



CONTENTS

	<i>Pages</i>
Condensed Consolidated Profit And Loss Account	2
Condensed Consolidated Balance Sheet	3
Condensed Consolidated Statement of Changes in Equity	4
Condensed Consolidated Cash Flow Statement	5
Notes To Condensed Consolidated Financial Statements	6
Management Discussion And Analysis	12 - 16



Heritage International Holdings Limited

INTERIM FINANCIAL REPORT

The Board of Directors (the "Board") of Heritage International Holdings Limited (formerly known as B-Tech (Holdings) Limited) (the "Company") is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2002 together with the comparative figures. These interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 September 2002

	Notes	Unaudited Six months ended 30 September	
		2002 HK\$'000	2001 HK\$'000
TURNOVER	3	844	4,770
Cost of sales		(542)	—
Gross profit		302	4,770
Other revenue and gains		9,929	7,452
Selling and distribution costs		—	(311)
General and administrative expenses		(4,167)	(11,186)
Loss on transfer of investment securities into other investments, net		(2,792)	—
Other operating expenses		—	(101,863)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	3, 4	3,272	(101,138)
Finance costs	5	(10,899)	(16,984)
Share of profits less losses of associates		—	(491)
LOSS BEFORE TAX		(7,627)	(118,613)
Tax	6	—	(452)
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(7,627)	(119,065)
LOSS PER SHARE	8		
Basic		HK\$(0.01)	HK\$(1.74)
Diluted		N/A	N/A

**CONDENSED CONSOLIDATED BALANCE SHEET**

30 September 2002

	<i>Notes</i>	Unaudited 30 September 2002 HK\$'000	Audited 31 March 2002 HK\$'000
NON-CURRENT ASSETS			
Fixed assets		2,175	1,608
Interests in associates		346,899	339,139
Investment securities		—	25,085
Other investments		77,395	—
Held-to-maturity securities		14,040	5,040
		440,509	370,872
CURRENT ASSETS			
Amount due from an associate		217	217
Properties held for sale		1,000	1,000
Loans receivable	9	58,160	—
Prepayments, deposits and other receivables		17,241	35,089
Cash and bank balances		2,037	2,072
		78,655	38,378
CURRENT LIABILITIES			
Other payables and accrued liabilities		8,213	9,074
Interest-bearing other borrowings		373,547	373,300
		381,760	382,374
NET CURRENT LIABILITIES			
		(303,105)	(343,996)
		137,404	26,876
CAPITAL AND RESERVES			
Issued capital	10	15,540	48,949
Reserves		121,864	(22,073)
		137,404	26,876



Heritage International Holdings Limited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2002 (unaudited)

	Ordinary share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 April 2002	48,949	13,360	1,038	202,436	(6,069)	(232,838)	26,876
Reduction of capital (note 10(a)(i))	(47,725)	—	—	47,725	—	—	—
Rights issue (note 10(a)(iii))	12,237	90,556	—	—	—	—	102,793
Issuance of new shares	2,079	16,703	—	—	—	—	18,782
Expenses for capital reorganisation and issuance of new shares	—	(3,420)	—	—	—	—	(3,420)
Net loss for the period	—	—	—	—	—	(7,627)	(7,627)
Balance at 30 September 2002	<u>15,540</u>	<u>117,199</u>	<u>1,038</u>	<u>250,161</u>	<u>(6,069)</u>	<u>(240,465)</u>	<u>137,404</u>

For the six months ended 30 September 2001 (unaudited)

	Ordinary share capital HK\$'000	Share premium account HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Balance at 1 April 2001	205,273	1,339,156	1,038	123,294	(5,206)	(1,485,711)	177,844
Issuance of new shares	51,318	—	—	—	—	—	51,318
Capital reorganisation:							
Reduction of capital	(230,932)	—	—	230,932	—	—	—
Cancellation of share premium	—	(1,338,720)	—	1,338,720	—	—	—
Offsetting against accumulated losses	—	—	—	(1,490,946)	—	1,490,946	—
Capital reorganisation expenses	—	(436)	—	—	—	—	(436)
Share of exchange fluctuation reserve of associates	—	—	—	—	(424)	—	(424)
Net loss for the period	—	—	—	—	—	(119,065)	(119,065)
Balance at 30 September 2001	<u>25,659</u>	<u>—</u>	<u>1,038</u>	<u>202,000</u>	<u>(5,630)</u>	<u>(113,830)</u>	<u>109,237</u>



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2002

	Unaudited	
	Six months ended	
	30 September	
	2002	2001
	HK\$'000	HK\$'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(44,792)	(7,154)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	(73,398)	7,960
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	118,155	(811)
DECREASE IN CASH AND CASH EQUIVALENTS	(35)	(5)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,072	52
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,037	47
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,037	47



Heritage International Holdings Limited

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2002

1. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting", issued by the Hong Kong Society of Accountants.

The accounting policies and basis of preparation adopted in the preparation of these interim financial statements are consistent with those used in the Group's audited financial statements for the year ended 31 March 2002, except that the following recently-issued and revised SSAPs are effective for the first time for the current period's condensed consolidated financial statements:

SSAP 1 (Revised):	"Presentation of Financial Statements"
SSAP 11 (Revised):	"Foreign Currency Translation"
SSAP 15 (Revised):	"Cash Flow Statements"
SSAP 34:	"Employee Benefits"

These SSAPs prescribe new accounting treatment and disclosure practices. Except for SSAP 1 (Revised) and SSAP 15 (Revised), none of the above SSAPs has had a major impact on these financial statements. The major effects on Group's accounting policies and on the amounts disclosed in these financial statements arising from SSAP 1 (Revised) and SSAP 15 (Revised) are summarised as follows:

The main revision to SSAP 1 is to change the requirements from presenting a statement of recognised gains and losses to a statement of changes in equity. The condensed consolidated statement of changes in equity for the current interim period and the comparative figures have been presented in accordance with this revised SSAP.

The main revision to SSAP 15 is to classify cash flows during the period into operating, investing and financing activities. The condensed consolidated cash flow statement for the current interim period and the comparative figures have been presented in accordance with this revised SSAP.

2. BASIS OF PRESENTATION

As more fully explained in the audited consolidated financial statements for the year ended 31 March 2002, a notice of demand for repayment of certain secured other loans (the "Loan Payables") from a financial creditor (the "Financial Creditor") was received during the interim period.

Subsequent to the balance sheet date, in October 2002, the Company received a writ ("Writ") dated 15 October 2002 issued by the Financial Creditor and a shareholder of the Group's associate (collectively referred as the "Plaintiffs") against Polywise Investments Limited, a wholly-owned subsidiary of the Company (the "Defendant"). The Writ relates to a claim by the Plaintiffs in relation to a shareholders agreement (the "Agreement") dated 16 February 1995 entered between the Plaintiffs and the Defendant. In the Writ, the Plaintiffs claim, inter alia, a right to terminate the Agreement, an order for the rectification of the Agreement, specific performance, consequential reliefs, costs and any further or other relief but do not specify the amount claimed. Up to the date of approval of these unaudited condensed consolidated interim financial statements, no statement of claim has been received from the Plaintiff regarding the Writ.

The Group is still in the process of negotiating with the Financial Creditor for the Writ and settlement of the Loan Payables by means of applying its interests in certain loan receivables (the "Loan Receivables") from an associate of the Group (the "Associate", which is a 60%-owned subsidiary of the Financial Creditor) to the Financial Creditor. The Group is seeking legal advice as to how to mitigate its liabilities under the Loan Payables (collectively the "Negotiation and Future Course of Actions").

As at 30 September 2002, the Loan Payables and the Loan Receivables amounted to approximately HK\$361,544,000 and HK\$346,899,000, respectively.

During the period, the Group successfully raised approximately HK\$100 million (net of expenses) from a rights issue of 1,223,724,110 ordinary shares of the Company (the "Rights Issue").

The Group is also currently actively exploring new business opportunities. Active cost-saving measures to streamline the Group's existing operations and to focus on improving the financial resources of the Group have been implemented or are being contemplated to substantially reduce the operating expenses and cash outflows in the coming year.

The directors are of the opinion that, in light of the measures/arrangements implemented to date, together with the expected results of other measures/arrangements in progress/as planned, the Group will have sufficient financial resources to satisfy its future working capital and other financing requirements for the foreseeable future. The directors believe that the aforementioned financing arrangements/plans, including the Negotiation and Future Course of Actions, will be successful and, accordingly, the financial statements have been prepared on a going concern basis.



3. SEGMENT INFORMATION

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 other business segments. Summary details of the business segments are as follows:

- (a) the property development and investment segment comprises the development and sale of properties and the investments in office and commercial premises for their rental income potential;
- (b) the investment holding segment engages in non-controlling investment holding in certain debt and equity securities; and
- (c) the money lending segment engages in money lending operation in Hong Kong.

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

(1) Business segments

The following tables present revenue and profit/(loss) for the Group's business segments.

	Property development and investment		Investment holding*		Money lending**		Elimination		Consolidated	
	For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September		For the six months ended 30 September	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue:										
Sales to external customers	—	4,770	—	—	844	—	—	—	844	4,770
Other revenue from external sources	—	—	4,015	—	30	—	—	—	4,045	—
Total	—	4,770	4,015	—	874	—	—	—	4,889	4,770
Segment results	(126)	(1,301)	1,544	(100,297)	19	—	712	—	2,149	(101,598)
Interest income and unallocated revenue/gains									5,884	7,452
Unallocated expenses									(4,761)	(6,992)
Profit/(loss) from operating activities									3,272	(101,138)
Finance costs									(10,899)	(16,984)
Share of profits less losses of associates	—	(491)	—	—	—	—	—	—	—	(491)
Loss before tax									(7,627)	(118,613)
Tax									—	(452)
Net loss from ordinary activities attributable to shareholders									(7,627)	(119,065)

* Investment holding is one of the Group's segments and, accordingly, the Group's income and expenses from investment securities, other investments and held-to-maturity securities were included in the segment revenue and results, respectively.

** Money lending is one of the Group's segments and, accordingly, the interest income and expenses from money lending business were included in the segment revenue and segment results, respectively.

Heritage International Holdings Limited

(2) Geographical segments

The following tables present revenue and results for the Group's geographical segments.

	Hong Kong For the six months ended 30 September 2002		Mainland China For the six months ended 30 September 2002		Consolidated For the six months ended 30 September 2002	
	HK\$'000 (Unaudited)	2001 HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	2001 HK\$'000 (Unaudited)	HK\$'000 (Unaudited)	2001 HK\$'000 (Unaudited)
Segment revenue:						
Sales to external customers	844	—	—	4,770	844	4,770
Other revenue	4,045	—	—	—	4,045	—
	<u>4,889</u>	<u>—</u>	<u>—</u>	<u>4,770</u>	<u>4,889</u>	<u>4,770</u>
Segment results	<u>(2,486)</u>	<u>(78,998)</u>	<u>(126)</u>	<u>(29,592)</u>	<u>(2,612)</u>	<u>(108,590)</u>

4. PROFIT/(LOSS) FROM OPERATING ACTIVITIES

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

	Unaudited Six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000
Depreciation	337	434
Loss on disposal of other investments	—	43,409
Write-off of fixed assets	—	1,871
Interest income	(6,728)	(7,452)
Gain on disposal of investment securities	(4,006)	—
	<u>(6,397)</u>	<u>40,262</u>

5. FINANCE COSTS

	Unaudited Six months ended 30 September	
	2002 HK\$'000	2001 HK\$'000
Interest on other loans wholly repayable within five years	11,441	16,959
Interest on finance lease	—	25
	<u>11,441</u>	<u>16,984</u>
Portion classified as cost of sales	(542)	—
	<u>10,899</u>	<u>16,984</u>



6. TAX

	Unaudited Six months ended 30 September	
	2002	2001
	HK\$'000	HK\$'000
Associates:		
Overseas	—	452
	<u> </u>	<u> </u>

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period (2001: Nil).

Taxes on profits assessable overseas have been calculated at the rates of tax prevailing in the respective jurisdictions in which they operate, based on existing legislation, interpretations and practices in respect thereof.

7. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the period (2001: Nil).

8. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is calculated based on (i) the net loss from ordinary activities attributable to shareholders for the period of HK\$7,627,000 (2001: HK\$119,065,000); and (ii) the weighted average number of 821,657,252 (2001: 68,622,276 as restated) ordinary shares in issue during the period, adjusted to reflect the consolidation of shares (note 10(a)(ii)) and the Rights Issue (note 10(a)(iii)) during the period.

(b) Diluted loss per share

No diluted loss per share is presented for the six months ended 30 September 2002 and 30 September 2001 as the effect of the Company's outstanding share options and warrants were antidilutive.

9. LOANS RECEIVABLE

	Unaudited 30 September 2002 HK\$'000	Audited 31 March 2002 HK\$'000
Secured	2,000	—
Unsecured	56,160	—
	<u> </u>	<u> </u>
	58,160	—
	<u> </u>	<u> </u>

The loans receivable are repayable within twelve months from the balance sheet date.

Heritage International Holdings Limited

10. SHARE CAPITAL

Shares

	Unaudited 30 September 2002 HK\$'000	Audited 31 March 2002 HK\$'000
Authorised:		
50,000,000,000 ordinary shares of HK\$0.01 each	<u>500,000</u>	<u>500,000</u>

Issued and fully paid:

	<i>Notes</i>	Number of ordinary shares of HK\$0.01 each	Nominal value HK\$'000
Balance at beginning of period		4,894,896,474	48,949
Reduction of capital	(a)(i)	—	(47,725)
Consolidation of shares	(a)(ii)	(4,772,524,063)	—
Rights issue	(a)(iii)	1,223,724,110	12,237
Exercise of bonus warrants	(b)	194,486,724	1,945
Exercise of share options	(c)	13,460,000	134
Balance at end of period		<u>1,554,043,245</u>	<u>15,540</u>

During the period, there were the following changes in the share capital of the Company:

- (a) On 24 May 2002, a special general meeting was convened and the shareholders approved the capital reorganisation of the Company as follows:

(i) Reduction of capital

The par value of all issued shares of the Company was reduced from HK\$0.01 per share to HK\$0.00025 per share (the "Share"). The credit arising from such reduction has been credited to the contributed surplus account of the Company.

(ii) Consolidation of shares

Every forty issued Shares of HK\$0.00025 each were consolidated into one ordinary share of HK\$0.01 (the "Consolidated Share").

(iii) Rights issue with bonus issue

1,223,724,110 ordinary shares (the "Rights Shares") were issued at a price of HK\$0.084 each based on ten Rights Shares for every Consolidated Share with total cash proceeds of approximately HK\$100 million, net of expenses (the "Rights Issue"); and

244,744,822 warrants (the "Warrants") were issued in the proportion of one warrant for every five Right Shares, which entitle the holders thereof to subscribe 244,744,822 Consolidated Shares in cash in an aggregate of HK\$22,027,034 at an initial subscription price of HK\$0.09 per Consolidated Share, subject to adjustment, and exercisable from 25 June 2002 to 30 June 2003, both dates inclusive.

- (b) During the period, 194,486,724 Warrants were exercised and 194,486,724 ordinary shares of HK\$0.01 each were allotted and issued at HK\$0.09 each.
- (c) On 5 July 2002, 13,460,000 ordinary shares of HK\$0.01 each were allotted and issued to a share option holder at HK\$0.095 each.

Heritage International Holdings Limited



Warrants

As at the balance sheet date, the Company had 50,258,098 Warrants outstanding. The exercise in full of such warrants would result in issue of 50,258,098 additional shares of HK\$0.01 each and cash proceeds, before the related issue expenses, of approximately HK\$4,523,000.

Share options

The movements in share options granted by the Company to employees of the Company during the period were as follows:

Exercise price	Number of share options to subscribe for shares at an exercise price per share of		
	HK\$0.100 '000	HK\$0.095 '000	Total '000
Balance at beginning of period	53,434	—	53,434
Cancelled during the period (Note 1)	(53,434)	—	(53,434)
Granted during the period (Note 2)	—	13,460	13,460
Exercised during the period	—	(13,460)	(13,460)
	—	—	—
Balance at end of period	—	—	—

Notes:

- (1) The options were cancelled after resignation from the Group by respective employees.
 (2) At a consideration of HK\$1 per grantee.

11. PLEDGED OF ASSETS

The secured other loans of the Group at the balance sheet date were secured by way of a first legal charge over the shares in an associate together with the assignment and transfer of all dividends or any other distributions deriving therefrom.

12. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for the properties are negotiated for terms of three years.

At 30 September 2002, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Unaudited 30 September 2002 HK\$'000	Audited 31 March 2002 HK\$'000
Within one year	504	605
In the second to fifth years, inclusive	705	1,108
	1,209	1,713

13. RELATED PARTY TRANSACTIONS

During the period, interest income from an associate of the Group of HK\$5,266,000 (2001: HK\$7,441,000) arose from certain loans to the associate. The loans to the associate are unsecured, bear interest at 1.6590% per annum above HIBOR (2001: 1.7882% per annum above HIBOR) and are not repayable within one year.

14. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board of Directors on 18 December 2002.



Heritage International Holdings Limited

MANAGEMENT DISCUSSION AND ANALYSIS

30 September 2002

BUSINESS REVIEW

The Group's unaudited loss for the six months ended 30 September 2002 was HK\$7,627,000 as compared with a loss of HK\$119,065,000 recorded in the corresponding period last year. The net assets value of the Group has increased from HK\$26.9 million as at 31 March 2002 to HK\$137.4 million as at 30 September 2002 after the rights issue of shares during the period.

The Group disposed of one of its property investments in Mainland China in last year, the loss of rental income from such investment has led to the decrease of total turnover from last period's HK\$4,770,000 to HK\$844,000 in this period. On the expenses side, the level of total operating expenses decreased materially during the period as a result of the Group's continual effort to streamline its operation. Finance costs also decreased from HK\$16,984,000 in the corresponding period last year to HK\$10,899,000 for this period.

Property related investments and investment in securities remain the Group's core businesses. During the period, the Group has also participated in money-lending business so as to utilise the cash resources in a more efficient way. The overall performance of the Group's businesses has improved substantially in this period.

Property investment and development

The Group holds a 30% interest in the property development project of Guangzhou Le Palais situated in Guangzhou city of the PRC. This luxury residential property complex consists of 844 apartment units and 300 car parking spaces. The sale campaign of the apartment units has commenced already in late 2001.

The Group is also actively identifying suitable property investment opportunities. Subsequent to 30 September 2002, the Group has acquired certain office units in Oriental Building at Jianshe Road, Shenzhen, the PRC and also units in Wyfold Industrial City in Buji, Shenzhen, the PRC respectively. Rental income from these investments provides a steady recurring income for the Group.

Investment in securities

During the period, the Group had increased its investment in listed securities in Hong Kong. The portfolio of our securities investment is well diversified and consists of companies with good fundamentals and growth potential. As at 30 September 2002, the market value of the listed securities held was around HK\$77,395,000.

Money-lending businesses

The Group's money-lending businesses have provided a reasonably sound return on our funds employed thereon. Due to the increased efficiency of our cash flow planning and the increase in the level of our surplus funds, the Group has been able to utilise the cash resources more profitably during the period via the money-lending businesses. Since the Group has increased its investment in property investments and securities investments recently, we expect our money-lending activities in the second half of this financial year will be kept within the current level.

PROSPECTS

The management is very conscious of the issues of assets qualities and the effectiveness of our business strategy. Large effort has also been spent by the Group to optimise the efficiency of its operations and to rationise its investments. After the rights issue of shares in June this year, the capital base of the Group has increased substantially. In view of the booming economy in Mainland China and the improvements in the local economy, the Group will continually look for new investment opportunities in Mainland China and in Hong Kong. Barring any unforeseen circumstances, the overall performances of the Group is expected to improve in the second half of this financial year.



CHANGE OF COMPANY NAME

Pursuant to a resolution passed by the shareholders of the Company on 6 September 2002, the name of the Company has been changed from "B-Tech (Holdings) Limited" (大雄科技集團有限公司) to "Heritage International Holdings Limited" (漢基控股有限公司).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2002, the Group's total assets and borrowings were HK\$519.2 million and HK\$373.5 million respectively. The borrowings of the Group carried floating interest rates calculated by reference to the Hong Kong dollar prime rate and were made in Hong Kong dollar, and thus, there is no exposure to fluctuations in exchange rate. There was a first legal charge over the shares in an associate together with the assignment and transfer of all dividends or any other distribution therefrom to secure interest-bearing other borrowings. The gearing ratio (total borrowings/total assets) was 72%.

As disclosed previously in the audited financial statements for the year ended 31 March 2002 and also note 2 to the unaudited condensed consolidated financial statements, a subsidiary of the Group is in the course of negotiating with a financial creditor in respect of secured other loans (the "Loan Payables") stated as HK\$ 361.5 million at 30 September 2002 on the balance sheet. Funds for the repayment of the Loan Payables will mainly be met by our loan and other receivables from an associate stated as HK\$347.1 million totally at 30 September 2002 on the balance sheet. The Group is of the view that the repayment of the Loan Payables should have no material adverse impact on the operation of our businesses.

In May 2002, the Company had carried out a reduction of capital and consolidation of shares. In June 2002, the Company had carried out rights issue of 1,223,724,110 rights shares. Net proceeds of HK\$100 million were received from this rights issue.

CONTINGENT LIABILITIES

The Group had certain contingent liabilities as at 30 September 2002, details of which have already been disclosed in the Group's audited financial statements for the year ended 31 March 2002. No further material development or realisation of these contingent liabilities has been occurred during this period and up to the date of approval of the unaudited condensed consolidated financial statements.

DIRECTORS' INTEREST IN SECURITIES

At 30 September 2002, the interests of the directors in the equity or debt securities of the Company or its associated corporations, as recorded in the register maintained by the Company pursuant to section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), or which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows:

Interests in ordinary shares in the Company

Name of Director	Number of shares of HK\$0.01 held			
	Personal interests	Family interests	Corporate interests	Other interests
Kwong Kai Sing, Benny	—	—	341,430,000	—

Note: These shares were held by Fortuna Investments Group Limited ("Fortuna"). Fortuna is a wholly-owned subsidiary of Goldworld Development Limited, a company wholly-owned by Mr. Kwong Kai Sing, Benny.

In addition to the above, certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, as at 30 September 2002, none of the directors or their associates had any personal, family, corporate or other interests in the equity or debt securities of the Company or any of its associated corporations as defined in the SDI Ordinance or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Heritage International Holdings Limited

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Apart from as disclosed under the heading "Share option scheme" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The following share options were outstanding under the share option scheme of the Company during the six months ended 30 September 2002:

Name or category of participant	Number of share options					Date of grant of share options*	Exercise period of share options	Exercise price of share options at date of grant of options** HK\$	Price of Company's shares at date of grant of options*** HK\$
	At 1 April 2002 '000	Granted during the period '000	Cancelled during the period '000	Exercise during the period '000	At 30 September 2002 '000				
Directors									
Li Man Leung	26,717	—	(26,717)	—	—	14-5-2001	15-5-2001 to 14-5-2011	0.010	0.018
Lai Hok Lim	26,717	—	(26,717)	—	—	14-5-2001	15-5-2001 to 14-5-2011	0.010	0.018
	<u>53,434</u>	<u>—</u>	<u>(53,434)</u>	<u>—</u>	<u>—</u>				
Other employees									
In aggregate	—	13,460	—	(13,460)#	—	3-7-2002	4-7-2002 to 3-7-2012	0.095	0.095
	<u>53,434</u>	<u>13,460</u>	<u>(53,434)</u>	<u>(13,460)</u>	<u>—</u>				

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

*** The price of the Company's shares disclosed as at the date of grant of the share options is the Stock Exchange closing price on the trading day on which the options were granted.

The weighted average closing price of the Company's shares immediately before the date on which the share option were exercised: HK\$0.095.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2002, the register of substantial shareholders maintained by the Company under Section 16(1) of the SDI Ordinance showed that the following shareholders had an interest in 10% or more of the nominal value of the issued share capital of the Company carrying rights to vote in all circumstances at general meetings of the Company:

Name of shareholder	Number of shares of HK\$0.01 each held	Percentage of the Company's issued share capital
Fortuna Investments Group Limited	341,430,000	21.97%
Goldworld Development Limited	341,430,000	21.97%

Note: These shares represent the same parcel of shares, further details of which are included in the section of "Directors' interests in securities".



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

During the six months ended 30 September 2002, neither the Company nor any of its subsidiaries purchased, sold and redeemed any of the Company's listed securities.

DISCLOSURE REQUIREMENTS OF PRACTICE NOTE 19

In accordance with the requirements under paragraph 3.3 of Practice Note 19 (the "PN19") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the directors of the Company reported below financial assistance given to an affiliated company (as defined by the PN19) as at 30 September 2002.

The financial assistance given to an associate, Speed World Investment Limited, in which the Group holds 30% equity interest, represented 253% of the consolidated net tangible assets of the Group as at 30 September 2002.

The balance sheet of and the Company's attributable interest in the associate as at 30 June 2002 (being the latest practicable date for this report) disclosed in accordance with paragraph 3.10 of PN19 are as follows:

	Balance at 30 June 2002 <i>HK\$'000</i>	The Company's attributable interest <i>HK\$'000</i>
NON-CURRENT ASSETS		
Fixed assets	205	61
Properties under development	1,125,405	337,622
	1,125,610	337,683
CURRENT ASSETS		
Debtors and other receivables	20,758	6,227
Amount due from a fellow subsidiary	1	—
Cash and bank balances	31,819	9,546
	52,578	15,773
CURRENT LIABILITIES		
Trade payables, other payables and accrued liabilities	109,993	32,998
Amount due to immediate holding company	87	26
Amount due to ultimate holding company	850,471	255,141
Amounts due to other shareholders	339,094	101,728
	1,299,645	389,893
NET CURRENT LIABILITIES	(1,247,067)	(374,120)
	(121,457)	(36,437)



Heritage International Holdings Limited

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.

REVIEW BY AUDIT COMMITTEE

The interim report has been reviewed by the Audit Committee which comprises two independent non-executive directors and one non-executive director.

COMPLIANCE WITH CODE OF BEST PRACTICE

In the opinion of the directors, the Company has complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 September 2002, except that the independent non-executive directors of the Company are not appointed for a specific term as required by paragraph 7 of the Code, but are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company's by-laws.

By the Order of the Board

Kwong Kai Sing, Benny

Chairman

Hong Kong, 18 December 2002