

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

(Incorporated in the Cayman Islands with limited liability)

(HKSE Stock Code: 95)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

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 2009 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2009

	Notes	2009 HK\$'000	2008 HK\$'000
Revenue	3	258,865	91,715
Cost of sales		<u>(215,930)</u>	<u>(68,480)</u>
Gross profit		42,935	23,235
Other income		2,164	3,782
Selling expenses		(14,936)	(8,482)
Administrative expenses		(30,341)	(46,002)
Fair value adjustments on investment properties		7,360	(15,266)
Other operating expense		(1,754)	(1,247)
Finance costs		(26,252)	(25,955)
Share of results of associates		6,090	23,831
Gain on disposal of available-for-sale financial asset		<u>32,869</u>	<u>–</u>
Profit/(Loss) before taxation	4	18,135	(46,104)
Taxation	5	<u>(6,133)</u>	<u>83</u>
Profit/(Loss) for the year		<u>12,002</u>	<u>(46,021)</u>
Profit/(Loss) for the year attributable to:			
Owners of the Company		15,854	(33,225)
Minority interests		<u>(3,852)</u>	<u>(12,796)</u>
		<u>12,002</u>	<u>(46,021)</u>
Dividends	6	<u>4,678</u>	<u>–</u>
Earnings/(Loss) per share for profit/(loss) attributable to the owners of the Company during the year	7		
		<i>HK cents</i>	<i>HK cents</i>
– Basic		<u>1.4</u>	<u>(2.9)</u>
– Diluted		<u>1.4</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2009

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit/(Loss) for the year	12,002	(46,021)
Other comprehensive income, including reclassification adjustments		
Exchange gain on translation of financial statements of foreign operations	–	47,788
Share of exchange gain on translation of financial statements of an associate	–	8,830
Share of revaluation surplus/(deficit) of associate's hotel property	<u>5,149</u>	<u>(269)</u>
Other comprehensive income for the year, including reclassification adjustments and net of tax	<u>5,149</u>	<u>56,349</u>
Total comprehensive income for the year	<u>17,151</u>	<u>10,328</u>
Total comprehensive income attributable to:		
Owners of the Company	21,003	6,674
Minority interests	<u>(3,852)</u>	<u>3,654</u>
	<u>17,151</u>	<u>10,328</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2009

	Notes	2009 HK\$'000	2008 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Goodwill		37,048	37,048
Property, plant and equipment		26,004	29,665
Investment properties		297,781	311,754
Interests in associates		110,947	123,674
Available-for-sale financial asset		–	43,318
Deferred tax assets		1,880	1,898
		<u>473,660</u>	<u>547,357</u>
Current assets			
Properties held under development		541,855	657,376
Properties held for sale		134,465	58,753
Inventories		101	121
Accounts receivable	8	353	149
Deposits paid, prepayments and other receivables		36,000	37,024
Pledged bank deposits		8,068	9,165
Cash at banks and in hand		348,296	125,973
		<u>1,069,138</u>	<u>888,561</u>
Current liabilities			
Accounts payable	9	38,993	55,842
Accruals, deposits received and other payables		81,334	35,133
Provision for tax		9,770	10,886
Borrowings		166,012	82,649
		<u>296,109</u>	<u>184,510</u>
Net current assets		<u>773,029</u>	<u>704,051</u>
Total assets less current liabilities		<u>1,246,689</u>	<u>1,251,408</u>
Non-current liabilities			
Borrowings		272,004	293,832
Convertible notes		72,942	72,212
Deferred tax liabilities		30,118	30,009
		<u>375,064</u>	<u>396,053</u>
Net assets		<u>871,625</u>	<u>855,355</u>
EQUITY			
Capital and reserves attributable to the Company's owners			
Share capital		11,694	11,628
Reserves		772,197	754,075
Proposed final dividend		4,678	–
		<u>788,569</u>	<u>765,703</u>
Minority interests		<u>83,056</u>	<u>89,652</u>
Total equity		<u>871,625</u>	<u>855,355</u>

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements have been prepared in accordance with 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 (“HK (IFRIC)-Int”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the financial statements also 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 accounting policies are consistent with those as described in the Group’s financial statements for the year ended 31 December 2008, except that the group has adopted a number of new or revised standards and interpretations which are relevant to the Group’s operations and are mandatory for the financial year ended 31 December 2009 as detailed in note 2.

2. ADOPTION OF NEW OR AMENDED HKFRSs

In the current year, the Group has applied, for the first time the following new standards, amendments and interpretations (the “new HKFRSs”) issued by the HKICPA, which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 January 2009:

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
HKFRS 2 (Amendments)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 15	Agreements for Construction of Real Estate
Various	Annual Improvements to HKFRSs 2008

Other than as noted below, the adoption of the new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKAS 1 (Revised 2007) Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. A third statement of financial position as at the beginning of the earliest comparative period is required when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements or when it reclassifies items in its financial statements. It also gives rise to additional disclosures.

The measurement and recognition of the Group’s assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income, for example revaluation of property, plant and equipment. HKAS 1 affects the presentation of owner changes in equity and introduces a “Statement of comprehensive income”. Comparatives have been restated to conform with the revised standard. The Group has applied changes to its accounting policies on presentation of financial statements and segment reporting retrospectively. However, the changes to the comparatives have not affected the consolidated or parent company statement of financial position at 1 January 2008 and accordingly this statement is not presented.

HKAS 23 (Revised 2007) Borrowing costs

The adoption of HKAS 23 (Revised 2007) requires capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. The option of immediately expensing those borrowing costs, which is the accounting policy adopted by the Group has been removed. In accordance with the transitional provisions, this new policy has applied prospectively to the borrowing costs relating to qualifying assets for the commencement date for capitalisation is on or after 1 January 2009 and previous periods has not been restated.

HKAS 27 (Amendments) Cost of an investment in a subsidiary, jointly controlled entity or an associate

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective the distributions are out of the investee’s pre-acquisition or post-acquisition reserves. In prior years, the Company recognised dividends out of pre-acquisition reserves as a recovery of its investment in the subsidiaries, jointly controlled entity or associates (i.e. a reduction of the cost of investment). Only dividends out of post-acquisition reserves were recognised as income in profit or loss.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company’s accounting policy on impairment of non-financial assets.

The new accounting policy has been applied prospectively as required by these amendments to HKAS 27 and therefore no comparatives have been restated.

HKFRS 7 (Amendments) Improving disclosures about financial instruments

The amendments require additional disclosures for financial instruments which are measured at fair value in the statement of financial position. These fair value measurements are categorised into a three-level fair value hierarchy, which reflects the extent of observable market data used in making the measurements. In addition, the maturity analysis for derivative financial liabilities is disclosed separately and should show remaining contractual maturities for those derivatives where this information is essential for an understanding of the timing of the cash flows. The Group has taken advantage of the transitional provisions in the amendments and has not provided comparative information in respect of the new requirements.

HKFRS 8 Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns. Comparatives have been restated on a basis consistent with the new standard.

HK(IFRIC) – Int 15 Agreements for construction of real estates

HK(IFRIC) – Int 15 supersedes HK Int – 3, “Revenue – Pre-completion contracts for the sale of development properties”. HK(IFRIC) – Int 15 clarifies whether HKAS 18 – “Revenue” or HKAS 11 – “Construction contracts” should be applied to particular transactions. The adoption of this interpretation did not have any material impact on the Group's financial statements.

Annual improvements to HKFRSs 2008

In October 2008, the HKICPA issued its first Annual improvements to HKFRSs which set out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. Of these, the amendment to HKAS 28 Investments in Associates has changed the Group's accounting policies on allocation of impairment losses but did not have any impact of the current period results and financial position. The amendment to HKAS 40 Investment property has resulted in changes to the Group's accounting policies but did not have any impact of the current period results and financial position.

Impairment of investments in associates and jointly controlled entities accounted for under the equity method

The amendment clarifies that an investment in associate accounted for under the equity method is a single asset for the purposes of impairment testing. Any impairment loss recognised by the investor after applying the equity method is not allocated to individual assets including goodwill included in the investment balance. Accordingly, any reversal of such impairment losses in a subsequent period is recognised to the extent that the recoverable amount of the associate has increased.

In prior years, the Group allocated the impairment loss initially to goodwill included as part of the investment balance. According to the Group's accounting policies on goodwill, no reversals of impairment losses attributed to the carrying amount of goodwill would have been recognised in subsequent periods.

For the current period, there were no impairment losses recognised and no reversals of impairment losses recognised in prior periods on investments in associates. The adoption of this new policy has no impact on the current period results and financial position therefore. The new accounting policy has been applied prospectively as permitted by the amendment and comparatives have not been restated.

Investment properties under construction

Property that is under construction or development for future use as investment property is within the scope of HKAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The amendment did not have any impact on the Group's operations, as no investment properties under construction or development for future use are held by the Group.

At the date of authorisation of the financial statements, certain new and amended HKFRSs have been published but are not effective, and have not been adopted early by the Group. The directors have already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments:

Property development: Property development and sale of properties held for sale

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

Each of these operating segments is managed separately as each of the product and service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arms length prices.

	2009			
	Property development <i>HK\$'000</i>	Property investment and leasing <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue, which includes the Group's turnover:				
From external customers	245,163	13,702	–	258,865
Inter-segment revenue	–	117	(117)	–
Reportable segment revenue	245,163	13,819	(117)	258,865
Reportable segment profit	383	2,060	–	2,443
	2008			
	Property development <i>HK\$'000</i>	Property investment and leasing <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue, which includes the Group's turnover:				
External customers	76,948	14,767	–	91,715
Inter-segment revenue	–	255	(255)	–
Reportable segment revenue	76,948	15,022	(255)	91,715
Reportable segment loss	(8,598)	(26,905)	–	(35,503)

The total presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Reportable segment profit/(loss)	2,443	(35,503)
Employee share-based payment expense	–	(4,008)
Share of results of associates	6,090	23,831
Gain on disposal of available-for-sale financial asset	32,869	–
Corporate overheads	(24,139)	(31,549)
Other unallocated income	872	1,125
Profit/(Loss) before taxation	18,135	(46,104)

No geographical segments information is presented as the operations, major customers and assets of the Group are substantially located in the People's Republic of China ("PRC").

4. PROFIT/(LOSS) BEFORE TAXATION

	Group	
	2009	2008
	HK\$'000	HK\$'000
Profit/(Loss) before taxation is arrived at after charging:		
Cost of properties held for sale recognised as expense	(212,313)	64,365
Depreciation of property, plant and equipment	4,189	3,546
Less: amount capitalised in properties held under development	(108)	(70)
	4,081	3,476
Loss on disposal of property, plant and equipment	417	23
Loss on disposal of investment properties	1,754	1,247
Impairment loss on other receivables	–	2,503
Total finance costs incurred	26,970	25,955
Less: amount capitalised in properties held under development	(718)	–
	<u>26,252</u>	<u>25,955</u>

5. TAXATION

		Group	
	Notes	2009	2008
		HK\$'000	HK\$'000
Current tax – the PRC			
– Corporate income tax	(a)	5,257	1,835
– Land appreciation tax ("LAT")	(b)	749	788
		<u>6,006</u>	2,623
Deferred taxation		<u>127</u>	(2,706)
Total tax charge/(credit) for the year		<u>6,133</u>	<u>(83)</u>

Notes:

- (a) The 5th Session of the 10th National People's Congress approved the Corporate Income Tax Law of the PRC (the "New Corporate Income Tax Law") on 16 March 2007. According to the New Corporate Income Tax Law, the income tax rates for both domestic-invested and foreign-invested enterprises have been unified at 25% from 1 January 2008 onwards. The Group's subsidiaries located in the PRC were subject to corporate income tax at a rate of 25% (2008: 25%).
- (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.

Hong Kong Special Administrative Region Government enacted a reduction in the profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Accordingly, the current tax and deferred tax liabilities have been calculated using the new rate. No Hong Kong profits tax has been provided as the Group had no estimated assessable profit for the year (2008: Nil).

6. DIVIDENDS

	Group	
	2009	2008
	HK\$'000	HK\$'000
Proposed 2009 final dividend of 0.4 HK cents per ordinary share (2008: Nil)	<u>4,678</u>	<u>–</u>

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

7. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the profit attributable to owners of the Company of approximately HK\$15,854,000 (2008: loss attributable to owners of the Company of approximately HK\$33,225,000) and on weighted average of 1,165,791,312 (2008: 1,141,162,357) ordinary shares in issue during the year.

In the calculation of the diluted earnings per share attributable to owners of the Company for the year ended 31 December 2009, the potential shares arising from the conversion of the Company's convertible notes would increase the earnings per share attributable to owners of the Company and was not taken into account as they had an anti-dilutive effect. Therefore, the diluted earnings per share attributable to owners of the Company is based on the profit attributable to owners of the Company of approximately HK\$15,854,000 and on weighted average of 1,167,811,900 ordinary shares outstanding during the year ended 31 December 2009, being the weighted average number of ordinary shares of 1,165,791,312 used in basic earnings per share calculation adjusted for the effect of share options issued of 2,020,588.

No diluted loss per share is calculated for the year ended 31 December 2008 since the potential shares arising from the conversion of the Company's convertible notes and the effect of share options issued would decrease the loss per share attributable to owners of the Company and were not taken into account as they had an anti-dilutive effect.

8. ACCOUNTS RECEIVABLE

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:

	Group	
	2009	2008
	HK\$'000	HK\$'000
Within 30 days	284	112
31 – 60 days	<u>69</u>	<u>37</u>
	<u>353</u>	<u>149</u>

9. ACCOUNTS PAYABLE

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

		Group	
		2009	2008
	Notes	HK\$'000	HK\$'000
Within 30 days		317	724
31 – 60 days		91	245
61 – 90 days		60	46
91 – 365 days		308	929
Over 365 days		<u>1,254</u>	<u>810</u>
Rent received on behalf of landlords	(a)	2,030	2,754
Accrued construction cost and other project-related expenses	(b)	<u>36,963</u>	<u>53,088</u>
		<u>38,993</u>	<u>55,842</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\$36,963,000 (2008: HK\$53,088,000) at 31 December 2009 which were accrued based on the terms of the relevant agreements and the progress of the projects, and were not due for payment at 31 December 2009.

CHAIRMAN'S STATEMENT

Results and Dividends

For the year ended 31 December 2009, New Heritage's revenue and profit attributable to the equity holders of the Group were approximately HK\$259 million and HK\$16 million respectively. Earnings per share was 1.4 HK cents.

The Board has recommended the payment of a final dividend of 0.4 HK cents per ordinary share in cash for the year ended 31 December 2009 to shareholders whose name appears on the register of members of the Company on 9 June 2010.

Subject to the approval of the Company's shareholders at the forthcoming annual general meeting on 9 June 2010, the dividend warrants will be dispatched to registered shareholders on or around 24 June 2010.

Business Review and Outlook

In hindsight, the huge stimulus package by the Central Government at the end of 2008 was timely and necessary and has by official statistics kept the year-on-year growth of GDP in China at around 8.7% in 2009. This has earned the PRC economy much admiration around the world and marveled at for its resilience and its important role in averting a 1930's-like global depression. Nevertheless the Chinese authorities have recognised that such large positive interventionism can cause other potential problems down the road such as rising prices and pressure on interest rates and exchange rates amongst other economic indicators, so the Central Government has again acted swiftly in the first two months of 2010 to rein in relaxed bank lending fuelling the excessive demand. We somewhat anticipate that 2010 will continue to see strong transaction volumes in the PRC housing market but with smaller price rises than has been the case in the last twelve months.

New Heritage has for some years now worked hard to align itself favourably within the stop-start cycles of the centrally-controlled Chinese economy. We aim to sell more products during periods of strong economic growth and sentiment and build or acquire land during the periods of economic slowdown or contraction in order to maximise our profit margins. When the surrounding real estate markets are more mature and on an upward cycle, our timely disposal of our investment properties should also reap us higher margins.

Our niche development strategy continues to be among the earliest Hong Kong-listed specialist property developers with a high quality product to acquire sites in high potential new development zones or townships in the affluent Yangtze River Delta region. We were one of the first Hong Kong property companies established in the Suzhou National New & Hi-tech Industrial Development Zone in 1991. Again in 2005, we were one of the first Hong Kong-listed developers to acquire a site in the Suzhou Wuzhong New District. Then in 2007, we were again the first Hong Kong-listed developer to bid successfully for sites in the affluent townships of Guangfu and Shengzhe in the Wuzhong and Wujiang counties of Suzhou respectively. The presence of a branded developer such as New Heritage has instilled a positive perception on the attractiveness of the newly developing areas and townships where governments have been making large infrastructure investments and encouraging local residents to resettle there. Having a branded developer in these locales also makes the area more attractive for further industrial or commercial investment and residential land sales, and raises the bar for residential standards in the area.

Our existing land bank continues to provide us with ample development prospects for at least the next few years. We have continued to focus our attention on the greater Suzhou metropolitan surrounding areas in order to realise the best economies of scale from our development, management and sales teams. Decision-making is more efficient and with several projects proceeding simultaneously in different districts, we can sell them concurrently and expedite the income streams from our projects. Within our project development teams, we continue to place great emphasis on fast project turnaround times and efficient sales to ensure a healthy cash flow. This may sometimes not maximise the possible prices for each unit that we sell but overall this has proven to be in the best interests of the Group in terms of prudent financial and risk management.

I am particularly grateful to our strategic partners for their ongoing participation and especially for being so understanding and supportive over the last 12 months which have been difficult for all concerned. Also, the long term banking relationships we have forged in both Hong Kong and the local major banks in Suzhou who have stood by us and even increased their lending to us as we started construction of new projects during the downturn months, is deeply appreciated. This has enabled us to have more product to sell during the recovery.

Last but certainly not least, I wish to convey my heartfelt thanks to fellow Board members, staff and colleagues for their hard work and sacrifices over the last year for the sake of the Group and its shareholders, ultimately to earn their confidence as we strive towards success.

MANAGEMENT DISCUSSION & ANALYSIS

Review of Operations

During the year, the Group continued its focus on property development and investment business in the cities of Suzhou and Beijing. An investment in Shanghai was sold during the course of the year, details of which are presented below.

Property Development

The Group has proceeded efficiently with all its development projects in Suzhou within the year of 2009. A summary of the status of each of them is described below:

Status of Major Development Projects in Suzhou

1. *Wuzhong Garden Court*

The Group sold the remainder of its residential units in Phase 2 of the project amounting to 55 apartments with a gross floor area of 6,626 sq.m., resulting in a revenue of approximately HK\$39 million.

Phase 3 of the project, comprising approximately 16,500 sq.m. of total gross floor area in the form of two 11-storey blocks of retail and commercial real estate was launched during the course of the year. As at year end, 107 units were pre-sold with a gross floor area of 5,439 sq.m., resulting in a revenue of approximately HK\$37 million and subsequent delivery of these units are expected to be in the first half of 2010.

2. *Taihu Garden Court*

The Group sold 108 townhouse units with a gross floor area of 26,319 sq.m., resulting in a revenue of approximately HK\$202 million. The properties were delivered during the course of the financial year. There are a total of 179 low-density townhouses together with a clubhouse in this project totalling approximately 46,300 sq.m. of gross floor area in Phase 1. The market showed strong demand for such products particularly in the second half of 2009, with the project being ranked in the top three villa projects in terms of sales amount in the city of Suzhou for several consecutive weeks by marketing consultant's surveys.

The remaining part of this project has been split into two phases – Phase 2 & Phase 3. Phase 2 will commence its construction works in the second quarter of 2010. It will comprise of approximately 110 low-density townhouse units with a total gross floor area of approximately 24,300 sq.m.. Completion and delivery is expected in 2011 with a pre-sales launch expected towards the end of 2010.

Phase 3 of the project will consist of about 84 low-density townhouse units of around 20,000 sq.m. in gross floor area. The construction works is scheduled to commence in 2011.

3. *Lakeside Garden Court*

The entire Lakeside Garden Court will comprise approximately 155,200 sq.m. of gross floor area on a site of around 86,200 sq.m. Phase 1 of this four-phase project started construction during the course of the year with pre-sales scheduled to begin in the first half of 2010 and units will be ready for delivery in 2010/2011. Phase 1 is made up of 4 blocks of 18-storey high-rise apartments and a clubhouse with a gross floor area of approximately 41,500 sq.m.. The project is situated on the east shore of the Long Zhong Lake of Shengze Town, Wujiang City, in the greater Suzhou metropolitan area. Shengze Town is one of the most thriving silk and textile trading and production centres in China.

Construction of Phase 2 is scheduled to start in the first half of 2010. It comprises another 4 blocks of 18-storey high-rise apartments of gross floor area around 35,700 sq.m.

4. *Wuzhong Office Building*

Due to the change in market conditions following the financial tsunami, our Group had taken the initiative to rework the design of this project to reflect better the new property market realities and re-submitted the new concept design for planning approval, which is expected in the first half of 2010. The improved design by a renowned Hong Kong architect firm for many signature buildings in Hong Kong's Central District as well as many other major world and PRC cities, readjusts the amount of office space and creates a new Small Office/Home Office (SoHo) portion within the building. The redesign process should conclude with an expected start of construction in the second half of 2010.

Neighbouring numerous universities as well, this project is located in the Economic Development Zone of Wuzhong District in the Yuexi Sub-town centre which is in the process of being built into a multi-functional high-tech town serving to provide for the functions of public sector administration and private sector commercial, trade, finance, residence and education.

The site area for the project is approximately 14,600 sq.m. allowing a total gross floor area of around 58,400 sq.m. of office, SoHo and retail use and an underground area of about 20,000 sq.m.

Property Investment Portfolio

During the course of the financial year, the Group sold some of its investment property apartment units in the Suzhou Garden Villa project in light of the rapidly improving residential property market conditions, attractive prices and strong demand. Sales proceeds further boosted the cash flow of the Group, and these resources are planned to be re-invested into new business opportunities.

1. SGV Plaza

This retail plaza situated on the prime stretch of Shi Shan Road in the New District of Suzhou generated a rental revenue of approximately HK\$4.7 million in 2009 with 97% occupancy as at 31 December 2009. The gross floor area of the plaza is around 11,023 sq.m.

2. Garden Court Plaza

Garden Court Plaza is a 3-storey retail centre in the vicinity of Suzhou Garden Court, with a total gross floor area of around 4,440 sq.m.. It was 100% let as at 31 December 2009 and contributed revenue of approximately HK\$2.3 million in the year of 2009. During the course of the year, work began on the Suzhou metro in the New District and a station will be opened nearby in 2012 which further enhances the value of this Plaza.

3. SGV Apartments

At the beginning of 2009, the Group held approximately 15,900 sq.m. of residential investment properties in the Suzhou Garden Villa, a project developed by the Group which was completed in the 90's and early 2000's. The SGV Apartments contributed a total rental revenue of approximately HK\$6.7 million in the year of 2009. During the year under review, certain SGV Apartments were sold and sales revenue was HK\$20.4 million comprising a gross floor area of 2,706 sq.m. The remaining unsold units will continue to be leased in 2010.

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

Beijing Landmark, an historically reliable contributor of strong recurring income to the Group had a relatively poor 2009 financial year, contributing only HK\$6.1 million to the Group as compared to approximately HK\$23.8 million in 2008. The already depressed tourism and business travel resulting from the financial tsunami was further exacerbated by travel fears due to the subsequent H1N1 influenza pandemic which produced the lower than expected occupancy and average room rates of both the hotel and serviced apartment divisions of Beijing Landmark. Although a better second half 2009 result was achieved through the huge efforts of the Beijing Landmark management, the final figure was still considerably far off the record highs of 2008. Going forward, we expect 2010 to yield better results than 2009 barring any further natural or economic calamities.

Cash dividend for the year ended 31 December 2008 of approximately HK\$22.8 million was received by the Group during the year under review. As around 90% of its profit after tax (10% being reserved for statutory reserves) has been declared as cash dividend each year, we expect that not less than approximately HK\$6 million will be received by the Group in or around June 2010.

Regarding the possibility of conversion of Beijing Landmark from its existing corporate form of an equity joint venture company to a joint stock company, the Group has been informed by the Chinese partner that it may take some time to ascertain the attitude of the relevant authorities, therefore Beijing Landmark is now focusing on other options which include the extension of the business license. Efforts are still being pursued with detailed terms still under negotiation and not yet finalised.

OTHER INVESTMENTS

Shanghai Jiading Project

The Group disposed of its 10% equity interest (including shareholder's loan) in Key Apex Limited (the holding company which itself holds a 100% interest in this project) for a total consideration of US\$11,185,000 (equivalent to approximately HK\$87,243,000.00) during the year under review (the "Disposal"). The Disposal was completed on 21 December 2009.

This proved to be a successful investment and brought a profit of approximately HK\$33 million to the Group during the year under review. The Disposal provided the Group with a realisable investment profit and the opportunity to reallocate its financial resources to other business development opportunities.

PROPERTY MANAGEMENT

The Group continues to appoint fully licensed and qualified local property management companies in Suzhou to comply with local laws and will initiate the establishment of property owners' associations in accordance with local rules and regulations. When necessary, the Group will seek further relevant ad hoc professional consultancy services from other parties should there be a need to further enhance our product features and related property management functions which local service providers are unable to fulfill.

STRATEGIC PARTNERSHIPS

Spinnaker Capital Group

Spinnaker Capital Group, a strategic partner of the Group since 2006, remains one of the substantial shareholders of the Company as well as the strategic minority shareholder of two of the Group's projects – Wuzhong Garden Court and Taihu Garden Court.

Asia Financial Group (“AFG”)

AFG remains 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 5% Convertible Notes and is one of the partners of the property development project in Jiading, Shanghai, in which the Group held an approximate 10% interest prior to disposal.

FINANCIAL REVIEW

Revenue

The Group’s revenue mainly comprised of recognised property development sales and leasing revenue from investment properties. The Group’s revenue for the year ended 31 December 2009 was approximately HK\$258.9 million (2008: HK\$91.7 million), representing an increase of 182% as compared with last year.

The revenue from recognised property development sales included the sales of low-density townhouses in Taihu Garden Court Phase 1 and residential units in Wuzhong Garden Court Phases 1 & 2 of approximately HK\$202.4 million and approximately HK\$39.2 million respectively. With the sales of these remaining units in Phases 1 & 2 of Wuzhong Garden Court, all residential units of these two phases were completely sold.

Leasing revenue from our investment properties was approximately HK\$13.7 million (2008: HK\$14.8 million). The leasing revenue generated from SGV Apartments and two commercial plazas were approximately HK\$6.7 million (2008: HK\$8.1 million) and approximately HK\$7 million (2008: HK\$6.7 million) respectively.

Operating Results

For the year ended 31 December 2009, the Group’s gross profit amounted to approximately HK\$42.9 million (2008: HK\$23.2 million). The gross profit margin this year was approximately 17% as compared to approximately 25% last year.

The Group sold its minority investment in Key Apex Limited i.e. Shanghai Jiading project in the fourth quarter of 2009, generating a gain of approximately HK\$33 million.

Total financial costs in 2009 amounted to approximately HK\$26.3 million as compared to HK\$26.0 million in 2008. This increase was mainly due to the interest on project financing loans obtained for construction of Taihu Garden Court Phase 1. However, included in the financial costs was a non-cash involved item of approximately HK\$7.2 million (2008: HK\$6.8 million) being the imputed interest expense on loans from minority shareholders.

The valuation on the Group’s investment properties portfolio was conducted by an independent property valuer which resulted in a positive fair value adjustment of about HK\$7.4 million as at 31 December 2009 (2008: negative fair value adjustment of HK\$15.3 million).

Some of the SGV Apartments were sold for a total consideration of approximately HK\$20.4 million (2008: HK\$5.3 million) during the year under review.

Share of results of associates mainly represented profit contributed by the Beijing Landmark of approximately HK\$6.1 million (2008: HK\$23.8 million) to the Group in 2009.

For the year ended 31 December 2009, the profit attributable to the owners of the Company was approximately HK\$15.9 million (2008: loss of HK\$33.2 million) which represented earnings per share (basic) of approximately 1.4 HK cents (2008: loss per share of 2.9 HK cents).

Liquidity, Financial Resources and Gearing

Cash and cash equivalents as at 31 December 2009 amounted to approximately HK\$356.4 million (2008: HK\$135.1 million). The Group had total bank borrowings of approximately HK\$290.4 million as at 31 December 2009 (2008: HK\$266.1 million). Loans repayable within one year were approximately HK\$166 million (2008: HK\$82.6 million) and the Group’s gearing ratio as at 31 December 2009 was approximately 33.3% (2008: 31.1%), which was based on bank borrowings to total shareholders’ funds.

Current, Total and Net Assets

As at 31 December 2009, the Group had current assets of approximately HK\$1,069.1 million (2008: HK\$888.6 million) and current liabilities of approximately HK\$296.1 million (2008: HK\$184.5 million) which represented an increase in net current assets from approximately HK\$704.1 million to approximately HK\$773 million as at 31 December 2008 and 2009 respectively.

As at 31 December 2009, the Group recorded total assets of approximately HK\$1,542.8 million (2008: HK\$1,435.9 million) and total liabilities of approximately HK\$671.2 million (2008: HK\$580.6 million), representing a debt ratio (total liabilities over total assets) of approximately 43.5% as at 31 December 2009 (2008: 40.4%). Net assets of the Group increased from approximately HK\$855.4 million to approximately HK\$871.6 million as at 31 December 2008 and 2009 respectively.

All land fees for the entire land bank of the Group have been fully paid.

The Group is able to utilise its internal reserves and debt financing to meet funding requirements when opportunities for land acquisition arise.

Charge on Assets

As at 31 December 2009, bank loans of approximately HK\$271.1 million (2008: HK\$171.6 million) were secured by certain of the Group's investment properties and properties held under development of, approximately HK\$141.5 million (2008: HK\$139.2 million) and approximately HK\$349.2 million (2008: HK\$227.7 million) respectively.

Contingent Liabilities

The directors considered that there were no material contingent liabilities as at 31 December 2009.

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 US dollars. During the year, there was no significant fluctuation in the exchange rates of these three currencies. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its balance sheet exposure in both 2008 and 2009. Nevertheless, any appreciation in the currency value of the Renminbi against Hong Kong dollars will contribute positively to the Group's bottom line.

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 2009, the Group had a staff roster of 118 (2008: 126), of which 89 (2008: 98) employees were based in Mainland China and 29 (2008: 28) employees 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.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of 0.4 HK cents per ordinary share in cash for the year ended 31 December 2009 to shareholders whose names appear on the register of members of the Company on 9 June 2010. 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 24 June 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 7 June 2010 to 9 June 2010, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the 2009 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 4:30 p.m. on 4 June 2010.

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 2009, 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 (the "Listing Rules").

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 of the 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 year ended 31 December 2009.

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2009.

The consolidated financial statements have been audited by the Company's auditors, Grant Thornton. The unqualified auditors' report will be included in the 2009 Annual Report to shareholders.

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

The Company has not redeemed any of its shares during the year. Other than the issue of 6,630,000 shares 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, ANNUAL REPORT AND CIRCULAR

The results announcement is published on the websites of the Company (www.nh-holdings.com) and the Stock Exchange (www.hkex.com.hk). The 2009 Annual Report and a circular together with the notice of the forthcoming annual general meeting will be dispatched to shareholders in due course.

GENERAL INFORMATION

As at the date of this announcement, the Board comprises Mr. TAOCHAIKU 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.
TAOCHAIKU Choofuang
Chairman

Hong Kong, 25 March 2010