122,673,179
	152,051,052	81,598	152,132,650
31 March 2010			
Financial liabilities included in other payables and accruals	–	38,379	38,379
Interest-bearing bank borrowing *(note)*	33,462,522	–	33,462,522
Due to the ultimate holding company	115,710,331	–	115,710,331
	149,172,853	38,379	149,211,232
31 March 2009			
Financial liabilities included in other payables and accruals	–	262,252	262,252
Interest-bearing bank borrowing *(note)*	34,717,455	–	34,717,455
Due to the ultimate holding company	108,801,925	–	108,801,925
	143,519,380	262,252	143,781,632

Note:

Included in the above interest-bearing bank borrowing is a term loan containing a repayment on-demand clause giving the bank the unconditional right to call in the loan at any time and therefore, for the purpose of the above maturity profile, the total amount is classified as "repayable on demand".

Notwithstanding the above clause, the directors do not believe that the loan will be called in its entirety within 12 months, and they consider that the loan will be repaid in accordance with the maturity dates as set out in the loan agreement. This evaluation was made considering: the financial position of the Central Town Group at the date of approval of the Financial Information; the Central Town Group's compliance with the loan covenants; the lack of events of default, and the fact that the Central Town Group has made all previously scheduled repayments on time.

In accordance with the terms of the loan which contains a repayment on-demand clause, the maturity profile of that loan as at the end of the Relevant Periods, based on the contractual undiscounted payments and ignoring the effect of any repayment on demand clause, is as follows:

	Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
As at 31 March 2011	2,447,942	10,118,160	22,977,862	35,543,964
As at 31 March 2010	2,816,997	11,421,504	33,768,427	48,006,928
As at 31 March 2009	2,854,740	14,273,700	33,780,811	50,909,251

Capital management

The primary objective of the Central Town Group's capital management is to safeguard the Central Town Group's ability to continue as a going concern.

The Central Town Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, Central Town may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Central Town Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

Capital of Central Town comprises all components of shareholders' equity.

17. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by Central Town in respect of any period subsequent to 31 March 2011.

Yours faithfully
Ernst & Young
Certified Public Accountants
Hong Kong

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.

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

10 June 2011

The Board of Directors
Heritage International Holdings Limited

Dear Sirs

We set out below our report on the financial information of Apex Corporate Investments Limited ("Apex Corporate") and its subsidiary (hereinafter collectively referred to as the "Apex Corporate Group") comprising the consolidated statement of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period from 29 October 2010 (date of incorporation of Apex Corporate) to 31 March 2011, together with the notes thereto (the "Apex Financial Information"), prepared on the basis of preparation set out in note 3.1 to the Apex Financial Information below, for inclusion in a circular (the "Circular") issued by Heritage International Holdings Limited (the "Company") dated 10 June 2011 in connection with the proposed granting of options to sell and purchase of the entire share capital of Apex Corporate.

Apex Corporate was incorporated in the British Virgin Islands (the "BVI") with limited liability on 29 October 2010. The Apex Corporate Group has not commenced its business of the operation of the traditional Chinese medicine clinic during the period.

No audited statutory financial statements for the Apex Corporate Group and Apex Corporate have been prepared up to the date of this report as Apex Corporate was incorporated in the BVI where there were no statutory audit requirements.

For the purpose of this report, the directors of the Company have prepared the consolidated management accounts of the Apex Corporate Group (the "Underlying Apex Financial Statements") for the period from 29 October 2010 (date of incorporation of Apex Corporate) to 31 March 2011 in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Apex Financial Statements for the period were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Apex Financial Information set out in this report has been prepared from the Underlying Apex Financial Statements with no adjustments made thereon.

Directors' responsibility

The directors of the Company are responsible for the preparation of the Underlying Apex Financial Statements and the Apex Financial Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Underlying Apex Financial Statements and the Apex Financial Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion on the Apex Financial Information and to report our opinion thereon to you.

For the purpose of this report, we have examined the Underlying Apex Financial Statements and have carried out procedures on the Apex Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

Opinion in respect of the Apex Financial Information

In our opinion, for the purpose of this report, the Apex Financial Information gives a true and fair view of the state of affairs of the Apex Corporate Group as at 31 March 2011 and of the loss and cash flows of the Apex Corporate Group for the period from 29 October 2010 (date of incorporation of Apex Corporate) to 31 March 2011.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period from 29 October 2010 (date of incorporation of Apex Corporate) to 31 March 2011

	Notes	*HK$*
REVENUE	4	–
General and administrative expenses		(158,715)
LOSS FOR THE PERIOD AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	5	(158,715)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2011

	Notes	*HK$*
NON-CURRENT ASSETS		
Deposits for purchases of items of property, plant and equipment		5,814,332
CURRENT ASSETS		
Deposits		4,750
Bank balance		5,950
Total current assets		10,700
CURRENT LIABILITIES		
Accrual		1,000
Due to the ultimate holding company	1	5,982,739
Total current liabilities		5,983,739
NET CURRENT LIABILITIES		(5,973,039)
Net liabilities		(158,707)
EQUITY		
Issued capital	8	8
Accumulated loss		(158,715)
Total equity		(158,707)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period from 29 October 2010 (date of incorporation of Apex Corporate) to 31 March 2011

	Issued capital *HK$*	**Accumulated loss** *HK$*	**Total equity** *HK$*
Issue of a share *(note 8)*	8	–	8
Total comprehensive loss for the period	–	(158,715)	(158,715)
At 31 March 2011	8	(158,715)	(158,707)

CONSOLIDATED STATEMENT OF CASH FLOWS

Period from 29 October 2010 (date of incorporation of Apex Corporate) to 31 March 2011

	Note	*HK$*
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period		(158,715)
Increase in deposits		(4,750)
Increase in an accrual		1,000
Increase in an amount due to the ultimate holding company		5,982,739
Net cash flows from operating activities		5,820,274
CASH FLOWS FROM INVESTING ACTIVITIES		
Deposits paid for purchases of items of property, plant and equipment and cash flows used in investing activities		(5,814,332)
CASH FLOWS FROM A FINANCING ACTIVITY		
Proceeds from issue of a share and cash flows from a financing activity	8	8
NET INCREASE IN CASH AND CASH EQUIVALENTS AND CASH AND CASH EQUIVALENTS AT END OF PERIOD		5,950
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Bank balance		5,950

NOTES TO THE APEX FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Apex Corporate Investments Limited ("Apex Corporate") is a limited liability company incorporated in the British Virgin Islands. The principal place of business of Apex Corporate is located at 29th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

The principal activity of Apex Corporate is investment holding. The subsidiary has not commenced the business of the operation of the traditional Chinese medicine clinic during the period.

Apex Corporate is a wholly-owned subsidiary of Power Global Limited, a company incorporated in the British Virgin Islands. In the opinion of the directors of the Company, Apex Corporate's ultimate holding company is Heritage International Holdings Limited, which is incorporated in Bermuda.

The amount due to the ultimate holding company is unsecured, interest-free and has no fixed terms of repayment.

As at the end of the reporting period, Apex Corporate had a direct interest in its subsidiary, a private limited liability company, the particulars of which are set out below:

Name	Place and date of incorporation and operation	Nominal value of issued ordinary share capital	Percentage of equity attributable to Apex Corporate Direct	Principal activity
HON Chinese Medicine Company Limited *(note (a))*	22 November 2010 Hong Kong	HK$2	100	Operation of the traditional Chinese medicine clinic *(note (b))*

Notes:

(a) No audited financial statements have been prepared for this entity since its date of incorporation.

(b) The subsidiary has not started the intended principal activity as at 31 March 2011.

2. FUNDAMENTAL ACCOUNTING CONCEPT

The Apex Financial Information has been prepared on the going concern basis, notwithstanding the Apex Corporate Group had net current liabilities and a deficiency in assets at the end of the reporting period, as the ultimate holding company of Apex Corporate has agreed not to demand repayment of the amount due to it until the Apex Corporate Group is in a position to do so and to provide adequate funds for the Apex Corporate Group to meet its liabilities as and when they fall due, so as to maintain it as a going concern for the foreseeable future.

3.1 BASIS OF PREPARATION

The Apex Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. They have been prepared under the historical cost convention. The Apex Financial Information is presented in Hong Kong dollars.

Basis of consolidation

The Apex Financial Information includes the financial statements of Apex Corporate and its subsidiary (collectively referred to as the "Apex Corporate Group"). The financial statements of the subsidiary are prepared for the same reporting period as Apex Corporate, using consistent accounting policies. The results of a subsidiary are consolidated from the date of acquisition, being the date on which the Apex Corporate Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

3.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Apex Corporate Group has not early applied any new and revised HKFRSs, that have been issued but are not yet effective for the period ended 31 March 2011, in the Apex Financial Information. The Apex Corporate Group is in the process of making an assessment of the impact of the new and revised HKFRSs upon initial application. So far, the Apex Corporate Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Apex Corporate Group's results of operations and financial position.

3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiary

A subsidiary is an entity whose financial and operating policies Apex Corporate controls, directly or indirectly, so as to obtain benefits from its activities.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets), the assets' recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of comprehensive income in the period in which it arises.

Related parties

A party is considered to be related to the Apex Corporate Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Apex Corporate Group; (ii) has an interest in the Apex Corporate Group that gives it significant influence over the Apex Corporate Group; or (iii) has joint control over the Apex Corporate Group;

(b) the party is a member of the key management personnel of the Apex Corporate Group;

(c) the party is a close member of the family of any individual referred to in (a) or (b);

(d) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c); or

(e) the party is a post-employment benefit plan for the benefit of the employees of the Apex Corporate Group, or any entity that is a related party of the Apex Corporate Group.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified as loans and receivables. The Apex Corporate Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Apex Corporate Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in the statement of comprehensive income. The loss arising from impairment is recognised in the statement of comprehensive income.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Apex Corporate Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Apex Corporate Group has transferred substantially all the risks and rewards of the asset, or (b) the Apex Corporate Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Apex Corporate Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Apex Corporate Group's continuing involvement in the asset. In that case, the Apex Corporate Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Apex Corporate Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Apex Corporate Group could be required to repay.

Impairment of financial assets

The Apex Corporate Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Apex Corporate Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (that is, the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the statement of comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified as loans and borrowings. The Apex Corporate Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance cost in the statement of comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of comprehensive income.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Apex Corporate Group's cash management.

For the purpose of the consolidated statement of financial position, bank balance comprises cash at a bank, which is not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in the statement of comprehensive income.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Apex Corporate Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investment in a subsidiary, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investment in a subsidiary, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Employee benefits

Pension scheme

The Apex Corporate Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Apex Corporate Group in an independently administered fund. The Apex Corporate Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

4. REVENUE AND SEGMENT INFORMATION

The Apex Corporate Group did not generate any revenue during the period.

Segment information

The application of HKFRS 8 *Operating segments* requires operating segments to be identified on the basis of internal reports about components of the Apex Corporate Group that are regularly reviewed by the chief operating decision maker, which is identified as the board of directors of Apex Corporate, in order to allocate resources to segments and to assess their performance. During the period, the Apex Corporate Group did not commence the business of the operation of the traditional Chinese medicine clinic and, accordingly, no segment analysis is presented.

5. LOSS FOR THE PERIOD

The Apex Corporate Group's loss for the period is arrived at after charging:

	HK$
Auditors' remuneration	100,000
Directors' remuneration	–
Employee benefit expenses:	
Salaries	40,000
Retirement benefit scheme contribution (defined contribution scheme)	1,000
	41,000

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Apex Corporate Group did not generate any assessable profits arising in Hong Kong during the period.

A reconciliation of the tax credit applicable to the Apex Corporate Group's loss for the period at the Hong Kong statutory tax rate to the tax amount at the effective tax rate is as follows:

	HK$
Loss for the period	(158,715)
Tax credit at the Hong Kong statutory tax rate of 16.5%	(26,188)
Expenses not deductible for tax	26,188
Tax amount at the Apex Corporate Group's effective tax rate	–

7. LOSS PER SHARE

No basic or diluted loss per share information is presented as its inclusion, for the purpose of the Apex Financial Information, is not considered meaningful.

8. SHARE CAPITAL

Authorised:	
50,000 ordinary shares of US$1 each	US$50,000
Issued and fully paid:	
1 ordinary share of US$1	HK$8

Upon incorporation, Apex Corporate's authorised share capital was US$50,000 divided into 50,000 ordinary shares of US$1 each and one ordinary share of US$1 was issued at par as the subscriber's share.

9. COMMITMENTS

The Apex Corporate Group had the following capital commitments at the end of the reporting period:

	HK$
Contracted, but not provided for:	
Leasehold improvements	2,638,524
Equipment	404,975
	3,043,499

At the date of this report, capital commitments of approximately HK$2 million was settled.

10. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

	HK$
Financial assets	
Loans and receivables	
Deposits	4,750
Bank balance	5,950
	10,700
Financial liabilities	
Financial liabilities at amortised cost	
Accrual	1,000
Due to the ultimate holding company	5,982,739
	5,983,739

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Apex Corporate Group's principal financial instrument includes an amount due to the ultimate holding company. The main purpose of this financial instrument is to finance the Apex Corporate Group's operations. The Apex Corporate Group has various other financial assets and liabilities such as a bank balance, deposits and an accrual, which mainly arise directly from its operations.

The main risks arising from the Apex Corporate Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The credit risk of the Apex Corporate Group's financial assets, which mainly comprise deposits and a bank balances, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments. The bank balance is deposited with a creditworthy bank with no recent history of default.

Liquidity risk

In the management of liquidity risk, the Apex Corporate Group monitors and maintains level of working capital deemed adequate by management to finance the Apex Corporate Group's operations. The Apex Corporate Group also maintains a balance between continuity of funding and flexibility through the funding from its holding company.

The maturity profile of the Apex Corporate Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was less than three months or no fixed terms of repayment.

Capital management

The primary objectives of the Apex Corporate Group's capital management are to safeguard the Apex Corporate Group's ability to continue as a going concern and maximise shareholder's value.

The Apex Corporate Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions and business strategies. To maintain or adjust the capital structure, the Apex Corporate Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Apex Corporate Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the period.

Capital of Apex Corporate comprises all components of the shareholder's equity.

12. COMPARATIVE AMOUNTS

This is the first set of financial statements of the Apex Corporate Group and, accordingly, there are no comparative amounts.

13. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by Apex Corporate in respect of any period subsequent to 31 March 2011.

Yours faithfully
Ernst & Young
Certified Public Accountants
Hong Kong

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 REMAINING GROUP

ERNST & YOUNG
安 永

18th Floor
Two International Finance Centre
8 Finance Street, Central
Hong Kong

The Board of Directors
Heritage International Holdings Limited

10 June 2011

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 for illustrative purposes only, to provide information about how the disposal of the Company's entire equity interest in Central Town Limited and its subsidiaries (the "Central Town Group") might have affected the financial information presented, for inclusion in Appendix III to the circular of the Company dated 10 June 2011 (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 of the Company and reporting accountants

It is the responsibility solely of the directors of the Company 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 Standard on Investment Circular Reporting Engagement 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 source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. 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 of the Company 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 of the Company, 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 (i) the financial position of the Group as at 30 September 2010 or any future dates; or (ii) the results and cash flows of the Group for the year ended 31 March 2010 or any future periods.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company 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. THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

(I) Unaudited pro forma consolidated statement of financial position of the Remaining Group

Introduction

The unaudited pro forma consolidated statement of financial position of the Remaining Group has been prepared to illustrate the effect of the very substantial disposal of the Group's entire equity interest in Central Town Limited and its subsidiaries (the "Central Town Group"). On 4 May 2011, the Group entered into a conditional agreement to dispose of its entire equity interest in the Central Town Group for a cash consideration of HK$117,000,000 (the "Disposal").

The unaudited pro forma consolidated statement of financial position of the Remaining Group has been prepared in accordance with Rule 4.29 of the Listing Rules for the purposes of illustrating the effect of the Disposal as if the Disposal took place on 30 September 2010.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is based upon the unaudited consolidated statement of financial position of the Group as at 30 September 2010, which has been extracted from the interim financial information of the Group for the six months ended 30 September 2010 (the "Interim Report"), after making pro forma adjustments relating to the Disposal that are (i) directly attributable to the Disposal; and (ii) factually supportable.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is based on a number of assumptions, estimates and uncertainties. Accordingly, the accompanying unaudited pro forma consolidated statement of financial position of the Remaining Group does not purport to describe the actual financial position of the Remaining Group that would have been attained had the Disposal been completed on 30 September 2010. The unaudited pro forma consolidated statement of financial position of the Remaining Group does not purport to predict the future financial position of the Remaining Group.

The unaudited pro forma consolidated statement of financial position of the Remaining 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 Remaining Group as at 30 September 2010

	The Group 30 September 2010 (Unaudited) *HK$'000* *(Note 1)*	Pro forma adjustments *HK$'000* *(Note 2)*	Pro forma The Remaining Group 30 September 2010 (Unaudited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	7,205	(502)	6,703
Investment properties	237,100	(139,000)	98,100
Interests in associates	184,576	–	184,576
Total non-current assets	428,881	(139,502)	289,379
CURRENT ASSETS			
Loans receivable	10,500	–	10,500
Convertible bond – loan portion	2,106	–	2,106
Investments at fair value through profit or loss	600,025	–	600,025
Prepayments, deposits and other receivables	19,958	(4,535)	15,423
Cash and bank balances	84,289	116,941 (ii)	201,230
Total current assets	716,878	112,406	829,284
CURRENT LIABILITIES			
Interest-bearing bank borrowings	3,926	(1,551)	2,375
Other payables and accruals	5,070	(460)	4,610
Due to an associate	7,454	–	7,454
Total current liabilities	16,450	(2,011)	14,439
NET CURRENT ASSETS	700,428	114,417	814,845
TOTAL ASSETS LESS CURRENT LIABILITIES	1,129,309	(25,085)	1,104,224

	The Group 30 September 2010 (Unaudited) *HK$'000* *(Note 1)*	Pro forma adjustments *HK$'000* *(Note 2)*	Pro forma The Remaining Group 30 September 2010 (Unaudited) *HK$'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	64,329	(27,750)	36,579
Deferred tax liabilities	4,351	–	4,351
Total non-current liabilities	68,680	(27,750)	40,930
Net assets	1,060,629	2,665	1,063,294
EQUITY			
Equity attributable to owners of the Company			
Issued capital	158,303	–	158,303
Reserves	902,326	2,665	904,991
Total equity	1,060,629	2,665	1,063,294

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 2010.

2. (i) The adjustments reflect the deconsolidation of assets and liabilities of the Central Town Group as at 30 September 2010 and the estimated gain arising from the Disposal, assuming that the Disposal had taken place on 30 September 2010.

	HK$'000
Property, plant and equipment	502
Investment property	139,000
Prepayments, deposits and other receivables	4,535
Bank balance	59
Current portion of an interest-bearing bank borrowing	(1,551)
Non-current portion of an interest-bearing bank borrowing	(27,750)
Other payables and accruals	(460)
	114,335
Gain on the Disposal as at 30 September 2010	2,665
Cash consideration	117,000

(ii) An analysis of the net inflow of cash and cash equivalents in respect of the Disposal is as follows:

Cash consideration	117,000
Bank balance disposed of	(59)
Net inflow of cash and cash equivalents in respect of the Disposal	116,941

For the purpose of preparing the Unaudited Pro Forma Financial Information, the consideration for the Disposal of HK$117,000,000, is assumed to have no adjustment, before deducting the estimated legal and professional fees and related expenses in relation to the Disposal.

The financial effect of the Disposal is to be determined based on adjustments in total consideration, estimated legal and professional fees and related expenses in relation to the Disposal and the carrying amount of net asset value of the Central Town Group at the completion date and is therefore subject to change upon completion of the Disposal.

(II) Unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group

Introduction

The unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group have been prepared to illustrate the effect of the Disposal.

The unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group have been prepared in accordance with Rule 4.29 of the Listing Rules for the purposes of illustrating the effect of the Disposal as if the Disposal took place on 1 April 2009.

The unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are based upon the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 March 2010, which have been extracted from the annual report of the Company for the year ended 31 March 2010 (the "Annual Report"), after making pro forma adjustments relating to the Disposal that are (i) directly attributable to the Disposal and do not have a continuing effect on the Group; and (ii) factually supportable.

The unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are based on a number of assumptions, estimates and uncertainties. Accordingly, the accompanying unaudited pro forma statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group do not purport to describe the actual results and cash flows of the Remaining Group that would have been attained had the Disposal been completed on 1 April 2009 or to predict the future results and cash flows of the Remaining Group.

The unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group should be read in conjunction with the Annual Report and other financial information included elsewhere in this Circular.

The unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows have been prepared by the directors of the Company for illustrative purposes only and because of its nature, it may not give a true picture of the results and cash flows of the Remaining Group for the year ended 31 March 2010 had the Disposal actually occurred on 1 April 2009 or for any future periods.

Unaudited pro forma consolidated statement of comprehensive income of the Remaining Group for the year ended 31 March 2010

	For the year ended 31 March		
	The Group 2010 (Audited) *HK$'000* *(Note 3)*	Pro forma adjustments *HK$'000* *(Note 4)*	Pro forma The Remaining Group 2010 (Unaudited) *HK$'000*
REVENUE	(79,098)	–	(79,098)
Other income and gains, net	6,903	–	6,903
Gains arising from changes in fair value of investment properties, net	79,210	(44,715)	34,495
Fair value gains on investments at fair value through profit or loss, net	55,468	–	55,468
Fair value gain on a convertible note classified as financial liability at fair value through profit or loss	11,595	–	11,595
Gain/(loss) on disposal of subsidiaries, net	(28,489)	55,814[(i)]	27,325
General and administrative expenses	(30,261)	947	(29,314)
Other expenses	(1,142)	–	(1,142)
Finance costs	(3,124)	1,685	(1,439)
Share of losses of associates	(16,294)	–	(16,294)
PROFIT/(LOSS) BEFORE TAX	(5,232)	13,731	8,499
Income tax expense	(2,150)	–	(2,150)
PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	(7,382)	13,731	6,349

Notes:

3. Extracted from the audited consolidated statement of comprehensive income of the Group as set out in the Annual Report of the Company for the year ended 31 March 2010.

4. (i) The adjustments reflect the exclusion of the results of the Central Town Group for the year ended 31 March 2010, as shown in the Financial Information of the Central Town Group in Appendix I to this Circular, and the estimated gain arising from the Disposal, assuming that the Disposal had taken place on 1 April 2009.

	HK$'000
Net liabilities of the Central Town Group as at 1 April 2009	(47,616)
Amount due to the ultimate holding company disposed of	108,802
Gain on the Disposal as at 1 April 2009	55,814
Cash consideration	117,000

(ii) An analysis of the net inflow of cash and cash equivalents in respect of the Disposal is as follows:

Cash consideration	117,000
Bank balance disposed of	(62)
Net inflow of cash and cash equivalents in respect of the Disposal	116,938

For the purpose of preparing the Unaudited Pro Forma Financial Information, the consideration for the Disposal of HK$117,000,000, is assumed to have no adjustment, before deducting the estimated legal and professional fees and related expenses in relation to the Disposal.

The financial effect of the Disposal is to be determined based on adjustments in total consideration, estimated legal and professional fees and related expenses in relation to the Disposal and the carrying amount of net asset value of the Central Town Group at the completion date and is therefore subject to change upon completion of the Disposal.

Unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 March 2010

	For the year end 31 March		
	The Group 2010 (Audited) *HK$'000* *(Note 5)*	Pro forma adjustments *HK$'000* *(Note 6)*	Pro forma The Remaining Group 2010 (Unaudited) *HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	(5,232)	(42,084)	(47,316)
Adjustments for:			
Finance costs	3,124	(1,685)	1,439
Interest income on a convertible bond	(56)	–	(56)
Interest income from an associate	(1,001)	–	(1,001)
Bank interest income	(1)	–	(1)
Share of losses of associates	16,294	–	16,294
Depreciation	3,678	(150)	3,528
Fair value gains on investments at fair value through profit or loss, net	(55,468)	–	(55,468)
Loss on disposal of items of property, plant and equipment, net	399	–	399
Fair value gain on a convertible note classified as financial liability at fair value through profit or loss	(11,595)	–	(11,595)
Loss on disposal of subsidiaries, net	28,489	–	28,489
Loss on deemed disposal of associates	743	–	743
Changes in fair value of investment properties, net	(79,210)	44,715	(34,495)
Equity-settled share option expenses	1,502	–	1,502
	(98,334)	796	(97,538)
Decrease in loans receivable	148,008	–	148,008
Increase in investments at fair value through profit or loss	(170,259)	–	(170,259)
Decrease in prepayments, deposits and other receivables	20,425	755	21,180
Increase in an amount due from an associate	(105,568)	–	(105,568)
Increase in other payables and accruals	13,956	224	14,180
Cash used in operations	(191,772)	1,775	(189,997)
Interest received	1	–	1
Interest paid	(3,124)	1,685	(1,439)
Net cash flows used in operating activities	(194,895)	3,460	(191,435)

	For the year end 31 March		
			Pro forma The Remaining
	The Group 2010	Pro forma adjustments	Group 2010
	(Audited)		(Unaudited)
	HK$'000	*HK$'000*	*HK$'000*
	(Note 5)	*(Note 6)*	
Net cash flows used in operating activities	(194,895)	3,460	(191,435)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	(5,143)	–	(5,143)
Purchases of investment properties	(51,090)	2,285	(48,805)
Proceeds from disposal of items of property, plant and equipment	18	–	18
Redemption of a convertible bond	450	–	450
Disposal of subsidiaries	(13,384)	116,938[4(ii)]	103,554
Net cash flows from/(used in) investing activities	(69,149)	119,223	50,074
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from placement of new shares	217,586	–	217,586
Share issue expenses	(5,765)	–	(5,765)
Proceeds from warrants exercised	12	–	12
Proceeds from share options exercised	4,920	–	4,920
New loan from an associate	100,000	–	100,000
Repayment of a loan from an associate	(100,000)	–	(100,000)
New bank borrowings	31,500	–	31,500
Repayment of bank borrowings	(3,140)	1,170	(1,970)
Net cash flows from financing activities	245,113	1,170	246,283
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(18,931)	123,853	104,922
Cash and cash equivalents at beginning of year	29,473	–	29,473
Effect of foreign exchange rate changes, net	41	–	41
CASH AND CASH EQUIVALENTS AT END OF YEAR	10,583	123,853	134,436
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	10,583	123,853	134,436

Notes:

5. Extracted from the audited consolidated statement of cash flows of the Group as set out in the Annual Report of the Company for the year ended 31 March 2010.

6. The adjustments reflect the exclusion of the cash flows of the Central Town Group for the year ended 31 March 2010, as shown in the Financial Information of the Central Town Group in Appendix I to this Circular, assuming that the Disposal had taken place on 1 April 2009.

1. 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 credit facilities of the Group, following the Completion of the Conditional Agreement and after considering the financial impact of the Disposal, 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.

2. INDEBTEDNESS

Borrowings

At the close of business on 30 April 2011, the Group had aggregate outstanding borrowings comprising secured bank loans of approximately HK$66,015,000.

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 30 April 2011, 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 30 April 2011.

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 30 April 2011.

3. FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in property related investments, investment in securities, investment in advertising and lottery related businesses, money lending businesses and traditional Chinese medicine business.

As set out in the interim report of the Company for the period ended 30 September 2010, the Directors considered global economy has stabilized from the financial tsunami since 2009 and is undergoing a recovery stage. However, unemployment rates in Europe and the United States remain high and consumers' confidence has yet to be fully picked up. Furthermore, the quantitative easing of money supply in the United States has led to rising inflationary expectations and has great impact on the global market. On the other hand, the financial market has rallied in the second half of 2010 after bouncing back from bottom in the financial crisis. These two factors contributed significantly to the overall market improvement in the year 2010. Barring unforeseen circumstances in year 2011, the business outlook for Hong Kong is positive albeit possibly at a slower growth rate compared with that of 2010. In response to this unstable economy and uncertainty the Group will adopt a more conservative approach in its future investments.

In view of the gradual recovery in the economy and the stock market, the Directors have been actively seeking potential investment opportunities and business developments of the Group.

As mentioned in the section headed "Reasons for and benefits of the Disposal in the Letter from the Board of this circular, the Disposal will enable the Remaining Group to strengthen its financial position and liquidity and will also enhance the ability of the Remaining Group to fund its potential acquisitions or expand its existing business when appropriate.

4. MATERIAL ADVERSE CHANGE

Up to and including the Latest Practicable Date, the Directors confirm that there is no material adverse change in the financial or trading position of the Group since 31 March 2010, the date to which the latest published audited consolidated financial statements of the Group were made up.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE RESULTS OF THE REMAINING GROUP

Set out below is the management discussion and analysis on the Remaining Group for the years ended 31 March 2008, 2009 and 2010 and the six months ended 30 September 2010.

For the year ended 31 March 2008

Financial Results

The Remaining Group's audited consolidated loss for the year ended 31 March 2008 was HK$367,751,000 compared with last year's attributable loss of HK$228,445,000. The net assets value of the Remaining Group increased from HK$817,486,000 as at 31 March 2007 to HK$1,260,964,000 as at 31 March 2008. Revenue for the year amounted to HK$51,765,000 whilst last year was negative revenue of HK$80,411,000. Details of the breakdown of the revenue can be seen on note 5 to the annual financial statements for the year ended 31 March 2008. On the expenses side, the level of total expenses increased in this year mainly due to the fair value losses on equity investment at fair value through profit or loss amounted to HK$404,401,000. General and administrative expenses decreased from last year's figure of HK$28,482,000 to HK$24,038,000 in this year being in line with the decrease in the size of our operation. Finance costs decreased from last year's figure of HK$27,445,000 to HK$4,501,000 this year.

The Remaining Group made an after tax loss of approximately HK$368 million mainly caused by unrealised loss of approximately HK$404 million arisen from fair value losses on equity investments at fair value through profit or loss as at the year end.

Financial Review

The Remaining Group has the following major lines of business:

(a) Real Estate Investment: the Remaining Group's property portfolio has undergone certain changes subsequent to the fiscal year end with the sale of three stories of an office building for a certain gain and the purchase of certain shop spaces. The management is considering to convert the shop spaces into a wine storage facility which would enhance the value of the property.

(b) Investment in Listed Securities: with the global drop in the securities market, this sector suffered an unrealised loss of approximately HK$404 million this year. The current market conditions remain weak and a swift recovery in share prices is not expected in the near term. However, it appears that the market has bottomed out and has dropped to a relatively low level. It is hopeful that the market would gradually recover and the loss would be minimised.

(c) Money Lending Business: the money lending business continues to be profitable with a segment profit of approximately HK$22.1 million, net of provision. This line of business serves to provide reasonable return for the Remaining Group's surplus cash with manageable risk. As at 31 March 2008, the outstanding loans receivable amounted to HK$573.6 million, net of impairment provision, of which approximately HK$401 million has been settled up to the date of approval of these financial statements.

(d) Investment in Lottery related business in the People's Republic of China (the "PRC"): the Remaining Group has a 20% interest in a company engaging in lottery related business in the PRC. While this investment has yet to provide positive contribution to the Remaining Group, it is gradually expanding its lottery shops management business. More lottery shops are expected to be under the Remaining Group's management and are planned to expand its market share in Mainland China.

(e) Opportunities in Gaming Related Business in Macau: competitions are becoming very keen in Macau and the Remaining Group is very cautious in entering into new contracts to provide management services to casinos in Macau. However, the Remaining Group is still keen to do business in this market and would continue to look for opportunities in this area.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2008, the Remaining Group's total assets and bank borrowings were HK$1,355,171,000 and HK$79,006,000, respectively. A majority of the bank borrowings of the Remaining Group carried floating interest rates with reference to the Hong Kong dollar prime rate/HIBOR and were denominated in Hong Kong dollar, and thus, there is no exposure to fluctuations in exchange rate. The gearing ratio (total bank borrowings/total assets) was approximately 6%. As at 31 March 2008, investment properties and leasehold properties amounted to HK$150,500,000 and HK$7,878,000, respectively, were pledged to banks to secure certain loan facilities granted to the Remaining Group and investments in securities with carrying amount of HK$316,186,000 were pledged to certain financial institutes to secure certain margin financing facilities provided to the Remaining Group.

Employees, Remuneration Policy and Retirement Benefit Scheme

The Remaining Group selects and promotes staff based on their qualification, experience and suitability for the position offered. The Remaining Group's remuneration policy aims to retain and motivate staff. Performance of staff is appraised annually to provide a base for the review of the remuneration package. The Remaining Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all its employees.

Contingent Liabilities

The Company has major contingent liabilities relating to guarantees given to banks in connection with facilities granted to subsidiaries of approximately HK$112,000,000 (2007: HK$91,260,000).

Business Prospects

During the year, the Remaining Group has strengthened its equity base through a series of fund raising exercises. As at the fiscal year end, the Remaining Group's consolidated equity base stood at HK$1,261 million. With strong cash resources, the Remaining Group is in a very strong position to take on new investment opportunities as and when they arise.

Subsequent to the balance sheet date, on 25 April 2008, the Remaining Group entered into a sale and purchase agreement with an independent third party to acquire the entire equity interest in E-Garden Properties Limited ("E-Garden") at a cash consideration of HK$101,170,000. The principal activity of E-Garden is investment holding. East Champion Limited, a wholly-owned subsidiary of E-Garden, is the registered owner of a property located at the basement of China United Centre, 28 Marble Road, North Point, Hong Kong.

For the year ended 31 March 2009

Financial Results

The Remaining Group's audited consolidated loss for the year ended 31 March 2009 was HK$384,725,000 compared with last year's attributable loss of HK$367,751,000. The net assets value of the Remaining Group decreased from HK$1,260,964,000 as at 31 March 2008 to HK$841,219,000 as at 31 March 2009.

The Remaining Group's recorded a negative revenue for the year amounted to HK$20,459,000 whilst last year recorded a positive revenue of HK$51,765,000. Details of the breakdown of the revenue can be seen on note 5 to the annual financial statements for the year ended 31 March 2009.

On the expenses side, the level of total operating expenses increased in this year mainly due to the provision for impairment of investment securities amounted to HK$271,793,000 and the impairment of loans and receivables amounted to HK$19,000,000. General and administrative expenses increased from last year's figure of HK$24,038,000 to HK$24,360,000 in this year being in line with the increase in the size of the operation. Finance costs decreased from last year's figure of HK$4,501,000 to HK$772,000 this year.

Financial Review

The Remaining Group is an investment holdings company with the following major lines of business:

a) Real Estate Investment: the Remaining Group owned certain commercial properties in North Point. Subsequent to the financial year end, the Remaining Group has purchased a luxury residential property in Stanley for HK$45 million.

b) Investment in Equity and Debt Securities: the fair value losses on investments at fair value through profit or loss was HK$271,793,000. This losses is expected to reduce with the gradual recovery in the local stock market recently.

c) Money Lending business: the money lending business recorded a loss of HK$21,706,000 as there were certain write offs and provisions given the poor economy last year. Subsequent to the financial year end, the Remaining Group has disposed of 50% of its money lending business for HK$161 million.

d) Investment in Advertising and Lottery related business in the People's Republic of China (the "PRC"): the Remaining Group has a 20% interest in a company engaging in lottery related business in the PRC. Other than the advertising rights outside those lottery tickets selling booths provided to China Welfare Lottery Issuance Centre by the company, it has obtained lottery selling rights in over 10 provinces in China. Subject to the availability of funding support, the company is planning to increase its presence in the lottery industry in the near future.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2009, the Remaining Group's total assets and borrowings were HK$855,899,000 and HK$10,616,000, respectively. The borrowings of the Remaining Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate and were made in Hong Kong dollar, and thus, there is no exposure to fluctuations in exchange rate. The gearing ratio (total borrowings/total assets) was approximately 1.24%. As at 31 March 2009, investment properties amounted to HK$13,700,000 were pledged to banks to secure certain loan facilities granted to the Remaining Group and investments in securities with carrying amounts of HK$246,565,000 were pledged to certain financial institutes to secure margin financing facilities provided to the Remaining Group.

Employees, Remuneration Policy and Retirement Benefit Scheme

The Remaining Group selects and promotes staff based on their qualification, experience and suitability for the position offered. The Remaining Group's remuneration policy aims to retain and motivate staff. Performance of staff is appraised annually to provide a base for the review of the remuneration package. The Remaining Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for all its employees.

Contingent Liabilities

The Company has no major contingent liabilities relating to guarantees given to banks in connection with facilities granted to subsidiaries (2008: 112,000,000).

Business Prospects

During the year the Remaining Group has further strengthened its equity base through a series of fund raising exercises. As at fiscal year end, the Remaining Group's consolidated equity base stood at HK$841 million. With the additional cash resources, the Remaining Group is in a very strong position to take on new investment opportunities as and when they arise.

For the year ended 31 March 2010

Financial Results

The Remaining Group's audited consolidated loss for the year ended 31 March 2010 was HK$49,467,000 compared with last year's attributable loss of HK$384,725,000. The net assets value of the Remaining Group increased from HK$841,219,000 as at 31 March 2009 to HK$1,003,142,000 as at 31 March 2010. The Remaining Group recorded a negative revenue for the year amounted to HK$79,098,000 compared to last year negative revenue of HK$20,459,000. Details of the breakdown of the revenue can be seen on note 5 to the annual financial statements for the year ended 31 March 2010. On the expenses side, the level of total operating expenses decreased in this year mainly due to no provision for impairment of investment securities and the impairment of loans and receivables. General and administrative expenses increased from last year's figure of HK$24,360,000 to HK$29,315,000 in this year being in line with the increase in the size of our operation. Finance costs increased from last year's figure of HK$772,000 to HK$1,440,000 this year.

Financial Review

The Remaining Group is an investment holding company with the following lines of business:

a) Real Estate Investment: with the gradual increase in property prices in Hong Kong, the Remaining Group's property portfolio has also appreciated in value. The gain arising from changes in fair value amounted to approximately HK$34.5 million during the current year. As at financial year end, the value of the Remaining Group's property investment stood at HK$99.2 million.

b) Investments in Equity and Debt Securities: the equity market has been rather unstable last year and the Remaining Group's securities portfolio has suffered a loss on sale of investments at fair value through profit or loss of approximately HK$101.6 million this year. However, there is a fair value gain on investment at fair value through profit or loss of approximately HK$55.5 million for the year ended 31 March 2010 as the market improved in the second half of the year.

c) Money Lending Business: the Remaining Group has disposed of 50% of its money lending business for HK$161 million in August 2009. The Remaining Group's associated company has contributed a loss of approximately HK$16.3 million for the financial year as a result of certain provisions against doubtful receivables and write offs. More cautious approach would be adopted in future lending in view of the current economy.

d) Investment in Lottery Related Business in the People's Republic of China (the "PRC"): the Remaining Group has a 20% interest in a company engaging in lottery related business in the PRC (the "PRC Company"). The PRC Company has obtained lottery selling rights for China Welfare Lottery Tickets in over 10 provinces in China. Since early part of 2010, the PRC Company has also commenced selling Sports Lottery tickets in Shanghai. With the gaining popularity in single match betting game, business has been very good in this area of sale especially during the World Cup period. The PRC Company is in discussion with certain institutional investors to increase its capital base to increase its presence in the lottery industry in China.

Liquidity, Financial Resources and Capital Structure

As at 31 March 2010, the Remaining Group's total assets and borrowings were HK$1,146,394,000 and HK$40,146,000, respectively. Borrowings represented convertible note issued and interest bearing bank borrowings. A majority of the bank borrowings of the Remaining Group carried floating interest rates with reference to the Hong Kong dollar prime rate/HIBOR and were denominated in Hong Kong dollar, and thus, there is no exposure to fluctuations in exchange rate. The gearing ratio (total borrowings/total assets) was approximately 3.50%. As at 31 March 2010, investment properties amounted to HK$97,000,000, were pledged to banks to secure certain loan facilities granted to the Remaining Group and investments in securities with carrying amount of HK$669,012,000 were pledged to certain financial institutes to secure certain margin financing facilities provided to the Remaining Group.

Employees, Remuneration Policy and Retirement Benefit Scheme

The Remaining Group selects and promotes staff based on their qualification, experience and suitability for the position offered. The Remaining Group's remuneration policy aims to retain and motivate staff. Performance of staff is appraised annually to provide a base for the review of the remuneration package. The Remaining Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for all its employees.

Contingent Liabilities

The Company has major contingent liabilities relating to guarantees given to banks in connection with facilities granted to subsidiaries of approximately HK$31,500,000 (2009: HK$Nil).

Business Prospects

As at financial year end, the Remaining Group's consolidated equity base stood at HK$1,003 million and cash resources stood at HK$10.5 million. The Remaining Group is constantly looking for new business opportunities with a cautious approach in this unstable economy.

For the six months ended 30 September 2010

FINANCIAL RESULTS

The Remaining Group has made a loss before tax of approximately HK$209 million for the six months ended 30 September 2010. The loss is mainly attributable to loss on sale of investments at fair value through profit or loss and fair value losses arisen from investments at fair value through profit or loss of the Remaining Group's securities investment as at the fiscal half year end date.

FINANCIAL REVIEW

The Remaining Group is an investment holding company with the following major lines of business:

a) Real Estate Investment

The Remaining Group owned certain commercial properties in North Point and a luxury residential property in Stanley. A valuation loss arising from changes in fair value amounted to approximately HK$1.1 million was recognized during the six months period ended. The value of the Remaining Group's property investment stood at HK$98.1 million as at 30 September 2010.

b) Investment in Listed Securities

The Remaining Group's securities portfolio has suffered a loss on sale of investments at fair value through profit or loss of approximately HK$159 million for the six months ended 30 September 2010. Besides, there is fair value loss on investments at fair value through profit and loss of approximately HK$50 million in the same period.

c) Money Lending Business

The Remaining Group's associated company engaging in money lending has contributed a gain of approximately HK$2 million for the six months ended 30 September 2010. Besides, a new wholly owned subsidiary was formed to engage in the money lending business. The operation generated positive result for the period concerned.

d) Investment in Lottery Related Business in the People's Republic of China (the "PRC")

The Remaining Group has a 20% interest in a company engaging in lottery related business in the PRC (the "PRC Company"). The PRC Company has obtained lottery selling rights for China Welfare Lottery Tickets in over 10 provinces in China. Since early of 2010, the PRC Company has commenced selling Sports Lottery tickets in Shanghai. With the gaining popularity in single match betting game, business has been very good in this area of sale. The PRC Company is still in discussion with certain institutional investors to increase its capital base to increase its presence in the lottery industry in the PRC.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2010, the Remaining Group's total assets and borrowings were approximately HK$1,119 million and HK$39 million respectively. The borrowings of the Remaining Group carried floating interest rates with reference to Hong Kong dollar prime rate/HIBOR and were denominated in Hong Kong dollars, and thus, there is no exposure to fluctuations in exchange rate. The gearing ratio (total borrowings/total assets) at 30 September 2010 was 3.5%. As at 30 September 2010, investment properties amounted to approximately HK$95.8 million were pledged to banks to secure certain loan facilities granted to the Remaining Group and investments at fair value through profit or loss with carrying amount of approximately HK$529 million were pledged to certain financial institutes to secure margin financing facilities provided to the Remaining Group.

EMPLOYEES, REMUNERATION POLICY AND RETIREMENT BENEFIT SCHEME

The Remaining Group selects and promotes staff based on their qualification, experience and suitability for the position offered. The Remaining Group's remuneration policy aims to retain and motivate staff. Performance of staff is appraised annually to provide a base for the review of the remuneration package. The Remaining Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance, for all its employees.

CONTINGENT LIABILITIES

The Remaining Group had no material contingent liabilities as at 30 September 2010 (31 March 2010: HK$31,500,000).

BUSINESS PROSPECTS

Global economy has stabilized from the financial tsunami since 2009 and is undergoing a recovery stage. However unemployment rates in Europe and the United States remain high and consumers' confidence has yet to fully pick up. Furthermore, the quantitative easing of money supply in the United States has led to rising inflationary expectations and has great impact on the global market. On the other hand, the financial market has rallied in the second half of 2010 after bouncing back from bottom in the financial crisis. These two factors contributed significantly to the overall market improvement in the year 2010. Barring unforeseen circumstances in the coming year 2011, the business outlook for Hong Kong is positive albeit possibly at a slower growth rate compared with that of 2010. In response to this unstable economy and uncertainties, the Remaining Group will adopt a more conservative approach in its future investments.

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from Asset Appraisal Limited, an independent valuer, in connection with its valuation as at 31 March 2011 of the Property.

Asset Appraisal Limited
資產評值顧問有限公司

Rm 901, 9/F, On Hong Commercial Building,
No.145 Hennessy Road, Wanchai, Hong Kong
香港灣仔軒尼詩道145號安康商業大廈9樓901室
Tel: (852) 2529 9448 Fax: (852) 3521 9591

10 June 2011

The Board of Directors
Heritage International Holdings Limited
29th Floor
China United Centre
28 Marble Road
North Point
Hong Kong

Dear Sirs,

Re: Valuation of Property situated in Hong Kong

In accordance with the instructions from **Heritage International Holdings Limited** (the "Company") to value the property interests (the "Property") of the Company and its subsidiaries (hereinafter together referred to as the "Group") in Hong Kong, we confirm that we have inspected the Property, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Property as at 31 March 2011 (the "date of valuation").

BASIS OF VALUATION

Our valuation of the properties represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

TITLESHIP

We have caused searches to be made at the appropriate Land Registry for the properties. However, we have not verified ownership of the Property or to verify the existence of any amendments which do not appear on the copies handed to us. All documents have been used for reference only.

According to the Land Registry records, the registered owner of the Property is East Champion Limited, a wholly-owned subsidiary of the Company.

VALUATION METHODOLOGY

We have valued the Property by the comparison method where comparison based on prices realised or market prices of comparable property is made. Comparable properties of similar size, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of capital values.

ASSUMPTIONS

Our valuation has been made on the assumption that the owners sell the properties on the market without the benefit of deferred terms contracts, leaseback, joint ventures, management agreements or any similar arrangement which would serve to affect the values of the properties.

As the Property are held by the owners by means of long term Government lease, we have assumed that the owner has a free and uninterrupted right to use the Property for the whole of the unexpired term of its Government Leases.

Other special assumptions for our valuation (if any) would be stated out in the footnotes of the valuation certificate attached herewith.

LIMITING CONDITIONS

No allowance has been made in our report for any charges, mortgages or amounts owing on the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have inspected the exterior and, where possible, the interior of the buildings and structures of the properties. However, no structural survey has been made for them. In the course of our inspection, we did not note any apparent defects. We are not, however, able to report whether the buildings and structures inspected by us are free of rot, infestation or any structural defect. No test was carried out on any of the building services and equipment.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

In valuing the Property, we have complied with all the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors effective from 1st January 2005.

Our valuation certificate is attached herewith.

Yours faithfully,
for and on behalf of
Asset Appraisal Limited

Sandra Lau
MFin MHKIS AAPI RPS(GP)
Director

Sandra Lau is a member of the Hong Kong Institute of Surveyors, an Associate of the Australian Property Institute and a Registered Professional Surveyor in General Practice. She is on the list of Property Valuers for Undertaking Valuations for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers of the Hong Kong Institute of Surveyors, Registered Business Valuer under the Hong Kong Business Forum and has over 10 years' experience in valuation of properties in Hong Kong, in Macau and in the PRC.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2011 *HK$*
Basement, Stamps Gallery, "No.28 Marble Road", No.28 Marble Road, North Point, Hong Kong. 1,700 / 23,400th shares of and in Sub-sections 2, 4, 5, the Remaining Portion, Sub-sections 2, 3, 4, 5, 6 and the Remaining Portion of Section A of Sub-section 1, Sections A, B and the Remaining Portion of Sub-section 3 of Section A of Inland Lot No. 3504.	The property comprises a whole basement shop unit of a 4-storey commercial and car port podium over-mounted by a 24-storey office building. The property was completed in 1997. The gross floor area of the Property is approximately 15,748 square feet. The property is held under a Conditions of Sale No. UB3369 for a term of 75 years renewable for a further term of 75 years commencing on 17 October 1932. The Government Rent under Government lease Ordinance is $38,608 p.a.	The property is currently vacant and subject to a sale and lease back agreement. Please refer to note 4 for details.	HK$145,000,000

Notes:

1. The registered owner of the property is East Champion Limited, 100% wholly owned subsidiary of the Company, registered vide memorial no.UB7311213 dated 25 September 1997.

2. The property is subject to legal charge/mortgage in favour of The Bank of East Asia, Limited registered vide memorial no. 10051202370156 dated 20 April 2010.

3. Assignment of rental in favour of The Bank of East Asia, Limited registered vide memorial no. 10051202370169 dated 20 April 2010.

4. Upon completion, according to the terms of the conditional agreement the parties shall procure East Champion Limited, as landlord, to enter into the Tenancy Agreement with HON Chinese Medicine Company Limited (100% wholly owned subsidiary of the Company), as tenant, whereby East Champion Limited shall let to HON Chinese Medicine Company Limited part of the Property (of about 9,749 square feet) for a period of five years at a monthly rent of HK$350,000 exclusive of government rent, rates, management fee and other outgoings.

5. The property lies within an area zoned "Commercial/Residential" under North Point Outline Zoning Plan No. S/H8/24.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules on the Stock Exchange 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 INTERESTS

As at the Latest Practicable Date, the interests of the Directors and chief executive of the Company in the shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") under Listing Rules, were as follows:

Name of directors	Number of shares held, capacity and nature of interest *Directly beneficially owned*	Percentage of the Company's issued share capital
Kwong Kai Sing, Benny	231,660	0.08%
Ong, Peter	128,929	0.05%
Poon Chi Wan	17,820	0.01%

In addition to the above, certain Directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with minimum company membership requirements.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company, or any of their associates, had registered any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 March 2010 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

In addition, save as disclosed above, none of the Directors is materially interested in any contracts or arrangements subsisting at the date of this circular which is significant in relation to the business of the Group.

3. LITIGATION

No member of the Group is engaged in any litigation or claims of material importance and no litigation or claims of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any of its subsidiaries other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

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. EXPERTS AND CONSENTS

The following is the qualification of the experts whose letter and report are contained in this circular:

Name	**Qualification**
Ernst & Young	Certified Public Accountants
Asset Appraisal Limited	Property valuer

Ernst & Young and Asset Appraisal Limited have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of their respective letter and report and the reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, Ernst & Young and Asset Appraisal Limited did not have any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Ernst & Young and Asset Appraisal Limited did not have any direct or indirect interest in any assets which have been, since 31 March 2010 (the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL CONTRACTS

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

(i) a share purchase agreement dated 8 June 2009 between Coupeville as the vendor and Welltodo as the purchaser relating to the sale of 50% of the entire issued share capital of Best Purpose to Welltodo for a total consideration of HK$180 million. Further details of the transaction were set out in the announcement and circular of the Company dated 11 June 2009 and 17 July 2009, respectively;

(ii) a conditional subscription agreement dated 15 July 2009 entered into between the Company as the subscriber and Neptune Group Limited ("Neptune") as the issuer in relation to the subscription of the zero coupon convertible note due 2012 in the principal amount of HK$100 million to be issued by Neptune to the Company or its nominee(s). Further details of the transaction were set out in the announcement and circular of the Company dated 16 July 2009 and 25 August 2009, respectively;

(iii) a conditional subscription agreement dated 15 July 2009 entered into between the Company as the issuer and Neptune as the subscriber in relation to the subscription of the zero coupon convertible note due 2012 in the principal amount of HK$100 million to be issued by the Company to Neptune or its nominee(s). Further details of the transaction were set out in the announcement and circular of the Company dated 16 July 2009 and 25 August 2009, respectively;

(iv) a heads of agreement dated 27 July 2009 between Waytech Limited (a subsidiary of the Company) and New Range Investments Limited ("New Range") in relation to the subscription by Waytech Limited of the two per cent convertible redeemable non-voting preference shares of HK$1.00 each in the share capital of New Range for a cash consideration of HK$80 million. Further details of the subscription were set out in the announcement of the Company dated 27 July 2009;

(v) the bought and sold notes and instrument of transfer both dated 14 August 2009 between Dollar Group Limited (a subsidiary of the Company) as purchaser and transferee on the one hand and Pearl Decade Limited as seller and transferor on the other hand, under which Pearl Decade Limited sold and transferred a convertible bond in the principal amount of HK$20 million issued by Mascotte Holdings Limited to Dollar Group Limited for a cash consideration of HK$45 million. Further details of the transaction were set out in the announcement of the Company dated 17 August 2009;

(vi) a conditional placing agreement dated 29 September 2009 between the Company as issuer and Chung Nam Securities Limited as placing agent in relation to a placing, on a best effort basis, of 300,000,000 new ordinary shares of the Company at a price of HK$0.44 per share. Further details of the placing were set out in the announcement and circular of the Company dated 30 September 2009 and 20 October 2009, respectively;

(vii) a conditional placing agreement dated 29 September 2009 between the Company as issuer and Chung Nam Securities Limited as placing agent in relation to a placing, on a fully underwritten basis, of 61,350,000 new ordinary shares of the Company at a price of HK$0.44 per share. Further details of the placing were set out in the announcement and circular of the Company dated 30 September 2009 and 20 October 2009, respectively;

(viii) a conditional placing agreement dated 9 April 2010 between the Company as issuer and Chung Nam Securities Limited as placing agent in relation to a placing, on a fully underwritten basis, of 400,000,000 new ordinary shares of the Company at a price of HK$0.25 per share. Further details of the placing were set out in the announcement and circular of the Company dated 9 April 2010 and 5 May 2010, respectively;

(ix) a conditional sale and purchase agreement between Hennabun Capital Group Limited as the purchaser and Coupeville Limited (a subsidiary of the Company) as the vendor dated 4 January 2011 in relation to the disposal of 7,900,000 sale shares in Best Purpose Limited; and

(x) the Conditional Agreement.

8. 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, No.28 Marble Road, North Point, Hong Kong.

(c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited of Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

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

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, 29/F., China United Centre, No.28 Marble Road, North Point, Hong Kong during normal business hours on any business day (Saturdays excluded) from the date of this circular up to and including the date of the SGM:

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

(b) the material contracts referred to in the paragraph headed "MATERIAL CONTRACTS" in this Appendix;

(c) the letter from Ernst & Young in respect of the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular;

(d) the valuation report of the Property prepared by Asset Appraisal Limited, the text of which is set out in Appendix V to this circular;

(e) the report from Ernst & Young on the financial information of Central Town Group for the years ended 31 March 2009, 2010 and 2011, the text of which is set out in Appendix I to this circular;

(f) the report from Ernst & Young on the financial information of Apex Corporate Group for the period from 29 October 2010 (date of incorporation of Apex Corporate) to 31 March 2011, the text of which is set out in Appendix II to this circular;

(g) the letter of consent from Ernst & Young and that from Asset Appraisal Limited referred to in the paragraph headed "EXPERTS AND CONSENTS" in this appendix;

(h) the annual reports of the Company for the two financial years ended 31 March 2010 and 31 March 2009; and

(i) a copy of the circular of the Company dated 24 January 2011 in relation to the disposal of 19.75% of equity interests in Best Purpose Group.

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

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

NOTICE IS HEREBY GIVEN that a special general meeting of Heritage International Holdings Limited (the "Company") will be held at 30th Floor, China United Centre, No.28 Marble Road, North Point, Hong Kong on 28 June 2011 at 9:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution of the Company which will be proposed as an ordinary resolution:

ORDINARY RESOLUTION

"**THAT**:

(a) the conditional agreement (the "Conditional Agreement") (a copy of which having been produced to the meeting marked "A" and signed by the chairman of the meeting for identification purposes) (including its schedules and exhibit) dated 4 May 2011 entered into between Power Global Limited ("Power Global") as vendor, the Company as guarantor of Power Global, Nation Wealth Holdings Limited (the "Purchaser") as purchaser and Dragonite International Limited as guarantor of the Purchaser pursuant to which, inter alia, (i) Power Global has agreed to sell and the Purchaser has agreed to purchase the entire issued share capital of Central Town Limited ("Central Town") together with any outstanding shareholder loan(s) advanced by the Company and its subsidiaries (excluding Central Town and Central Town's subsidiaries) to Central Town and Central Town's subsidiaries as at the date of completion of the Conditional Agreement for a cash consideration of HK$117,000,000 and (ii) Power Global shall upon completion of the Conditional Agreement, enter into an options agreement (the "Options Agreement") (a copy of the substantial form of it has been included in the Conditional Agreement as a schedule thereto) with the Purchaser pursuant to which Power Global shall grant to the Purchaser an option to purchase and the Purchaser shall grant to Power Global an option to sell the entire issued share capital of Apex Corporate Investments Limited ("Apex Corporate") together with any outstanding shareholder loan(s) advanced by the Company and its subsidiaries (excluding Apex Corporate and HON Chinese Medicine Company Limited ("HON Chinese")) to Apex Corporate and HON Chinese as at the date of completion of the Options Agreement upon and subject to the terms and conditions contained therein, and the transactions and agreements contemplated thereunder, be and are hereby approved, confirmed and ratified; and

* *For identification purposes only*

(b) the Directors of the Company be and are hereby authorised to sign, execute and deliver any agreements, deeds, instruments and any other documents (and, where necessary, to affix the seal of the Company on them in accordance with the bye-laws of the Company) in connection with the Conditional Agreement and the Options Agreement, to make such non-material amendments and changes relating thereto and to do and take all such action, steps, deeds and things in such manner as they may deem necessary, desirable or appropriate to give effect to the Conditional Agreement and the Options Agreement and transactions and agreements contemplated thereunder."

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

Hong Kong, 10 June 2011

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

Principal place of business in Hong Kong:
29/F., China United Centre
No.28 Marble Road
North Point
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the meeting shall be entitled to appoint another 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, No.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.

As at the Latest Practicable Date, the Company comprises the following Directors:

Executive Directors:
Dr. Kwong Kai Sing, Benny
Mr. Wong Chun Hung
Mr. Ong Peter
Ms. Poon Chi Wan
Mr. Chow Chi Wah, Vincent

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