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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)

(Warrant Code: 1248)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2013

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 2013 together with the comparative figures for the corresponding period in the prior year are as follows:

* *For identification purposes only*

CONSOLIDATED INCOME STATEMENT

Year ended 31 March 2013

	<i>Notes</i>	2013 HK\$'000	2012 <i>HK\$'000</i> (Restated)
REVENUE	5	(8,137)	(78,084)
Other income	5	451	3,868
Changes in inventories and consumables used		(353)	(212)
Gain/(loss) arising from changes in fair value of investment properties, net		9,647	(6,102)
Fair value losses on investments at fair value through profit or loss, net		(24,755)	(254,994)
Fair value gains on derivative financial instruments		1,822	677
Employee benefit expense		(11,262)	(10,746)
Depreciation		(5,141)	(5,523)
Minimum lease payments under operating leases in respect of land and buildings		(8,974)	(7,500)
Gain on disposal of subsidiaries		–	11,619
Other expenses		(23,645)	(31,528)
Finance costs	7	(649)	(965)
Gain on disposal of associates		–	10,368
LOSS BEFORE TAX	6	(70,996)	(369,122)
Income tax expense	8	(598)	–
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		<u>(71,594)</u>	<u>(369,122)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			(Restated)
Basic	10	<u>HK\$(0.07)</u>	<u>HK\$(0.42)</u>
Diluted	10	<u>HK\$(0.07)</u>	<u>HK\$(0.42)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013

	2013 HK\$'000	2012 HK\$'000 (Restated)
LOSS FOR THE YEAR	<u>(71,594)</u>	<u>(369,122)</u>
OTHER COMPREHENSIVE INCOME		
Change in fair value of an available-for-sale investment	<u>100</u>	<u>20</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	<u>(71,494)</u>	<u>(369,102)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 March 2013

	<i>Note</i>	31 March 2013 HK\$'000	31 March 2012 HK\$'000 (Restated)	1 April 2011 HK\$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		81,001	13,052	6,047
Investment properties		44,800	106,100	246,800
Investments in jointly-controlled entities		–	–	–
Deposits paid for purchases of items of property, plant and equipment		108	–	5,814
Available-for-sale investment		4,600	4,500	–
Deposits		470,700	700	–
Loans receivable	11	24,800	25,120	8,442
Investments at fair value through profit or loss		112,800	299,029	105,487
Total non-current assets		738,809	448,501	372,590
CURRENT ASSETS				
Inventories		131	137	–
Loans receivable	11	83,863	46,789	2,608
Investments at fair value through profit or loss		212,540	503,720	666,099
Derivative financial instruments		17,791	15,969	–
Prepayments, deposits and other receivables		12,744	3,297	6,293
Cash and cash equivalents		6,023	38,748	1,667
Total current assets		333,092	608,660	676,667
CURRENT LIABILITIES				
Other payables and accruals		4,935	5,293	11,204
Due to an associate		–	–	10,094
Interest-bearing bank borrowings		32,802	35,294	66,244
Total current liabilities		37,737	40,587	87,542
NET CURRENT ASSETS		295,355	568,073	589,125
TOTAL ASSETS LESS CURRENT LIABILITIES		1,034,164	1,016,574	961,715
NON-CURRENT LIABILITIES				
Deferred tax liabilities		598	–	–
Net assets		1,033,566	1,016,574	961,715
EQUITY				
Equity attributable to owners of the parent				
Issued capital		1,877	77,276	2,849
Reserves		1,031,689	939,298	958,866
Total equity		1,033,566	1,016,574	961,715

NOTES:

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, an available-for-sale investment, derivative financial instruments and investments at fair value through profit or loss, which have been measured at fair value. The 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 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. 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 intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

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

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES (continued)

Other than as further explained below regarding the impact of the amendments to HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on the financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. Prior to the adoption of the amendments, deferred tax with respect to the Group's investment properties was provided on the basis that the carrying amount will be recovered through use, and accordingly the profits tax rate had been applied to the calculation of deferred tax arising on the revaluation of the Group's investment properties. Upon the adoption of HKAS 12 Amendments, deferred tax in respect of the Group's investment properties is provided on the presumption that the carrying amount will be recovered through sale. The effects of the above change are summarised below:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<i>Consolidated income statement for the year ended 31 March</i>		
Increase/(decrease) in income tax expense	<u>(1,242)</u>	<u>1,045</u>
Increase/(decrease) in loss for the year	<u>(1,242)</u>	<u>1,045</u>
	HK cent	HK cent
Increase/(decrease) in basic loss per share	<u>(0.1)</u>	<u>0.1</u>
Increase/(decrease) in diluted loss per share	<u>(0.1)</u>	<u>0.1</u>
	31 March 2013 HK\$'000	31 March 2012 HK\$'000
		1 April 2011 HK\$'000

Consolidated statement of financial position at

Decrease in deferred tax liabilities and total non-current liabilities	<u>(3,942)</u>	<u>(2,700)</u>	<u>(3,745)</u>
Increase in net assets and reserves	<u>3,942</u>	<u>2,700</u>	<u>3,745</u>

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 the financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i> ²
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> ²
HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 10	<i>Consolidated Financial Statements</i> ²
HKFRS 11	<i>Joint Arrangements</i> ²
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ²
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i> ²
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i> ³
HKFRS 13	<i>Fair Value Measurement</i> ²
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i> ¹
HKAS 19 (2011)	<i>Employee Benefits</i> ²
HKAS 27 (2011)	<i>Separate Financial Statements</i> ²
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ²
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ³
HK(IFRIC)-Int 20 <i>Annual Improvements 2009-2011 Cycle</i>	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ² Amendments to a number of HKFRSs issued in June 2012 ²

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

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 five 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;
- (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; and
- (v) the Chinese medicine clinic segment engages primarily in Chinese medicine clinic operations in Hong Kong.

Management monitors the results of the Group's 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 profit/(loss) before tax is measured consistently with the Group's loss before tax except that unallocated finance costs and unallocated expenses are excluded from such measurement.

	Property investment		Investments in securities				Money lending		Investment holding		Chinese medicine clinic		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:														
Revenue from external customers	1,020	936	(17,246)	(85,952)	5,830	5,250	-	-	2,259	1,682	(8,137)	(78,084)		
Other income	-	-	-	3,010	9	226	432	632	10	-	451	3,868		
Total	1,020	936	(17,246)	(82,942)	5,839	5,476	432	632	2,269	1,682	(7,686)	(74,216)		
Segment results	9,827	4,711	(43,789)	(340,202)	5,335	12,873	(6,103)*	467	(6,776)	(8,252)	(41,506)	(330,403)		
<i>Reconciliation:</i>														
Unallocated finance costs													(237)	-
Unallocated expenses													(29,253)	(38,719)
Loss before tax													(70,996)	(369,122)

* Including acquisition-related costs for the acquisition of Global Castle Investments Limited ("Global Castle") as further detailed in note 13(a) below.

4. OPERATING SEGMENT INFORMATION (continued)

	Property investment		Investments in securities				Money lending		Investment holding		Chinese medicine clinic		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information:														
Finance costs – allocated	(412)	(965)	-	-	-	-	-	-	-	-	-	-	(412)	(965)
Finance costs – unallocated													(237)	-
													<u>(649)</u>	<u>(965)</u>
Depreciation – allocated	-	-	-	-	-	-	-	-	-	(1,945)	(2,971)	(1,945)	(2,971)	
Depreciation – unallocated													<u>(3,196)</u>	<u>(2,552)</u>
													<u>(5,141)</u>	<u>(5,523)</u>
Gain on disposal of subsidiaries	-	11,619	-	-	-	-	-	-	-	-	-	-	-	11,619
Gain on disposal of associates	-	-	-	-	-	10,368	-	-	-	-	-	-	-	10,368
Gain/(loss) arising from changes in fair value of investment properties, net	9,647	(6,102)	-	-	-	-	-	-	-	-	-	-	9,647	(6,102)
Fair value losses on investments at fair value through profit or loss, net	-	-	(24,755)	(254,994)	-	-	-	-	-	-	-	-	(24,755)	(254,994)
Fair value gains on derivative financial instruments	-	-	-	-	-	-	-	-	-	1,822	677	1,822	677	
Write-back of impairment/ (impairment) of a loan receivable	-	-	-	-	9	(2,498)	-	-	-	-	-	-	9	(2,498)
Capital expenditure* – allocated	2,053	10,402	-	-	-	-	-	-	-	-	9,718	2,053	20,120	
Capital expenditure* – unallocated													<u>90</u>	<u>1,529</u>
													<u>2,143</u>	<u>21,649</u>

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) *Revenue from external customers*

The Group's revenue is substantially derived from its external customers located in Hong Kong.

(b) *Non-current assets*

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Hong Kong	125,909	119,152
Mainland China	470,000	–
	<u>595,909</u>	<u>119,152</u>

The non-current asset information above is based on the locations of the assets (or the underlying assets) and excludes financial instruments.

5. REVENUE AND OTHER INCOME

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

An analysis of revenue and other income is as follows:

	Group	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue		
Gross rental income from investment properties	1,020	936
Interest income from money lending operations	5,830	5,250
Interest income from investments at fair value through profit or loss	3,624	1,152
Dividend income from investments at fair value through profit or loss	6,901	2,434
Loss on sale of investments at fair value through profit or loss, net	(27,771)	(89,538)
Income from Chinese medicine clinic operations	2,259	1,682
	<u>(8,137)</u>	<u>(78,084)</u>
Other income		
Management fee income from an associate	–	226
Others	451	3,642
	<u>451</u>	<u>3,868</u>

6. LOSS BEFORE TAX

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

	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Auditors' remuneration	1,768	1,638
Cost of inventories sold and consumables	353	212
Employee benefit expense (excluding directors' remuneration):		
Salaries and allowances	4,616	4,281
Retirement benefit scheme contributions (defined contribution scheme)*	212	178
	4,828	4,459
Direct operating expenses arising on rental-earning investment properties	125	117
Direct expenses arising on non-rental-earning investment properties	102	198
Rental income on investment properties less direct operating expenses of HK\$125,000 (2012: HK\$117,000)	(895)	(819)
Impairment/(write-back of impairment) of a loan receivable	(9)	2,498

* At 31 March 2013, the Group had no material forfeited contributions available to reduce its contributions to the retirement benefit scheme in future years (2012: Nil).

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans wholly repayable within five years	649	965

The Group's bank loans containing an on-demand clause have been classified as current liabilities. For the purpose of the above disclosure, the interest on such loans is disclosed as "Interest on bank loans wholly repayable within five years".

8. INCOME TAX

No provision for current Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2012: Nil).

	Group	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i> (Restated)
Deferred and total tax expense for the year	598	–

9. DIVIDENDS

The directors do not recommend the payment of any dividends in respect of the year (2012: Nil).

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

(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 parent of HK\$71,594,000 (2012: HK\$369,122,000 (restated)), and the weighted average number of ordinary shares of 997,685,322 (2012: 883,407,409 (restated)) in issue during the year, as adjusted to reflect the consolidation of shares during the current year and the rights issue after the end of the reporting period (note 13(c)). The basic loss per share amount for the prior year has been adjusted to reflect the consolidation of shares during the current year and the rights issue after the end of the reporting period (note 13(c)).

(b) Diluted loss per share

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 March 2013 and 31 March 2012 in respect of a dilution as the impact of the warrants outstanding during the respective years had an anti-dilutive effect on the basic loss per share amounts presented.

11. LOANS RECEIVABLE

Loans receivable represented receivables arising from the money lending business of the Group. The granting of these loans had been approved and monitored by the Company's executive directors in charge of the Group's money lending operations. Overdue balances were reviewed regularly by senior management.

The aged analysis of the loans receivable that are not considered to be impaired is as follows:

	Group	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Neither past due nor impaired	108,663	71,900

12. COMPARATIVE AMOUNTS

As further explained in note 2 above, due to the adoption of revised HKFRSs during the current year, the accounting treatment of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain prior year adjustments have been made, certain comparative amounts have been restated to conform with the current year's accounting treatment, and a third consolidated statement of financial position as at 1 April 2011 has been presented.

13. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the following significant events of the Group, not disclosed elsewhere in the financial statements, took place:

- (a) On 5 October 2012, the Group entered into a conditional sale and purchase agreement (the "S&P Agreement") with Speedy Harvest Holdings Limited ("Speedy Harvest"), in relation to the acquisition (the "Acquisition") of (i) the entire issued share capital of Global Castle, a wholly-owned subsidiary of Speedy Harvest; and (ii) the entire shareholder loan and other indebtedness owed by Global Castle or (where applicable) its subsidiaries to Speedy Harvest or its associates at the completion of the Acquisition, for an aggregate cash consideration of HK\$800 million. Further details of the Acquisition are also set out in the Company's circular dated 12 March 2013 and the Company's announcements dated 5 October 2012 and 28 March 2013. The Acquisition was subsequently completed in early April 2013.
- (b) On 15 October 2012, the Company entered into a selling agreement (the "Selling Agreement") with Freeman Securities Limited ("Freeman"). Pursuant to the Selling Agreement, Freeman agreed to sell a series of 5% unsecured seven-year straight bonds of an aggregate principal amount up to HK\$450 million to be issued by the Company during a 6-month selling period (which was further extended to 30 June 2013). On 5 April 2013, such straight bonds with an aggregate principal amount of HK\$350 million were issued. Further details of the Selling Agreement and the issuance of bonds are also set out in the Company's announcements dated 15 October 2012 and 5 April 2013, respectively.
- (c) On 9 May 2013, a rights issue of one rights share for every two existing shares held by members of the Company on the register of members on 9 May 2013 was made by the Company, at an issue price of HK\$0.215 per rights share, resulting in the issuance of 939,739,198 ordinary shares of the Company of HK\$0.001 each for a total consideration, before expenses, of approximately HK\$202 million. Further details of the rights issue are also set out in the Company's prospectus dated 10 May 2013 and the Company's announcement dated 4 June 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS

The Board announces that the Group has made a loss before tax of approximately HK\$71.0 million for the year ended 31 March 2013. The loss is mainly attributable to loss on sale of investments at fair value through profit or loss and fair value losses arisen from equity investments at fair value through profit or loss as at the fiscal year end date.

The Company is an investment holding company with its subsidiaries engaging in the following major lines of business:

a) Real Estate Investments

The Group owned certain commercial properties in Hong Kong with a value of HK\$44.8 million as at 31 March 2013. With the increase in property prices in Hong Kong, the Group's property portfolio appreciated in value. The gain arising from changes in fair value amounted to approximately HK\$9.6 million for the year ended 31 March 2013.

b) Investment in Listed Securities

The Group's securities portfolio has suffered a loss on sale of investments at fair value through profit or loss of approximately HK\$27.8 million for the year ended 31 March 2013. Besides, there is a net fair value loss on investments at fair value through profit or loss of approximately HK\$24.8 million in the same year.

c) Money Lending Business

The Group's wholly owned subsidiary engaged in money lending business segment recorded a positive result for the year. In fact there is no further provision or impairment on the loan portfolio during the year. The management will continue to take cautious approach in this line of business in midst of the current economic situation.

d) Chinese Medicine Clinic Operations

The Group has developed a new line of business in traditional Chinese Medicine industry through the operation of the Hon Chinese Medicine Clinic in 2011. Although the operation is still not making a positive contribution to the Group due to keen competition in this market, the turnover is generally increasing. The management will focus on promotion activities of the clinic and implement corresponding measures to increase the revenue and return to the Group in the future.

e) Investment in Forest Interest in the People's Republic of China (the "PRC")

On 8 June 2012, the Group started its investment in the forest business by acquiring a company with 50% interest in the concession rights and interests in three parcels of forestland in the Yunnan Province of the PRC. The transaction was completed on 11 September 2012. This interest however was subsequently disposed of in January 2013 at the same consideration as the Group wants to reallocate and concentrate its resources in other forest related investment with greater potential.

On 5 October 2012, the Group entered into an agreement with an independent third party to acquire a company at a cash consideration of HK\$800 million. The principal asset of the acquired company is forestland planted with various timber and fruit trees with a total area of 63,035.29 mu which are located in Qinglong Manchu Autonomous County of Hebei Province, the PRC. This transaction was approved by shareholders at the Special General Meeting held on 28 March 2013 and subsequently completed in early April 2013.

Given the trend of urbanisation and reducing forest lands in the PRC, the management considers that the acquisition provides the Group with a rare investment opportunity to acquire such large size forestland in the PRC. The Group believes that the acquisition is in line with the national policy as promulgated in the Report of the 18th National Congress of the Communist Party of China, which emphasised the promotion of the development of, among others, Chinese way of urbanisation and agricultural modernisation. The management believes that this national policy will help boost the market value of rural lands and is favourable to the ecotourism business model of the Group, which partly capitalises on the use of agricultural resources, in the event it is successfully carried out and the value of the forestlands, as a result, will have a great potential to appreciate in the long term.

PROSPECT

The global economic and political environment continued to be uncertain during the reporting year. Despite challenging macro-economic environment, low levels of unemployment rate & low interest rates, worries on China's recovery momentum and unresolved Eurozone debt issues casted doubt over the global economic outlook.

The Group has low gearing ratio which optimizes its financial position and minimizes its exposure to interest rate risk. The management will continue taking cautious approach in its future growth in order to sustain in this uncertain economic environment.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 March 2013, the Group's total assets and borrowings were HK\$1,071,901,000 and HK\$32,802,000, respectively. Borrowings represented 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 3%. As at 31 March 2013, investment properties and certain property, plant and equipment amounted to HK\$41,800,000 and HK\$71,950,000, respectively were pledged to banks to secure certain loan facilities granted to the Group and investments in securities with carrying amount of HK\$180,619,000 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 a guarantee given to a bank in connection with facility granted to a subsidiary of approximately HK\$31,500,000 (2012: HK\$31,500,000).

CLOSURE OF REGISTER OF MEMBER

The register of members will be temporarily closed from 20 August 2013 to 22 August 2013, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending and voting in the Annual General Meeting, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-16, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:30 p.m. on 19 August 2013.

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 2013, 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 four independent non-executive directors of the Company. The Company’s annual results for the year ended 31 March 2013 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 2013.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.heritage.com.hk>). The annual report for the year ended 31 March 2013 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, 24 June 2013

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