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**DISCLOSEABLE TRANSACTION  
SHARE TRANSACTION  
CONNECTED TRANSACTION  
SPECIFIC MANDATE**

**ACQUISITION OF PROPERTY**

On 16 July 2010, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor for acquisition from the Vendor of the Office Property currently occupied under the Tenancy Agreement and the Car Parking Spaces currently used under the Licence Agreement at a total consideration of HK\$27,300,000 on the terms and subject to the conditions set out in the Acquisition Agreement. The Consideration shall be payable by the Company by allotting and issuing, credited as fully paid, the Consideration Shares to Belbroughton Limited, as directed by the Vendor at the issue price of HK\$0.25 per Consideration Share at Completion.

As at the date hereof, the Vendor is ultimately and beneficially owned by Mr. TAOCHAIFU Choofuang, Chairman of the Company, and his family members, who together are the ultimate beneficial owners of Belbroughton Limited, the controlling shareholder of the Company. The Vendor is a connected person of the Company for the purpose of the Listing Rules. The Acquisition therefore constitutes a connected transaction of the Company under the Listing Rules.

Since the applicable ratios in relation to the Acquisition are over 5% and the Consideration is over HK\$10,000,000, the Acquisition is subject to the requirements of reporting, announcement and Independent Shareholders' approval under Chapter 14A of the Listing Rules. Accordingly, the Company will seek the Independent Shareholders' approval at the EGM for the transactions contemplated under the Acquisition Agreement.

As the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in relation to the Acquisition exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction under the Listing Rules and is subject to the notification and announcement requirements as set out in Rule 14.33 of the Listing Rules.

The Consideration is to be settled by the Consideration Shares and therefore the Acquisition constitutes a share transaction of the Company under Chapter 14 of the Listing Rules. The Consideration Shares will be issued and allotted under the Specific Mandate.

A circular containing, among other things, (i) details of the Acquisition and the Acquisition Agreement; (ii) the recommendation of the Independent Board Committee regarding the Acquisition Agreement and the transactions contemplated thereunder to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee on the Acquisition Agreement and the transactions contemplated thereunder; and (iv) a notice of the EGM is expected to be despatched to the Shareholders on or about 4 August 2010.

## THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are as follows:

### Date

16 July 2010

### Parties

Purchaser: Honour Mark, an indirect wholly-owned subsidiary of the Company

Vendor: Fontwell, a connected person of the Company as defined under the Listing Rules

### Property

Office Property: Room 2301, 23rd Floor, Fortis Tower, Nos. 77-79 Gloucester Road, Wanchai, Hong Kong

Car Parking Spaces: Car parking spaces nos. 28 and 51 on the 2nd Floor of Fortis Tower, Nos. 77-79 Gloucester Road, Wanchai, Hong Kong

The Vendor acquired the whole floor (the "Whole Floor") of 23rd Floor, Fortis Tower, Nos. 77-79 Gloucester Road, Wanchai, Hong Kong and the Car Parking Spaces at an aggregate consideration of HK\$22,900,000 in November 2004. The book value of the Whole Floor and the Car Parking Spaces amounted to approximately HK\$17,783,000 in total as at 31 December 2009, being the date to which the latest management accounts of the Vendor have been made up. The total saleable area of the Whole Floor is approximately 5,414 square feet whereas the saleable area of the Office Property is approximately 3,293 square feet. The gross floor area of the Office Property is approximately 3,874 square feet (based on derived efficiency rate of approximately 85%).

The Office Property is currently occupied by the Group under the Tenancy Agreement and the Car Parking Spaces are currently used by the Group under the Licence Agreement, both of which will expire on 31 January 2012. The net profits attributable to the Property amounted to approximately HK\$1,830,000 and approximately HK\$161,000 respectively for the rental payment and licence fee respectively under the former tenancy agreement and the former licence agreement for the two financial years ended 31 December 2009 immediately preceding the Acquisition.

The parties to the Tenancy Agreement and the Licence Agreement have respectively unconditionally agreed to terminate the Tenancy Agreement and the Licence Agreement upon Completion without any claims against each other. Please refer to the announcement of the Company dated 3 December 2009 for further details of the Tenancy Agreement and the Licence Agreement.

### Consideration

The Consideration in an aggregate amount of HK\$27,300,000 shall be payable by the Company by allotting and issuing, credited as fully paid, the Consideration Shares to Belbroughton Limited, as directed by the Vendor, at the issue price of HK\$0.25 per Consideration Share at Completion.

The issue price of HK\$0.25 per Consideration Share to be issued by the Company represents:

- (i) a premium of approximately 2.04% over the closing price of HK\$0.245 per Share as quoted on the Stock Exchange on the last trading day of the Shares immediately before the date of the Acquisition Agreement;
- (ii) a discount of approximately 0.08% to the average closing price of HK\$0.2502 per Share as quoted on the Stock Exchange for the last ten trading days of the Shares immediately before the date of the Acquisition Agreement; and
- (iii) a premium of approximately 0.36% over the average closing price of HK\$0.2491 per Share as quoted on the Stock Exchange for the last twenty trading days of the Shares immediately before the date of the Acquisition Agreement.

The Consideration Shares represent approximately 9.34% of the existing issued share capital of the Company and approximately 8.54% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The Company will seek the Specific Mandate from the Independent Shareholders at the EGM for the allotment and issue of the Consideration Shares. The Company will apply to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consideration Shares on the main board of the Stock Exchange.

The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects amongst themselves and with all other Shares and be entitled to dividends and other rights carried by the Shares. There is no restriction which applies to the subsequent sale of the Consideration Shares.

The Consideration has been agreed by the Group and the Vendor after arm's length negotiations and has been determined based on a discount of 30% to the indicative valuation as at 14 July 2010 of the Office Property of approximately HK\$38,000,000 and the Car Parking Spaces of approximately HK\$1,000,000 appraised by an independent property valuer named as DTZ Debenham Tie Leung Limited by making reference to comparable sales transactions as available in the relevant market or where appropriate by capitalizing the rental income derived from existing tenancies with due provision for the reversionary income potential of the Property. The issue price per Consideration Share is the round up figure based on the last 15-day average closing market price as at the date of the Acquisition Agreement.

In view of the limited supply of office premises in the prime locations in Hong Kong, the Directors anticipate that there will be an increase in the rental expenses and the property value in Hong Kong. As such, the Directors, including the independent non-executive Directors, consider that the terms of the Acquisition Agreement, including the Consideration, the discount to the indicative valuation of the Property and the issue price of the Consideration Shares are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Further, in view of the global capital and stock markets downturn, the Directors, including the independent non-executive Directors, consider that the issue price of the Consideration Shares is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Conditions precedent**

Completion is conditional upon the following Conditions Precedent being fulfilled:

- (i) the Independent Shareholders approving at the EGM the issue and allotment of the Consideration Shares, the Acquisition Agreement and the transactions contemplated thereby, including but not limited to the Acquisition;
- (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Consideration Shares on the main board of the Stock Exchange;
- (iii) the mortgagee of the Property having granted the approval for the disposal of the Property by the Vendor; and
- (iv) where necessary, all consents, approvals, waivers from and filings to the applicable authorities in accordance with all applicable laws, rules and codes having been obtained and carried out.

### **Completion**

Completion shall take place within the hours of 9:30 a.m. and 4:00 p.m. on the fifth Business Day after fulfillment of all the Conditions Precedent or such other date as the Vendor and the Purchaser may agree in writing.

On Completion, the Vendor and all other necessary parties (if any) will execute to the Purchaser or his nominee(s) or sub-purchaser(s) a proper assurance and/or assignment of the Property but otherwise free from any incumbrances.

If the Conditions Precedent shall not have been fulfilled by 31 December 2010, the Acquisition Agreement and all liabilities of the parties thereunder shall forthwith be determined and shall cease to have any further effect save for any antecedent breaches.

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY FOLLOWING THE ISSUE OF THE CONSIDERATION SHARES

Set out below is a table of the shareholding structure of the Company before and after the issue of the Consideration Shares upon Completion:—

	Approximate shareholding as at the date of this announcement		Approximate shareholding upon issue of the Consideration Shares	
	Shares	%	Shares	%
Belbroughton Limited (Note 1)	542,682,278	46.41	651,882,278	50.98
Tian Xiang Business Limited	150,000,000	12.83	150,000,000	11.73
Mr. TAOCHAIFU Choofuang	11,515,000	0.98	11,515,000	0.90
Mr. TAO Richard (Note 2)	22,701,757	1.94	22,701,757	1.78
Mr. TAO Paul (Note 2)	22,701,757	1.94	22,701,757	1.78
<b>Sub-total of the interest of Mr. TAOCHAIFU Choofuang, his associates and concert parties</b>	<b>749,600,792</b>	<b>64.10</b>	<b>858,800,792</b>	<b>67.17</b>
Other executive Directors (Note 3)	3,732,825	0.32	3,732,825	0.29
Other Shareholders	416,106,068	35.58	416,106,068	32.54
<b>Total:</b>	<b>1,169,439,685</b>	<b>100.00</b>	<b>1,278,639,685</b>	<b>100.00</b>

Notes:

- (1) Belbroughton Limited is a company incorporated in the BVI and the beneficial owner of 542,682,278 Shares. Belbroughton Limited is owned as to 20% by Seal United Investments Limited (i.e. a company incorporated in the BVI, the entire issued share capital of which is held by Mr. TAOCHAIFU Choofuang and his spouse in equal proportions) and 80% by United Islands Group Limited (i.e. a company incorporated in the BVI, the entire issued share capital of which is held by Mr. TAOCHAIFU Choofuang and his family members in equal proportions). The principal business activity of Belbroughton Limited is investment holding. The Consideration Shares, representing approximately 9.34% of the issued share capital of the Company and 8.54% of the issued share capital as enlarged by the issue of the Consideration Shares, will be issued to Belbroughton Limited as directed by the Vendor.
- (2) Each of Mr. TAO Richard and Mr. TAO Paul is the son of Mr. TAOCHAIFU Choofuang.
- (3) The other executive Directors are Mr. KONG Mui Sum Lawrence and Mr. YIM Chun Leung.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group currently occupies the Office Property and uses the Car Parking Spaces under the Tenancy Agreement and the Licence Agreement respectively. The Directors consider that the Acquisition will benefit the Group in the following aspects:

- (i) In light of the continuous increase of rental in the office market, the Acquisition will enable the Group to save rental expenses on its Hong Kong headquarter with respect to the Office Property and licence fees with respect to the Car Parking Spaces. Assuming the Acquisition will be completed by the end of August 2010, the Group will be able to save approximately HK\$424,000 and HK\$1,272,000 for the four-month period ending 31 December 2010 and the year ending 31 December 2011 respectively.
- (ii) The Consideration will be settled and payable by issue of new Shares, which allows the Company to acquire additional asset without reducing its cash on hand and working capital.

- (iii) The Consideration set at a discount of 30% on the market value of the Property allows the Group to acquire a prestige office premises at prime location with capitalization rate at over 4% (which represents the ratio of rental for the year ending 31 December 2010 to the Consideration).
- (iv) The Property was in aggregate valued at HK\$39,000,000 as at 14 July 2010 by the above-mentioned independent firm of valuers. In this connection, the Directors consider that the Acquisition will enhance the fixed asset base of the Group.

The Directors, including the independent non-executive Directors, are of the view that the terms of the Acquisition Agreement are fair and reasonable and on normal commercial terms and the entering into of the Acquisition Agreement is in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

The Group is principally engaged in the property development and property investment business in Suzhou, the PRC and through investment in an associated company, in property investment business in Beijing, the PRC.

Fontwell is a company incorporated in Hong Kong and is indirectly wholly owned by Mr. TAOCHAIFU Choofuang, Chairman of the Company and his family members. The principal business of Fontwell is property investment in Hong Kong.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date hereof, the Vendor is ultimately and beneficially owned by Mr. TAOCHAIFU Choofuang, Chairman of the Company, and his family members, who together are the ultimate beneficial owners of Belbroughton Limited, the controlling shareholder of the Company. The Vendor is a connected person of the Company for the purpose of the Listing Rules. The Acquisition therefore constitutes a connected transaction of the Company under the Listing Rules.

Since the applicable ratios in relation to the Acquisition Agreement are over 5% and the Consideration is over HK\$10,000,000, the Acquisition is subject to the requirements of reporting, announcement and Independent Shareholders' approval under Chapter 14A of the Listing Rules. Accordingly, the Company will seek the Independent Shareholders' approval at the EGM for the transactions contemplated under the Acquisition Agreement.

As the applicable percentage ratios calculated with reference to Rule 14.07 of the Listing Rules in relation to the Acquisition exceed 5% but less than 25%, the Acquisition constitutes a discloseable transaction under the Listing Rules and is subject to the notification and announcement requirements as set out in Rule 14.33 of the Listing Rules.

The Consideration is to be settled by the Consideration Shares and therefore the Acquisition constitutes a share transaction of the Company under Chapter 14 of the Listing Rules.

## **THE EGM**

The Company will seek the Independent Shareholders' approval at the EGM for the Acquisition and any matter relating thereto. Mr. TAOCHAIFU Choofuang and his associates, and any connected persons of the Company who are materially interested in the Acquisition are accordingly required to abstain from voting on the resolution proposed to be passed at the EGM for approving the Acquisition and any matters relating thereto.

An Independent Board Committee has been formed to advise the Independent Shareholders with respect to the relevant resolutions on the Acquisition Agreement and the transactions contemplated thereunder at the EGM, and the Independent Financial Adviser has been appointed to make recommendations to the Independent Board Committee and the Independent Shareholders regarding the same.

## GENERAL

A circular containing, among other things, (i) details of the Acquisition and the Acquisition Agreement; (ii) the recommendation of the Independent Board Committee regarding the Acquisition Agreement and the transactions contemplated thereunder to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee on the Acquisition Agreement and the transactions contemplated thereunder; and (iv) a notice of the EGM is expected to be despatched to the Shareholders on or about 4 August 2010.

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## DEFINITIONS

“Acquisition”	the acquisition of the Property by the Purchaser from the Vendor on and subject to the terms and conditions of the Acquisition Agreement
“Acquisition Agreement”	the agreement for sale and purchase dated 16 July 2010 entered into between the Vendor and the Purchaser in connection with the Acquisition
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturday, Sunday and a public holiday) on which banks in Hong Kong are open for business
“BVI”	the British Virgin Islands
“Car Parking Spaces”	the car parking spaces nos. 28 and 51 on the 2nd Floor of Fortis Tower, Nos. 77-79 Gloucester Road, Wanchai, Hong Kong
“Company”	New Heritage Holdings Ltd., a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the Acquisition Agreement
“Conditions Precedent”	the conditions precedent for Completion as set out in the Acquisition Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$27,300,000, being the total consideration for the Acquisition pursuant to the Acquisition Agreement
“Consideration Shares”	109,200,000 new Shares to be allotted and issued for settlement of the Consideration
“Directors”	directors of the Company

“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the Acquisition Agreement and the transactions contemplated thereunder as well as the Specific Mandate, the notice of which will be contained in a circular to be despatched to Shareholders as soon as possible
“Fontwell” or “Vendor”	Fontwell Holdings Limited, a company incorporated in Hong Kong with limited liability, being ultimately and beneficially owned by Mr. TAOCHAIFU Choofuang, Chairman of the Company and his family members
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Honour Mark” or “Purchaser”	Honour Mark Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of NH Management and hence an indirect wholly-owned subsidiary of the Company
“Independent Board Committee”	the committee of the Board to be established for the purpose of advising the Independent Shareholders on the Acquisition, the Acquisition Agreement and the transactions contemplated thereby, the members of which include all the independent non-executive Directors, namely Mr. WONG Gary Ka Wai, Mr. SUN Leland Li Hsun and Mr. CHAN Norman Enrique
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Board and approved by the Independent Board Committee
“Independent Shareholders”	the Shareholders who are not involved in or interested in the Acquisition
“Licence Agreement”	the licence agreement dated 2 December 2009 entered into between NH Management as licensee and Fontwell as licensor for obtaining the licence to use by the Group of, inter alia, the Car Parking Spaces for a term of 2 years from 1 February 2010 to 31 January 2012
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NH Management”	New Heritage Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Office Property”	Room 2301, 23rd Floor, Fortis Tower, Nos. 77-79 Gloucester Road, Wanchai, Hong Kong
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Property”	the Office Property and the Car Parking Spaces

“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of HK\$0.01 each in the capital of the Company
“Specific Mandate”	the specific mandate in relation to allotment and issue of the Consideration Shares to be sought at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited or, as the case maybe, the main board operated by the Stock Exchange
“Tenancy Agreement”	the tenancy agreement dated 2 December 2009 entered into between NH Management as tenant and Fontwell as landlord relating to the lease of, inter alia, the Office Property for use by the Group for a term of 2 years from 1 February 2010 to 31 January 2012
“%”	per cent

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

Hong Kong, 16 July 2010

*As at the date of this announcement, the executive Directors of the Company are Mr. TAOCHAIFU Choofuang (Chairman), Mr. TAO Richard (Vice Chairman), Mr. TAO Paul (Managing Director), Mr. KONG Mui Sum Lawrence and Mr. YIM Chun Leung; the non-executive Director of the Company is Mr. CHAN Bernard Charnwut; and the independent non-executive Directors of the Company are Mr. WONG Gary Ka Wai, Mr. SUN Leland Li Hsun and Mr. CHAN Norman Enrique.*

*Company’s website: [www.nh-holdings.com](http://www.nh-holdings.com). The contents of the Company’s website will not form part of this announcement.*