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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF THE ENTIRE SHARE CAPITAL OF APEX CORPORATE INVESTMENTS LIMITED

THE DISPOSAL AND THE SALE AND PURCHASE AGREEMENT

On 5 November 2014 (after trading hours), Power Global as Vendor and High Rhine as Purchaser entered into the Sale and Purchase Agreement pursuant to which Power Global has agreed to sell and High Rhine has agreed to purchase the Sale Share together with assignment of the Loan for a Consideration of HK\$500,000. As at the date of this announcement, Apex is the sole registered and beneficial owner of the entire issued share capital of HON Chinese. Details of the Sale and Purchase Agreement are set out under the paragraphs headed “The Sale and Purchase Agreement” below.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal, together with the transactions contemplated under the Sale and Purchase Agreement, constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules, and is subject to the reporting and announcement requirements, but exempt from shareholders’ approval requirement, under Rule 14.33 of the Listing Rules.

INTRODUCTION

On 5 November 2014 (after trading hours), Power Global as Vendor and High Rhine as Purchaser entered into the Sale and Purchase Agreement pursuant to which Power Global has agreed to sell and High Rhine has agreed to purchase the Sale Share together with assignment of the Loan for a Consideration of HK\$500,000.

* *For identification purposes only*

THE SALE AND PURCHASE AGREEMENT

Set out below are the principal terms of the Sale and Purchase Agreement:

Date: 5 November 2014 (after trading hours)

Parties:

(1) Vendor: Power Global, a wholly owned subsidiary of the Company

(2) Purchaser: High Rhine

The principal activity of the Purchaser is investment holding.

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 not connected persons of the Company.

Sale and purchase of the Sale Share and assignment of the Loan

The Sale Share represents the entire issued share capital of Apex. As at the date of this announcement, Apex is the sole registered and beneficial owner of the entire issued share capital of HON Chinese.

The principal business of HON Chinese is operation of the traditional Chinese medicine clinic operated under the name "HON Chinese Medicine Clinic".

The Loan amounted to approximately HK\$34,004,000 as at 5 November 2014.

Consideration

The aggregate Consideration payable for the sale of the Sale Share together with the assignment of the benefit of and interest in the Loan shall be HK\$500,000 which shall be apportioned as to HK\$8 for the Sale Share and HK\$499,992 for the Loan.

The Consideration shall be payable in full on Completion.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the amount of net liabilities of the Apex Group of approximately HK\$33,096,000 as per its unaudited consolidated statement of financial position as at 5 November 2014 (after taking into account of the Loan); and (ii) the Loan amounted to approximately HK\$34,004,000 as at 5 November 2014.

Completion

Completion shall take place on or before 30 November 2014 or such other date as may be agreed between the Vendor and the Purchaser in writing. If for any cause (other than the default of the Vendor) the Purchaser fails to complete the purchase of the Sale Share and assignment of the Loan in accordance with the terms of the Sale and Purchase Agreement, the Vendor may resell the Sale Share and the Loan at such terms which it may think fit. If for any cause (other than the default of the Purchaser) the Vendor fails to complete the sale of the Sale Share and assignment of the Loan in accordance with the terms of the Sale and Purchase Agreement, the Purchaser shall have no further claims including specific performance against the Vendor.

INFORMATION ON THE APEX GROUP

Apex is a company incorporated in the British Virgin Islands with limited liability and the investment vehicle of the Company for holding of HON Chinese. HON Chinese, a limited company incorporated in Hong Kong, is principally engaged in operation of the traditional Chinese medicine clinic operated under the name “HON Chinese Medicine Clinic”.

Based on the unaudited consolidated accounts of the Apex Group, as at 5 November 2014, the amount of net liabilities of the Apex Group was approximately HK\$33,096,000 (after taking into account of the Loan of approximately HK\$34,004,000).

The net loss before and after taxation based on the audited consolidated accounts of Apex Group were approximately HK\$8,962,000 and HK\$8,942,000 for the years ended 31 March 2014 and 31 March 2013 respectively.

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

FINANCIAL EFFECT OF COMPLETION OF THE SALE AND PURCHASE AGREEMENT AND THE USE OF THE PROCEEDS FROM THE DISPOSAL

Based on the preliminary assessment of the unaudited consolidated accounts of Apex Group as at 5 November 2014, the Group is expected to recognise a net loss of approximately HK\$496,000 (subject to audit) upon the completion of the disposal of the Sale Share and assignment of the Loan, which represents the Consideration of HK\$500,000 less the total amount of the Loan of approximately HK\$34,004,000 as advanced by the Company to the Apex Group as at 5 November 2014 plus the amount of net liabilities of the Apex Group of approximately HK\$33,096,000 as at 5 November 2014 and taking into Consideration the estimated transaction cost of approximately HK\$88,000 for the Disposal and assignment of the Loan.

The net proceeds from the Disposal of approximately HK\$412,000 will be used by the Group for general working capital purposes.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company and its subsidiaries are principally engaged in investment in securities, money-lending business, property investment and investment in and operation of forestlands.

Having considered the financial position of the Apex Group, the current Chinese medicine market conditions and continuous losses incurred in the past financial years, the Board considered that the terms of the Sale and Purchase Agreement are fair and reasonable and that the Disposal is in the interests of the Company and the Shareholders as a whole. The Group can focus its resources on core and profitable business and at the same time seek diversified business opportunities.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 5% but less than 25%, the Disposal, together with the transactions contemplated under the Sale and Purchase Agreement, constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules, and is subject to the reporting and announcement requirements, but exempt from shareholders’ approval requirement, under Rule 14.33 of the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, terms used in this announcement shall have the following meanings:

- “Apex” means Apex Corporate Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company before Completion;
- “Apex Group” means Apex and HON Chinese;
- “Board” the board of Directors;
- “Company” means 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;
- “Completion” means the completion of the sale and purchase of the Sale Share together with the assignment of the Loan and the transactions contemplated under the Sale and Purchase Agreement;

“Consideration”	means HK\$500,000, being the aggregate of the consideration in respect of the sale and purchase of the Sale Share and assignment of the Loan as stipulated in the Sale and Purchase Agreement;
“Deed of Assignment”	means the deed of assignment of the Loan to be entered into between the Company, the Purchaser and Apex;
“Disposal”	means the proposed disposal of the Sale Share together with the assignment of the Loan subject to the terms and conditions of the Sale and Purchase Agreement;
“Directors”	means the directors of the Company;
“Group”	means the Company and its subsidiaries;
“High Rhine” or “Purchaser”	means High Rhine Limited, a company incorporated in the British Virgin Islands with limited liability;
“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;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Loan”	means the outstanding shareholder loan advanced by the Company to the Apex Group;
“Power Global” or “Vendor”	Power Global Limited, a company incorporated in the British Virgin Islands with limited liability;

“Sale and Purchase Agreement” means an agreement dated 5 November 2014 entered into between the Vendor and the Purchaser for the sale and purchase of the Sale Share together with the assignment of the Loan;

“Sale Share” means one share in the share capital of Apex, representing the entire issued share capital of Apex at the date of the announcement;

“Stock Exchange” means The Stock Exchange of Hong Kong Limited;

“HK\$” means Hong Kong dollars.

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

Hong Kong, 5 November 2014

As at the date of this announcement, the Company has three executive Directors, being Mr. Ong Peter, Mr. Yau Wai Lung and Dr. Jonathan Ross and three independent non-executive Directors, being Mr. To Shing Chuen, Mr. Ha Kee Choy, Eugene and Mr. Chung Yuk Lun.