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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)

**ANNOUNCEMENT OF FINAL RESULTS  
FOR THE YEAR ENDED 31 MARCH 2010**

**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 2010 together with the comparative figures for the corresponding year are as follows:

## CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2010

		2010	2009
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
REVENUE	5	<b>(79,098)</b>	(20,459)
Other income and gains, net	5	<b>6,903</b>	1,228
Gains/(losses) arising from changes in fair value of investment properties, net		<b>79,210</b>	(51,800)
Fair value gains/(losses) on investments at fair value through profit or loss, net		<b>55,468</b>	(271,793)
Fair value gain on a convertible note classified as financial liability at fair value through profit or loss		<b>11,595</b>	–
Loss on disposal of subsidiaries, net		<b>(28,489)</b>	(8,055)
General and administrative expenses		<b>(30,261)</b>	(25,273)
Other expenses	6	<b>(1,142)</b>	(53,714)
Finance costs	7	<b>(3,124)</b>	(2,474)
Share of losses of associates		<b>(16,294)</b>	–
		<hr/>	<hr/>
LOSS BEFORE TAX	6	<b>(5,232)</b>	(432,340)
Income tax expense	8	<b>(2,150)</b>	–
		<hr/>	<hr/>
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<b>(7,382)</b>	(432,340)
		<hr/> <hr/>	<hr/> <hr/>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	10		
Basic		<b>HK\$(0.02)</b>	HK\$(1.71)
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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2010

	<b>2010</b> <b>HK\$'000</b>	2009 <i>HK\$'000</i>
LOSS FOR THE YEAR	<b>(7,382)</b>	(432,340)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Available-for-sale investment:		
Change in fair value	–	(170)
Release of reserve upon disposal of a subsidiary	–	(270)
	–	(440)
Release of asset revaluation reserve upon disposal of subsidiaries	–	(3,046)
Exchange differences on translation of foreign operations	<b>41</b>	12
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<b>41</b>	(3,474)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	<b><u>(7,341)</u></b>	<b><u>(435,814)</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2010

	2010 <i>HK\$'000</i>	2009 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	8,185	4,895
Investment properties	236,200	105,900
Interests in jointly-controlled entities	–	–
Interests in associates	182,587	–
Available-for-sale investment	–	4,080
Loans receivable	–	3,302
Convertible bond – loan portion	–	2,556
Rental deposit	–	279
Deposits paid for purchase of items of property, plant and equipment	–	2,242
Investments at fair value through profit or loss	122,130	15,000
<b>Total non-current assets</b>	<b>549,102</b>	<b>138,254</b>
<b>CURRENT ASSETS</b>		
Loans receivable	–	402,188
Convertible bond – loan portion	2,106	–
Convertible bond – option derivatives	–	–
Investments at fair value through profit or loss	718,632	346,389
Prepayments, deposits and other receivables	7,608	33,151
Due from an associate	546	–
Tax recoverable	–	1,030
Cash and bank balances	10,583	29,473
<b>Total current assets</b>	<b>739,475</b>	<b>812,231</b>
<b>CURRENT LIABILITIES</b>		
Other payables and accruals	18,357	4,401
Interest-bearing bank borrowings	3,563	2,168
<b>Total current liabilities</b>	<b>21,920</b>	<b>6,569</b>
<b>NET CURRENT ASSETS</b>	<b>717,555</b>	<b>805,662</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>1,266,657</b>	<b>943,916</b>
<b>NON-CURRENT LIABILITIES</b>		
Convertible note	80,712	–
Interest-bearing bank borrowings	68,424	41,459
Deferred tax liabilities	4,202	52
<b>Total non-current liabilities</b>	<b>153,338</b>	<b>41,511</b>
<b>Net assets</b>	<b>1,113,319</b>	<b>902,405</b>
<b>EQUITY</b>		
<b>Equity attributable to owners of the Company</b>		
Issued capital	82,730	25,577
Reserves	1,030,589	876,828
<b>Total equity</b>	<b>1,113,319</b>	<b>902,405</b>

*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 (the “HKICPA”), 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, convertible note classified as financial liability at fair value through profit or loss, derivative financial instruments and certain investments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) 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 2010. 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 income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

The acquisition of subsidiaries 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. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKFRS 8 Amendment*	Amendment to HKFRS 8 <i>Operating Segments – Disclosure of information about segment assets</i> (early adopted)
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 18 Amendment*	Amendments to Appendix to HKAS 18 <i>Revenue – Determining whether an entity is acting as a principal or as an agent</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
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>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement – Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
HK(IFRIC)-Int 18	<i>Transfers of Assets from Customers</i> (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

\* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

\*\* The Group adopted all the *Improvements to HKFRSs* issued in October 2008 except for the amendments to HKFRS 5 *Non-current assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*, which is effective from annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of HKFRS 7 Amendments, HKFRS 8 and HKAS 1 (Revised), the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

### (a) Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The HKFRS 7 Amendments require additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by sources of inputs using a three-level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balances is now required for level 3 fair value measurements, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management.

### (b) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces 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 concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14. These revised disclosures, including the related revised comparative information, are shown in note 4.

The Group has early adopted in these financial statements the Amendment to HKFRS 8 issued in *Improvements to HKFRSs 2009* which clarifies that segment assets need only to be reported when those assets are included in measures that are used by the chief operating decision maker.

### (c) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

### 3. 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 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards<sup>1</sup></i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters<sup>2</sup></i>
HKFRS 1 Amendment	<i>Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters<sup>4</sup></i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions<sup>2</sup></i>
HKFRS 3 (Revised)	<i>Business Combinations<sup>1</sup></i>
HKFRS 9	<i>Financial Instruments<sup>6</sup></i>
HKAS 24 (Revised)	<i>Related Party Disclosures<sup>5</sup></i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements<sup>1</sup></i>
HKAS 32 Amendment	<i>Amendment to HKAS 32 Financial Instruments: Presentation – Classification of Rights Issues<sup>3</sup></i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items<sup>1</sup></i>
HK(IFRIC)-Int 14 Amendments	<i>Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement<sup>5</sup></i>
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners<sup>1</sup></i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments<sup>4</sup></i>
Amendments to HKFRS 5 included in <i>Improvements to HKFRSs</i> issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary<sup>1</sup></i>
HK Interpretation 4 (Revised in December 2009)	<i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases<sup>2</sup></i>

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2009* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

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

In addition, the HKICPA has also issued *Improvements to HKFRSs 2010* which sets out a collection of amendments to HKFRSs. Unless otherwise specified, the amendments contained in *Improvements to HKFRSs 2010* are effective for annual periods beginning on or after 1 January 2011, although the Group is permitted to adopt them earlier.

- <sup>1</sup> Effective for annual periods beginning on or after 1 July 2009
- <sup>2</sup> Effective for annual periods beginning on or after 1 January 2010
- <sup>3</sup> Effective for annual periods beginning on or after 1 February 2010
- <sup>4</sup> Effective for annual periods beginning on or after 1 July 2010
- <sup>5</sup> Effective for annual periods beginning on or after 1 January 2011
- <sup>6</sup> Effective for annual periods beginning on or after 1 January 2013

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 its results of operations and financial position.

### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (i) the property investment segment engages primarily in the investments in properties for rental income potential and/or appreciation in values;
- (ii) the investments in securities segment engages primarily in the purchase and sale of securities and the holding of equity and debt investments primarily for interest income, dividend income and capital appreciation;
- (iii) the money lending segment engages primarily in money lending operations in Hong Kong; and
- (iv) the investment holding segment engages primarily in investment holding 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 (2009: Nil).

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit/(loss) before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income, certain gains and finance costs, and unallocated expenses are excluded from such measurement.

The Group's revenue is substantially derived from its external customers in Hong Kong and the Group's operating assets are substantially located in Hong Kong.

#### 4. OPERATING SEGMENT INFORMATION (continued)

	Property investment		Investments in securities		Money lending		Investment holding		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>										
Revenue from external customers	1,821	2,605	(86,920)	(54,602)	6,001	31,538	-	-	(79,098)	(20,459)
Other income and gains, net	71	118	265	1,801	5,335	250	230	(608)	5,901	1,561
Total	<u>1,892</u>	<u>2,723</u>	<u>(86,655)</u>	<u>(52,801)</u>	<u>11,336</u>	<u>31,788</u>	<u>230</u>	<u>(608)</u>	<u>(73,197)</u>	<u>(18,898)</u>
<b>Segment results</b>	<u>76,732</u>	<u>(60,973)</u>	<u>(33,587)</u>	<u>(325,005)</u>	<u>(37,607)</u>	<u>(21,706)</u>	<u>(3,226)</u>	<u>(11,000)</u>	<u>2,312</u>	<u>(418,684)</u>
Reconciliation:										
Bank interest income									1	53
Loss on disposal of items of property, plant and equipment, net									(399)	(386)
Interest income from an associate									1,001	-
Gain on disposal of subsidiaries - unallocated									-	4,330
Fair value gain on a convertible note classified as financial liability at fair value through profit or loss									11,595	-
Unallocated finance costs									(856)	-
Unallocated expenses									(18,886)	(17,653)
Loss before tax									<u>(5,232)</u>	<u>(432,340)</u>

#### 4. OPERATING SEGMENT INFORMATION (continued)

	Property investment		Investments in securities		Money lending		Investment holding		Consolidated	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	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>										
Finance costs – allocated	(2,268)	(2,474)	-	-	-	-	-	-	(2,268)	(2,474)
Finance costs – unallocated									(856)	-
									<u>(3,124)</u>	<u>(2,474)</u>
Depreciation – unallocated									(3,678)	(3,067)
Gain/(loss) on disposal of subsidiaries – allocated	-	(12,755)	(2,082)	-	(26,407)	-	-	370	(28,489)	(12,385)
Gain on disposal of subsidiaries – unallocated									-	4,330
									<u>(28,489)</u>	<u>(8,055)</u>
Loss on deemed disposal of associates	-	-	-	-	(743)	-	-	-	(743)	-
Share of losses of associates	-	-	-	-	(16,294)	-	-	-	(16,294)	-
Impairment of an available-for-sale investment	-	-	-	-	-	-	-	(3,980)	-	(3,980)
Gains/(losses) arising from changes in fair value of investment properties, net	79,210	(51,800)	-	-	-	-	-	-	79,210	(51,800)
Fair value gains/(losses) on investments at fair value through profit or loss, net	-	-	55,468	(271,793)	-	-	-	-	55,468	(271,793)
Impairment of loans receivable	-	-	-	-	-	(19,000)	-	-	-	(19,000)
Impairment of other receivables	-	-	-	-	-	(3,184)	-	-	-	(3,184)
Direct write-off of a loan receivable	-	-	-	-	-	(27,550)	-	-	-	(27,550)
Capital expenditure – allocated	51,090	135,000	-	-	-	-	-	-	51,090	135,000
Capital expenditure – unallocated									7,385	1,863
									<u>58,475</u>	<u>136,863</u>

## 5. REVENUE, OTHER INCOME AND GAINS, NET

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 and interest income from investments at fair value through profit or loss; and loss on sale of investments at fair value through profit or loss, net, during the year.

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

	<b>Group</b>	
	<b>2010</b>	2009
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>		
Gross rental income from investment properties	<b>1,821</b>	2,605
Interest income from money lending operations	<b>6,001</b>	31,538
Dividend and interest income from investments at fair value through profit or loss	<b>14,721</b>	2,582
Loss on sale of investments at fair value through profit or loss, net*	<b>(101,641)</b>	(57,184)
	<b>(79,098)</b>	(20,459)
<b>Other income and gains, net</b>		
Fair value losses on option derivatives, net	–	(1,626)
Interest income on a convertible bond	<b>56</b>	926
Bank interest income	<b>1</b>	53
Management fee income from an associate	<b>5,335</b>	–
Interest income from an associate	<b>1,001</b>	–
Loss on disposal of items of property, plant and equipment	–	(386)
Others	<b>510</b>	2,261
	<b>6,903</b>	1,228

\* Represents the proceeds from the sale of investments at fair value through profit or loss of HK\$861,486,000 (2009: HK\$161,852,000) less the cost of sales and the carrying amount of the investments sold of HK\$963,127,000 (2009: HK\$219,036,000).

## 6. LOSS BEFORE TAX

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

	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Depreciation	<b>3,678</b>	3,067
Minimum lease payments under operating leases in respect of land and buildings	<b>5,395</b>	2,004
Auditors' remuneration	<b>1,588</b>	1,838
Employee benefit expense (excluding directors' remuneration):		
Salaries and allowances	<b>1,925</b>	2,335
Retirement benefit scheme contributions (defined contribution scheme)*	<b>69</b>	73
	<b>1,994</b>	2,408
Foreign exchange differences, net	<b>64</b>	(35)
Equity-settled share option expenses to investment advisors for investment advisory services	<b>1,502</b>	–
Loss on disposal of items of property, plant and equipment, net <sup>##</sup>	<b>399</b>	386
Loss on deemed disposal of associates**	<b>743</b>	–
Impairment of loans receivable <sup>**#</sup>	–	19,000
Impairment of other receivables <sup>**</sup>	–	3,184
Direct write-off of a loan receivable <sup>**</sup>	–	27,550
Impairment of an available-for-sale investment <sup>**</sup>	–	3,980
Fair value losses on option derivatives, net	–	1,626
Direct operating expenses arising on rental-earning investment properties	<b>921</b>	1,180

\* At 31 March 2010, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit scheme in future years (2009: Nil).

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

# Included in the amount is an impairment of a loan receivable of HK\$15,000,000 during the year ended 31 March 2009 which was subsequently written off as at 31 March 2009.

## Loss on disposal of items of property, plant and equipment, net for the year is included in "Other expenses" on the face of the consolidated income statement. The amount in the prior year was included in "Other income and gains, net" on the face of the consolidated income statement.

## 7. FINANCE COSTS

	<b>Group</b>	
	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans not wholly repayable within five years	<b>2,268</b>	2,474
Interest on a loan from an associate	<b>856</b>	–
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	<b>3,124</b>	2,474
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## 8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2009: Nil).

	<b>Group</b>	
	<b>2010</b>	2009
	<i>HK\$'000</i>	<i>HK\$'000</i>
Deferred and total tax charge for the year	<b>2,150</b>	–
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## 9. DIVIDENDS

The directors do not recommend the payment of any dividends in respect of the year (2009: 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\$7,382,000 (2009: HK\$432,340,000), and the weighted average number of ordinary shares of 444,706,720 (2009: 253,315,833) in issue during the year. The basic loss per share amount for the prior year has been adjusted to reflect the consolidation of shares during that year.

### (b) Diluted loss per share

Diluted loss per share amounts for the years ended 31 March 2010 and 2009 have not been disclosed, as the warrants, options and convertible note classified as financial liability at fair value through profit or loss outstanding during these years had an anti-dilutive effect on the basic loss per share for these years.

## MANAGEMENT DISCUSSION AND ANALYSIS

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

- (a) **Real Estate Investment:** with the gradual increase in property prices in Hong Kong, the Group's property portfolio has also appreciated in value. The gain arising from changes in fair value amounted to approximately HK\$79.2 million as at 31 March 2010. As at fiscal year end, the value of the Group's property investment stood at HK\$236.2 million.
- (b) **Investment in Equity and Debt Securities:** the equity market has been rather unstable last year and the Group's securities portfolio has suffered a loss on sale of investment at fair value through profit or loss of approximately HK\$101.6 million last year. However, there is a fair value gain on investment at fair value through profit or loss of approximately HK\$55.5 million for the year ended 31 March 2010 as the market improved in the second half of the year.
- (c) **Money Lending Business:** the Group has disposed of 50% of its money lending business for HK\$161 million in August 2009. The Group's associated company has contributed a loss of approximately HK\$16.3million for the fiscal year as a result of certain provisions against doubtful receivables and write offs. More cautious approach would be adopted in future lending in view of the current economy.
- (d) **Investment in Lottery Related Business in the People's Republic of China (the "PRC"):** the Group has a 20% interest in a company engaging in lottery related business in the PRC. The Company has obtained lottery selling rights for China Welfare Lottery Tickets in over 10 provinces in China. Since early part of 2010, the Company has also commenced selling Sports Lottery tickets in Shanghai. With the gaining popularity in single match betting game, business has been very good in this area of sale especially during the World Cup period. The Company is in discussion with certain institutional investors to increase its capital base to increase its presence in the lottery industry in China.

### Prospect

As at fiscal year end, the Group's consolidated equity base stood at HK\$1,113 million and cash resources stood at HK\$10.5million. The Group is constantly looking for new business opportunities with a cautious approach in this unstable economy.

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

As at 31 March 2010, the Group's total assets and borrowings were HK\$1,288,577,000 and HK\$152,699,000 respectively. Borrowings represented convertible note issued and interest-bearing bank borrowings. 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 borrowings/total assets) was approximately 11.85%. As at 31 March 2010, investment properties amounted to HK\$234,000,000, were pledged to banks to secure certain loan facilities granted to the Group and investments in securities with carrying amount of HK\$669,012,000 were pledged to certain financial institutes to secure certain margin financing facilities provided to the 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\$65,500,000 (2009: HK\$34,000,000).

## **CLOSURE OF REGISTER OF MEMBER**

The register of members will be temporarily closed from 17 August 2010 to 20 August 2010, 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 16 August 2010.

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

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

## **CORPORATE GOVERNANCE**

The company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31 March 2010, except for the following deviations:

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Dr. Kwong Kai Sing, Benny, assumes the roles of both Chairman and Chief Executive Officer of the Company, and is in charge of the overall management of the Company. The Company considers that the combination of the roles of the Chairman and Chief Executive Officer can promote the efficient formulation and implementation of the Company’s strategies which will enable the Group to grasp business opportunities efficiently and promptly. The Company considers that through the supervision of its Board and its independent non-executive directors, a balancing mechanism exists so that the interests of the shareholders are adequately and fairly represented.

Code provision A.4.1 stipulates that non-executive directors should be appointed for specific term, subject for re-election. None of the existing directors are appointed for specific term. However, all the directors shall be subject to retirement by rotation at the annual general meetings pursuant to the Company’s Bye-laws (Code Provision A.4.2 stipulates that all directors appointed should be subject to retirement by rotation at least once every three years (the “Rotation Period Restriction”). As such, the Board considers that sufficient measures have been taken to ensure that the Company’s corporate governance practices are no less exacting than those in the Code.

## **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 five independent non-executive directors of the Company. The Company’s annual results for the year ended 31 March 2010 have been reviewed by the audit committee of the Company.

## **COMPLICATION WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as the code for securities transactions by directors of the Company. Following specific enquiry by the Company, the directors have confirmed that they have complied with the required standard under the Model Code for the year ended 31 March 2010.

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

This results 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 2010 will be dispatch to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 15 July 2010

*As at the date of this announcement, the Company has five executive directors, being Dr. Kwong Kai Sing, Benny, Mr. Wong Chun Hung, 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.*

\* *For identification purposes only*