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

(Incorporated in the Cayman Islands with limited liability)

(HKSE Stock Code: 95)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

RESULTS

The board of directors (the "Directors" or the "Board") of New Heritage Holdings Ltd. (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2013.

CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2013

		Six months ended 30 June	
	Notes	**2013** *HK$'000* **(Unaudited)**	2012 *HK$'000* (Unaudited)
Revenue	*4*	**153,638**	97,779
Cost of sales		**(124,654)**	(70,140)
Gross profit		**28,984**	27,639
Other income	*4*	**2,958**	1,934
Selling expenses		**(5,372)**	(4,215)
Administrative expenses		**(16,958)**	(23,135)
Fair value adjustments on investment properties		**–**	4,699
(Loss)/Gain on disposal of investment properties		**(256)**	532
Gain on deregistration of a subsidiary		**8,898**	–
Finance costs	*5*	**(760)**	(1,273)
Share of results of associates		**11,482**	12,616
Profit before income tax	*6*	**28,976**	18,797
Income tax expense	*7*	**(16,406)**	(13,708)
Profit for the period		**12,570**	5,089
Profit for the period attributable to:			
Owners of the Company		**7,530**	2,957
Non-controlling interests		**5,040**	2,132
		12,570	5,089
Earnings per share	*9*	*HK cents*	*HK cents*
– Basic		**0.6**	0.2
– Diluted		**0.6**	0.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**12,570**	5,089
Other comprehensive income		
Item that will not be reclassified subsequently to profit or loss:		
Share of revaluation surplus of an associate's hotel property	**3,009**	1,355
Item that may be reclassified subsequently to profit or loss:		
Exchange gain on translation of foreign operations of subsidiaries	**15,858**	–
Share of exchange gain on translation of foreign operation of an associate	**2,212**	–
Reclassification of exchange reserve upon deregistration of a subsidiary	**(8,898)**	–
Other comprehensive income for the period, net of tax	**12,181**	1,355
Total comprehensive income for the period	**24,751**	6,444
Total comprehensive income attributable to:		
Owners of the Company	**16,645**	4,312
Non-controlling interests	**8,106**	2,132
	24,751	6,444

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

	Notes	At 30 June 2013 HK$'000 (Unaudited)	At 31 December 2012 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Goodwill		**37,048**	37,048
Property, plant and equipment		**48,441**	49,359
Investment properties		**307,276**	304,594
Interests in associates		**129,305**	137,402
Deferred tax assets		**170**	167
		522,240	528,570
Current assets			
Properties held under development		**527,998**	418,816
Properties held for sale		**184,104**	294,334
Inventories		**67**	65
Accounts receivable	*10*	**63**	139
Deposits paid, prepayments and other receivables		**34,616**	32,486
Amount due from an associate		**22,380**	–
Tax recoverable		**15,800**	12,338
Restricted bank deposits		**42,921**	38,876
Cash and cash equivalents		**381,018**	290,999
		1,208,967	1,088,053
Current liabilities			
Accounts payable	*11*	**67,605**	92,197
Accruals, deposits received and other payables		**292,306**	135,810
Borrowings		**102,223**	219,527
Tax payable		**2,452**	–
		464,586	447,534
Net current assets		**744,381**	640,519
Total assets less current liabilities		**1,266,621**	1,169,089
Non-current liabilities			
Borrowings		**105,606**	19,771
Convertible notes		**76,662**	74,350
Deferred tax liabilities		**48,456**	47,347
		230,724	141,468
NET ASSETS		**1,035,897**	1,027,621
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**12,910**	12,854
Reserves		**933,450**	915,542
Proposed final dividend		**–**	2,571
		946,360	930,967
Non-controlling interests		**89,537**	96,654
TOTAL EQUITY		**1,035,897**	1,027,621

Notes :

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Main Board ("Main Board Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2012, except for the adoption of the new standards and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations as disclosed in note 2.

The interim financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

2. ADOPTION OF NEW STANDARDS AND AMENDMENTS TO HKFRSs

In the current period, the Group has applied for the first time the following new standards and amendments issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2013:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities

Other than as explained below, the adoption of these new standards and amendments to HKFRSs did not change the Group's accounting policies as followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

Amendments to HKAS 1 (Revised) – Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The Group's presentation of other comprehensive income in the interim financial report has been modified accordingly.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27 "Consolidated and Separate Financial Statements" relating to the preparation of consolidated financial statements and HK-SIC 12 "Consolidation – Special Purpose Entities". It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption of this new accounting policy does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013. Accordingly, this new accounting policy does not have any material impact on the financial position and the financial results of the Group.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in the interim financial report as a result of adopting HKFRS 12.

HKFRS 13 – Fair Value Measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specially required for financial instruments in the interim financial reports. The adoption of HKFRS 13 does not have any material impact on the interim financial report of the Group.

Amendments to HKFRS 7 – Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. These new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 "Financial Instruments: Presentation" and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32. The adoption of the amendments does not have any impact on the Group's interim financial report because the Group has not offset financial instruments, nor entered into any master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7.

Annual improvements to HKFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker ("CODM") and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. Segment liabilities are not considered by the CODM and no such disclosure is made.

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 product and service lines requires different resources as well as marketing approaches.

During the six months ended 30 June 2013, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

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

	Six months ended 30 June 2013		
	Property development *HK$'000* **(Unaudited)**	**Property investment and leasing** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Reportable segment revenue			
From external customers	**147,328**	**6,310**	**153,638**
Reportable segment profit/(loss)	**20,107**	**(544)**	**19,563**
Interest income	**1,709**	**432**	**2,141**
Depreciation of property, plant and equipment	**(210)**	**(656)**	**(866)**
Loss on disposal of investment properties	**–**	**(256)**	**(256)**
Finance costs	**–**	**(760)**	**(760)**
Reportable segment assets	**1,087,531**	**392,051**	**1,479,582**
Additions to non-current segment assets during the period	**121**	**100**	**221**

	Six months ended 30 June 2012		
	Property development *HK$'000* (Unaudited)	Property investment and leasing *HK$'000* (Unaudited)	Total *HK$'000* (Unaudited)
Reportable segment revenue			
From external customers	90,987	6,792	97,779
Reportable segment profit	15,414	4,243	19,657
Interest income	1,292	212	1,504
Depreciation of property, plant and equipment	(195)	(1,257)	(1,452)
Gain on disposal of investment properties	–	532	532
Fair value adjustments on investment properties	–	4,699	4,699
Impairment loss on other receivables	(1,602)	–	(1,602)
Finance costs	–	(1,273)	(1,273)
Reportable segment assets	1,023,587	357,477	1,381,064
Additions to non-current segment assets during the period	5	62	67

The total segment profit can be reconciled to the Group's profit before income tax as presented in the interim financial report as follows:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Total segment profit	**19,563**	19,657
Share of results of associates	**11,482**	12,616
Gain on deregistration of a subsidiary	**8,898**	–
Corporate overheads	**(11,188)**	(13,486)
Other unallocated income	**221**	10
Profit before income tax	**28,976**	18,797

The segment assets of the Group's operating segment at 30 June 2013 and 31 December 2012 are as follows:

	Property development	**Property investment and leasing**	**Corporate and other unallocated assets**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 30 June 2013 (Unaudited)	**1,087,531**	**392,051**	**251,625***	**1,731,207**
At 31 December 2012 (Audited)	1,034,068	348,629	233,926*	1,616,623

* Segment assets do not include goodwill of approximately HK$37,048,000 (31 December 2012: HK$37,048,000), interests in associates of approximately HK$129,305,000 (31 December 2012: HK$137,402,000) and corporate assets of approximately HK$85,272,000 (31 December 2012: HK$59,476,000) as these assets are managed on a group basis.

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 ("PRC").

The Group has a large number of customers and there was no significant revenue derived from specific external customers for the six months ended 30 June 2013 and 2012.

4. REVENUE AND OTHER INCOME

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue, which also represents the Group's turnover		
Proceeds from sale of properties held for sale	**147,328**	90,987
Rental income	**6,310**	6,792
	153,638	97,779
Other income		
Interest income	**2,157**	1,514
Exchange gain, net	**434**	–
Others	**367**	420
	2,958	1,934

5. **FINANCE COSTS**

	Six months ended 30 June 2013 *HK$'000* (Unaudited)	2012 *HK$'000* (Unaudited)
Interest charges on borrowings which are repayable within five years:		
Bank loans	**1,618**	5,428
Other loan	**6**	–
Imputed interest expense on loans from non-controlling shareholders	**807**	1,036
	2,431	6,464
Interest charges on borrowings which are repayable after five years:		
Bank loans	**218**	1,414
	2,649	7,878
Interest charge on convertible notes	**4,543**	4,569
Total interest expense on financial liabilities not at fair value through profit or loss	**7,192**	12,447
Less: Amount capitalised in properties held under development*	**(6,432)**	(11,174)
	760	1,273

* The finance costs have been capitalised at a rate of 3.70% (six months ended 30 June 2012: 2.98%) 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 repayments dates set out in the loan agreements. For the six months ended 30 June 2013 and 2012, the interest on bank borrowings which contain a repayment on demand clause amounted to HK$1,063,000 and HK$966,000 respectively.

6. **PROFIT BEFORE INCOME TAX**

	Six months ended 30 June 2013 *HK$'000* (Unaudited)	2012 *HK$'000* (Unaudited)
Profit before income tax is arrived at after charging/(crediting):		
Cost of properties held for sale recognised as expense	**123,140**	68,457
Depreciation of property, plant and equipment	**1,393**	1,953
Less : Amount capitalised in properties held under development	**(193)**	(201)
	1,200	1,752
Outgoings in respect of investment properties that generated rental income during the period	**1,514**	1,683
Operating lease charges in respect of land and buildings	**177**	133
Staff costs, including directors' emoluments and retirement benefits cost	**17,804**	17,359
Less: Amount capitalised in properties held under development	**(6,233)**	(6,511)
	11,571	10,848
Amount recognised as expense for retirement benefits cost	**996**	1,847
Exchange (gain)/loss, net	**(434)**	397
Gain on deregistration of a subsidiary	**(8,898)**	–
Loss/(Gain) on disposal of investment properties	**256**	(532)
Loss on partial repayment of loans from non-controlling shareholders	**6**	–
Impairment loss on amount due form an associate	**–**	192
Impairment loss on other receivables	**–**	1,602

7. **INCOME TAX EXPENSE**

	Notes	Six months ended 30 June 2013 *HK$'000* (Unaudited)	2012 *HK$'000* (Unaudited)
Current tax – the PRC			
– Corporate income tax	*(a)*	**9,274**	7,736
– Land appreciation tax ("LAT")	*(b)*	**4,328**	4,309
		13,602	12,045
Deferred taxation	*(c)*	**2,804**	1,663
Total income tax charge		**16,406**	13,708

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 six months ended 30 June 2013 and 2012.

No Hong Kong profits tax has been provided for as the Group had no estimated assessable profits for the period (six months ended 30 June 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.

(c) Deferred taxation is calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities in the interim financial report and their respective tax bases at the end of the reporting period, using applicable tax rates.

8. DIVIDENDS

(a) Dividends attributable to the period

No dividend has been paid or declared by the Company in respect of the current period (six months ended 30 June 2012: Nil).

(b) Dividends attributable to the previous financial year, approved and paid during the period:

	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Final dividend for the year ended 31 December 2012 of 0.2 HK cents per ordinary share	**2,579**	–

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK$7,530,000 (six months ended 30 June 2012: HK$2,957,000) and on weighted average of 1,288,844,377 (six months ended 30 June 2012: 1,284,538,465) ordinary shares in issue during the period.

The calculation of diluted earnings per share attributable to owners of the Company for the six months ended 30 June 2013 is based on the profit attributable to owners of the Company of approximately HK$7,530,000 and on weighted average of 1,364,701,580 ordinary shares outstanding during the six months ended 30 June 2013, being the weighted average number of ordinary shares of 1,288,844,377 used in basic earnings per share calculation adjusted for the effect of the share options issued of 7,675,385 and the shares issued upon the conversion of convertible notes of 68,181,818.

The calculation of diluted earnings per share attributable to owners of the Company for the six months ended 30 June 2012 is based on the profit attributable to owners of the Company of approximately HK$2,957,000 and on weighted average of 1,352,720,283 ordinary shares outstanding during the six months ended 30 June 2012, being the weighted average number of ordinary shares of 1,284,538,465 used in basic earnings per share calculation adjusted for the effect of the shares issued upon the conversion of convertible notes of 68,181,818.

10. ACCOUNTS RECEIVABLE

	At 30 June 2013	At 31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accounts receivable	**63**	139
Less: Provision for impairment	**–**	–
	63	139

Accounts receivable generally have credit terms of 30 to 60 days (31 December 2012: 30 to 60 days) and no interest is charged. All accounts receivable are denominated in Renminbi. The aging analysis of the Group's accounts receivable, based on invoice date, is as follows:

	At 30 June 2013	At 31 December 2012
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**63**	139

11. ACCOUNTS PAYABLE

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

	Notes	**At 30 June 2013**	At 31 December 2012
		HK$'000	*HK$'000*
		(Unaudited)	(Audited)
Within 30 days		**–**	75
31 - 60 days		**–**	9
61 - 90 days		**–**	–
91 - 365 days		**8**	91
Over 365 days		**1,405**	1,345
Rent received on behalf of landlords	*(a)*	**1,413**	1,520
Accrued construction cost and other project-related expenses	*(b)*	**66,192**	90,677
		67,605	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 services providers.

(b) Included in the above amounts are construction cost and other project-related expense payable amounted to approximately HK$66,192,000 as at 30 June 2013 (31 December 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 30 June 2013.

CHAIRMAN'S STATEMENT

Results and Dividends

For the six months ended 30 June 2013, the Group's revenue and profit attributable to the owners of the Company were approximately HK$153.6 million (six months ended 30 June 2012: HK$97.8 million) and approximately HK$7.5 million (six months ended 30 June 2012: HK$3.0 million) respectively. Basic earnings per share attributable to the owners of the Company were approximately 0.6 HK cents (six months ended 30 June 2012: 0.2 HK cents).

The Directors do not recommend any payment of interim dividend for the period (six months ended 30 June 2012: Nil).

Business Review and Outlook

The PRC property market has entered a relatively stable period during the first half of 2013. This means that growth in home prices has been moderate and in line with the Central government aim that the target home price growth will be less than real disposable income growth. In March 2013, some new restrictive policies were enacted by the government in the "Five points statement" but the overall impact was relatively mild. This reflects the continued importance of the real estate market to the overall Chinese economy which has seen a fall in GDP growth from 7.7% in the first quarter of the year to 7.5% in the second quarter. Property prices continue to remain high as there are few other investment channels in the PRC, the high land price policy remains in place and there has been much monetary expansion in recent times.

During this relatively stable period, our pre-sales in areas not affected by Home Purchase Restriction ("HPR") have been robust and pricing has remained firm. In HPR affected areas, our sales have been steady but not spectacular. Although there has been sharp liquidity tightening in the banking and shadow banking sector in June, this has not been affected our buyers with mortgages so far. However, this could possibly change in the second half of the year.

Our strategy this year has been to continue to monetise our development projects as quickly as possible, reduce gearing especially in the PRC, and transfer capital back to Hong Kong. From Hong Kong, flexibility is enhanced as funds can be remitted back into the PRC for new projects or offshore gearing can be further reduced.

Our future prospects are good. In addition to the cash in hand, development activities continue to progress smoothly at our Taihu Garden Court, Lakeside Garden Court and Wuzhong Office Building projects. We continue to look for sites to acquire, particularly in Jiangsu province where our brand and quality are well recognised. Land prices in both Tier 1 and 2 cities have continued to remain much too high in our view. Although there has been a recovery in PRC land sales revenue this year, many of the buyers have been state-owned enterprises or government related companies. Private developers have been more cautious in their approach generally as property sales price growth will be carefully monitored by the authorities from now on. Lower tier cities offer opportunities for us but this needs to be balanced against affordability, demand and price growth potential in those areas as profitability remains our primary objective. Good rental income continues to come from our investment retail and residential properties in Suzhou, and the Beijing Landmark Towers complex continues to provide stable income enabling us to receive a healthy dividend from the investment. All the while we continue to monitor carefully our costs and expenses with the aim of achieving a sustainable future path in the face of the ongoing uncertainty in global economic conditions.

I wish to take this opportunity to express my gratitude to our strategic partners and banks for their participation and support, and really appreciate all the advice, dedication and hard work from my fellow directors and staff moving forward.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

During the period under review, the Group continued its focus on property development and investment businesses in Suzhou and Beijing. We continue to explore prudently sites within and outside the Province of Jiangsu with high growth potential which could uncover opportunities for profitable development or investment prospects with decent returns.

Property Development

HPR continued to be strictly enforced in Wuzhong district thereby affecting our Taihu Garden Court project, but was still absent in Wujiang district where our Lakeside Garden Court project is situated. In March 2013, the "Five points statement" was relatively mildly applied and carried out by the Suzhou government so that there was a positive impact overall on the primary property market. The Central government's aim at curbing property speculation is expected to last a longer time, but bank credit policies favour end-user demand from first-time home buyers which has been the profile of many of our Lakeside Garden Court customers. The continuation of control of property price increases by the authorities via careful scrutiny of pre-sales pricing will not impact us much in Wujiang as most of the pricing has already been set.

The Wujiang District of Suzhou also continued to benefit from a deepening amalgamation with the Suzhou municipality since its conversion from a town to a district, and during the first half of 2013 the Group strategically launched pre-sales programmes of Phase 4 of Lakeside Garden Court and achieved satisfactory results.

The Group's development projects in Suzhou were processed on schedule in the period under review, summarised as follows:

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

Taihu Garden Court has benefited from its outstanding architectural design, beautiful classical landscaping and appropriate sales programmes so that sales results during the period under review continuously outperformed other townhouse projects nearby.

During the period under review, 3 low-density townhouses from Phase 1 of gross floor area about 900 sq.m. was sold, with sales turnover of about HK$11.0 million. Only an inventory of 5 townhouses of Phase 1 remained for sale. Phase 2 comprised 110 low-density townhouses of total gross floor area of about 24,700 sq.m. of which 27 townhouses with gross floor area around 6,100 sq.m. were sold in the reporting period and generated revenue of about HK$77.0 million.

Phase 3, which consists of 84 low-density townhouses with a gross floor area around 20,000 sq.m., will be completed in late 2013 as scheduled. A pre-sales campaign has been activated.

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

The total site area of this project, which is being developed in four phases, is about 86,200 sq.m. with a gross floor area of approximately 154,700 sq.m.. Since our pioneering launch in Shengze Town, this project which satisfies end-user demand from first-time home buyers, has enjoyed a sound reputation among local buyers for its architectural appeal, modernity and practicability of living as well as customer-oriented philosophy, while respecting the local culture and characteristics. Such success is further reflected in the fruitful pre-sales results of Phase 4 and the remarkably high occupancy rate of the three delivered phases.

As of 30 June 2013, there were 4 units in Phase 1 and 2 units in Phase 2 with a gross floor area of about 600 sq.m. remaining for sale.

During the period under review, a gross floor area of about 4,900 sq.m. was sold in Phase 3, which comprises 86 low-density townhouses designed by an internationally renowned architecture firm with a gross floor area of around 19,600 sq.m., generating revenue around HK$59.3 million. The Group plans to sell the 22 remaining townhouses of gross floor area of about 4,900 sq.m. at an appropriate premium price in the second half of the year.

Phase 4 will consist of 6 blocks of high-rise residential buildings of mainly small apartment units (under 90 sq.m.) of total gross floor area of about 58,200 sq.m.. Construction commenced as scheduled and we plan to deliver the units in late 2014. As of 30 June 2013, the Group achieved contracted sales revenue of about HK$283.5 million, which was derived from the pre-sale of approximately 55% of Phase 4 units.

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

This project is centrally located in the Yuexi central business district ("CBD"), a subdistrict of Wuzhong and is surrounded by various government office buildings. The site area of this project is approximately 14,600 sq.m. and its usage is commercial. The design of this building comprises office, Small Office/Home Office units and retail space, with a saleable gross floor area of around 58,400 sq.m.. Construction of a metro subway station adjacent to the project is in process. The piling phase of this project is expected to be completed this year as scheduled. The Group still wishes to focus on its traditional strength in the residential sector, so it has been exploring the possibility of finding co-investors or buyers for this project.

Property Investment

During the period under review, the Group's retail investment properties, situated in the prime CBD of Suzhou New District ("SND"), continued to benefit from the development strategy set by the SND government.

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

SGV Plaza with a retail gross floor area around 11,000 sq.m. generated rental income of about HK$3.4 million in the period under review, with about a 90% occupancy rate as of 30 June 2013. Some trade-mix enhancement is being carried out, and its fashion sector has been enriched. The food and beverage sector has been fine-tuned, and a large underperforming tenant left in accordance with our strategy. The replacement period is expected to be relatively short.

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

Garden Court Plaza, a 3-storey retail centre with a gross floor area of around 4,500 sq.m., was fully let and generated rental income of approximately HK$1.6 million in the reporting period. It is expected that there will be an increase in the rental rate from tenancy renewals in late 2013.

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

During the period under review, the Group sold about 157 sq.m. of investment apartments with proceeds of about HK$2.1 million. As of 30 June 2013, the Group still held approximately 5,800 sq.m. (36 units) of residential investment property. Rental revenue during the period under review was approximately HK$1.3 million.

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

During the period under review, the operational results of Beijing Landmark have 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 regard to food and beverage business, the policy of curbing "public spending" on entertainment has also been a likely cause of reducing revenue.

Property Management

The Group continued its outsourcing policy and exercised careful due diligence in the process of appointing fully licensed and qualified local property management companies in Suzhou. However, as owners' associations for completed projects are established in accordance with local rules and regulations, the selection of the property management company becomes their collective responsibility.

Strategic Partnerships

Spinnaker Capital Group

Spinnaker Capital Group remains as 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. In regard to Suzhou New Heritage Wuzhong Limited, the Group's development subsidiary of Wuzhong Garden Court, in which Spinnaker Capital Group has beneficially owned a 40% equity interest, its voluntary liquidation has been 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 the holder of the Company's convertible notes.

Financial Review

Revenue

The Group's revenue mainly comprised of revenue from sales of properties held for sale and leasing of investment properties. The Group's revenue for the six months ended 30 June 2013 was approximately HK$153.6 million (six months ended 30 June 2012: HK$97.8 million), representing an increase of 57% as compared with the same period last year. The increase in the Group's revenue was mainly due to the increase in revenue from sales of properties held for sale.

The revenue from sales of properties held for sale included the disposal of 30 low-density townhouses in Taihu Garden Court Phases 1 and 2, as well as 22 low-density townhouses in Lakeside Garden Court Phase 3 of approximately HK$88.0 million and approximately HK$59.3 million respectively. The Group's total gross floor area of properties held for sale sold for the six months ended 30 June 2013 was approximately 11,900 sq.m. (six months ended 30 June 2012: 8,600 sq.m.).

Revenue from leasing of investment properties for the six months ended 30 June 2013 was approximately HK$6.3 million (six months ended 30 June 2012: HK$6.8 million). The revenue generated from leasing of investment properties in Suzhou Garden Villa and two retail centres were approximately HK$1.3 million (six months ended 30 June 2012: HK$1.8 million) and approximately HK$5.0 million (six months ended 30 June 2012: HK$5.0 million) respectively.

Operating Results

For the six months ended 30 June 2013, the Group's gross profit amounted to approximately HK$29.0 million (six months ended 30 June 2012: HK$27.6 million). The gross profit margin for the six months ended 30 June 2013 was approximately 19% as compared to approximately 28% for the same period last year.

The valuation on the Group's investment properties as at 30 June 2013 was conducted by an independent property valuer which did not result in any fair value adjustment for the six months ended 30 June 2013 (six months ended 30 June 2012: positive fair value adjustment of approximately HK$4.7 million).

During the period under review, an investment properties was sold for a consideration of approximately HK$2.1 million (six months ended 30 June 2012: HK$3.9 million).

Gain on deregistration of a subsidiary of approximately HK$8.9 million during the period under review (six months ended 30 June 2012: Nil) was resulted from the voluntary liquidation of Suzhou New Heritage Wuzhong Limited.

The finance costs for the period under review amounted to approximately HK$0.8 million as compared to HK$1.3 million for the same period last year. The decrease was mainly due to the decrease of bank loans outstanding during the period under review.

Share of results of associates mainly represented the profit contributed by Beijing Landmark to the Group for the period under review of approximately HK$11.5 million (six months ended 30 June 2012: HK$12.6 million).

For the six months ended 30 June 2013, the profit attributable to the owners of the Company was approximately HK$7.5 million (six months ended 30 June 2012: HK$3.0 million) which represented a basic earnings per share of 0.6 HK cents (six months ended 30 June 2012: 0.2 HK cents).

Liquidity, Financial Resources and Gearing

Cash and cash equivalents as at 30 June 2013 amounted to approximately HK$381.0 million (31 December 2012: HK$291.0 million).

The Group had total bank borrowings of approximately HK$103.8 million as at 30 June 2013 (31 December 2012: HK$122.5 million). Borrowings classified as current liabilities were approximately HK$102.2 million (31 December 2012: HK$219.5 million) and the Group's gearing ratio as at 30 June 2013 was approximately 10% (31 December 2012: 12%), which was based on total bank borrowings to total equity.

Current, Total and Net Assets

As at 30 June 2013, the Group had current assets of approximately HK$1,209.0 million (31 December 2012: HK$1,088.0 million) and current liabilities of approximately HK$464.6 million (31 December 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$744.4 million as at 30 June 2013.

As at 30 June 2013, the Group recorded total assets of approximately HK$1,731.2 million (31 December 2012: HK$1,616.6 million) and total liabilities of approximately HK$695.3 million (31 December 2012: HK$589.0 million), representing a debt ratio (total liabilities over total assets) of approximately 40% (31 December 2012: 36%). Net assets of the Group was approximately HK$1,035.9 million as at 30 June 2013 (31 December 2012: HK$1,027.6 million).

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 30 June 2013, bank loans of approximately HK$72.3 million were secured by certain land and buildings and investment properties of the Group of approximately HK$37.9 million and approximately HK$162.5 million respectively.

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

Contingent Liabilities

The directors of the Company considered that there were no material contingent liabilities as at 30 June 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 United States dollars. During the period under review, there was no significant fluctuation in the exchange rates of these three currencies apart from the appreciation of currency of Renminbi against United States 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 six months ended 30 June 2013 and in the year 2012.

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 30 June 2013, the Group had a staff roster of 101 (30 June 2012: 106), of which 74 (30 June 2012: 78) employees were based in the Mainland China and 27 (30 June 2012: 28) employees in Hong Kong SAR. The remuneration of employees was in line with 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.

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 six months ended 30 June 2013, the Group complied with all code provisions as set out in the Corporate Governance Code as set out in Appendix 14 to the Main Board Listing Rules on the Stock Exchange.

REVIEW OF INTERIM FINANCIAL REPORT

The auditor of the Company, BDO Limited, has performed an independent review on the interim financial report for the six months ended 30 June 2013 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. On the basis of the auditor's review, which does not constitute an audit, BDO Limited confirmed in writing that nothing has come to the auditor's attention that causes the auditor to believe that the interim financial report is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34. The interim results of the Group for the six months ended 30 June 2013 have also been reviewed by the members of the Audit Committee before submission to the Board for approval. The Audit Committee was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure have been made.

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

The Company has not redeemed any of its shares during the period. Other than the issue of 5,650,000 shares by the Company during the period, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The results announcement is published on the websites of the Company (www.nh-holdings.com) and the Stock Exchange (www.hkex.com.hk). The 2013 Interim Report 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 interim results announcement only gives a summary of the information and particulars of the 2013 Interim Report from which the contents of this announcement are derived.

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

Hong Kong, 22 August 2013