



## **New Heritage Announces 2010 Interim Results**

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### **Turns Around Business with Net Profit of HK\$19.6 million**

#### **Highlights**

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- Turnover increased by 41.3% to HK\$170.3 million, driven by the increase in revenue from property development sales
  - Gross profit rose 135.6% to HK\$42.4 million, with gross margin up by 10 percentage points to 25%
  - Turned around business with profit attributable to equity holders amounting to HK\$19.6 million, translating into earnings per share of HK1.7 cents
  - Actively looks to replenish landbank not only in Suzhou and other cities in Jiangsu province, but also other provinces that have high potential
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(Hong Kong, 22 August 2010) — **New Heritage Holdings Ltd.** (“New Heritage” or the “Group”) (Stock code: 95), a Hong Kong based developer of middle to high-end property projects in Suzhou, Jiangsu Province and an investor in commercial properties in Beijing, the PRC, announced its interim results for the six months ended 30 June 2010.

During the period under review, the Group’s turnover amounted to approximately HK\$170.3 million (1H 2009: HK\$120.5 million), representing a 41.3% growth. Gross profit also rose to approximately HK\$42.4 million (1H 2009: HK\$18.0 million). The growth in revenue and gross profit was mainly due to the increase in revenue from property development sales. Gross margin improved by 10 percentage points to 25% (1H 2009: 15%). The Group turned around its business in the first half of 2010 with profit attributable to equity holders at HK\$19.6 million (1H 2009: Loss attributable to equity holders: HK\$8.8 million). Basic earnings per share was HK1.7 cents.

**Mr. Richard Tao, Vice Chairman of New Heritage**, said, “The Suzhou housing market has kept its strong underlying demand potential as the industrial hinterland of Yangtze River Delta continues to move itself up the value chain. With strategic focus on Jiangsu province, our Group embarked on aggressive selling of our development projects in 2009 and the first few months of 2010 to take advantage of the upturn in the market. We had put special emphasis on obtaining construction permits during the 2008 downturn and pre-sale permits early, enabling such sales to take place in the upturn.”

During the period under review, the Group continued its focus on property development and investment business in Suzhou and Beijing. The property development business recorded a revenue of approximately HK\$164.7 million from recognised property development sales, including the selling of 49 low-density townhouses in Taihu Garden Court Phase 1 and 159 commercial apartment units in Wuzhong Garden Court Phase 3. The Group’s total gross floor area of development properties sold for the six months ended 30 June 2010 was

approximately 20,000 sq.m. For another property development project, Lakeside Garden Court at Shengze Town, Wujiang, Suzhou, Phase 1 pre-sales of its apartments began at the start of 2010 and delivery is expected in the second half of 2010. During the period, over half of the units in this phase were already pre-sold.

The Group's investment properties in Suzhou are situated in the centre of Suzhou New District's CBD. For the six months ended 30 June 2010, leasing revenue from the Group's three investment properties, namely SGV Plaza, Garden Court Plaza and Jin Shing Tower apartments of Suzhou Garden Villa was approximately HK\$5.7 million. Infrastructural improvements surrounding the Group's investment properties to contend with the opening of the Suzhou metro mass transit system in 2012 have been completed in May 2010. This, together with redevelopment of industrial zones in the CBD, is expected to boost the underlying asset value and rentals of both its residential and retail investment properties.

The recent austerity measures enacted in the first quarter of 2010 by the Central Government made draconian changes to end-user mortgage rules which effectively stifled demand for housing in the short term, driving down transaction volumes. However, the Group believes that the stated aim has been to cool off the property sector price rises in certain overheated 1<sup>st</sup> tier cities, that occurred in 2009, to make the housing market healthy in the long run, and to maintain economic and social stability with housing affordable to those who still do not own their own and those migrating into urban areas from agricultural homes.

**Mr. Paul Tao, Managing Director of New Heritage**, said, "Based on our property development activities and experience in China, we will continue to focus on maintaining a strong balance sheet and conservative cash management by continuous asset turn throughout all our development projects, and to be vigilant of changes in the world economy as well as Central Government policy changes in China. We will also continue our practical and rational approach to land banking, only considering sites that are of a reasonable price and acquisitions that make strategic and financial sense. Although our present land bank is sufficient for development for several years to come, we actively look to replenish sites not only in Suzhou and other cities in Jiangsu province, but also other provinces that have high potential and where costs of land acquisition are still reasonable."

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**About New Heritage Holdings Ltd.**

New Heritage is principally engaged in developing and investing in premium property projects in the PRC – primarily focusing on Jiangsu Province and Beijing. Renowned as a reputable Hong Kong-owned developer operating in Suzhou, its major property development projects include Suzhou Garden Villa, Suzhou Garden Court, Suzhou Garden Place, Suzhou Garden Towers, SGV Plaza, Garden Court Plaza, Wuzhong Garden Court and Taihu Garden Court, most of which have earned the Group numerous awards and industry recognition. New Heritage is a major investor in the Beijing Landmark Towers complex in the prime Chaoyang District in the nation's capital.

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