



# HERITAGE INTERNATIONAL HOLDINGS LIMITED

漢基控股有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 412)

## ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

### FINANCIAL RESULTS

The Board of Directors (the “Board”) of Heritage International Holdings Limited (the “Company”) announced that the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2007 together with the comparative figures for the corresponding year are as follows:

### CONSOLIDATED INCOME STATEMENT

*Year ended 31 March 2007*

	<i>Notes</i>	<b>2007</b> <i>HK\$'000</i>	<b>2006</b> <i>HK\$'000</i>
REVENUE	5	<b>531,600</b>	242,287
Cost of sales and carrying amount of equity investments sold		<b>(612,011)</b>	(272,176)
Gross loss		<b>(80,411)</b>	(29,889)
Other income and gains	5	<b>2,945</b>	6,327
Gains/(losses) arising from changes in fair value of investment properties		<b>(2,976)</b>	13,183
Fair value gains on investments at fair value through profit or loss, net		<b>18,035</b>	77,406
Loss on disposal of available-for-sale investments, net		<b>(24,411)</b>	–
Gain/(loss) on disposal of a subsidiary		<b>(410)</b>	118
General and administrative expenses		<b>(28,482)</b>	(21,448)
Other expenses, net		<b>(62,737)</b>	(62,206)
Finance costs	7	<b>(27,445)</b>	(4,760)
Impairment of interests in jointly-controlled entities		<b>(15,972)</b>	–
Share of losses of jointly-controlled entities		<b>(4,028)</b>	–
LOSS BEFORE TAX	6	<b>(225,892)</b>	(21,269)
Tax	8	<b>(2,553)</b>	(2,907)
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<b>(228,445)</b>	(24,176)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic		<b>HK(2.10) cents</b>	HK(0.45) cent
Diluted		<b>N/A</b>	N/A

## CONSOLIDATED BALANCE SHEET

31 March 2007

	2007 HK\$'000	2006 HK\$'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	30,742	31,417
Investment properties	168,600	122,900
Interests in jointly-controlled entities	–	–
Available-for-sale investments	8,719	121,985
Loan to an investee company	–	49,838
Loan receivable	1,000	2,000
Deposit for purchase of an investment property	–	4,900
Other deposits	–	2,450
Total non-current assets	<u>209,061</u>	<u>335,490</u>
<b>CURRENT ASSETS</b>		
Investments at fair value through profit or loss	352,195	307,808
Loans receivable	296,850	200,450
Prepayments, deposits and other receivables	16,431	13,196
Cash and bank balances	127,695	37,095
	<u>793,171</u>	<u>558,549</u>
Non-current asset held for sale	–	10,900
Total current assets	<u>793,171</u>	<u>569,449</u>
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	37,374	17,096
Interest-bearing bank borrowings	9,274	11,237
Derivative financial instrument	557	752
Tax payable	1,270	674
Total current liabilities	<u>48,475</u>	<u>29,759</u>
NET CURRENT ASSETS	<u>744,696</u>	<u>539,690</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>953,757</u>	<u>875,180</u>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank borrowings	100,108	47,838
Convertible notes	27,810	–
Deferred tax liabilities	8,353	6,307
Total non-current liabilities	<u>136,271</u>	<u>54,145</u>
Net assets	<u>817,486</u>	<u>821,035</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Issued capital	348,270	142,682
Equity component of convertible notes	4,419	–
Reserves	464,797	678,353
Total equity	<u>817,486</u>	<u>821,035</u>

NOTES:

**1. BASIS OF PREPARATION**

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, a non-current asset held for sale, a derivative financial instrument and certain investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars.

**Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2007. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The acquisition of subsidiaries during the year has been accounted for using the purchase method of accounting. This method involves allocating the cost of the business combinations to the fair value of the identifiable assets acquired, and liabilities and contingent liabilities assumed at the date of acquisition. The cost of the acquisition is measured at the aggregate of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

**2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

The Group has adopted the following new and revised HKFRSs for the first time for the current year’s financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards has had no material effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 27 Amendment	Consolidated and Separate Financial Statements: Amendments as a consequence of the Companies (Amendment) Ordinance 2005
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>

The principal changes in accounting policies are as follows:

*HKAS 39 Financial Instruments: Recognition and Measurement*

**(i) Amendment for financial guarantee contracts**

This amendment has revised the scope of HKAS 39 to require financial guarantee contracts issued that are not considered insurance contracts, to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*. The adoption of this amendment has had no material impact on these financial statements.

**(ii) Amendment for the fair value option**

This amendment has changed the definition of a financial instrument classified as fair value through profit or loss and has restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. The Group had not previously used this option, and hence the amendment has had no effect on the financial statements.

**3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS**

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKAS 1 Amendment	Capital Disclosures
HKAS 23 (Revised)	Borrowing Costs
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objectives, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 shall be applied for annual periods beginning on or after 1 January 2007. The standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates many of the disclosure requirements of HKAS 32 *Financial Instruments: Disclosure and Presentation*.

HKFRS 8 shall be applied for annual periods beginning on or after 1 January 2009. The standard requires the disclosure of information about the operating segments of the Group, the products

and services provided by the segments, the geographical areas in which the Group operates, and revenues from the Group's major customers. This standard will supersede HKAS 14 *Segment Reporting*.

HK(IFRIC)-Int 11 shall be applied for annual periods beginning on or after 1 March 2007. This new interpretation prescribes that when the parent grants rights to equity instruments to the employees of the subsidiary, the subsidiary should account for such a scheme as an equity-settled scheme and as an equity contribution by the parent.

HKAS 23 (Revised), HK(IFRIC)-Int 8, HK(IFRIC)-Int 9, HK(IFRIC)-10 and HK(IFRIC)-Int 12 shall be applied for annual periods beginning on or after 1 January 2009, 1 May 2006, 1 June 2006, 1 November 2006 and 1 January 2008, respectively.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on the Group's results of operations and financial position.

#### **4. SEGMENT INFORMATION**

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (i) the property investment segment engages primarily in the investments in commercial and residential properties for rental income potential and/or appreciation in values;
- (ii) the investments in securities segment engages in the purchase and sale of securities and the holding of equity investments primarily for interest income, dividend income and capital appreciation;
- (iii) the money lending segment engages in money lending operations in Hong Kong; and
- (iv) the investment holding segment engages in holding investments for a continuing strategic or long term purpose, primarily for dividend income and capital appreciation.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

**(a) Business segments**

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2007 and 2006.

**Group**

	Property investment		Investments in securities		Money lending		Investment holding		Eliminations		Consolidated	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
<b>Segment revenue:</b>												
Revenue from external customers	7,961	4,467	496,732	220,959	26,907	16,861	-	-	-	-	531,600	242,287
Other revenue	331	-	1,626	-	4	117	956	5,748	-	-	2,917	5,865
<b>Total</b>	<b>8,292</b>	<b>4,467</b>	<b>498,358</b>	<b>220,959</b>	<b>26,911</b>	<b>16,978</b>	<b>956</b>	<b>5,748</b>	<b>-</b>	<b>-</b>	<b>534,517</b>	<b>248,152</b>
<b>Segment results</b>	<b>5,350</b>	<b>14,875</b>	<b>(126,734)</b>	<b>26,477</b>	<b>20,317</b>	<b>11,823</b>	<b>(71,086)</b>	<b>(64,367)</b>	<b>-</b>	<b>-</b>	<b>(172,153)</b>	<b>(11,192)</b>
Unallocated interest income, other income and gains											28	462
Unallocated expenses											(6,322)	(5,779)
Finance costs											(27,445)	(4,760)
Impairment of interests in jointly-controlled entities											(15,972)	-
Share of loss of jointly-controlled entities											(4,028)	-
Loss before tax											(225,892)	(21,269)
Tax											(2,553)	(2,907)
Loss for the year											(228,445)	(24,176)
<b>Assets and liabilities</b>												
Segment assets	170,153	163,665	352,201	308,138	311,870	212,852	165,341	211,584	-	-	999,565	896,239
Unallocated assets											2,667	8,700
<b>Total assets</b>											<b>1,002,232</b>	<b>904,939</b>
Segment liabilities	91,783	54,633	33,394	11,818	-	-	58,930	12,991	-	-	184,107	79,442
Unallocated liabilities											639	4,462
<b>Total liabilities</b>											<b>184,746</b>	<b>83,904</b>

Group

	Property investment		Investments in securities		Money lending		Investment holding		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Other segment information:</b>												
Depreciation – allocated	-	(1,141)	-	-	-	-	(3,559)	(764)	-	-	(3,559)	(1,905)
Depreciation – unallocated	-	-	-	-	-	-	-	-	-	-	(718)	(533)
											(4,277)	(2,438)
Write-back of bad debt provision	-	-	-	-	-	-	-	625	-	-	-	625
Gain/(loss) on disposal of available-for-sale investments, net	-	-	(27,765)	-	-	-	3,354	-	-	-	(24,411)	-
Gain/(loss) on disposal of items of property, plant and equipment	-	-	-	-	-	-	510	(181)	-	-	510	(181)
(Loss)/gain on disposal of a subsidiary	-	-	-	-	-	-	(410)	118	-	-	(410)	118
Impairment of available-for-sale investments recognised in the income statement	-	-	-	-	-	-	-	(57,572)	-	-	-	(57,572)
Loss on disposal of an investment property	(620)	-	-	-	-	-	-	-	-	-	(620)	-
Changes in fair value of investment properties	(2,976)	13,183	-	-	-	-	-	-	-	-	(2,976)	13,183
Impairment of interests in jointly-controlled entities	-	-	-	-	-	-	(15,972)	-	-	-	(15,972)	-
Fair value gains of investments at fair value through profit or loss, net	-	-	19,735	77,406	-	-	-	-	-	-	19,735	77,406
Impairment of loan to an investee company	-	-	-	-	-	-	(49,838)	-	-	-	(49,838)	-
Impairment of loans receivable	-	-	-	-	(6,250)	(4,040)	-	-	-	-	(6,250)	(4,040)
Impairment of loan interest receivables	-	-	-	-	(435)	(704)	-	-	-	-	(435)	(704)
Gains/(losses) on redemption of convertible notes	-	-	-	-	-	-	(5,569)	1,030	-	-	(5,569)	1,030
Capital expenditure	48,676	66,117	-	-	-	-	-	-	-	-	48,676	66,117
Unallocated amounts	-	-	-	-	-	-	-	-	-	-	4,695	13,586
											<u>53,371</u>	<u>79,703</u>

(b) **Geographical segments**

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2007 and 2006.

**Group**

	Hong Kong		Macau		Mainland China		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>								
Revenue from external customers	531,600	242,287	-	-	-	-	531,600	242,287
Other revenue and gains	2,945	117	-	5,748	-	-	2,945	5,865
	<u>534,545</u>	<u>242,404</u>	<u>-</u>	<u>5,748</u>	<u>-</u>	<u>-</u>	<u>534,545</u>	<u>248,152</u>
<b>Other segment information:</b>								
Segment assets	<u>1,002,232</u>	<u>855,076</u>	<u>-</u>	<u>49,863</u>	<u>-</u>	<u>-</u>	<u>1,002,232</u>	<u>904,939</u>
Capital expenditure	<u>53,371</u>	<u>79,703</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,571</u>	<u>79,703</u>



## 5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents gross rental income received and receivable from investment properties; interest income earned from money lending operations; dividend income from equity investments; and proceeds from sale of investments at fair value through profit or loss during the year.

An analysis of revenue, other income and gains is as follows:

	<b>Group</b>	
	<b>2007</b>	2006
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>		
Gross rental income from investment properties	7,961	4,467
Interest income from money lending operations	26,907	16,861
Dividend income from investments at fair value through profit or loss	4,653	439
Proceeds from sale of investments at fair value through profit or loss	492,079	220,520
	<u>531,600</u>	<u>242,287</u>
<b>Other income and gains</b>		
Fair value gain on a derivative financial instrument	195	–
Other interest income	255	4,735
Gain on disposal of items of property, plant and equipment, net	510	–
Gains on redemption of convertible notes	–	1,030
Others	1,985	562
	<u>2,945</u>	<u>6,327</u>

## 6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Depreciation	4,277	2,438
Loss on disposal of available-for-sale investments, net	24,411	–
Loss/(gain) on disposal of a subsidiary	410	(118)
Losses on sale of investments at fair value through profit or loss, net	119,620	50,641
Losses/(gains) arising from changes in fair value of investment properties	2,976	(13,183)
Loss on disposal of an investment property	620	–
Loss/(gain) on disposal of items of property, plant and equipment	<u>(510)</u>	<u>16</u>

## 7. FINANCE COSTS

	Group	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest on:		
Bank loans not wholly repayable within five years	5,736	2,340
Convertible notes	21,709	2,131
Other borrowings wholly repayable within five years	<u>312</u>	<u>1,304</u>
Total interest	27,757	5,775
Less: Interest expense classified as cost of sales	<u>(312)</u>	<u>(1,015)</u>
Total finance costs for the year	<u>27,445</u>	<u>4,760</u>

## 8. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Group:		
Current – Hong Kong	507	600
Deferred	<u>2,046</u>	<u>2,307</u>
Total tax charge for the year	<u>2,553</u>	<u>2,907</u>

## **9. DIVIDENDS**

The directors do not recommend the payment of any dividends in respect of the year (2006: Nil).

## **10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY**

### **(a) Basic loss per share**

The calculation of basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company of HK\$228,445,000 (2006: HK\$24,176,000) and the weighted average number of 10,874,788,244 (2006: 5,393,751,933) ordinary shares in issue during the year. The basic loss per share amount for the prior year has been adjusted to reflect the rights issue and the consolidation of shares during the prior year.

### **(b) Diluted loss per share**

Diluted loss per share amounts for the years ended 31 March 2007 and 2006 have not been disclosed, as the share options, warrants and convertible notes outstanding during these years had an anti-dilutive effect on the basic loss per share for these years.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group made an after tax loss of HK\$228 million mainly caused by loss from securities transactions and certain expenses and notional adjustments of around HK\$33.9 million in relation to convertible notes as well as share option issuance during the year and the impairment of assets of approximately HK\$72 million.

The Group has the following major lines of business:

- a) **Real Estate Investment:** the Group owned three stories of an office building in North Point. While retaining a small portion for self use, the remaining office spaces are all leased out which generates a stable recurrent income for the Group. To capture the rise in the luxury residential property market, the Group has sold one high class residential apartment subsequent to year end for a profit.
- b) **Investments in Listed/Unlisted Securities:** the loss on disposal of available-for-sale investments amount to HK\$24.4 million this year as certain investments that was acquired at a relatively high cost was disposed of during the year and realized a loss. However, the local stock market has been rather buoyant as of late and the Group's securities portfolio has recorded in the income statement an unrealized gain of over HK\$18 million for the current year.
- c) **Money Lending Business:** the money lending business continues to be profitable with a profit of around HK\$20.3 million net of provision. This line of business serves to provide reasonable return for the Group's surplus cash with manageable risk. As at 31 March 2007, the Group's loan portfolio was HK\$297.9 million and it is expected a similar level of exposure would be maintained for the coming year.

- d) Investment in Advertising and Lottery related business in the People's Republic of China ("PRC"): the Group has a 20% interest in a company engaging in advertising and lottery related business in the PRC (the "Joint Venture"). Other than the advertising rights outside those lottery tickets selling booths provided to China Welfare Lottery Issuance Centre by the Joint Venture, it has recently signed a management contract to manage two stores in Shanghai which selling lottery tickets and provide lottery games through video lottery terminals. In addition, the Joint Venture also manage four shops in Hangzhou which are primarily involved in selling lottery tickets and acting as distributing center of lottery tickets within its respective district. More shops are expected to be under management of the Joint Venture to increase its market share in the region.
- e) Investment in Gaming Related Business in Macau: Subsequent to the fiscal year end, the Group entered into a hotel casino management agreement with a Las Vegas style hotel casino to provide certain management services to the casino which is due to open in 2009. However as the structure of the agreement has to be modified due to certain regulatory requirements, the parties to the agreement have decided to cancel the agreement for the time being with a view of coming up with a new structure that is agreeable by all parties concerned. It is hopeful that a definitive agreement can be reached as soon as practicable.

### **Prospect**

The Group's outstanding convertibles have all been converted into ordinary shares subsequent to the balance sheet date and hence the Group's capital base has been enhanced substantially. As at fiscal year end, the Group's cash resources stood at HK\$127.7 million. The Group therefore is in a very advantageous position to take on new business opportunities as and when they arise.

### **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

As at 31 March 2007, the Group's total assets and bank borrowings were HK\$1,002,232,000 and HK\$109,382,000 respectively. A majority of the bank borrowings of the 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 10.91%. As at 31 March 2007, investment properties and leasehold properties amounted to HK\$168,600,000 and HK\$19,269,000, respectively, were pledged to banks to secure certain loan facilities granted to the Group and investments in securities with carrying amount of HK\$352,195,000 were pledged to certain financial institutes to secure certain margin financing facilities provided to the Group.

### **EMPLOYEES, REMUNERATION POLICY AND RETIREMENT BENEFITS SCHEME**

The Group selects and promotes staff based on their qualification, experience and suitability for the position offered. The 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 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\$91,260,000 (2006: HK\$38,260,000).

## **CLOSURE OF REGISTER OF MEMBER**

The register of members will be temporarily closed from 20 August 2007 to 22 August 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for voting in the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-16, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on 17 August 2007.

## **PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES**

During the year, neither the Company nor any its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE**

In the opinion of the Directors, the Company has complied with all requirements set out in the Code on Corporate Governance Practices (the "Code") in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

## **AUDIT COMMITTEE**

The Company has an audit committee which was established in accordance with the requirements of the Code for the purposes of reviewing and providing supervision over the Group's financial reporting processes and internal controls. The audit committee comprises the four independent non-executive directors of the Company. The Company's annual results for the year ended 31 March 2007 have been reviewed by the audit committee of the Company.

## **PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE**

This result announcement is published on the Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.heritage.com.hk>). The annual report for the year ended 31 March 2007 will be dispatch to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

## **SCOPE OF WORK OF ERNST & YOUNG**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2007 have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

By order of the Board  
**Kwong Kai Sing, Benny**  
*Chairman*

Hong Kong, 20 July 2007

*As at the date of this announcement, the Company has five executive directors, being Mr. Kwong Kai Sing, Benny, Ms. Lo Ki Yan, Karen, Mr. Ong Peter, Ms. Poon Chi Wan and Mr. Chow Chi Wah, Vincent and four independent non-executive directors, being Mr. Chan Sze Hung, Mr. To Shing Chuen, Mr. Ha Kee Choy, Eugene and Mr. Chung Yuk Lun.*

\* *For identification purposes only*