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 2014

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 (collectively known as the "Group") for the six months ended 30 June 2014.

CONSOLIDATED INCOME STATEMENT
for the six months ended 30 June 2014

		Six months ended 30 June	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**44,671**	153,638
Cost of sales		**(28,262)**	(124,654)
Gross profit		**16,409**	28,984
Other income	*4*	**4,386**	2,958
Selling expenses		**(2,979)**	(5,372)
Administrative expenses		**(60,491)**	(16,958)
Fair value adjustments on investment properties		**(3,700)**	–
Loss on disposal of investment properties		**–**	(256)
Gain on disposal and deregistration of subsidiaries		**39,166**	8,898
Finance costs	*5*	**(815)**	(760)
Share of results of associates		**7,038**	11,482
(Loss)/Profit before income tax	*6*	**(986)**	28,976
Income tax expense	*7*	**(2,324)**	(16,406)
(Loss)/Profit for the period		**(3,310)**	12,570
(Loss)/Profit for the period attributable to:			
Owners of the Company		**(2,400)**	7,530
Non-controlling interests		**(910)**	5,040
		(3,310)	12,570
(Loss)/Earnings per share	*9*		
		HK cents	*HK cents*
– Basic		**(0.2)**	0.6
– Diluted		**N/A**	0.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2014

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/Profit for the period	**(3,310)**	12,570
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
Items that may be reclassified subsequently to profit or loss:		
Exchange (loss)/gain on translation of foreign operation of subsidiaries	**(20,494)**	15,858
Share of exchange (loss)/gain on translation of foreign operation of an associate	**(3,227)**	2,212
Reclassification of exchange reserve upon disposal and deregistration of subsidiaries	**(30,104)**	(8,898)
Other comprehensive income for the period, net of tax	**(53,825)**	12,181
Total comprehensive income for the period	**(57,135)**	24,751
Total comprehensive income attributable to:		
Owners of the Company	**(51,771)**	16,645
Non-controlling interests	**(5,364)**	8,106
	(57,135)	24,751

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2014

	Notes	At 30 June 2014 HK$'000 (Unaudited)	At 31 December 2013 HK$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Goodwill		**–**	29,249
Property, plant and equipment		**10,069**	47,611
Investment properties		**307,725**	318,899
Interests in associates		**–**	137,922
Deferred tax assets		**169**	173
		317,963	533,854
Current assets			
Properties held under development		**497,125**	457,085
Properties held for sale		**301,804**	343,501
Inventories		**25**	67
Accounts receivable	*10*	**46**	166
Deposits paid, prepayments and other receivables		**50,459**	47,543
Tax recoverable		**22,964**	22,648
Restricted bank deposits		**31,366**	36,230
Cash and bank balances		**452,571**	435,782
		1,356,360	1,343,022
Current liabilities			
Accounts payable	*11*	**77,544**	112,179
Accruals, deposits received and other payables		**426,791**	416,245
Convertible notes		**43,371**	42,140
Borrowings		**12,427**	85,173
		560,133	655,737
Net current assets		**796,227**	687,285
Total assets less current liabilities		**1,114,190**	1,221,139
Non-current liabilities			
Borrowings		**92,698**	96,455
Deferred tax liabilities		**48,680**	53,747
		141,378	150,202
NET ASSETS		**972,812**	1,070,937
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**13,479**	13,246
Reserves		**913,156**	960,079
		926,635	973,325
Non-controlling interests		**46,177**	97,612
TOTAL EQUITY		**972,812**	1,070,937

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 2013, 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 2013.

2. **ADOPTION OF AMENDMENTS TO HKFRSs**

In the current period, the Group has applied for the first time the following 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 2014:

Amendments to HKAS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets

The adoption of these 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 2013.

Amendments to HKAS 32 – Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to HKAS 36 – Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit ("CGU") to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal.

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 the products and service lines requires different resources as well as marketing approaches.

During the six months ended 30 June 2014, 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 (loss)/profit generated by the Group's operating segments are summarised as follows:

	Six months ended 30 June 2014		
	Property development *HK$'000* **(Unaudited)**	**Property investment and leasing** *HK$'000* **(Unaudited)**	**Total** *HK$'000* **(Unaudited)**
Reportable segment revenue			
From external customers	**37,644**	**7,027**	**44,671**
Reportable segment loss	**(2,134)**	**(11,379)**	**(13,513)**
Interest income	**1,911**	**853**	**2,764**
Depreciation of property, plant and equipment	**(272)**	**(401)**	**(673)**
Fair value adjustments on investment properties	**–**	**(3,700)**	**(3,700)**
Finance costs	**–**	**(815)**	**(815)**
Reportable segment assets	**1,058,558**	**373,977**	**1,432,535**
Additions to non-current segment assets during the period	**–**	**23**	**23**

	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

The total segment (loss)/profit can be reconciled to the Group's (loss)/profit before income tax as presented in the consolidated income statement as follows:

	Six months ended 30 June	
	2014 *HK$'000* **(Unaudited)**	2013 *HK$'000* (Unaudited)
Total segment (loss)/profit	**(13,513)**	19,563
Share of results of associates	**7,038**	11,482
Gain on disposal and deregistration of subsidiaries	**39,166**	8,898
Corporate overheads	**(34,667)**	(11,188)
Other unallocated income	**990**	221
(Loss)/Profit before income tax	**(986)**	28,976

The segment assets of the Group's operating segment at 30 June 2014 and 31 December 2013 are as follows:

	Property development *HK$'000*	Property investment and leasing *HK$'000*	Corporate and other unallocated assets *HK$'000*	Total *HK$'000*
At 30 June 2014 (Unaudited)	**1,058,558**	**373,977**	**241,788***	**1,674,323**
At 31 December 2013 (Audited)	1,090,503	405,396	380,977*	1,876,876

* As at 30 June 2014, segment assets do not include corporate assets of approximately HK$241,788,000 as these assets are managed on a group basis.

As at 31 December 2013, segment assets do not include goodwill of approximately HK$29,249,000, interests in associates of approximately HK$137,922,000 and corporate assets of approximately HK$213,806,000 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 2014 and 2013.

4. REVENUE AND OTHER INCOME

	Six months ended 30 June	
	2014 *HK$'000* **(Unaudited)**	2013 *HK$'000* (Unaudited)
Revenue, which also represents the Group's turnover		
Proceeds from sale of properties held for sale	**37,644**	147,328
Rental income	**7,027**	6,310
	44,671	153,638
Other income		
Interest income	**3,755**	2,157
Exchange gain, net	**–**	434
Others	**631**	367
	4,386	2,958

5. FINANCE COSTS

	Six months ended 30 June	
	2014 *HK$'000* **(Unaudited)**	2013 *HK$'000* (Unaudited)
Interest charges on borrowings which are repayable within five years:		
Bank loans	**1,151**	1,618
Other loan	**–**	6
Imputed interest expense on loans from non-controlling shareholders	**106**	807
	1,257	2,431
Interest charges on borrowings which are repayable after five years:		
Bank loans	**–**	218
	1,257	2,649
Interest charge on convertible notes	**2,421**	4,543
Total interest expense on financial liabilities not at fair value through profit or loss	**3,678**	7,192
Less: Amount capitalised in properties held under development*	**(2,863)**	(6,432)
	815	760

* The finance costs have been capitalised at a rate of 0.82% (six months ended 30 June 2013: 3.70%) 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 six months ended 30 June 2014 and 2013, the interest on bank borrowings which contain a repayment on demand clause amounted to approximately HK$413,000 and HK$1,063,000 respectively.

6. (LOSS)/PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2014	2013
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/Profit before income tax is arrived at after charging/(crediting):		
Cost of properties held for sale recognised as expense	**26,692**	123,140
Depreciation of property, plant and equipment	**1,009**	1,393
Less: Amount capitalised in properties held under development	**(122)**	(193)
	887	1,200
Outgoings in respect of investment properties that generated rental income during the period	**1,570**	1,514
Operating lease charges in respect of land and buildings	**121**	177
Impairment loss on amount due from an associate	**19**	–
Impairment loss on goodwill*	**16**	–
Staff costs, including directors' emoluments and retirement benefits cost#	**50,872**	17,804
Less: Amount capitalised in properties held under development	**(5,100)**	(6,233)
	45,772	11,571
Amount recognised as expense for retirement benefits cost	**1,453**	996
Exchange loss/(gain), net	**1,678**	(434)
Loss on disposal of property, plant and equipment	**141**	10
Loss on disposal of investment properties	**–**	256
Loss on early repayment of loan from a non-controlling shareholder	**72**	–
Loss on partial repayment of loans from non-controlling shareholders	**–**	6

* For the six months ended 30 June 2014, New Heritage Group Limited, a wholly-owned subsidiary was deregistered on 1 May 2014. The recoverable amount of this company as separate CGU is estimated to be nil, which is lower than its carrying value. Accordingly, impairment loss amounting to approximately HK$16,000 for the goodwill of this CGU is recognised and included in administrative expenses in the consolidated income statement (six months ended 30 June 2013: Nil).

\# This amount includes approximately HK$19,750,000 relating to the compensation, severance payment, bonuses, complimentary payment, discretionary award or payment of similar kinds estimated to be payable by the Group to its employees in Suzhou, the PRC, under a sale and purchase agreement entered into between, among others, the previous substantial shareholders of the Company and China LVGEM Property Holdings Limited ("China LVGEM"), the existing substantial shareholder of the Company, in relation to the sale and purchase of shares in the Company. Such amount has been recognised as expenses, and the Group is in the process of completing the relevant procedures in compliance with applicable rules and regulations.

7. INCOME TAX EXPENSE

		Six months ended 30 June	
		2014	2013
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Current tax – the PRC			
– Corporate income tax	*(a)*	**(555)**	9,274
– Land appreciation tax ("LAT")	*(b)*	**3,413**	4,328
		2,858	13,602
Deferred taxation	*(c)*	**(534)**	2,804
Total income tax charge		**2,324**	16,406

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 2014 and 2013.

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 2013: 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 consolidated statement of financial position 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 2013: Nil).

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

	Six months ended 30 June	
	2014	2013
	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. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss attributable to owners of the Company of approximately HK$2,400,000 (six months ended 30 June 2013: profit of HK$7,530,000) and on weighted average of 1,330,448,745 (six months ended 30 June 2013: 1,288,844,377) ordinary shares in issue during the period.

No adjustment has been made to the basic loss per share as the convertible notes had an anti-dilutive effect on the basic loss per share for the six months ended 30 June 2014.

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 share options issued of 7,675,385 and the shares issued upon the conversion of convertible notes of 68,181,818.

10. ACCOUNTS RECEIVABLE

	At 30 June 2014	At 31 December 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accounts receivable	**46**	166
Less: Provision for impairment	**–**	–
	46	166

Accounts receivable generally have credit terms of 30 to 60 days (31 December 2013: 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:

	At 30 June 2014	At 31 December 2013
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**46**	127
31–60 days	**–**	39
	46	166

11. ACCOUNTS PAYABLE

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

	Notes	**At 30 June 2014** *HK$'000* **(Unaudited)**	At 31 December 2013 *HK$'000* (Audited)
Within 30 days		**12**	8
31–60 days		**31**	12
61–90 days		**1**	–
91–365 days		**16**	–
Over 365 days		**862**	1,420
Rent received on behalf of landlords	*(a)*	**922**	1,440
Accrued construction cost and other project-related expenses	*(b)*	**76,622**	110,739
		77,544	112,179

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$76,622,000 as at 30 June 2014 (31 December 2013: HK$110,739,000) 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 2014.

CHAIRMAN'S STATEMENT

Results and Dividends

For the six months ended 30 June 2014, the Group's revenue and loss attributable to owners of the Company were approximately HK$44.7 million (six months ended 30 June 2013: HK$153.6 million) and approximately HK$2.4 million (six months ended 30 June 2013: profit of HK$7.5 million) respectively. Basic loss per share attributable to owners of the Company was approximately 0.2 HK cents (six months ended 30 June 2013: basic earnings per share of 0.6 HK cents).

The Board does not recommend any payment of interim dividend for the period (six months ended 30 June 2013: Nil).

Business Review and Outlook

During the recent months, the Group has achieved major milestones in its development. Mr. WONG Hong King ("Mr. WONG") has completed the acquisition of controlling interests in the Company through his wholly-owned company, China LVGEM, on 8 May 2014 thereby becoming the controlling shareholder of the Group. Mr. WONG and his team bring to the Group many years of experience in development of commercial and residential complexes in many cities, including but not limited to Shenzhen, Zhuhai and Huazhou. These projects comprise office buildings, shopping malls, serviced apartments and hotels. With the general offer closed on 5 June 2014 and the new directors on board, the Group has officially started a new chapter in the development history. Our new Board of Directors include Mr. YE Xingan, Mr. CHEN Tieshen and Ms. DENG Chengying, all of who have abundant management expertise in the PRC's property market; while Mr. YIM Chun Leung remains as our Executive Director and has been appointed as our Chief Executive Officer, and the core management team retains its professional role. Going forward, through our concerted efforts, we have full confidence to maintain the steady development of our business, as we inject new ideas and momentum to the Group and chart it on a new course.

In the past few years, the Central Government has implemented purchase and financial control measures in order to achieve healthy and stable development of the property market in the long run. However, after the Home Purchase Restriction measures and restrictions on mortgages were launched, the property market was inevitably affected in the short term. Recently, there are signs that the restrictions may be relaxed to release the purchasing power in the market, which would be good news for the Group and may help to bolster our future development.

Looking ahead, we see that the growth potential is enormous. While actively developing our existing property development business, the Group will strive further to diversify our geographical markets and business segments by building on our current business foundation. With respect to the geographical markets, the Group will continue to expand and solidify the foothold in the Yangtze River Delta region. At the same time, we are seeking quality projects in the Pearl River Delta and Hong Kong markets targetting different property categories covering non-residential ones, such as commercial projects including office buildings and shopping malls. We will further evaluate a range of potential opportunities in a bid to explore vast room for development and create more promising prospects.

On the other hand, Suzhou has been the major base for our business development. Building on our strong reputation acquired over a period of years, we will continue to reinforce our leading position in Suzhou. During the period under review, our revenue was mainly derived from Taihu Garden Court. Rentals from our retail investment properties have remained stable. As the property industry control measures are expected to be gradually relaxed to a certain extent and the Group's pre-sales performance has continued to perform well in the regions which were not affected by the Home Purchase Restriction measures, we remain prudently optimistic about the prospects of the Suzhou market. We will continue to develop our existing quality property projects and at the same time actively seek other projects with high growth potentials, so as to widen the Group's geographic reach in the PRC property market.

Subsequent to the special resolution passed at the extraordinary general meeting of the Company held on 15 August 2014, the English name of the Company will be changed from "New Heritage Holdings Ltd." to "LVGEM (China) Real Estate Investment Company Limited" and "綠景(中國)地產投資有限公司" will be adopted as the dual foreign name of the Company, which more accurately reflects the new corporate image of the Group. The long-term development potential of the PRC property market is huge. While the market will remain challenging for property developers, this will present more opportunities to those well-established enterprises with a clear vision and direction. As the new management team has fully participated in formulating a clear development roadmap of the Group, we expect the business direction to bring new dynamic development and we are confident in our long-term prosperous development of the PRC property market.

In closing, I would like to express my gratitude to my fellow members of the Board and all of our staff for their dedication and contributions to the Company. My fondest wish is for the combined efforts of all of us together to drive the Group forward to achieve rapid growth. I would also like to thank our partners and shareholders for their encouragement and support.

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 actively seek suitable development projects in Yangtze River Delta Region.

Property Development

In the first half of 2014, the real estate market in Suzhou was subject to the constraints from the Government's austerity policies. Under tightening bank mortgage and rising mortgage rate, the touting policy of preferential housing by certain developers has driven the sales. However, more consumers would adopt a wait-and-see approach to wait for a more favorable benefit. In July of this year, there are rumours that the Home Purchase Restriction policy in Suzhou would be eased. That, if becomes real and official, is favorable to the Group's sales of villas in Taihu Garden Court, but the actual effect of the policy will be subject to the combined effect of and implementation timing of the loosening mortgage policy and falling mortgage loan interest rate.

The Group's projects in Suzhou were in progress on schedule in the period under review.

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

Taihu Garden Court's outstanding architectural design and beautiful classical landscaping still outperformed the townhouse projects nearby. Thus, sales result outperformed peripheral villa projects. The Group will seize the opportunities arising from loosening Home Purchase Restriction and maximize the revenue at a suitable price.

During the period under review, 1 townhouse of Phase 1 with a gross floor area of around 300 sq.m. was sold with a sales revenue of approximately HK$3.1 million. As at 30 June 2014, the remaining 4 townhouses of Phase 1 with gross floor area of about 1,100 sq.m. were pending for sale; 4 townhouses of Phase 2 with a gross floor area of around 800 sq.m. were sold with a sales revenue of approximately HK$10.7 million. As at 30 June 2014, Phase 2 had 20 townhouses in stock with a gross floor area of about 4,700 sq.m..

Phase 3, which consists of 84 townhouses with a total gross floor area of around 20,000 sq.m., was completed for delivery in September 2013. During the period under review, about 900 sq.m. was sold with a sales revenue of approximately HK$12.5 million.

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

Lakeside Garden Court is targeted at first-time home buyers. The project is highly appreciated by local buyers due to the Group's practice of customer-oriented philosophy, its appealing architectural design, modernity and practicability of living features in social housing project where quality management is enhanced and local culture and characteristics is incorporated. The remarkably high occupancy rate of the first three phases and the successful pre-sales result of Phase 4 were due not only to the absence of Home Purchase Restriction policy in Wujiang but also the accurate positioning and appropriate sales strategy of the project.

As at 30 June 2014, there were still 4 units in Phase 1 remaining for sale, with a total gross floor area of about 400 sq.m.. All units in Phase 2 were sold last year.

Phase 3 comprises 86 low-density townhouses with a gross floor area of around 19,600 sq.m.. During the period under review, 2 low-density townhouses with a gross floor area of around 500 sq.m. were sold, creating a revenue of approximately HK$5.5 million. As at 30 June 2014, there were 17 townhouses of about 3,800 sq.m. remaining for sale. The Group plans to sell those townhouses at an appropriate premium.

Phase 4 consists of 6 blocks of residential buildings with a total gross floor area of about 58,200 sq.m., comprising mainly small apartment units (under 90 sq.m.), and is expected to deliver in late 2014. As at 30 June 2014, the Group sold about 44,800 sq.m. with a contracted sales revenue of approximately HK$401.1 million.

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

The project is strategically located in the Yuexi Sub-town centre in Wuzhong, with an accessible transportation network. The Yuexi Sub-town centre is home for commercial, financial, cultural, entertainment, administrative office and residential building. Currently, the presence of Tai Lake Fishery Command Centre of Jiangsu Province (江蘇省太湖漁政指揮中心), Suzhou Customs (蘇州海關), Management Committee of Wuzhong Economic and Technological Development Zone (吳中經濟技術開發區管委會), Wuzhong City Investment Company (吳中區城投公司), Wuzhong Human Resource Market (吳中區人才市場), Wuzhong Administrative Service Centre (吳中區行政服務中心) and a number of government authorities has constituted a more comprehensive administrative office centre. Xijiang station in the Rail Line 4 is close to the project and is expected to operate in 2017.

The site area of the building is approximately 14,600 sq.m. and the gross floor area is around 58,400 sq.m.. The Group will actively optimise the design and function of the project, and strive to turn the project into the landmark building of the Yuexi Sub-town centre in Wuzhong.

Property Investment

The Group's investment properties are located in the prime business district of Suzhou New District, and are benefited from the ongoing implementation of development strategy by the Government in Suzhou New District. However, with sluggish retail market and the commencement and completion of peripheral urban complex that effected diversion of customer flow, the Group's short-term strategy mainly focuses on securing stable tenants.

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

SGV Plaza is located at Shi Shan Road, the most prosperous area in New District, with a gross floor area of about 11,000 sq.m.. Rental income during the period under review amounted to approximately HK$3.9 million whereas the occupancy rate as at 30 June 2014 was about 93%. In addition to the ongoing optimisation of tenant mix, the Group will conduct research in asset enhancement plans to increase rental revenue.

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

Garden Court Plaza is located in Binhe Road, New District, about 200 meters away from Binhe Road station of Rail Line 1. The mall was 3-storey with a total gross floor area of about 4,500 sq.m.. During the period under review, rental income amounted to about HK$1.9 million. As at 30 June 2014, the mall was fully leased out.

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

SGV Apartments has a beautiful surroundings and an accessible transportation network. With primary and secondary schools nearby, it enjoys sound reputation from local middle-class families. As such, the district has gradually transformed from a rental housing for foreign senior management into a residential housing for locals who have high income. The Group holds residential investment properties of about 5,500 sq.m. (34 units). During the period under review, rental income was approximately HK$1.2 million.

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

During the period under review, the operating results of Beijing Landmark was still being affected by the increasing competition among nearby hotels and service apartments. With regard to food and beverage business, revenue has still not reached the level before the policy of curbing "public spending" on entertainment.

On 8 May 2014, the Group sold the indirect interests in Beijing Landmark, details of which are set out in the paragraph headed "MAJOR CORPORATE EVENTS" below.

Property Management

The Group continued its outsourcing policy. In the process of identifying and appointing local property companies, the Group exercised careful due diligence to ensure these property companies are fully licensed and qualified. The Group coordinated with government authorities for the establishment of owner's association in accordance with local rules and regulations.

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

The 9.615% interests (together with relevant shareholder's loans) in New Heritage Development Limited ("NH Development"), a subsidiary of the Company, held by Asia Financial Group ("AFG") were acquired by the Group on 8 May 2014. NH Development is the holding company of most of the Group's property project companies in Suzhou. As of 30 June 2014, AFG, together with its wholly-owned subsidiary, was the holder of the Company's convertible notes in the principal amount of HK$40 million, details of which are set out in the paragraph headed "MAJOR CORPORATE EVENTS" below.

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 2014 was approximately HK$44.7 million (six months ended 30 June 2013: HK$153.6 million), representing a decrease of approximately 71% as compared with the same period last year. The decrease in the Group's revenue was mainly due to the decrease in revenue from sales of properties held for sale.

The revenue from sales of properties held for sale included the disposal of a residential apartment in Suzhou Garden Towers, 9 low-density townhouses in Taihu Garden Court Phases 1, 2 and 3, as well as 2 low-density townhouses in Lakeside Garden Court Phase 3 of approximately HK$5.9 million, HK$26.3 million and HK$5.5 million respectively. The Group's total gross floor area of properties held for sale sold for the six months ended 30 June 2014 was approximately 2,900 sq.m. (six months ended 30 June 2013: 11,900 sq.m.).

Revenue from leasing of investment properties for the six months ended 30 June 2014 was approximately HK$7.0 million (six months ended 30 June 2013: HK$6.3 million). The revenue generated from leasing of investment properties in Suzhou Garden Villa and two retail centres were approximately HK$1.2 million (six months ended 30 June 2013: HK$1.3 million) and approximately HK$5.8 million (six months ended 30 June 2013: HK$5.0 million) respectively.

Operating Results

For the six months ended 30 June 2014, the Group's gross profit amounted to approximately HK$16.4 million (six months ended 30 June 2013: HK$29.0 million). The gross profit margin for the six months ended 30 June 2014 was approximately 37% as compared to approximately 19% for the same period last year.

The administrative expenses increased significantly from approximately HK$17.0 million for the six months ended 30 June 2013 to approximately HK$60.5 million for the period under review. It was primarily attributable to the amounts payable to directors, employees in Hong Kong and Suzhou, PRC and professional expenses incurred of approximately HK$39.0 million in total as a result of mandatory general offers made by China LVGEM for all the securities of the Company, the closing of which took place in June 2014.

The valuation on the Group's investment properties as at 30 June 2014 was conducted by an independent property valuer which resulted in a negative fair value adjustments of approximately HK$3.7 million for the period ended 30 June 2014 (six months ended 30 June 2013: did not result in any fair value adjustments).

During the period under review, none of the investment property was sold (six months ended 30 June 2013: consideration of HK$2.1 million).

During the period under review, gain on disposal of subsidiaries of approximately HK$39.2 million which was resulted from disposal of Accordcity Limited and its subsidiary and New Heritage Management Limited and its subsidiaries of approximately HK$27.4 million and HK$11.8 million respectively.

For the six months ended 30 June 2014, share of results of associates mainly represented the profit contributed by Beijing Landmark, an associate of Accordcity Limited for the period up to the date of disposal of Accordcity Limited of approximately HK$7.0 million (six months ended 30 June 2013: HK$11.5 million).

For the six months ended 30 June 2014, the loss attributable to owners of the Company was approximately HK$2.4 million (six months ended 30 June 2013: profit of HK$7.5 million) which represented a basic loss per share of 0.2 HK cents (six months ended 30 June 2013: basic earnings per share of 0.6 HK cents).

Liquidity, Financial Resources and Gearing

Cash and bank balances as at 30 June 2014 amounted to approximately HK$452.6 million (31 December 2013: HK$435.8 million).

The Group had total bank borrowings of approximately HK$30.3 million as at 30 June 2014 (31 December 2013: HK$80.5 million). Borrowings classified as current liabilities were approximately HK$12.4 million (31 December 2013: HK$85.2 million) and the Group's gearing ratio as at 30 June 2014 was approximately 3% (31 December 2013: 8%), which was based on total bank borrowings to total equity.

Current, Total and Net Assets

As at 30 June 2014, the Group had current assets of approximately HK$1,356.3 million (31 December 2013: HK$1,343.0 million) and current liabilities of approximately HK$560.1 million (31 December 2013: HK$655.7 million) which represented an increase in net current assets from approximately HK$687.3 million as at 31 December 2013 to approximately HK$796.2 million as at 30 June 2014.

As at 30 June 2014, the Group recorded total assets of approximately HK$1,674.3 million (31 December 2013: HK$1,876.8 million) and total liabilities of approximately HK$701.5 million (31 December 2013: HK$805.9 million), representing a debt ratio (total liabilities over total assets) of approximately 42% (31 December 2013: 43%). Net assets of the Group was approximately HK$972.8 million as at 30 June 2014 (31 December 2013: HK$1,070.9 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 2014, bank loans of approximately HK$24.4 million were secured by investment properties of the Group of approximately HK$161.5 million.

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

Contingent Liabilities

The directors of the Company considered that there were no material contingent liabilities as at 30 June 2014.

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 depreciation of currency of Renminbi against United States 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 2014 and in the year 2013.

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 2014, the Group had a staff roster of 88 (30 June 2013: 101), of which 72 (30 June 2013: 74) employees were employed in the Mainland China and 16 (30 June 2013: 27) were employed 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.

MAJOR CORPORATE EVENTS

On 21 January 2014, China LVGEM as 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 China LVGEM (the "Share Disposal"). The Disposal Shares represented approximately 64.83% of the then issued share capital of the Company. The Share Disposal was completed on 8 May 2014 and China LVGEM became the controlling shareholder of the Company. The Share Disposal triggered an obligation on the part of China LVGEM to make mandatory unconditional general offers for the then 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 acquired by China LVGEM and parties acting in concert with it) (the "Offers"). The Offers were closed on 5 June 2014.

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

1. 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 NH Development and the shareholder's loan due and owing by NH Development 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).

2. 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 (which indirectly holds 30.05% interest in Beijing Landmark) 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.

3. 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.

Each of the NHDL Acquisition Agreement, the Accordcity Disposal Agreement and the NHML Disposal Agreement was completed on 8 May 2014.

Upon the close of the Offers, there were 249,316,063 shares of the Company, representing approximately 18.50% of the then total issued share capital of the Company, held by the public. Accordingly, the Company could not fulfil the minimum public float requirement under Rule 8.08(1)(a) of the Main Board Listing Rules. An application has been made to the Stock Exchange for a waiver from strict compliance with Rule 8.08(1)(a) of the Main Board Listing Rules for the period from 5 June 2014 up to and including 5 September 2014. On 30 June 2014, the Stock Exchange granted the waiver to the Company for a period of three months up to 5 September 2014.

China LVGEM had disposed of an aggregate of 47,716,000 shares on the open market in July and August 2014.

On 1 August 2014, China LVGEM entered into the placing agreement with the placing agent in relation to the placing of 50,000,000 shares on a best efforts basis. Pursuant to the placing agreement, the placing agent executed the sale of 40,000,000 shares on 5 August 2014.

On 7 August 2014, the Company received notices from Asia Financial Holdings Limited and Asia Insurance Company, Limited (collectively the "CN Subscribers"), requesting for the conversion of the 2011 Convertible Notes in the principal amount of HK$25,000,000 and HK$15,000,000, respectively. Accordingly, the Company has allotted and issued a total of 36,363,635 conversion shares to the CN Subscribers at the conversion price of HK$1.10 per conversion share on 7 August 2014. Upon the conversion, no 2011 Convertible Notes remained outstanding. On the same date, the Company has restored the public float to fulfill the minimum public float requirement under Rule 8.08(1)(a) of the Main Board Listing Rules.

The shareholders of the Company have passed a special resolution at the extraordinary general meeting of the Company held on 15 August 2014 to change the English name of the Company from "New Heritage Holdings Ltd." to "LVGEM (China) Real Estate Investment Company Limited" and to adopt "綠景(中國)地產投資有限公司" as the dual foreign name in Chinese of the Company. The Company is carrying out necessary filing procedures with the Registrar of Companies in Cayman Islands and Companies Registry in Hong Kong.

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 2014, save as disclosed below, 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. In respect of Code Provision A.6.7 of the Corporate Governance Code, a former non-executive Director did not attend the annual general meeting and extraordinary general meeting of the Company both held on 5 May 2014 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 to the Main Board 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 six months ended 30 June 2014.

REVIEW OF INTERIM FINANCIAL INFORMATION

The auditor of the Company, BDO Limited, has performed an independent review on the interim financial report for the six months ended 30 June 2014 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 2014 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 has 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 23,270,000 shares by the Company pursuant to the exercise of share options 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 interim results announcement is published on the websites of the Company (lvgem-invest.quamir.com) and the Stock Exchange (www.hkex.com.hk). The 2014 Interim Report will be dispatched to shareholders in due course.

GENERAL INFORMATION

As at the date of this announcement, the Board comprises Miss HUANG Jingshu (Chairman), Mr. YIM Chun Leung (Chief Executive Officer), Mr. YE Xingan, Mr. CHEN Tieshen and Ms. DENG Chengying as executive directors and Mr. ZHU Jiu Sheng, Mr. WANG Jing and Ms. HU Gin Ing as independent non-executive directors.

This interim results announcement only gives a summary of the information and particulars of the 2014 Interim Report from which the contents of this announcement are derived.

By order of the Board
New Heritage Holdings Ltd.
HUANG Jingshu
Chairman

Hong Kong, 28 August 2014