

新澤控股有限公司
New Heritage Holdings Ltd.
(Incorporated in the Cayman Islands with limited liability)
(HKEx Stock Code: 95)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

RESULTS

The board of directors (the “Directors” or the “Board”) of New Heritage Holdings Ltd. (the “Company” or “New Heritage”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2007 together with comparative figures for the previous year as follows:–

CONSOLIDATED INCOME STATEMENT

	Notes	2007 HK\$'000	2006 HK\$'000 (restated)
Revenue	3	184,560	207,957
Cost of sales		(127,627)	(120,786)
Gross profit		56,933	87,171
Other income	3	31,018	4,141
Selling expenses		(5,833)	(3,121)
Administrative expenses		(42,891)	(31,735)
Other operating income		14,058	50,620
Finance costs	5	(12,975)	(5,180)
Share of results of associates		21,417	19,147
Profit before taxation	6	61,727	121,043
Taxation	7	(16,162)	(43,893)
Profit for the year		45,565	77,150
Attributable to:			
Equity holders of the Company		36,115	73,316
Minority interests		9,450	3,834
		45,565	77,150
Dividends	8	11,283	7,135
Earnings per share	9		
– Basic		4.2 HK cents	10.4 HK cents
– Diluted		4.2 HK cents	N/A

CONSOLIDATED BALANCE SHEET

	<i>Notes</i>	2007 HK\$'000	2006 HK\$'000 (restated)
ASSETS AND LIABILITIES			
Non-current assets			
Goodwill		37,048	37,048
Property, plant and equipment		17,602	15,442
Investment properties		310,867	180,475
Interests in associates		112,459	97,223
Deferred tax assets		1,766	2,419
		479,742	332,607
Current assets			
Properties held under development		330,001	82,956
Properties held for sale		19,284	20,109
Inventories		136	115
Accounts receivable	<i>10</i>	514	–
Deposits paid, prepayments and other receivables		262,835	11,087
Pledged bank deposits		61,430	25,776
Cash at banks and in hand		175,701	129,472
		849,901	269,515
Current liabilities			
Accounts payable	<i>11</i>	31,081	15,960
Accruals, deposits received and other payables		28,717	21,962
Provision for tax		21,323	22,931
Borrowings		113,727	25,327
		194,848	86,180
Net current assets		655,053	183,335
Total assets less current liabilities		1,134,795	515,942
Non-current liabilities			
Borrowings		185,547	20,000
Convertible notes		71,482	–
Deferred tax liabilities		30,583	26,782
		287,612	46,782
Net assets		847,183	469,160

	<i>Notes</i>	2007 HK\$'000	2006 HK\$'000 (restated)
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		11,283	7,135
Reserves		733,760	444,236
Proposed final dividend		11,283	7,135
		756,326	458,506
Minority interests		90,857	10,654
		847,183	469,160
Total equity		847,183	469,160

Notes:

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The financial statements include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for the revaluation of investment properties, hotel properties and certain financial assets and liabilities.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

2. ADOPTION OF NEW AND AMENDED HKFRSs

Adoption of new and amended HKFRSs effective on or after 1 January 2007

From 1 January 2007, the Group have adopted all the new and amended HKFRSs which are first effective on 1 January 2007 and relevant to the Group. The adoption of these new and amended HKFRSs did not result in significant alterations to the Group’s accounting policies. As a result of the adoption of HKAS 1 (Amendment) “Capital Disclosures” and HKFRS 7 “Financial Instruments: Disclosures”, there are additional disclosures provided as follows:

The amendment to HKAS 1 introduces additional disclosure requirements to provide information in each annual financial report about the level of capital and the Group’s and the Company’s objectives, policies and procedures for managing capital.

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the group’s financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required under HKAS 32 “Financial Instruments: Disclosure and Presentation”.

The amendment to HKFRS 7 does not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The first-time application of HKAS 1 (Amendment) and HKFRS 7, however, has not resulted in any prior-period adjustments on cash flows, net income or balance sheet items. Accordingly, no adjustments on prior periods are required.

In light of the discussion of the Financial Reporting Standards Committee of the HKICPA on the scope of HKAS 12 “Income Taxes” in its September 2007 meeting and after reviewing the Group’s accounting policies on land appreciation tax (“LAT”) in the People’s Republic of China (“PRC”), the directors of the Company decided that it is more appropriate to account for and present LAT as income tax under HKAS 12. The effect of changes in the presentation on the consolidated financial statements is summarised below:

	Increase/(decrease)	
	2007	2006
	HK\$'000	HK\$'000
Consolidated income statement for the year ended 31 December		
– Cost of sales	(7,918)	(9,141)
– Taxation	7,918	9,141
	<u> </u>	<u> </u>
Net effect on profit	<u> </u>	<u> </u>
Consolidated balance sheet as at 31 December		
– Deferred tax assets	1,766	2,419
– Accruals, deposits received and other payables	(2,603)	(2,720)
– Provision for tax	4,369	5,139
	<u> </u>	<u> </u>
Net effect on net assets	<u> </u>	<u> </u>
Consolidated cash flow statement for the year ended 31 December		
– Profit before taxation	7,918	9,141
– Increase in accounts payables, accruals, deposit received and other payables	117	(2,720)
– Income taxes paid	8,035	6,421
	<u> </u>	<u> </u>
Net effect on increase in cash and cash equivalents	<u> </u>	<u> </u>

New or amended HKFRSs that have been issued but not yet effective

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the Group’s financial statements.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions ²
HK(IFRIC) – Int 12	Service Concession Arrangements ³
HK(IFRIC) – Int 13	Customer Loyalty Programmes ⁴
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ³

Notes:

¹ Effective for annual periods beginning on or after 1 January 2009

² Effective for annual periods beginning on or after 1 March 2007

³ Effective for annual periods beginning on or after 1 January 2008

⁴ Effective for annual periods beginning on or after 1 July 2008

Adoption of other accounting standards during the year

HKAS 14 “Segment Reporting”

During the year, the Group had material acquisition of investment properties to earn rental income and for capital appreciation purpose. The directors of the Company believed the property investment and leasing business will be one of the significant business and reporting segments to the Group due to the significant number of identifiable assets and revenue in this segment instead of property development and investment is the only business and reporting segment to the Group in prior years. HKAS 14 sets out the disclosure requirements that should be applied to each reportable segment based on an entity’s primary reporting format. The primary reporting format for reporting segment information of an entity may be business segments or geographical segments. In accordance with the Group’s internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

The relevant disclosures are set out in note 4.

3. REVENUE AND OTHER INCOME

Revenue, which includes the Group’s turnover, other revenue and other income recognised during the year are as follows:

	2007 HK\$’000	2006 HK\$’000
Revenue		
<i>Turnover</i>		
Proceeds from sale of properties held for sale	175,679	201,135
Rental income	8,881	1,293
Management fee income	–	5,363
	<u>184,560</u>	<u>207,791</u>
<i>Other revenue</i>		
Laundry service income	–	166
	<u>184,560</u>	<u>207,957</u>
Other income		
Gain on partial disposal of interests in subsidiaries	22,204	–
Interest income	7,104	3,322
Exchange gain, net	1,078	–
Others	632	819
	<u>31,018</u>	<u>4,141</u>

4. SEGMENT INFORMATION – GROUP

(a) Primary reporting format – business segments

The Group is organised into two main business segments:

Property development : Property development and sale of properties
 Property investment and leasing : Property rental

Inter-segment sales are charged at prevailing market prices.

	2007			
	Property development HK\$'000	Property investment and leasing HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue:				
External customers	175,679	8,881	–	184,560
Inter-segment sales	–	50	(50)	–
Total segment revenue	175,679	8,931	(50)	184,560
Other income	–	14,058	–	14,058
Total revenue	175,679	22,989	(50)	198,618
Segment results	50,222	20,769	–	70,991
Other corporate income				31,018
Unallocated expenses				(48,724)
Finance costs				(12,975)
Share of results of associates				21,417
Profit before taxation				61,727
Taxation				(16,162)
Profit for the year				45,565
Segment assets:	628,622	388,255	–	1,016,877
Unallocated assets				312,766
Total assets				1,329,643
Segment liabilities:	244,894	115,133	–	360,027
Unallocated liabilities				122,433
Total liabilities				482,460
Other segment items:				
Capital expenditure				
– Segment	–	98,827	–	98,827
– Unallocated				5,677
				104,504
Depreciation				
– Unallocated				2,392
Fair value adjustments on investment properties	–	14,058	–	14,058

	2006				
	Property development HK\$'000	Property investment and leasing HK\$'000	Other operations HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue:					
External customers	201,135	1,293	5,529	–	207,957
Inter-segment sales	–	144	–	(144)	–
Total segment revenue	201,135	1,437	5,529	(144)	207,957
Other income	–	50,620	–	–	50,620
Total revenue	201,135	52,057	5,529	(144)	258,577
Segment results	85,860	51,445	486	–	137,791
Other corporate income					4,141
Unallocated expenses					(34,856)
Finance costs					(5,180)
Share of results of associates					19,147
Profit before taxation					121,043
Taxation					(43,893)
Profit for the year					77,150
Segment assets:	195,613	180,590	–	–	376,203
Unallocated assets					225,919
Total assets					602,122
Segment liabilities:	106,519	8,689	–	–	115,208
Unallocated liabilities					17,754
Total liabilities					132,962
Other segment items:					
Capital expenditure					
– Segment	–	6,783	–	–	6,783
– Unallocated					3,674
					10,457
Depreciation					
– Unallocated					1,429
Fair value adjustments on investment properties	–	50,620	–	–	50,620

(b) Secondary reporting format – geographical segments

No geographical segments information is presented as the operations, major customers and assets of the Group are substantially located in the PRC.

5. FINANCE COSTS

	2007 HK\$'000	2006 HK\$'000
Interest charges on borrowing which is wholly repayable within five years:		
Bank loans	7,763	4,089
Bank overdrafts	465	1,091
Other loan	73	–
Imputed interest expense on loans from minority shareholders	3,741	–
Interest charges on convertible notes	933	–
	<u>12,975</u>	<u>5,180</u>

6. PROFIT BEFORE TAXATION

	2007 HK\$'000	2006 HK\$'000
Profit before taxation is arrived at after charging:		
Cost of properties held for sale recognised as expense	117,028	104,027
Depreciation of property, plant and equipment	2,392	1,429
Less: amount capitalised in properties held under development	(10)	(694)
	2,382	735
Outgoings in respect of investment properties that generated rental income during the year	1,573	395
Operating lease charges in respect of land and buildings	1,782	1,068
Loss on disposal of property, plant and equipment	–	1,425
Staff costs, including directors' emoluments and retirement benefits cost	30,306	18,852
Employee share-based payment expense	6,132	7,628
Staff redundancy cost	–	4,083
Less: amount capitalised in properties held under development	(8,352)	(6,766)
	28,086	23,797
Amount recognised as expense for retirement benefits cost	1,589	977
Exchange loss, net	–	39
and crediting:		
Exchange gain, net	1,078	–
Gain on disposal of property, plant and equipment	6	–
Fair value adjustments on investment properties (note (a))	14,058	50,620

Note:

- (a) The amounts are included in "Other operating income" on the face of the consolidated income statement.

7. TAXATION

	<i>Notes</i>	2007 HK\$'000	2006 HK\$'000 (restated)
Current tax – PRC			
– Corporate income tax	(a)	12,637	19,718
– LAT	(b)	7,918	9,141
– Tax refund	(c)	(6,207)	(3,866)
		14,348	24,993
Deferred taxation	(d)	1,814	18,900
Total tax charge for the year		16,162	43,893

Notes:

- (a) The PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable income tax rate was 33% for the year (2006: 33%).
- (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 all finance costs and all property development expenditures. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.
- (c) According to approval documents dated 25 December 2007 issued by 蘇州高新技術產業開發國家稅務局, New Heritage Development Limited (“NH Development”), a subsidiary of the Company, received amounts of approximately RMB6,027,000 (2006: RMB3,979,000). The amount represented tax refund obtained by NH Development under the reinvestment tax refund scheme in accordance with the relevant laws and regulations in the PRC.
- (d) During the 5th session of the 10th National People’s Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law was approved and would become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rates for domestic-invested and foreign-invested enterprises at 25%. Accordingly, the deferred taxes as at 31 December 2007 that are expected to be utilised in year of 2008 and onwards have been provided at an enacted corporate tax rate of 25% (2006: 33%).

Hong Kong profits tax is computed at the rate of 17.5% (2006: 17.5%) on the profit for the year. No Hong Kong profits tax has been provided as the Group had no estimated assessable profit for the year (2006: Nil).

8. DIVIDENDS

Dividends attributable to the year:

(i) Cash dividend

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Proposed final cash dividend of 1 HK cent per ordinary share (2006: 1 HK cent per ordinary share)	<u>11,283</u>	<u>7,135</u>

The final cash dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date, but reflected as an appropriation of retained profits for the year.

- (ii) A bonus share dividend of 1 ordinary share per 50 ordinary shares in issue was proposed after the balance sheet date for the year ended 31 December 2006 and subsequently approved and issued during the year. No bonus share is proposed for the year ended 31 December 2007.

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of approximately HK\$36,115,000 (2006: HK\$73,316,000) and on weighted average of 866,334,121 (2006: 708,117,415, as adjusted for ordinary shares issued on bonus issue and rights issue) ordinary shares in issue during the year.

In the calculation of the diluted earnings per share attributable to the equity holders of the Company for the year ended 31 December 2007, the potential shares arising from the conversion of the Company's convertible notes would increase the earnings per share attributable to the equity holders of the Company and was not taken into account as they had an anti-dilutive effect. Therefore, the diluted earnings per share attributable to the equity holders of the Company for the year ended 31 December 2007 is based on the profit attributable to the equity holders of the Company of HK\$36,115,000 and on the weighted average of 866,882,894 ordinary shares outstanding during the year, being the weighted average number of ordinary shares of 866,334,121 used in basic earnings per share calculation adjusted for the effect of share options issued of 548,773.

No diluted earnings per share is calculated for the year ended 31 December 2006 since the exercise price of the Company's share options was higher than the average market price for the year.

10. ACCOUNTS RECEIVABLE

	2007 HK\$'000	2006 HK\$'000
Accounts receivable	514	–
Less: Provision for impairment loss	–	–
	<u>514</u>	<u>–</u>

Accounts receivable generally have 30 to 60 days' credit terms and no interest is charged. All accounts receivable are denominated in Renminbi. The ageing analysis of the Group's accounts receivable is as follows:

	2007 HK\$'000	2006 HK\$'000
Below 30 days	249	–
30 – 60 days	129	–
61 – 90 days	50	–
91 – 365 days	86	–
	<u>514</u>	<u>–</u>

11. ACCOUNTS PAYABLE

The ageing analysis of the Group's accounts payable is as follows:

	Notes	2007 HK\$'000	2006 HK\$'000
Below 30 days		1,110	1,205
30 – 60 days		196	61
61– 90 days		160	162
91 – 365 days		433	587
Over 365 days		826	338
Rent received on behalf of landlords	(a)	2,725	2,353
Accrued construction cost and other project-related expenses	(b)	28,356	13,607
		<u>31,081</u>	<u>15,960</u>

Notes:

- (a) Rent received on behalf of landlords comprised net rental received from tenants after netting off fee charged to them provided by external service providers.
- (b) Included in the above amounts are construction cost and other project-related expense payable amounted to approximately HK\$28,356,000 at 31 December 2007 which was accrued based on the terms of the relevant agreements and project progress and were not due for payment at 31 December 2007 (2006: HK\$13,607,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Major Corporate Events

In the first half of 2007, at a total consideration of approximately HK\$84,668,864, Spinnaker Capital Group became a 39.2% equity partner of the Group's development project in Guangfu town of Wuzhong District, Suzhou, the PRC.

On 11 April 2007, the Group entered into a sale and purchase agreement with a non-wholly owned subsidiary of Asia Financial Holdings Limited in relation to the disposal of 15 shares, or 9.615% equity interest in New Heritage Development Limited, at the share consideration of HK\$45,000,000 and the advancement of an interest-free shareholder's loan of HK\$12,000,000.

On 28 May 2007, the Group entered into a convertible note subscription agreement. The convertible note in the principal amount of US\$5,500,000 gave the Group access to a 10% equity interest (upon conversion) in a property development project in Jia Ding District of Shanghai. The principal amount of the convertible note will be mandatorily and automatically converted into shares of the project company upon obtaining the land title document, or else principal repayment will be made on the first anniversary of the issue date of the convertible note. The project has a site area and developable gross floor area of approximately 130,982 sq.m. and 250,000 sq.m. respectively.

In the second half of 2007, the Company raised gross proceeds of approximately HK\$235,000,000 by way of a rights issue, wherein 307,708,550 new shares were issued at a subscription price of HK\$0.52 per share, and issuance of convertible notes in an aggregate principal amount of HK\$75,000,000. The Company will issue 68,181,818 new shares upon exercise of the conversion rights to the convertible notes at the price of HK\$1.10 per new share.

Net assets of the Group was increased to HK\$847.2 million or by 80.6% as at 31 December 2007 as compared with end of 2006.

Financial Review

Overall Performance

In 2007, the Group's total gross floor area of development properties sold and delivered stood at 27,604 sq.m.. Gross profit margin was 31% this year as compared to 42% last year. Even though the austerity measures implemented by the Central Government have exerted an impact on the market, our prudent cost management and good risk management allowed the Group to continue to maintain its reasonable profit margin well above 30%. The Group established and maintained a sound financial structure and healthy cash flow. Basic earnings per share was 4.2 HK cents.

Operating Results

During 2007, turnover of the Group was approximately HK\$184.6 million (2006: HK\$208.0 million), it mainly consists of 201 apartments in Wuzhong Garden Court and 6 apartments in Suzhou Garden Towers which generated revenues of approximately HK\$165.1 million and HK\$8.9 million respectively.

There was a slight decrease in turnover as the 2007 turnover only represented Phase One of Wuzhong Garden Court and some of the remaining units of Suzhou Garden Towers.

Due to prevailing positive market conditions and effective cost control measures, the Group still managed to achieve a gross profit margin of 31% (2006: 42%).

In 2007, the profit attributable to the equity holders of the Company was approximately HK\$36.1 million (2006: HK\$73.3 million).

Liquidity, Financial Resources and Gearing

Since there is on-going competition of property development in China, we have to further strengthen our financial resources to cope with future expansion. Apart from fundraising exercises such as rights issue and issuance of convertible notes, additional banking facilities were obtained during 2007 and our intention is to continue to obtain more facilities for our future projects. As a result, the gearing ratio will be increased but still within the safety level of below 50%.

Cash and cash equivalents as at 31 December 2007 amounted to approximately HK\$175.7 million (2006: HK\$132.1 million).

The Group had total borrowings of approximately HK\$299.3 million as at 31 December 2007 (2006: HK\$45.3 million). The borrowings to be repayable within one year were approximately HK\$113.7 million (2006: HK\$25.3 million), and the Group's gearing ratio as at 31 December 2007 was 28.5% (2006: 9.8%), which was calculated based on interest bearing borrowings to total shareholders' funds.

As at 31 December 2007, the Group had current assets of approximately HK\$849.9 million (2006: HK\$269.5 million) and current liabilities of approximately HK\$194.8 million (2006: HK\$86.2 million). The Group had total assets of approximately HK\$1,329.6 million and total liabilities of approximately HK\$482.5 million, representing a debt ratio (total liabilities over total assets) of 36.3% as at 31 December 2007 (2006: 22.1%).

Management is confident that when opportunities of land bank acquisition arise in future and require additional funding, the Group will be able to utilise its internal reserves and debt financing to satisfy necessary funding requirements. In view of the current gearing level, management also believes that the Group is in a good position to obtain debt financing on favourable terms.

Charge on Assets

As at 31 December 2007, bank loans of approximately HK\$145.6 million were secured by the Group's bank deposits, investment properties and leasehold interests in land included in properties held under development of approximately HK\$54.6 million, HK\$129.5 million and HK\$42.5 million respectively.

Exposure to Fluctuations in Exchange Rates and related Hedges

The Group's monetary assets, loans and transactions are principally denominated in Hong Kong dollars, US dollars and Renminbi. During the year, there was no significant fluctuation in the exchange rates of the Hong Kong dollars and US dollars. The appreciation in the currency value of the Renminbi contributed positively to the Group's bottom line. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its balance sheet exposure in 2007.

Contingent Liabilities

As at 31 December 2007, the Group had no material contingent liabilities.

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 31 December 2007, the Group had a staff roster of 112, of which 85 employees were based in the China mainland and 27 employees in Hong Kong. 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 share options. Total staff costs incurred in 2007 was approximately HK\$36.4 million.

FINAL DIVIDEND

The Board has recommended payment of a final dividend of 1 HK cent per ordinary share in cash for the year ended 31 December 2007 to shareholders whose names appear on the register of members of the Company on 9 May 2008. Subject to shareholders' approval at the forthcoming annual general meeting of the Company, the dividend warrants will be dispatched to shareholders of the Company on or around 26 May 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 7 May 2008 to 9 May 2008, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the 2007 final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:00 p.m. on 6 May 2008.

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 year ended 31 December 2007, the Group has complied with the code provisions set out in Appendix 14, the Code of Corporate Governance Practices, of the Rules Governing the Listing of Securities on the Stock Exchange.

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2007.

The consolidated financial statements have been audited by the Company's auditors, Grant Thornton. The unqualified auditors' report will be included in The 2007 Annual Report to shareholders.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the year. Other than the issue of 414,746,467 shares (including 14,270,364 shares issued as scrip dividend) by the Company during the year, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL 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 2007 Annual Report and the notice of Annual General Meeting 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.

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

Hong Kong, 20 March 2008