



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 2008**

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 2008 together with the comparative figures for the corresponding year are as follows:

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2008

	Notes	2008 HK\$'000	2007 HK\$'000 (Restated)
REVENUE	5	51,765	(80,411)
Other income and gains	5	8,880	2,945
Gains/(losses) arising from changes in fair value of investment properties, net		1,900	(2,976)
Fair value gains/(losses) on investments at fair value through profit or loss, net		(404,401)	18,035
Loss on disposal of available-for-sale investments, net		-	(24,411)
Gain/(loss) on disposal of subsidiaries		6,877	(410)
General and administrative expenses		(24,038)	(28,482)
Other expenses, net		(2,757)	(62,737)
Finance costs	7	(4,501)	(27,445)
Impairment of interests in jointly-controlled entities		-	(15,972)
Share of losses of jointly-controlled entities		-	(4,028)
LOSS BEFORE TAX	6	(366,275)	(225,892)
Tax	8	(1,476)	(2,553)
LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>(367,751)</u>	<u>(228,445)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
			(Restated)
Basic		<u>HK(54.47) cents</u>	<u>HK(39.13) cents</u>
Diluted		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED BALANCE SHEET

31 March 2008

	2008 HK\$'000	2007 HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	16,314	30,742
Investment properties	150,500	168,600
Interests in jointly-controlled entities	–	–
Available-for-sale investments	9,130	8,719
Loan receivable	4,070	1,000
Convertible bond - loan portion	16,630	–
	<hr/>	<hr/>
Total non-current assets	196,644	209,061
CURRENT ASSETS		
Loans receivable	569,499	296,850
Convertible bond - option derivatives	1,626	–
Investments at fair value through profit or loss	357,627	352,195
Prepayments, deposits and other receivables	24,603	16,431
Cash and bank balances	205,172	127,695
	<hr/>	<hr/>
Total current assets	1,158,527	793,171
CURRENT LIABILITIES		
Other payables and accruals	5,031	37,374
Interest-bearing bank borrowings	10,334	9,274
Derivative financial instrument	–	557
Tax payable	800	1,270
	<hr/>	<hr/>
Total current liabilities	16,165	48,475
NET CURRENT ASSETS	<hr/> 1,142,362	<hr/> 744,696
TOTAL ASSETS LESS CURRENT LIABILITIES	<hr/> 1,339,006	<hr/> 953,757
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	68,672	100,108
Convertible notes	–	27,810
Deferred tax liabilities	9,370	8,353
	<hr/>	<hr/>
Total non-current liabilities	78,042	136,271
Net assets	<hr/> 1,260,964	<hr/> 817,486
EQUITY		
Equity attributable to equity holders of the Company		
Issued capital	213,167	348,270
Equity component of convertible notes	–	4,419
Reserves	1,047,797	464,797
	<hr/>	<hr/>
Total equity	<hr/> 1,260,964	<hr/> 817,486

NOTES:

1. BASIS OF PREPARATION

These financial statements have 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, 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, derivative financial instruments and certain investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 March 2008. 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 a subsidiary 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 HKFRSs has had no material effect on these financial statements.

HKFRS 7	<i>Financial Instruments: Disclosures</i>
HKAS 1 Amendment	<i>Capital Disclosures</i>
HK(IFRIC)-Int 8	<i>Scope of HKFRS 2</i>
HK(IFRIC)-Int 9	<i>Reassessment of Embedded Derivatives</i>
HK(IFRIC)-Int 10	<i>Interim Financial Reporting and Impairment</i>
HK(IFRIC)-Int 11	<i>HKFRS 2 – Group and Treasury Share Transactions</i>

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) **HKFRS 7 *Financial Instruments: Disclosures***

This 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. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/ revised where appropriate.

(b) **Amendment to HKAS 1 *Presentation of Financial Statements – Capital Disclosures***

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

(c) **HK(IFRIC)-Int 8 *Scope of HKFRS 2***

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Company has only issued equity instruments to the Group's employees and an investment advisor for identified services provided in accordance with the Company's share option scheme, the interpretation has had no effect on these financial statements.

(d) **HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives***

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group's existing policy of accounting for derivatives complies with the requirements of the interpretation, the interpretation has had no material impact on the financial position or results of operations of the Group.

(e) **HK(IFRIC)-Int 10 *Interim Financial Reporting and Impairment***

The Group has adopted this interpretation as of 1 April 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no material impact on the financial position or results of operations of the Group.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

(f) HK(IFRIC)-Int 11 HKFRS 2 – Group and Treasury Share Transactions

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation has had no material impact on the financial position or results of operations of the Group.

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.

HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment - Vesting Conditions and Cancellations</i> ¹
HKFRS 3 (Revised)	<i>Business Combinations</i> ⁴
HKFRS 8	<i>Operating Segments</i> ¹
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i> ¹
HKAS 23 (Revised)	<i>Borrowing Costs</i> ¹
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i> ⁴
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation</i> and HKAS 1 <i>Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation</i> ¹
HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i> ³
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i> ²
HK(IFRIC)-Int 14	<i>HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i> ³

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 July 2008

³ Effective for annual periods beginning on or after 1 January 2008

⁴ Effective for annual periods beginning on or after 1 July 2009

The amended HKFRS 2 restricts the definition of “vesting condition” to a condition that includes an explicit or implicit requirement to provide services. Any other conditions are non-vesting conditions, which have to be taken into account to determine the fair value of the equity instruments granted. In the case that the award does not vest as a result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this must be accounted for as a cancellation. The Group currently has no share-based payment arrangement with non-vesting conditions attached.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HKFRS 3 has been revised to introduce a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The changes introduced by the revised standard must be applied prospectively and will affect future acquisitions and transactions with minority interests.

HKFRS 8, which will replace HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 April 2009.

The revised HKAS 1 separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group.

HKAS 27 has been revised to require a change in the ownership interest of a subsidiary to be accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by the revised standard must be applied prospectively and will affect future acquisitions and transactions with minority interests.

HKAS 32 and HKAS 1 Amendments are relevant to entities that have issued financial instruments that are puttable financial instruments; or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation. In accordance with the amendments, even if the above-mentioned financial instruments impose on the entity an obligation to deliver cash or another financial asset, these instruments should be classified as equity instruments if certain specified conditions are met.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such arrangements, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 *Employee Benefits*, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

As the Group currently has no customer loyalty award credits and defined benefit scheme, HK(IFRIC)-Int 13 and HK(IFRIC)-Int 14 are not applicable to the Group and therefore are unlikely to have any financial impact on the Group.

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 the Group's primary segment reporting basis, by business segment. 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. No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Hong Kong, and over 90% of the Group's assets are located in Hong Kong.

4. SEGMENT INFORMATION (continued)

The Group's operating businesses are structured and managed separately according to the nature of their operations and the services they provide. Each of the Group's business segments represents a strategic business unit that offers 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.

There were no material intersegment sales and transfers during the year (2007: Nil)

4. SEGMENT INFORMATION (continued)

(a) Business segments

The following tables present revenue, loss and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2008 and 2007.

Group

	Property investment		Investments in securities		Money lending		Investment holding		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Restated)				(Restated)				(Restated)
Segment revenue:												
Revenue from												
external customers	8,593	7,961	23,624	(115,279)	19,548	26,907	-	-	-	-	51,765	(80,411)
Other revenue and gains	220	331	622	1,626	5	4	315	195	-	-	1,162	2,156
Total	<u>8,813</u>	<u>8,292</u>	<u>24,246</u>	<u>(113,653)</u>	<u>19,553</u>	<u>26,911</u>	<u>315</u>	<u>195</u>	<u>-</u>	<u>-</u>	<u>52,927</u>	<u>(78,255)</u>
Segment results	<u>7,074</u>	<u>5,350</u>	<u>(380,531)</u>	<u>(126,734)</u>	<u>22,072</u>	<u>20,317</u>	<u>(9,549)</u>	<u>(70,927)</u>	<u>-</u>	<u>-</u>	<u>(360,934)</u>	<u>(171,994)</u>
Unallocated other income and gains											7,718	789
Unallocated expenses											(8,558)	(7,242)
Finance costs											(4,501)	(27,445)
Impairment of interests in jointly-controlled entities											-	(15,972)
Share of losses of jointly-controlled entities											-	(4,028)
Loss before tax											(366,275)	(225,892)
Tax											(1,476)	(2,553)
Loss for the year											<u>(367,751)</u>	<u>(228,445)</u>

4. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Group

	Property investment		Investments in securities		Money lending		Investment holding		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)				(Restated)				(Restated)
Assets and liabilities												
Segment assets	153,562	169,188	368,663	353,901	578,466	311,870	26,124	19,389	-	-	1,126,815	854,348
Unallocated assets											228,356	147,884
Total assets											<u>1,355,171</u>	<u>1,002,232</u>
Segment liabilities	674	987	-	33,394	-	-	136	632	-	-	810	35,013
Unallocated liabilities											93,397	149,733
Total liabilities											<u>94,207</u>	<u>184,746</u>
Other segment information:												
Depreciation – unallocated											(3,774)	(4,277)
Impairment of interests in jointly-controlled entities – unallocated											-	(15,972)
Loss on disposal of available-for-sale investments, net	-	-	-	-	-	-	-	(24,411)	-	-	-	(24,411)
Gain on disposal of items of property, plant and equipment – unallocated											80	510
Gain on disposal of a subsidiary – allocated	3,284	-	-	-	-	-	-	-	-	-	3,284	-
Gain/(loss) on disposal of subsidiaries – unallocated											3,593	(410)
											<u>6,877</u>	<u>(410)</u>
Loss on disposal of an investment property	-	(620)	-	-	-	-	-	-	-	-	-	(620)
Impairment of an available-for-sale investment	-	-	-	-	-	-	(5,757)	-	-	-	(5,757)	-
Share-based payments – unallocated											-	6,645

4. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Group

	Property investment		Investments in securities		Money lending		Investment holding		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)				(Restated)				(Restated)
Other segment information:												
(continued)												
Gains/(losses) arising from changes in fair value of investment properties, net	1,900	(2,976)	-	-	-	-	-	-	-	-	1,900	(2,976)
Fair value gains/(losses) on investments at fair value through profit or loss, net	-	-	(404,401)	18,035	-	-	-	-	-	-	(404,401)	18,035
Impairment of a loan to an investee company	-	-	-	-	-	-	-	(49,838)	-	-	-	(49,838)
Impairment of loans receivable	-	-	-	-	(4,000)	(10,000)	-	-	-	-	(4,000)	(10,000)
Impairment of loans receivable reversed	-	-	-	-	7,000	3,750	-	-	-	-	7,000	3,750
Impairment of loan interest receivables	-	-	-	-	-	(435)	-	-	-	-	-	(435)
Losses on redemption of convertible notes	-	-	-	-	-	-	-	(5,569)	-	-	-	(5,569)
Capital expenditure – allocated	-	48,676	-	-	-	-	-	-	-	-	-	48,676
Capital expenditure – unallocated amounts											2,392	4,695
											<u>2,392</u>	<u>53,371</u>

Certain comparative amounts under segment information have been reclassified to conform with the current year's presentation. The directors consider that such reclassifications will better reflect the nature of the transactions.

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 a gain/(loss) on sale of investments at fair value through profit or loss, net, during the year.

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

	2008	Group
	HK\$'000	2007
		<i>HK\$'000</i>
		(Restated)
Revenue		
Gross rental income from investment properties	8,593	7,961
Interest income from money lending operations	19,548	26,907
Dividend income from investments at fair value through profit or loss	1,430	4,653
Gain/(loss) on sale of investments at fair value through profit or loss, net*	22,194	(119,932)
	<u>51,765</u>	<u>(80,411)</u>
Other income and gains		
Fair value gain on a derivative financial instrument	–	195
Fair value gain on option derivatives, net	59	–
Interest income on a convertible bond	241	–
Bank interest income	7,644	255
Gain on disposal of items of property, plant and equipment	80	510
Others	856	1,985
	<u>8,880</u>	<u>2,945</u>

* Represents the proceeds from the sale of investments at fair value through profit or loss of HK\$1,252,241,000 (2007: HK\$492,079,000) less the carrying amount of the investments sold of HK\$1,230,047,000 (2007: HK\$612,011,000).

In the prior year's financial statements, the Group separately presented the proceeds from the sale of investments at fair value through profit or loss as "revenue" and the cost of investments at fair value through profit or loss disposed of as "cost of sales and carrying amount of equity investments sold". During the current year, the Group changed its presentation to present the gain/loss on sale of investments at fair value through profit or loss as "revenue" on the net basis as, in the opinion of the directors, it would result in a more appropriate presentation of the revenue of the Group.

5. REVENUE, OTHER INCOME AND GAINS (continued)

The effect of this change in presentation was to decrease the “revenue” and “the cost of sales and carrying amount of equity investments sold” for the year ended 31 March 2008 by HK\$492,079,000, representing the cost of investments at fair value through profit or loss disposed of during the current year.

This change in presentation has had no impact to the loss for the year attributable to equity holders of the Company.

To conform with the current year’s presentation, the cost of investments at fair value through profit or loss disposed of for the year ended 31 March 2007 of HK\$612,011,000 has been reclassified from “cost of sales and carrying amount of equity investments sold”, resulting in a decrease in the “revenue” and “the cost of sales and carrying amount of equity investments sold” for that year by the same amount. This has resulted in no change to the amount of the loss for that year attributable to equity holders of the Company, or accumulated losses as at 1 April 2006.

6. LOSS BEFORE TAX

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

	2008	2007
	HK\$’000	HK\$’000
Depreciation	3,774	4,277
Employee benefits expense (excluding directors’ remuneration):		
Salaries and allowances	1,511	2,316
Retirement benefit scheme contributions (defined contribution scheme)*	72	68
	1,583	2,384
Share-based payment paid to an investment advisor for investment advisory services	–	4,222
Auditors’ remuneration	1,760	1,550
Impairment of loans receivable**	4,000	10,000
Impairment of loans receivable reversed**	(7,000)	(3,750)
Impairment of loan interest receivables**	–	435
Direct operating expenses arising on rental-earning investment properties	1,036	1,033
Impairment of interests in jointly-controlled entities	–	15,972
Impairment of a loan to an investee company**	–	49,838
Loss on disposal of available-for-sale investments, net	–	24,411
Loss on disposal of an investment property**	–	620
Loss on redemption of convertible notes**	–	5,569
Foreign exchange differences, net	(3)	(36)
Fair value gain on a derivative financial instrument	–	(195)
Impairment of an available-for-sale investment transferred from available-for-sale investment revaluation reserve**	5,757	–
Write-down of an available-for-sale investment**	–	25
Net rental income	(7,557)	(6,928)

6. LOSS BEFORE TAX (continued)

* At 31 March 2008, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit scheme in future years (2007: Nil).

** These items are included in "Other expenses, net" on the face of the consolidated income statement.

7. FINANCE COSTS

	Group	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank loans not wholly repayable within five years	4,501	5,736
Other borrowings wholly repayable within five years	20	312
Convertible notes	–	21,709
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	4,521	27,757
Less: Interest expense included in gain/(loss) on sale of investments at fair value through profit or loss, net	(20)	(312)
	<hr/>	<hr/>
Total finance costs for the year	<u>4,501</u>	<u>27,445</u>

8. TAX

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the year.

	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Group:		
Current – Hong Kong	43	507
Deferred	1,433	2,046
	<hr/>	<hr/>
Total tax charge for the year	<u>1,476</u>	<u>2,553</u>

9. DIVIDENDS

The directors do not recommend the payment of any dividends in respect of the year (2007: Nil).

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

(a) Basic loss per share

The calculation of the basic loss per share amount for the year is based on the loss for the year attributable to ordinary equity holders of the Company of HK\$367,751,000 (2007: HK\$228,445,000), and the weighted average number of 675,112,070 (2007: 583,804,422 (restated)) ordinary shares in issue during the year, as adjusted to reflect the rights issue, the consolidation of shares and the capital reorganisation during the year. The basic loss per share amount for the prior year has been adjusted to reflect the rights issue, the consolidation of shares and the capital reorganisation during the current year.

(b) Diluted loss per share

Diluted loss per share amounts for the years ended 31 March 2008 and 2007 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.

11. POST BALANCE SHEET EVENTS

Subsequent to the balance sheet date, the following significant events of the Group, not disclosed elsewhere in the financial statements, took place:

- (a) On 25 April 2008, the 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. Fast 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.
- (b) On 19 May 2008, the Group entered into three sale and purchase agreements with three third parties (collectively the “Purchasers”) to dispose of its entire equity interests in Glamourous Investments Limited (“Glamourous”), Best Inspire Limited (“Best Inspire”) and Bright Majestic Limited (“Bright Majestic”) for considerations of HK\$20,000,000, HK\$32,000,000 and HK\$34,000,000, respectively. The aggregate considerations shall be satisfied by the convertible notes issued by Willie International Holdings Limited, the holding company of the Purchasers, which is incorporated and listed in Hong Kong.

Glamourous, Best Inspire and Bright Majestic hold properties located at 30th, 31st and 32nd floors of China United Centre, No. 28 Marble Road, North Point, Hong Kong, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The 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.

The Group has the following major lines of business:

- (a) **Real Estate Investment:** the 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 Group's surplus cash with manageable risk. As at 31 March 2008, the outstanding loan receivable amount to HK\$573.6 million of which approximately HK\$401 million had been repaid up to the date of this results announcement.
- (d) **Investment in Lottery related business in the People's Republic of China (the "PRC"):** the 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 Group, it is gradually expanding its lottery shops management business. More lottery shops are expected to be under the 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 Group is very cautious in entering into new contracts to provide management services to casinos in Macau. However, the Group is still keen to do business in this market and would continue to look for opportunities in this area.

Prospect

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2008, the 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 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 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 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\$112,000,000 (2007: HK\$91,260,000).

CLOSURE OF REGISTER OF MEMBER

The register of members will be temporarily closed from 20 August 2008 to 22 August 2008, 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 19 August 2008.

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 2008 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 2008 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 2008 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, 23 July 2008

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