新 澤 控 股 有 限 公 司
New Heritage Holdings Ltd.

(Incorporated in the Cayman Islands with limited liability)
(HKSE Stock Code: 95)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

RESULTS

The board of directors (the "Directors" or the "Board") of New Heritage Holdings Ltd. (the "Company" or "New Heritage") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31 December 2013 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Revenue	4	**212,402**	272,102
Cost of sales		**(180,693)**	(223,202)
Gross profit		**31,709**	48,900
Other income	4	**9,101**	4,736
Selling expenses		**(9,384)**	(10,154)
Administrative expenses		**(39,927)**	(55,548)
Fair value adjustments on investment properties		**11,101**	22,337
(Loss)/Gain on disposal of investment properties		**(150)**	2,477
Gain on deregistration of a subsidiary		**8,898**	–
Impairment loss on goodwill		**(7,799)**	–
Finance costs	5	**(1,828)**	(1,937)
Share of results of associates		**19,848**	20,417
Profit before income tax	6	**21,569**	31,228
Income tax expense	7	**(26,230)**	(15,730)
(Loss)/Profit for the year		**(4,661)**	15,498
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(14,739)**	8,208
Non-controlling interests		**10,078**	7,290
		(4,661)	15,498
(Loss)/Earnings per share attributable to the owners of the Company during the year	9	***HK cents***	*HK cents*
– Basic		**(1.14)**	0.64
– Diluted		**N/A**	0.64

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
(Loss)/Profit for the year	**(4,661)**	15,498
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange gain on translation of foreign operations of subsidiaries	**30,543**	8,148
Share of exchange gain on translation of foreign operation of an associate	**4,475**	908
Items that will not be reclassified subsequently to profit or loss:		
Reclassification of exchange reserve upon deregistration of a subsidiary	**(8,898)**	–
Share of revaluation surplus of an associate's hotel property	**1,127**	4,014
Other comprehensive income for the year, net of tax	**27,247**	13,070
Total comprehensive income for the year	**22,586**	28,568
Total comprehensive income attributable to:		
Owners of the Company	**6,405**	19,631
Non-controlling interests	**16,181**	8,937
	22,586	28,568

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Goodwill		**29,249**	37,048
Property, plant and equipment		**47,611**	49,359
Investment properties		**318,899**	304,594
Interests in associates		**137,922**	137,402
Deferred tax assets		**173**	167
		533,854	528,570
Current assets			
Properties held under development		**457,085**	418,816
Properties held for sale		**343,501**	294,334
Inventories		**67**	65
Accounts receivable	*10*	**166**	139
Deposits paid, prepayments and other receivables		**47,543**	32,486
Tax recoverable		**22,648**	12,338
Restricted bank deposits		**36,230**	38,876
Cash and bank balances		**435,782**	290,999
		1,343,022	1,088,053
Total assets		**1,876,876**	1,616,623
Current liabilities			
Accounts payable	*11*	**112,179**	92,197
Accruals, deposits received and other payables		**416,245**	135,810
Convertible notes		**42,140**	–
Borrowings		**85,173**	219,527
		655,737	447,534
Net current assets		**687,285**	640,519
Total assets less current liabilities		**1,221,139**	1,169,089
Non-current liabilities			
Borrowings		**96,455**	19,771
Convertible notes		**–**	74,350
Deferred tax liabilities		**53,747**	47,347
		150,202	141,468
Total liabilities		**805,939**	589,002
NET ASSETS		**1,070,937**	1,027,621
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**13,246**	12,854
Reserves		**960,079**	915,542
Proposed final dividend		**–**	2,571
		973,325	930,967
Non-controlling interests		**97,612**	96,654
TOTAL EQUITY		**1,070,937**	1,027,621

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies are consistent with those as described in the Group's financial statements for the year ended 31 December 2012, except that the Group has adopted a number of new and revised HKFRSs which are relevant to the Group's operations and are mandatory for the financial year ended 31 December 2013 as detailed in note 2.

2. ADOPTION OF NEW AND REVISED HKFRSs – FIRST EFFECTIVE ON 1 JANUARY 2013

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures

Except as explained below, the adoption of these new and revised HKFRSs has no material impact on the Group's financial statements.

HKFRSs (Amendments) – Annual Improvements 2010-2012 Cycle
The Basis of Conclusions for HKFRS 13 Fair Value Measurement was amended to clarify that short-term receivables and payables with no stated interest rate can be measured at their invoice amounts without discounting, if the effect of discounting is immaterial. This is consistent with the Group's existing accounting policy.

Amendments to HKAS1 (Revised) – Presentation of Items of Other Comprehensive Income
The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively for the financial year ended 31 December 2013. Items of other comprehensive income that may and may not be reclassified to profit and loss in the future have been presented separately in the consolidated statement of comprehensive income. The comparative information has been restated to comply with the amendments. As the amendments affect presentation only, there are no effects on the Group's financial position or performance.

Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities
HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

The adoption of the amendments has no impact on these financial statements as the Group has not offset financial instruments, nor has it entered into a master netting agreement or a similar arrangement.

HKFRS 10 – Consolidated Financial Statements
HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them.

The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest.

The adoption of HKFRS 10 does not have any material impact on the Group's financial position or performance.

2. ADOPTION OF NEW AND REVISED HKFRSs – FIRST EFFECTIVE ON 1 JANUARY 2013 *(Continued)*

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosure requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

HKAS 19 (2011) – Employee Benefits

HKAS 19 (2011) distinguishes between short-term and long-term employee benefits based on the expected date of settlement. The previous standard used the term "due to be settled". HKAS 19 (2011) provides additional guidance on the definition of termination benefits. Benefits that are conditional on future service being provided including those that increase if additional service is provided are not termination benefits. The revised standard requires that a liability for termination benefits is recognised on the earlier of the date when the entity can no longer withdraw the offer of those benefits and the date the entity recognises any related restructuring costs.

The Group has amended its accounting policies for short-term employee benefits and termination benefits, however the adoption of the revised standard has no effect on the Group's financial position or performance.

3. SEGMENT INFORMATION

In identifying its operating segments, management generally follows the Group's service lines, which represents the main products and services provided by the Group. The Group has identified the following reportable segments.

Property development	:	Property development and sale of properties held for sale
Property investment and leasing	:	Property leasing and sale of investment properties

Each of these operating segments is managed separately as each of these products and service lines requires different resources as well as marketing approaches.

For the year ended 31 December 2013, there have been no changes from prior years in the measurement methods used to determine operating segments and reported segment profit or loss.

Inter-segment sales are charged at prevailing market prices.

3. SEGMENT INFORMATION *(Continued)*

The revenue and profit generated by the Group's operating segments are summarised as follows:

	2013			
	Property development *HK$'000*	**Property investment and leasing** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
Revenue:				
From external customers	**199,485**	**12,917**	**–**	**212,402**
Inter-segment revenue	**–**	**–**	**–**	**–**
Total segment revenue	**199,485**	**12,917**	**–**	**212,402**
Reportable segment profit	**15,801**	**11,494**	**–**	**27,295**
Interest income	**3,488**	**1,656**	**–**	**5,144**
Depreciation of property, plant and equipment	**(472)**	**(1,123)**	**–**	**(1,595)**
Loss on disposal of investment properties	**–**	**(150)**	**–**	**(150)**
Impairment loss on properties held for sale	**(14,836)**	**–**	**–**	**(14,836)**
Fair value adjustments on investment properties	**–**	**11,101**	**–**	**11,101**
Finance costs	**–**	**(1,828)**	**–**	**(1,828)**
Reportable segment assets	**1,090,503**	**405,396**	**–**	**1,495,899**
Additions to non-current segment assets during the year	**124**	**350**	**–**	**474**

	2012			
	Property development *HK$'000*	Property investment and leasing *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue:				
From external customers	258,937	13,165	–	272,102
Inter-segment revenue	–	–	–	–
Total segment revenue	258,937	13,165	–	272,102
Reportable segment profit	22,420	16,400	–	38,820
Interest income	2,694	619	–	3,313
Depreciation of property, plant and equipment	(491)	(1,866)	–	(2,357)
Gain on disposal of investment properties	–	2,477	–	2,477
Impairment loss on properties held for sale	(759)	–	–	(759)
Fair value adjustments on investment properties	–	22,337	–	22,337
Finance costs	–	(1,937)	–	(1,937)
Reportable segment assets	1,034,068	348,629	–	1,382,697
Additions to non-current segment assets during the year	5	79	–	84

3. SEGMENT INFORMATION *(Continued)*

The total presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2013	2012
	HK$'000	*HK$'000*
Total segment profit	**27,295**	38,820
Share of results of associates	**19,848**	20,417
Gain on deregistration of a subsidiary	**8,898**	–
Equity-settled employee share-based payments	**–**	(2,947)
Corporate overheads	**(35,687)**	(25,235)
Other unallocated income	**1,215**	173
Profit before income tax	**21,569**	31,228
Reportable segment assets	**1,495,899**	1,382,697
Goodwill	**29,249**	37,048
Interests in associates	**137,922**	137,402
Corporate assets	**213,806**	59,476
Total assets	**1,876,876**	1,616,623

No geographical information is presented as the operations, major customers and assets of the Group are substantially located in the People's Republic of China (the "PRC").

The Group has a large number of customers and there was no significant revenue derived from specific external customers for the years ended 31 December 2013 and 2012.

4. REVENUE AND OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Revenue, which also represents the Group's turnover		
Proceeds from sale of properties held for sale	**199,485**	258,937
Rental income	**12,917**	13,165
	212,402	272,102
Other income		
Interest income	**5,509**	3,325
Exchange gain, net	**844**	233
Others	**2,748**	1,178
	9,101	4,736

5. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest charges on borrowings which are repayable within five years:		
Bank loans	**3,260**	10,093
Other loan	**6**	8
Imputed interest expense on loans from non-controlling shareholders	**1,066**	2,071
	4,332	12,172
Interest charges on borrowings which are repayable after five years:		
Bank loans	**420**	497
	4,752	12,669
Interest charges on convertible notes	**9,010**	9,188
Total interest expense on financial liabilities not at fair value through profit or loss	**13,762**	21,857
Less: amount capitalised in properties held under development *	**(11,934)**	(19,920)
	1,828	1,937

* The finance costs have been capitalised at a rate of 3.85% (2012: 3.29%) per annum.

The analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayment dates set out in the loan agreements. For the years ended 31 December 2013 and 2012, the interest on bank borrowings which contain a repayment on demand clause amounted to approximately HK$1,957,000 and HK$1,811,000 respectively.

6. PROFIT BEFORE INCOME TAX

	2013	2012
	HK$'000	*HK$'000*
Profit before income tax is arrived at after charging/(crediting):		
Carrying amount of properties sold	**163,013**	219,356
Impairment loss on properties held for sale	**14,836**	759
Cost of properties held for sale recognised as expense	**177,849**	220,115
Depreciation of property, plant and equipment	**2,621**	3,581
Less: amount capitalised in properties held under development	**(350)**	(292)
	2,271	3,289
Outgoings in respect of investment properties that generated rental income during the year	**2,844**	3,087
Operating lease charges in respect of land and buildings	**356**	309
Impairment loss on goodwill	**7,799**	–
Auditor's remuneration		
– Audit services	**1,350**	1,280
– Other services	**167**	634
Staff costs (including directors' emoluments)		
– Directors' fee	**836**	836
– Salaries and other benefits in kind	**32,994**	33,378
– Amount recognised as expense for retirement benefit costs	**2,130**	2,549
– Equity-settled employee share-based payments	**–**	2,947
Less: amount capitalised in properties held under development	**(11,415)**	(13,276)
	24,545	26,434
Loss on disposal of property, plant and equipment	**8**	8,174
Impairment loss on amount due from an associate	**–**	192
Impairment loss on other receivables	**74**	1,602
Loss/(Gain) on disposal of investment properties	**150**	(2,477)
Exchange gain, net	**(844)**	(233)

7. INCOME TAX EXPENSE

	Notes	**2013**	2012
		HK$'000	*HK$'000*
Current tax – the PRC			
Corporate income tax	*(a)*	**15,273**	8,699
Land appreciation tax ("LAT")	*(b)*		
– current year		**6,062**	6,273
– over-provision in prior years		**–**	(7,380)
		21,335	7,592
Deferred taxation		**4,895**	8,138
Total income tax charge		**26,230**	15,730

Notes:

(a) The PRC corporate income tax is computed according to relevant laws and regulations in the PRC. The applicable income tax rate was 25% for the years ended 31 December 2013 and 2012.

No Hong Kong profits tax has been provided for as the Group had no estimated assessable profits for the year (2012: Nil).

(b) Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

8. DIVIDENDS

Dividends attributable to the year:

	2013	2012
	HK$'000	*HK$'000*
Proposed 2012 final dividend of 0.2 HK cents per ordinary share	**–**	2,571

The final dividend proposed after the year ended 31 December 2012 had not been recognised as a liability at the end of the reporting period, but reflected as an appropriation of retained profits for the year.

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to the owners of the Company of approximately HK$14,739,000 (2012: profit of HK$8,208,000) and on weighted average of 1,291,544,460 (2012: 1,284,780,869) ordinary shares in issue during the year.

No adjustment has been made to the basic loss per share as the outstanding share options and convertible notes had an anti-dilutive effect on the basic loss per share for the year ended 31 December 2013.

In the calculation of diluted earnings per share attributable to the owners of the Company for the year ended 31 December 2012, the potential shares arising from the conversion of the Company's convertible notes would increase the earnings per share attributable to the owners of the Company and was not taken into account as they had an anti-dilutive effect. Therefore, the diluted earnings per share attributable to the owners of the Company is based on the profit attributable to the owners of the Company of approximately HK$8,208,000 and on weighted average of 1,286,858,075 ordinary shares outstanding during the year ended 31 December 2012, being the weighted average number of ordinary shares of 1,284,780,869 used in basic earnings per share calculation adjusted for the effect of share options issued of 2,077,206.

10. ACCOUNTS RECEIVABLE

Accounts receivable generally have credit terms of 30 to 60 days (2012: 30 to 60 days) and no interest is charged. All accounts receivable are denominated in Renminbi. The ageing analysis of the Group's accounts receivable, based on invoice dates, is as follows:

	2013	2012
	HK$'000	*HK$'000*
Within 30 days	**127**	139
31 – 60 days	**39**	–
	166	139

11. ACCOUNTS PAYABLE

Based on the invoice dates, the ageing analysis of the Group's accounts payable is as follows:

		2013	2012
	Notes	***HK$'000***	*HK$'000*
Within 30 days		**8**	75
31 – 60 days		**12**	9
61 – 90 days		**–**	–
91 – 365 days		**–**	91
Over 365 days		**1,420**	1,345
Rent received on behalf of landlords	*(a)*	**1,440**	1,520
Accrued construction cost and other project-related expenses	*(b)*	**110,739**	90,677
		112,179	92,197

Notes:

(a) Rent received on behalf of landlords comprised net rental received from tenants after netting off fee charged to them provided by external service providers.

(b) Included in the above amounts are construction cost and other project-related expenses payable amounting to approximately HK$110,739,000 as at 31 December 2013 (2012: HK$90,677,000) which were accrued based on the terms of the relevant agreements and the progress of the projects, and were not due for payment as at 31 December 2013.

CHAIRMAN'S STATEMENT

Results and Dividends

For the year ended 31 December 2013, New Heritage's revenue fell about 22% from the previous year to approximately HK$212.4 million (2012: HK$272.1 million). Its loss attributable to the owners of the Company was approximately HK$14.7 million (2012: profit of HK$8.2 million) which represents a basic loss per share of 1.14 HK cents (2012: basic earnings per share of 0.64 HK cents).

The Board does not recommend a dividend at this time. Consequently, no dividend was proposed during the year ended 31 December 2013.

Business Review and Outlook

2013 was a mixed year for the real estate sector in the PRC with land prices continuing to rise and lending to property developers as well as end users tightening towards the end of the year. However, balanced against that, the Central Government has generally refrained from enacting further legislation during the year to curb housing sales or prices. The ongoing pent-up demand and lack of alternative investment channels have kept housing sales fairly strong and prices have risen in most cities.

Our major sources of revenue during the year have been Phase 2 of our Taihu Garden Court ("TGC") townhouse project in Guangfu Town, Wuzhong, as well as contribution from Phase 3 of our Lakeside Garden Court ("LGC") project in Shengze Town, Wujiang. Rentals in our retail investment properties continued to perform well as reflected in the renewals during the course of the year.

The long term potential in the PRC for property development is promising but cyclical. In the short and medium term however, there are stiff challenges for property developers to maintain their margins, acquire new profitable sites, have balanced growth and attract and retain good talent. The property market sentiment will be greatly affected by any changes in the bank interest rates, alternative investment channels and government policy. Currently it is one of the few bright spots in the country's economy but in terms of sustainability, other growth sectors are badly needed.

I would like to thank our strategic partners who have stood by us through all these years, our shareholders and our lenders for their continued support and attention, our staff for their dedication, loyalty and endurance, and last but not least to my fellow Board members for their responsiveness and guidance of the Company since its listing in 2005.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

During the year under review, the Group continued its focus on property development and investment businesses in Suzhou and Beijing.

Property Development

In 2013, our TGC townhouse project in the Wuzhong district of Suzhou was still affected by the continuing Home Purchase Restriction ("HPR") measures which were absent in Wujiang district where our LGC project is situated. During the year, our Wujiang project enjoyed a less restrictive environment and benefited from the deepening amalgamation with the Suzhou municipality, and these together with the Group's launch of pre-sale programs for Phase 4 of LGC, achieved satisfactory results.

The Central Government's actions for curbing property speculation and investment showed some effectiveness, but property price levels continued to slope upward and the second-hand market was flourishing in the reporting year. Bank credit policies continued to favour first-time home buyers which resulted in strong end-user demand.

The Group's development projects in Suzhou were processed on schedule in the year under review.

1. ***Taihu Garden Court,*** *Guangfu Town, Wuzhong, Suzhou*

   During the year under review, sales results of TGC continuously outperformed other townhouse projects nearby. Its outstanding architectural design, beautiful classical landscaping and appropriate sales programs are the key factors of its competitive advantage.

   During the year, 3 low-density townhouses from Phase 1 of gross floor area about 900 sq.m. in total were sold, with turnover of about HK$11.0 million. Only an inventory of 5 townhouses remains for sale in that phase. In Phase 2, there are 110 low-density townhouses of total gross floor area about 24,700 sq.m. of which 42 townhouses with gross turnover area of about 9,400 sq.m. were sold and contributed around HK$118.8 million of revenue during the year under review.

   Phase 3, which consists of 84 low-density townhouses with a total gross floor area of around 20,000 sq.m., was completed in September 2013 as scheduled and all remains unsold at 31 December 2013.

2. ***Lakeside Garden Court,*** *Shengze Town, Wujiang, Suzhou*

   This project is targeted at end-users who are first-time home buyers. It enjoys a sound reputation among local buyers due to its appealing architectural design, modernity and practicability of living features as well as a customer-oriented philosophy in function, while respecting the local culture and characteristics. Such success is further reflected in the successful pre-sales result of the final phase (Phase 4) and the remarkably high occupancy rate of the first three delivered phases.

   The total site area of this project, which is being developed in four phases, is about 86,200 sq.m. with a total gross floor area of about 154,700 sq.m. approximately.

   At 2013 year end, there were only 4 units in Phase 1 remaining for sale, with a total gross floor area of about 400 sq.m..

   Phase 3 comprises 86 low-density townhouses, with a gross floor area of around 19,600 sq.m.. In the reporting year, gross floor area about 5,600 sq.m. was sold, generating revenue of around HK$68.1 million. The Group plans to sell the 19 remaining townhouses with gross floor area of about 4,200 sq.m. at an appropriate premium price in 2014.

   Phase 4 consists of 6 blocks of high-rise residential buildings of mainly small apartment units (under 90 sq.m.) with a total gross floor area of about 58,200 sq.m.. Construction commenced as scheduled and we plan to deliver in late 2014. As of 31 December 2013, the Group pre-sold a gross floor area of about 42,200 sq.m. with a contracted sales revenue of about HK$380.4 million.

3. ***Wuzhong Office Building,*** *Wuzhong, Suzhou*

   This project is centrally located in the up and coming Yuexi subdistrict of Wuzhong and is surrounded by various government office buildings. The site area of this project is approximately 14,600 sq.m. and is designated for commercial use. The design of this building consists of office, Small Office/Home Office units and retail space, with a saleable gross floor area around 58,400 sq.m.. Construction of a metro subway station adjacent to the project is in progress. The piling phase of this project was completed as scheduled.

Property Investment

During the year under review, the Group's investment properties, situated in the prime central business district of Suzhou New District ("SND"), reflected the benefits gained from the development planning strategy set by SND government.

1. ***SGV Plaza,*** *Suzhou New District*

   During the year under review, rental income generated from SGV Plaza with retail gross floor area of around 11,000 sq.m. was about HK$7.0 million with around 92% occupancy rate as of 31 December 2013. Due to the effects of governmental administrative measures and macro-economic factors, our tenant replacement period lengthened a little and the rental increments were not as high as previously seen. A trade mix enhancement process keeps carrying on to cater for customer preferences and to tackle keener competition in the retail neighbourhood. A Taiwanese hot-pot restaurant and an Indian restaurant with well-known local brand names, opened for business as replacements for a large underperforming former tenant.

2. ***Garden Court Plaza,*** *Suzhou New District*

   Garden Court Plaza, a 3-storey retail centre with gross floor area of around 4,500 sq.m., was 100% let and generated rental income of approximately HK$3.3 million in the reporting year.

3. ***SGV Apartments,*** *Suzhou New District*

   In the reporting year, about 500 sq.m. of investment apartments were sold generating proceeds of around HK$7.3 million. As of 31 December 2013, the Group held approximately 5,500 sq.m. (34 units) of residential investment property. Rental revenue in 2013 was approximately HK$2.6 million.

4. ***Investment in Beijing Landmark Towers Co., Ltd. ("Beijing Landmark")***

   During the year under review, the operational results of Beijing Landmark dropped a little bit when compared with that of 2012. Apart from the occupancy of offices which still remained at almost 100%, there is increasing competition from nearby hotels and serviced apartments which affected Beijing Landmark's occupancy in those sectors. With regard to food and beverage business, the policy of curbing "public spending" on entertainment has also been a likely cause of reduced revenue.

Property Management

The Group continued its outsourcing policy and exercised careful due diligence in the process of identifying and shortlisting fully licensed and qualified local property management companies in Suzhou. Owners' associations for completed projects were established in accordance with local rules and regulations and thus, the selection of the property management company has become the associations' collective responsibility.

Strategic Partnerships

Spinnaker Capital Group

Spinnaker Capital Group remains a strategic non-controlling shareholder in one of the Group's subsidiaries – Suzhou New Heritage GF Limited which is the development entity of Taihu Garden Court. With regard to Suzhou New Heritage Wuzhong Limited, the Group's development subsidiary of Wuzhong Garden Court, in which Spinnaker Capital Group beneficially owned a 40% equity interest, its voluntary liquidation was completed in the first quarter of 2013.

Asia Financial Group

Since 2007, Asia Financial Group ("AFG") has been a 9.615% shareholder of New Heritage Development Limited ("NH Development"), a subsidiary of the Company. NH Development is the holding company of most of the Group's property project companies in Suzhou. AFG is also a shareholder of the Company and the holder of the Company's convertible notes.

Financial Review

Revenue

The Group's revenue mainly comprised of recognised property development sales and leasing revenue from investment properties. The Group's revenue for the year ended 31 December 2013 was approximately HK$212.4 million (2012: HK$272.1 million), representing a decrease of 22% when compared with last year. The decrease in the Group's revenue was mainly due to decrease in revenue from recognised property development sales.

The revenue from recognised property development sales included the disposal of 45 low-density townhouses in TGC Phases 1 and 2, 2 residential apartment units and 25 low-density townhouses in LGC Phases 2 and 3 of approximately HK$129.8 million, approximately HK$1.6 million and approximately HK$68.1 million respectively. The Group's total gross floor area of development properties sold for the year ended 31 December 2013 was approximately 16,100 sq.m. (2012: 22,800 sq.m.).

Leasing revenue from investment properties for the year ended 31 December 2013 was approximately HK$12.9 million (2012: HK$13.2 million). The leasing revenue generated from investment properties in Suzhou Garden Villa and two retail centres was approximately HK$2.6 million (2012: HK$3.1 million) and approximately HK$10.3 million (2012: HK$10.1 million) respectively.

Operating Results

For the year ended 31 December 2013, the Group's gross profit amounted to approximately HK$31.7 million (2012: HK$48.9 million). The gross profit margin for the year ended 31 December 2013 was approximately 15% as compared to approximately 18% for last year. The decrease in gross profit margin was caused by the impairment loss on car parks under properties held for sale of HK$14.8 million (2012: Nil).

The valuation on the Group's investment properties as at 31 December 2013 was conducted by an independent property valuer which resulted in a positive fair value adjustment of approximately HK$11.1 million for the year ended 31 December 2013 (2012: HK$22.3 million).

During the year, certain investment properties were sold for a total consideration of approximately HK$7.3 million (2012: HK$21.9 million).

Gain on deregistration of a subsidiary of approximately HK$8.9 million during the year (2012: Nil) resulted from the voluntary liquidation of Suzhou New Heritage Wuzhong Limited.

During the year, impairment loss on goodwill of approximately HK$7.8 million (2012: Nil) was recognised mainly due to the recoverable amount of certain subsidiaries of the Company, for which the goodwill is attributable to, being lower than its carrying value.

Finance costs for the year amounted to approximately HK$1.8 million as compared to HK$1.9 million last year. There was a non-cash item of approximately HK$0.2 million (2012: HK$0.2 million) included in the finance costs being the imputed interest expense on loans from non-controlling shareholders.

Share of results of associates mainly represented the profit contributed by Beijing Landmark to the Group for the year of approximately HK$19.8 million (2012: HK$20.4 million).

For the year ended 31 December 2013, the loss attributable to the owners of the Company was approximately HK$14.7 million (2012: profit of HK$8.2 million) which represents a basic loss per share of 1.14 HK cents (2012: basic earnings per share of 0.64 HK cents).

Liquidity, Financial Resources and Gearing

Cash and bank balances as at 31 December 2013 amounted to approximately HK$435.8 million (2012: HK$291.0 million).

The Group had total bank borrowings of approximately HK$80.5 million as at 31 December 2013 (2012: HK$122.5 million). Borrowings classified as current liabilities were approximately HK$85.2 million (2012: HK$219.5 million) and the Group's gearing ratio as at 31 December 2013 was approximately 8% (2012: 12%), which was based on total bank borrowings to total equity.

Current, Total and Net Assets

As at 31 December 2013, the Group had current assets of approximately HK$1,343.0 million (2012: HK$1,088.0 million) and current liabilities of approximately HK$655.7 million (2012: HK$447.5 million) which represented an increase in net current assets from approximately HK$640.5 million as at 31 December 2012 to approximately HK$687.3 million as at 31 December 2013.

As at 31 December 2013, the Group recorded total assets of approximately HK$1,876.8 million (2012: HK$1,616.6 million) and total liabilities of approximately HK$805.9 million (2012: HK$589.0 million), representing a debt ratio (total liabilities over total assets) of approximately 43% (2012: 36%). Net assets of the Group were approximately HK$1,070.9 million as at 31 December 2013 (2012: HK$1,027.6 million).

All land fees for all the land acquired for development by the Group have been fully paid.

The Group is able to utilise its internal reserves and debt financing to meet the funding requirements when opportunities for land acquisition arise.

Charge on Assets

As at 31 December 2013, bank loans of approximately HK$57.0 million were secured by certain of the Group's land and buildings and investment properties of approximately HK$37.5 million and HK$167.7 million respectively.

As at 31 December 2012, bank loans of approximately HK$89.2 million were secured by certain of the Group's land and buildings and properties held under development of approximately HK$38.3 million and HK$71.6 million respectively.

Contingent Liabilities

The Directors considered that there were no material contingent liabilities as at 31 December 2013.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's monetary assets, loans and transactions are principally denominated in Renminbi, Hong Kong dollars and US dollars. During the year under review, there was no significant fluctuation in the exchange rates of these three currencies apart from the appreciation of currency of Renminbi against US dollars and Hong Kong dollars. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure for the years ended 31 December 2013 and 2012. Nevertheless, any appreciation in the currency value of Renminbi against Hong Kong dollars will contribute positively to the Group's results.

Treasury Policies and Capital Structure

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

Employees

As at 31 December 2013, the Group had a staff roster of 99 (2012: 103), of which 72 (2012: 75) employees were based in the mainland China and 27 (2012: 28) employees in Hong Kong SAR. The remuneration of employees was in line with the market trends and commensurate to the levels of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and long-term incentives such as the granting of share options within an approved scheme.

SIGNIFICANT EVENT

On 21 January 2014, China LVGEM Property Holdings Limited, an independent third party (the "Purchaser") and Belbroughton Limited, Mr. TAOCHAIFU Choofuang, Mr. TAO Richard, Mr. TAO Paul and Tian Xiang Business Limited (together, the "Vendors") had entered into a conditional sale and purchase agreement for the disposal of an aggregate of 858,800,792 shares of HK$0.01 each (the "Disposal Shares") in the share capital of the Company by the Vendors to the Purchaser (the "Share Disposal"). The Disposal Shares represent approximately 64.83% of the issued share capital of the Company. If all the conditions precedent are fulfilled and completed, the Share Disposal would trigger an obligation on the part of the Purchaser to make mandatory unconditional general offers for all the issued Shares and other outstanding securities of the Company under Rule 26 of The Hong Kong Code on Takeovers and Mergers (other than those already owned by or agreed to be acquired by the Purchaser and parties acting in concert with it). Further details of the sale and purchase agreement and the possible offers are disclosed in the announcement dated 13 February 2014 jointly issued by the Company and the Purchaser.

On 28 February 2014, the Group had entered into the following conditional sale and purchase agreements:

i. The Group as purchaser entered into a conditional sale and purchase agreement (the "NHDL Acquisition Agreement") with Onsite Investment Limited as vendor in respect of the sale and purchase of 15 shares in the capital of New Heritage Development Limited and the shareholder's loan due and owing by New Heritage Development Limited to Onsite Investment Limited as at the date of the NHDL Acquisition Agreement at a consideration of HK$72,919,000 in aggregate (apportioned as to HK$46,459,000 for the sale shares and as to HK$26,460,000 for the shareholder's loan).

ii. The Group as vendor entered into a conditional sale and purchase agreement (the "Accordcity Disposal Agreement") with Highmind Limited as purchaser in respect of the sale and purchase of the entire issued share capital of Accordcity Limited and the shareholder's loan due and owing by Accordcity Limited to the Group at completion of the Accordcity Disposal Agreement, which was estimated to be HK$76,100,000, at a consideration of HK$170,252,000 in aggregate (apportioned as to HK$94,152,000 for the sale shares and as to HK$76,100,000 for the shareholder's loan), subject to a dollar-to-dollar adjustment to the consideration for the shareholder's loan such that the consideration for the shareholder's loan shall be equal to the face value of the actual shareholder's loan at the completion date.

iii. The Group as vendor entered into a conditional sale and purchase agreement (the "NHML Disposal Agreement") with Gavett Limited as purchaser in respect of the sale and purchase of the entire issued share capital of New Heritage Management Limited and the shareholder's loan due and owing by New Heritage Management Limited to the Group at completion of the NHML Disposal Agreement, which was estimated to be HK$9,000,000, at a consideration of HK$23,210,000 in aggregate (apportioned as to HK$14,210,000 for the sale shares and as to HK$9,000,000 for the shareholder's loan), subject to a dollar-to-dollar adjustment to the consideration for the shareholder's loan such that the consideration for the shareholder's loan shall be equal to the face value of the actual shareholder's loan at the completion date.

Completion of each of the NHDL Acquisition Agreement, the Accordcity Disposal Agreement and the NHML Disposal Agreement is subject to the satisfaction of all the conditions precedent to the respective agreements. Further details of the NHDL Acquisition Agreement, the Accordcity Disposal Agreement and the NHML Disposal Agreement are disclosed in the announcement of the Company dated 13 March 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 29 April 2014 to 5 May 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014), not later than 4:30 p.m. on 28 April 2014.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate practices and procedures. The corporate governance principles of the Company emphasise a quality board, transparency and accountability to all shareholders of the Company.

Throughout the year ended 31 December 2013, save as disclosed below, the Group complied with all the code provisions as set out in the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. In respect of Code Provision A.6.7 of the Corporate Governance Code, a non-executive Director did not attend the annual general meeting of the Company held on 15 May 2013 due to other engagements.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. The Directors confirmed that they have complied with the required standard as set out in the Model Code for the year ended 31 December 2013.

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2013.

The consolidated financial statements have been audited by the Group's auditor, BDO Limited. The unqualified auditor's report will be included in the 2013 Annual Report to shareholders.

SCOPE OF WORK OF BDO LIMITED

The financial figures in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2013. The work performed by BDO Limited 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 HKICPA, and consequently no assurance has been expressed by BDO Limited on this announcement.

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

The Company has not redeemed any of its shares during the year. Other than the issue of 7,390,000 shares and 31,818,181 shares by the Company pursuant to the exercise of share options and compulsory conversion of part of the convertible notes of the Company during the year respectively, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT, ANNUAL REPORT AND CIRCULAR

The annual results announcement is published on the websites of the Company (www.nh-holdings.com) and the Stock Exchange (www.hkex.com.hk). The 2013 Annual Report and a circular containing the notice of Annual General Meeting will be dispatched to shareholders in due course.

GENERAL INFORMATION

As at the date of this announcement, the Board comprises Mr. TAOCHAIFU Choofuang (Chairman), Mr. TAO Richard (Vice Chairman), Mr. TAO Paul (Managing Director), Mr. KONG Mui Sum Lawrence and Mr. YIM Chun Leung as executive directors and Mr. CHAN Bernard Charnwut as non-executive director and Mr. WONG Gary Ka Wai, Mr. SUN Leland Li Hsun and Mr. CHAN Norman Enrique as independent non-executive directors.

This annual results announcement only gives a summary of the information and particulars of the 2013 Annual Report from which the contents of this announcement are derived.

By order of the Board
New Heritage Holdings Ltd.
TAOCHAIFU Choofuang
Chairman

Hong Kong, 24 March 2014