



New Heritage Announces 2011 Interim Results

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Gross Profit Margin Improves Significantly to 31%

Highlights

- Revenue reached HK\$107.3 million
 - Gross profit was HK\$33.2 million with gross margin rising by 6 percentage points to 31%
 - Profit attributable to the owners of the Company amounted to HK\$6 million
 - Basic earnings per share was HK0.5 cents
 - Strong financial position and a balanced mix of investment and development properties as well as commercial and residential properties located in primary to tertiary districts enables the Group to achieve sustainable and healthy development
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(Hong Kong, 16 August 2011) — **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 2011.

During the period under review, the Group’s revenue was approximately HK\$107.3 million (1H 2010: HK\$170.3 million), while gross profit was approximately HK\$33.2 million (1H 2010: HK\$42.4 million). The decrease in revenue and gross profit was primarily due to the decrease in revenue from property development sales. However, gross margin increased markedly by 6 percentage points to 31% driven by the higher gross margin of the development properties sold and delivered during the period. Profit attributable to the owners of the Company was approximately HK\$6.0 million (1H 2010: attributable to equity holders: HK\$19.6 million). Basic earnings per share were HK0.5 cents (1H 2010: HK\$1.7 HK cents).

The Group maintained a healthy financial position. As at 30 June 2011, it had cash and cash equivalents of approximately HK434.9 million (31 December 2010: HK\$422.1 million).

Mr. Richard Tao, Vice Chairman of New Heritage, said, “In the first half of 2011, the Central Government’s ongoing battle to curb inflation and housing speculation resulted in a double dose of tightening monetary measures and launch of stricter regulations, leading to even lower sales volume of properties, especially around Chinese New Year. Yet in Suzhou, counties surrounding urban districts, including Wujiang City, enjoyed a less restrictive environment as housing prices have not risen as sharply as in 1st tier cities. Consequently, we grasped the opportunity to speed up the sale and presale of development properties such as Lakeside Garden Court that delivered encouraging results.”

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 revenue of approximately HK\$101.5 million from recognised property

development sales, including sales of 6 low-density townhouses in Taihu Garden Court Phase 1; 6 SOHO units and 11 retail units in Wuzhong Garden Court Phase 3; and 71 residential apartments units in Lakeside Garden Court Phase 1 of approximately HK\$16.4 million, approximately HK\$49.0 million and approximately HK\$35.9 million respectively. The Group's total gross floor area of development properties sold as at the six months ended 30 June 2011 was approximately 12,600 sq.m.

The remaining 620 sq.m. gross floor area of retail portion of Wuzhong Garden Court Phase 3 was subsequently sold in July 2011. Moreover, the remaining 10 units at Taihu Garden Court Phase 1 are expected to be sold and delivered to purchasers in the second half of 2011. Pre-selling of four blocks of high-rise apartment towers at Lakeside Garden Court Phase 2 that began at the end of 2010 was met by strong market response, and Phase 3 of the project, comprising 86 low-density townhouse units, is expected to be completed and delivered in mid-2012 with the pre-sales launch expected by the end of 2011 or early 2012.

For the six months ended 30 June 2011, the combined leasing revenue from the Group's three investment properties was approximately HK\$5.8 million (1H 2010: HK\$5.7 million). The leasing revenue generated from investment properties in Suzhou Garden Villa and two retail centers were approximately HK\$ 1.7 million (1H 2010: HK\$2.2 million) and approximately HK\$4.1 million (1H 2010: HK\$3.4 million) respectively. Meanwhile, the Group's associated company, Beijing Landmark Towers' operational results improved steadily. Through the diligent efforts of the management, occupancy of both the hotel and serviced apartment divisions of Beijing Landmark has gradually increased, while occupancy of offices remained at almost 100%.

Mr. Paul Tao, Managing Director of New Heritage, said, "New Heritage has used its decades of experience in the PRC market to build a model of stable rental income from investment properties and retail arcades, balanced with development income from secondary and tertiary districts in Suzhou that have not been subjected to home purchase limits, thus enabling us to experience good sales volumes. Maintaining a mix of residential and commercial properties for sale, we also have good response to our residences that are targeted at the first-time home buyer and owner-occupier and these continue to enjoy success. Looking ahead, we will continue to focus on secondary cities that possess great growth potential and actively explore for good development prospects."

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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, Taihu Garden Court and Lakeside 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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