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HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

MAJOR TRANSACTION – DISPOSAL OF INTERESTS IN GOLD MOUNTAIN LIMITED

THE DISPOSAL AGREEMENT

The Board announces that on 21 May 2015 (after trading hours), the Company (as the Vendor) entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares and the Sale Loan at a cash consideration of HK\$720,000,000. The Sale Shares represent the entire issued share capital of Gold Mountain. The Sale Loan represents the entire shareholder's loan and other indebtedness owed by Gold Mountain or (where applicable) its subsidiaries to the Vendor or its associates as at Completion.

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is an Independent Third Party.

As one or more of the applicable percentage ratios in respect of the Disposal are higher than 25% but below 75%, the Disposal constitutes a major transaction for the Company and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The SGM will be convened for the Shareholders to consider and, if thought fit, to approve the Disposal.

A circular containing, among others, further details of the Disposal will be despatched to the Shareholders on or before 30 June 2015 as more time is required for preparing the information to be included in the circular.

INTRODUCTION

On 21 May 2015 (after trading hours), the Vendor and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Shares and the Sale Loan at a cash consideration of HK\$720,000,000. The Sale Shares represent the entire issued share capital of Gold Mountain. The Sale Loan represents the entire shareholder loan and other indebtedness owed by the Gold Mountain or (where applicable) its subsidiaries to the Vendor or its associates as at Completion. The principal terms and conditions of the Disposal Agreement are set out below.

THE DISPOSAL AGREEMENT

Date

21 May 2015 (after trading hours)

Parties

Vendor: the Company

Purchaser: Trillion Cheer Toprich Limited, a company incorporated in Samoa with limited liability.

The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is an Independent Third Party. The Directors confirm that, to the best of their knowledge, information and belief after having made all reasonable enquiries, the Purchaser is a wholly-owned subsidiary of HEC Capital Limited which is principally engaged in investment holding, property investment, commodities dealer, money lending, nominees, securities brokerage and financial services, corporate finance advisory services, asset management, investment advisory and fund management.

Assets to be disposed of

- (i) The Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares at Completion free from all encumbrances and together with all rights attaching to it on or after the Completion Date, including all rights to any dividend or other distribution declared, made or paid the record date of which falls on or after the Completion Date. The Sale Shares represent the entire issued share capital of Gold Mountain.
- (ii) The Vendor shall as beneficial owner sell and assign (and procure the sale and assignment of) and the Purchaser shall purchase and accept the assignment of all rights, title, benefits and interests of, to and in the Sale Loan free from all encumbrances, together with all rights attached, accrued or accruing thereto as at Completion Date including rights to enforce and recover the same.

Details of the principal activities and financial information of Gold Mountain are set out in the paragraph headed “Information on Gold Mountain” below.

Consideration and payment terms

The Consideration of HK\$720,000,000 shall be paid and satisfied by the Purchaser in cash to the Vendor in full on Completion.

The Consideration was determined after arm’s length negotiation between the Purchaser and the Vendor after taking into consideration of the preliminary valuation of HK\$720,000,000 on market value of the Forestlands owned by the Disposal Group as provided by the independent professional valuer as at 30 April 2015.

Conditions precedent

Completion of the Disposal Agreement is conditional upon the fulfillment of all of the following conditions precedent:

- (a) the results of the legal and financial due diligence conducted by the Purchaser over the Disposal Group, including but not limited to the affairs, business, assets, liabilities, operations, records, financial position, value of assets, accounts, results, legal and financial structure of the Disposal Group, being completed to the reasonable satisfaction of the Purchaser;
- (b) the Purchaser having received the Valuation Report in form and substance satisfactory to the Purchaser and the Final Valuation (as defined below) as stated in the Valuation Report shall be not less than HK\$700,000,000 (the “**CP Value**”);
- (c) the passing of the necessary resolution(s) by the Shareholders in the special general meeting to approve the Disposal Agreement and the transactions contemplated in or incidental to the Disposal Agreement in accordance with the requirements of the Listing Rules;
- (d) if applicable, the obtaining of all consents from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Disposal Agreement and any of the transaction contemplated thereunder; and
- (e) the Vendor’s warranties remaining true and accurate, and not misleading, in all material respects as at Completion.

The Purchaser may waive the conditions set out above (other than conditions (c) and (d)) by written notice to the Vendor.

In the event that all the conditions are not fulfilled (or waived pursuant to Disposal Agreement) and remain unfulfilled on or before 30 September 2015 (or such later date as may be agreed by the parties in writing), the Disposal Agreement shall automatically terminate and all rights, obligations and liabilities of the parties shall cease and determine and none of the parties shall have any claim against the other provided that rights and liabilities of any of the parties which have accrued prior to termination shall subsist.

Adjustment to the Consideration

Pursuant to the Disposal Agreement, the Consideration shall be adjusted in the following circumstance (i) but no adjustment shall be made in circumstances (ii) or (iii): –

- (i) If the Valuation as stated in the Valuation Report (the “**Final Valuation**”) is equal to or exceeds the amount of HK\$740,000,000, then the Consideration shall be adjusted to the amount of HK\$740,000,000;
- (ii) If the Final Valuation exceeds the CP Value but is less than HK\$740,000,000, no upward or downward (if applicable) adjustment shall be made to the Consideration; and
- (iii) If the Final Valuation is below the CP Value and the Purchaser elects at its sole discretion to waive the condition (b) to the Disposal Agreement and proceed to Completion, no downward adjustment shall be made to the Consideration.

The Final Valuation represents the market value of the Forestlands owned by the Disposal Group to be provided by an independent professional valuer in form of a Valuation Report.

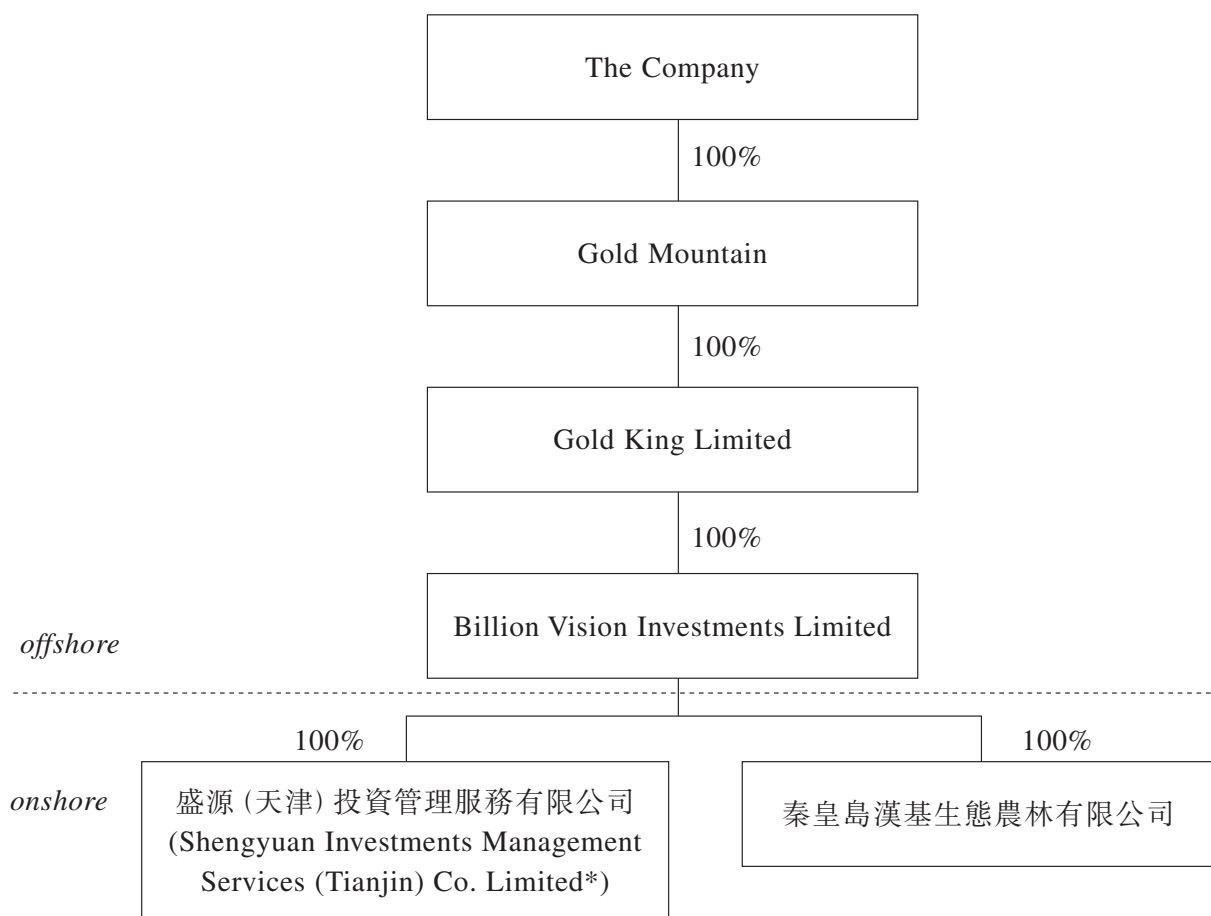
Completion

Completion will take place within one calendar month after the date of all conditions precedent to the Disposal Agreement being fulfilled (or being waived). Upon the completion of the Disposal, the Disposal Group will cease to be subsidiaries of the Company.

INFORMATION ON GOLD MOUNTAIN

Gold Mountain and its subsidiaries is a group of companies which principal asset is forestlands with a total area of 63,035.29 Chinese Mu located in Qinglong Manchu Autonomous County (青龍滿族自治縣) of Hebei Province, the PRC. The Disposal Group is principally engaged in investment in and management of forest operations in the PRC. As at the date of the Disposal Agreement, the major assets of the Disposal Group are the Forestlands and its biological assets.

Set out below is the current shareholding structure of the Disposal Group:



The following table sets out a summary of the unaudited consolidated financial information of Gold Mountain for the two years ended 31 December 2013 and 2014 prepared in accordance with the HKFRS:

	Year ended 31 December 2014 (unaudited) HK\$'000	Year ended 31 December 2013 (unaudited) HK\$'000
Loss before tax	20,183	16,545
Loss after tax	16,089	13,395
		As at 31 December 2014 (unaudited) HK\$'000
Net liabilities		22,223

FINANCIAL EFFECT OF THE DISPOSAL

Upon the completion of the Disposal, the Disposal Group will cease to be subsidiaries of the Company, and their financial results will cease to be consolidated with the accounts of the Company. The Company will receive net cash proceeds of approximately HK\$719,000,000 from the Disposal. After deduction of necessary professional fees and all related expenses for the Disposal, and with reference to the valuation report as at 31 March 2015 of Gold Mountain, the expected loss on the Disposal will be approximately HK\$5,000,000. The actual gain or loss as a result of the Disposal to be recorded by the Group is subject to audit and will be determined at the Completion Date.

USE OF PROCEEDS

Subject to Completion, net proceeds of approximately HK\$719,000,000 will be used for looking for potential acquisitions projects, development of internet financing services, investment in securities and working capital for daily operation.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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

As stated in the management's discussion and analysis of the interim report of the Company for the six months ended 30 September 2014, the Group will focus on the development of the Group's money lending business while seeking opportunities to diversify into other areas in order to enhance the Group's performance and increase shareholders' value. Recent proposed investment in the financial leasing transaction platform and online and offline auto sales and related business platform in the PRC (as announced by the Company in the announcements dated 10 April 2015 and 17 April 2015 respectively) allow the Group to further expand in the financial services businesses and develop proprietary trading businesses.

In recent years, the performance of the business of the Disposal Group was unsatisfactory. The Disposal Group has been loss-making and therefore has dragged down the financial performance of the Company as a whole. In view of this, the Disposal is expected to allow the Company to reallocate resources to focus on the provision of financial services businesses including internet-based financial services as mentioned above with a stable income source for the Group.

In view of the above reasons and benefits, the Directors are of the view that entering into Disposal Agreement by the Company is fair and reasonable and entering into the Disposal Agreement are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal are higher than 25% but below 75%, the Disposal constitutes a major transaction for the Company and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Purchaser and its associates hold 46,230,000 Shares representing approximately 0.27% of the total issued share capital of the Company. If the Purchaser and/or its associate holds any Shares as at the SGM, the Purchaser and/or its associate is considered to have a material interest in the Disposal and will abstain from voting in favour of the resolutions relating to the Disposal at the SGM to the extent of the Shares it holds (if any). Save as disclosed above, to the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, no other Shareholders or any of their respective associates have any material interest in the Disposal. As such, no other Shareholders would be required to abstain from voting in favour of the resolution(s) approving the Disposal at the SGM.

SGM AND DESPATCH OF CIRCULAR

The SGM will be convened for the Shareholders to consider and, if thought fit, to approve the Disposal.

A circular containing, among others, further details of the Disposal will be despatched to the Shareholders on or before 30 June 2015 as more time is required for preparing the information to be included in the circular.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day on which banks in Hong Kong generally are open for clearing and settlement business, except a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning 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.
“Company”	Heritage International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 412)

“Completion”	the completion of the Disposal pursuant to the Disposal Agreement
“Completion Date”	the date for Completion to be determined by the Vendor and the Purchaser, which shall not be later than one (1) calendar month after the date of fulfilment (or, if applicable, waiver) of all the conditions under the Disposal Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of the Disposal
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares and the Sale Loan by the Vendor to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the sale and purchase agreement entered into between the Vendor and the Purchaser on 21 May 2015 (after trading hours) in respect of the Disposal
“Disposal Group”	Gold Mountain and its subsidiaries to be disposed pursuant to the Disposal Agreement
“Final Valuation”	the valuation of the market value of the Forestlands as stated in the Valuation Report to be provided by an independent professional valuer
“Forestlands”	parcels of forest lands held by 盛源(天津)投資管理服務有限公司 (Shengyuan Investments Management Services (Tianjin) Co. Limited*), a wholly foreign-owned enterprise established in Tian Jin, the PRC and an indirect wholly-owned subsidiary of the Vendor in various locations in Sanxingkou Town, Qinglong Manchu Autonomous County, Qinhuangdao City, Hebei Province, the PRC as referred to in this announcement
“Gold Mountain”	Gold Mountain Limited, a company incorporated in Republic of the Marshall Islands on 13 May 2013, being a wholly-owned subsidiary of the Vendor
“Group”	the Company and its subsidiaries

“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) who/which is/are not connected with the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau and Taiwan
“Purchaser”	Trillion Cheer Toprich Limited
“Sale Loan”	the entire shareholder’s loan and other indebtedness owed by the Gold Mountain or (where applicable) its subsidiaries to the Vendor or its associates as at Completion
“Sale Shares”	100 ordinary shares of US\$1 each, representing all the issued shares of Gold Mountain which is wholly-owned by the Vendor
“Share(s)”	ordinary shares with par value of HK\$0.00025 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Disposal, the Disposal Agreement and the transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary” or “subsidiaries”	has the meaning ascribed thereto under the Listing Rules
“Valuation Report”	the valuation report to be prepared by the independent professional valuer, the appointment of which shall be jointly agreed by the Purchaser and the Vendor
“Vendor”	the Company
“RMB”	Renminbi, the lawful currency of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

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

Hong Kong, 21 May 2015

As at the date of this announcement, the Company has three executive Directors, being Mr. Yau Wai Lung, Dr. Jonathan Ross and Mr. Ma Chao and three independent non-executive Directors, being Mr. To Shing Chuen, Mr. Chung Yuk Lun and Mr. Cheung Wing Ping.

* *For identification purposes only*