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## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in doubt** as to any aspect of this circular, or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, company secretary, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in New Heritage Holdings Ltd., you should at once hand this circular to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of New Heritage Holdings Ltd.

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### DISCLOSEABLE TRANSACTION CONNECTED TRANSACTION ACQUISITION OF PROPERTY AND SPECIFIC MANDATE

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**



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A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee is set out on page 12 of this circular and a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 18 of this circular.

A notice convening the EGM to be held at Falcon Room I, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on Tuesday, 31 August 2010 at 10:30 a.m. is set out on pages 30 to 31 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“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
“Announcement”	the announcement of the Company dated 16 July 2010 in respect of 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
“CMS” or “Independent Financial Adviser”	China Merchants Securities (HK) Co. Ltd., an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Acquisition Agreement
“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
“Company Law”	the Companies Law (2009 Revision) of the Cayman Islands and any amendments or other statutory modifications thereof
“Completion”	completion of the Acquisition in accordance with the Acquisition Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conditions Precedent”	the conditions precedent for Completion as set out in the Acquisition Agreement
“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 is set out on pages 30 to 31 of this circular

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## DEFINITIONS

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“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 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 Shareholders”	the Shareholders who are not involved in or interested in the Acquisition
“Latest Practicable Date”	28 July 2010, being the latest practicable date prior to the printing of this circular for inclusion of certain information in this circular
“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, among others, the Car Parking Spaces for a term of 2 years from 1 February 2010 to 31 January 2012
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers
“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 circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“Property”	the Office Property and the Car Parking Spaces
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of HK\$0.01 each in the capital of the Company
“Specific Mandate”	the authority to issue and allot the Consideration Shares pursuant to an Independent Shareholders’ resolution to be sought at the EGM

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## DEFINITIONS

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“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, among others, the Office Property for use by the Group for a term of 2 years from 1 February 2010 to 31 January 2012
“US\$”	US dollars, the lawful currency of the United States of America
“%”	per cent

*The contents of the Company’s website will not form part of this circular. The Directors will not be responsible for the accuracy or completeness of the information of third parties included in this circular.*

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## LETTER FROM THE BOARD

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# 新澤控股有限公司 New Heritage Holdings Ltd.

*(Incorporated in the Cayman Islands with limited liability)*

(HKSE Stock Code: 95)

*Executive Directors:*

Mr. TAOCHAIFU Choofuang  
*(also known as C.F. Tao) (Chairman)*  
Mr. TAO Richard *(Vice Chairman)*  
Mr. TAO Paul  
*(also known as TAOCHAIFU Porn)*  
*(Managing Director)*  
Mr. KONG Mui Sum Lawrence  
Mr. YIM Chun Leung

*Non-executive Director:*

Mr. CHAN Bernard Charnwut

*Independent Non-Executive Directors:*

Mr. WONG Gary Ka Wai  
Mr. SUN Leland Li Hsun  
Mr. CHAN Norman Enrique

*Registered Office:*

Clifton House  
75 Fort Street  
P.O. Box 1350 GT  
George Town  
Grand Cayman  
Cayman Islands

*Head Office and Principal*

*Place of Business:*

Room 2301, 23/F  
Fortis Tower  
77-79 Gloucester Road  
Wanchai, Hong Kong

4 August 2010

*To the Shareholders*

Dear Sir/Madam,

### **DISCLOSEABLE TRANSACTION CONNECTED TRANSACTION ACQUISITION OF PROPERTY AND SPECIFIC MANDATE**

#### **1. INTRODUCTION**

It was announced in the Announcement that 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, which shall be payable by the Company allotting and issuing, credited as fully paid, 109,200,000 Consideration Shares to the Vendor at the issue price of HK\$0.25 per Consideration Share at Completion.

The purpose of this circular is to set out (i) the 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 EGM.

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## LETTER FROM THE BOARD

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### 2. 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

As at the Latest Practicable Date, the Vendor is ultimately and beneficially owned by Mr. TAOCHAIFU Choofuang, Chairman of the Company, and his family members, who together are also 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.

#### 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.

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## LETTER FROM THE BOARD

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### 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, 109,200,000 Consideration Shares to Belbroughton Limited, as directed by the Vendor, at an issue price of HK\$0.25 per Consideration Share at Completion. The Acquisition will not result in a change of control of the Company.

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\$0.2450 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;
- (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; and
- (iv) a premium of approximately 4.17% over the closing price of HK\$0.2400 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Consideration Shares represent approximately 9.34% of the issued share capital of the Company as at the Latest Practicable Date and approximately 8.54% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares. The Consideration Shares will be issued under the Specific Mandate to be approved by the Independent Shareholders at the EGM. An application has been made 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 at prime locations in Hong Kong, the Directors anticipate that there will be an increase in rental expenses and 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 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.

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## LETTER FROM THE BOARD

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### 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.

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.

### 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.

## LETTER FROM THE BOARD

### 3. 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 as at the Latest Practicable Date and after the issue of the Consideration Shares upon Completion:—

	Approximate shareholding as at the Latest Practicable Date		Approximate shareholding upon issue of the Consideration Shares	
	Shares	%	Shares	%
Belbroughton Limited ( <i>Note 1</i> )	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 ( <i>Note 2</i> )	22,701,757	1.94	22,701,757	1.78
Mr. TAO Paul ( <i>Note 2</i> )	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 ( <i>Note 3</i> )	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><u>1,169,439,685</u></b>	<b><u>100.00</u></b>	<b><u>1,278,639,685</u></b>	<b><u>100.00</u></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 and 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 and the entire issued share capital of which is held by Mr. TAOCHAIFU Choofuang and his family members in equal proportions). The principal business of Belbroughton Limited is investment holding. The Consideration Shares, representing approximately 9.34% of the issued share capital of the Company as at the Latest Practicable Date 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 and the executive Director of the Company.
- (3) The other executive Directors are Mr. KONG Mui Sum Lawrence and Mr. YIM Chun Leung.

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## LETTER FROM THE BOARD

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### 4. 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 headquarters 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.

### 5. FINANCIAL EFFECT OF THE ACQUISITION

#### **Effect on assets and liabilities**

There will not be any impact on liabilities of the Group upon Completion as the Consideration will be entirely settled by issue of the Consideration Shares. In addition, since the Company is financing the Acquisition by issue of the Consideration Shares, there will be an increase in the fixed assets of the Group by the value of the Property without net cash outflow.

#### **Effect on earnings**

The Group recorded a net profit for the year ended 31 December 2009 of approximately HK\$12 million. Upon Completion, the Group will save rental expenses for the Property during the years ending 31 December 2010 and 2011. The Acquisition is not expected to have any material impact on the earnings of the Group immediately upon Completion.

#### **Effect on working capital and gearing**

Since the Company will satisfy the Consideration by the issue of the Consideration Shares pursuant to the Acquisition Agreement, there is no material impact on its liquidity position on the working capital of the Group. Gearing of the Group will be lower due to the strengthening of the capital base through the issue of the Consideration Shares.

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## LETTER FROM THE BOARD

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### 6. INFORMATION OF THE PARTIES

The Group is principally engaged in 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.

Honour Mark, the Purchaser, is a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company. The principal business of Honour Mark is property holding.

Fontwell, the Vendor, is a company incorporated in Hong Kong and 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.

### 7. IMPLICATIONS UNDER THE LISTING RULES

As at the Latest Practicable Date, the Vendor is ultimately and beneficially owned by Mr. TAOCHAIFU Choofuang, Chairman of the Company, and his family members, who together are also 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.

Mr. TAOCHAIFU Choofuang, Chairman of the Company, Mr. TAO Richard and Mr. TAO Paul, executive Directors of the Company, have material interest in the Acquisition and have abstained from voting on the Board resolution approving the Acquisition.

Mr. TAOCHAIFU Choofuang and his associates, and any connected persons of the Company and their parties acting in concert who are materially interested in the Acquisition will abstain from voting on the resolution to approve the Acquisition Agreement and the transactions contemplated thereunder including but not limited to the Acquisition and the issue and allotment of the Consideration Shares.

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.

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## LETTER FROM THE BOARD

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### 8. THE EGM

The notice of the EGM is set out on pages 30 to 31 of this circular. The EGM will be held at Falcon Room I, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong or any adjourned meetings thereof for the purpose of considering and if thought fit, approving, by way of poll, among other thing, (i) the Acquisition Agreement and the transactions contemplated thereunder; and (ii) the issue and allotment of the Consideration Shares and the Specific Mandate.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder including but not limited to the Acquisition and the issue and allotment of the Consideration Shares at the EGM will be taken by poll.

The Independent Board Committee, comprising the three independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Acquisition Agreement and the transactions contemplated thereunder. CMS has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in this regard.

### 9. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 12 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders concerning the Acquisition Agreement and the transactions contemplated thereunder and the letter from the Independent Financial Adviser set out on pages 13 to 18 of this circular containing its advice to the Independent Board Committee and the Independent Shareholders in this regard.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser in relation to the Acquisition Agreement and the transactions contemplated thereunder, is of the opinion that the Acquisition Agreement and the transactions contemplated thereunder, including the issue and allotment of the Consideration Shares, are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommended the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder, including the issue and allotment of the Consideration Shares.

Your attention is also drawn to the additional information set out in the Appendices to this circular.

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Acquisition.*



4 August 2010

*To the Independent Shareholders*

Dear Sir/Madam,

**DISCLOSEABLE TRANSACTION  
CONNECTED TRANSACTION  
ACQUISITION OF PROPERTY  
AND  
SPECIFIC MANDATE**

We refer to the circular of the Company dated 4 August 2010 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless specified otherwise.

We have been appointed to consider the terms and conditions of, and advise you in respect of, the Acquisition Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board on pages 4 to 11 of the Circular.

We wish to draw your attention to the letter from the Board as set out on pages 4 to 11 of the Circular and the letter of advice from the Independent Financial Adviser as set out on pages 13 to 18 of the Circular.

Having taken into account the advice and recommendation of the Independent Financial Adviser, we consider that the terms of the Acquisition Agreement and the transactions contemplated thereunder including but not limited to the Acquisition and the issue and allotment of the Consideration Shares are on normal commercial terms and in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder, including the issue and allotment of the Consideration Shares.

Yours faithfully,  
**Independent Board Committee**  
**Mr. WONG Gary Ka Wai**                      **Mr. SUN Leland Li Hsun**  
**Mr. CHAN Norman Enrique**  
*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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48th Floor  
One Exchange Square  
Central  
Hong Kong

4 August 2010

To the Independent Board Committee  
and the Independent Shareholders of  
New Heritage Holdings Ltd.

Dear Sirs,

### **DISCLOSEABLE TRANSACTION CONNECTED TRANSACTION ACQUISITION OF PROPERTY AND SPECIFIC MANDATE**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders with respect to the Acquisition Agreement, details of which are set out in the “Letter from the Board” (the “**Letter**”) contained in the circular of the Company dated 4 August 2010 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Company announced that Honour Mark, an indirect wholly-owned subsidiary of the Company, had 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 (“**Issue Price**”) at Completion.

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. 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 Shares will be issued and allotted under the Specific Mandate. As the Vendor is ultimately and beneficially owned by Mr. TAOCHAIFU Choofuang, Chairman of the Company and his family members. 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 Agreement and any matters relating thereto. As at the Latest Practicable Date, Mr. TAOCHAIFU Choofuang, his associates and concert parties are interested in 749,600,792 Shares, representing approximately 64.10% of the total issued share capital of the Company.

The Board currently consists of five executive Directors, namely Mr. TAOCHAIFU Choofuang (Chairman), Mr. TAO Richard (Vice Chairman), Mr. TAO Paul (Managing Director), Mr. KONG Mui Sum Lawrence and Mr. YIM Chun Leung, one non-executive Director, namely Mr. CHAN Bernard Charnwut and three independent non-executive Directors, namely Mr. WONG Gary Ka Wai, Mr. SUN Leland Li Hsun and Mr. CHAN Norman Enrique.

The Independent Board Committee, comprising all the said independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the Acquisition Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to (i) whether the terms of the Acquisition Agreement are in the interests of the Company and Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the resolution to approve the Acquisition Agreement and any matters relating thereto at the EGM.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that they are true, accurate and complete at the date of the Circular or the Latest Practicable Date (as the case maybe) and will remain so up to the time of the EGM. We have also sought and received confirmation from the Directors and management of the Group that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have performed all necessary steps as required under Rule 13.80 of the Listing Rules, including the notes thereto, to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinions and have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have assumed that all representations contained or referred to in the Circular are true as at the date of the Circular or the Latest Practicable Date (as the case may be) and will remain so up to the time of the EGM. We have not, however, conducted any form of in-depth investigation into the business affairs, financial position or future prospects of the Group nor carried out any independent verification of the information supplied, representations made or opinions expressed by the Company, its Directors and its management.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in respect of the Acquisition Agreement, we have considered the following principal factors and reasons:

#### 1 Background and rationale to the Acquisition Agreement

##### *Business overview of the Group*

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.

##### *Financial performance of the Group*

As stated in the annual report of the Company for the year ended 31 December 2009, the Group recorded turnover of approximately HK\$258.9 million, representing an increase of approximately 182% compared with approximately HK\$91.7 million for the year ended 31 December 2008. As at 31 December 2009, the Group had (i) cash and cash equivalents of approximately HK\$356.4 million (2008: HK\$135.1 million); and (ii) total borrowings of approximately HK\$290.4 million (2008: HK\$266.1 million). The borrowings to be repayable within one year were approximately HK\$166.0 million (2008: HK\$82.6 million), and the Group's gearing ratio as at 31 December 2009 was 33.3% (2008: 31.1%), which was calculated based on bank borrowings to total shareholders' funds.

We note from the announcement of the Company dated 3 December 2009 that under the Tenancy Agreement and the Licence Agreement, the Company is required to pay HK\$1,166,000 (HK\$1,089,000 for the Office Property and HK\$77,000 for the Car Parking Spaces) for the Property during the year ending 31 December 2010. Having considered the rental expenses to be paid by the Group, we concur with the Directors' view that the issue of the Consideration Shares will allow the Company to save rental expenses and to acquire asset without the need to reduce its working capital.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 2 Details of the Acquisition Agreement

The principal terms of the Acquisition Agreement are as follows:

<b>Date</b>	16 July 2010
<b>Parties</b>	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
<b>Property</b>	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
<b>Consideration</b>	HK\$27,300,000, which shall be payable by the Company allotting and issuing, credited as fully paid, 109,200,000 Consideration Shares to the Vendor at the Issue Price.

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 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 parties to the Tenancy Agreement and the Licence Agreement have respectively agreed to terminate the Tenancy Agreement and the Licence Agreement upon the Completion without any claims against each other.

#### *Consideration*

As stated in the Letter, the Consideration of the Acquisition amounted to HK\$27,300,000 was determined after arm's length negotiations between the Group and the Vendor and has been determined based on a discount of approximately 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 DTZ Debenham Tie Leung Limited ("DTZ").

We have reviewed the valuation report prepared by DTZ and have discussed with the Company regarding the methodology of, and bases and assumptions adopted for, the valuation of the Property as contained in the said report. DTZ valued the Property on market value approach where the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. We understand the above-mentioned approach is a commonly adopted approach for valuation of commercial properties and is in accordance with Valuation Standards on Properties of the Hong Kong Institute of Surveyors and we consider that the methodology used is generally in line with market practice and furnishes a reliable indication of value for the Property.

The saleable area of the Office Property is approximately 3,293 square feet. Consideration for the Office Property of HK\$26,600,000 (being 30% discount to the indicative valuation of the Office Property as at 14 July 2010 of HK\$38,000,000) values the Office Property at approximately HK\$8,078 per square feet. After reviewing similar transaction at the Fortis Tower, we consider the price per square feet of approximately HK\$8,078 is in line with market price and fair and reasonable and is in the interests of the Company and Independent Shareholders as a

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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whole. Despite the volatile stock markets, we are of the view that the Hong Kong office market will not be greatly affected given the fact that the Office Property is located at one of the prime areas in Hong Kong and according to the Hong Kong Property Review 2010 as published by the Rating and Valuation Department of Hong Kong, all of the new completions of commercial buildings in 2010 are anticipated to come from non-core districts. In 2011, about 64% of the new completions will be located in Kwun Tong, while another 30% will come from Central. There will be no major new office supply in the Wanchai/Causeway Bay area in year 2011. Since the Consideration for the Acquisition was determined with reference to the valuation of the Property as at 14 July 2010 with a 30% discount, we are of the view that under the existing market condition the Consideration is fair and reasonable and is in the interests of the Company and Independent Shareholders as a whole.

Taking into account (i) the limited supply of office premises at prime locations in Hong Kong and the continuous increase of rental in the office market; (ii) the Acquisition will enable the Group to save rental expenses on its Hong Kong headquarter and 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); (iii) 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; and (iv) the Acquisition will enable the Group to obtain additional banking facilities by pledging the Property as collateral. Furthermore, the Group will be able to restructure short term financing to long term financing for strengthening financial structure of the Group. We concur with the Directors' view that the entering into of the Acquisition Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### *Issue of the Consideration Shares*

The Company will issue 109,200,000 Consideration Shares to the Vendor at the issue price of HK\$0.25 per Consideration Share at Completion.

We consider that the settlement of the Consideration payable by the Company for the Property, in form of an issue of the Consideration Shares, will not have any negative impact on the Group's cashflow position. Furthermore, given that the Consideration payable by the Company for the Property is not being financed by any external bank borrowings of the Group, we consider that there will not be any impact on the Group's existing gearing level or any additional burden on interest costs to be borne by the Group. Taking into account the above, we are of the view that the issue of the Consideration Shares, is in the interests of the Company and the Shareholders as a whole. However, the Independent Shareholders should also pay attention to the dilution effect of the Consideration Shares as discussed in the section under "Dilution effect on existing Shareholders".

The Issue Price pursuant to the Acquisition Agreement was negotiated on an arm's length basis between the Company and Fontwell by reference to, among other things, the market price of the Shares.

In order to assess the fairness and reasonableness of the Issue Price, we have compared the Issue Price against the net asset value per Share of the Group. The Issue Price of HK\$0.25 represents a discount of approximately 62.69% to the net asset value per Share of the Group (the "Issue Price Discount") of approximately HK\$0.67 as at 31 December 2009 calculated based on the number of Shares in issue as at the Latest Practicable Date.

We note that the Shares were traded at discounts ranging from approximately 60.45% (Share price closing at HK\$0.265) to approximately 65.52% (Share price closing at HK\$0.231) (the "Historical Discount Range"), with an average discount of approximately 63.39% (average closing price of HK\$0.2453) (the "Average Historical Discount"), to the net asset value per Share of the Group on an ex-dividend basis for the 30 consecutive trading days up to and including the date of the Acquisition Agreement. As such, the Issue Price Discount is within the Historical Discount Range and is almost equal to the Average Historical Discount.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Issue Price represents:

- (i) a premium of approximately 2.04% over the closing price of HK\$0.2450 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% over 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;
- (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; and
- (iv) a premium of approximately 4.17% over the closing price of HK\$0.2400 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

We note from the above that the difference between the Issue Price and the various historical closing prices and average closing prices of the Shares range from premium of 4.17% to a discount of approximately 0.08%. We are of the view that it is meaningful to compare the Issue Price with the closing price of the Shares before the announcement of the Acquisition Agreement. We consider the Issue Price with premium of approximately 2.04% over the closing price of HK\$0.245 per Share as quoted on the Stock Exchange immediately before the date of the Acquisition Agreement is fair and reasonable. In addition, based on our discussion with management of the Company, we understand that the Company had considered other alternative payment methods apart from issuance of the Consideration Shares to settle the Consideration. After taking into consideration the current financial position and the reasons as stated above and in the Letter, we concur with the Directors that, by settling the Consideration through issuance of the Consideration Shares, the Group would be able to maintain its financial flexibility by reserving its cash balance as working capital and for future investment opportunities.

In light of the above, in particular the Issue Price Discount is within the Historical Discount Range and is almost equal to the Average Historical Discount and the issue of the Consideration Shares would enable the Group to maintain its financial flexibility. As such, we are of the view that it is reasonable for the Company to satisfy the Consideration through issuing the Consideration Shares and the Issue Price is acceptable.

### **3 Dilution effect on existing Shareholders**

Based on the existing shareholding structure of the Company, as at the Latest Practicable Date, 416,106,068 Shares were held by public Shareholders, representing approximately 35.58% of the issued share capital of the Company. Upon Completion, the public shareholding will be diluted to approximately 32.54%. Given (i) 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; and (ii) the issue of the Consideration Shares allows the Company to acquire asset without the need to reduce its cash on hand and working capital, we consider the potential dilution on the shareholding of the public Shareholders upon Completion to be acceptable so far as the Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4 Financial effects of the Acquisition

#### *Effect on assets and liabilities*

According to the 2009 annual report of the Company, as at 31 December 2009, the audited net asset value of the Group was approximately HK\$788.57 million. There will not be any impact on liabilities of the Group upon Completion as the Consideration will be entirely settled by issue of Consideration Shares. In addition, since the Company is financing the Acquisition by issue of the Consideration Shares, there will be an increase in the fixed assets of the Group by the value of the Property without net cash outflow.

#### *Effect on earnings*

The Group recorded a net profit for the year ended 31 December 2009 of approximately HK\$12 million. Upon Completion, the Group will save rental expenses for the Property during the year ending 31 December 2010. The Acquisition is not expected to have any material impact on the earnings of the Group immediately upon Completion.

#### *Effect on working capital and gearing*

Since the Company will satisfy the Consideration by the issue of Consideration Shares pursuant to the Acquisition Agreement. There is no material impact on its liquidity position on the working capital of the Group. Gearing of the Group will be lower due to the strengthening of the capital base through the issue of the Consideration Shares.

### RECOMMENDATION

Having considered the background and rationale as stated above, we consider (i) the terms of the Acquisition Agreement are fair and reasonable, based on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) the entering into of the Acquisition Agreement is in the ordinary and usual course of business of the Company and is in the interest of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders and recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Acquisition Agreement.

Yours faithfully,

For and on behalf of

**China Merchants Securities (HK) Co., Ltd.**

Jiang Jun

*Executive Director*

*Investment Banking Department*



16th Floor  
Jardine House  
1 Connaught Place  
Central  
Hong Kong

4 August 2010

The Directors  
New Heritage Holdings Ltd.  
Unit 2301, 23rd Floor  
Fortis Tower  
77-79 Gloucester Road  
Wanchai  
Hong Kong

Dear Sirs,

**Re: Unit 2301 on 23rd Floor and Spaces Nos. 28 and 51 on 2nd Floor, Fortis Bank Tower (now known as Fortis Tower), Nos. 77, 78-79 Gloucester Road, Wanchai, Hong Kong.**

#### **Instructions, Purpose & Date of Valuation**

We refer to your instructions for us to carry out a market valuation of the captioned property which is to be acquired by New Heritage Holdings Ltd. or its subsidiary, (hereinafter referred to as the “**Group**”). We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the property as at 14 July 2010 (the “**date of valuation**”).

#### **Basis of Valuation**

Our valuation of the property represents its market value which in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) of the Hong Kong Institute of Surveyors is defined as “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

#### **Valuation Assumptions**

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

#### **Method of Valuation**

We have valued the property by making reference to comparable sales transactions as available in the relevant market or where appropriate by capitalising the rental income derived from existing tenancies with due provision for the reversionary income potential of the property.

**Source of Information**

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, floor areas and all other relevant matters. Dimensions and measurements are based on the copies of documents or other information provided to us by the Group and are therefore only approximations. No on-site measurement has been carried out.

**Title Investigation**

We have not been provided with copies of the title documents relating to the property but have caused searches to be made at the Land Registry. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

**Site Inspection**

We have inspected the exterior and, wherever possible the interior of the property. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property is free of rot, infestation or any other structural defects. No test was carried out on any of the services.

Our valuation is prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) of the Hong Kong Institute of Surveyors and in compliance with Chapter 5 of the Listing Rules published by the Stock Exchange of Hong Kong Limited.

Our valuation certificate is hereby enclosed for your attention.

Yours faithfully,  
For and on behalf of  
**DTZ Debenham Tie Leung Limited**  
**K. B. Wong**  
*Registered Professional Surveyor*  
*(General Practice Division)*  
*M.R.I.C.S., M.H.K.I.S.*  
*Director*

*Note:* Mr. K.B. Wong is a Registered Professional Surveyor who has over 25 years' experience in valuation of properties in Hong Kong.

## VALUATION CERTIFICATE

Property contracted to be acquired by the Group in Hong Kong for owner occupation.

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 14 July 2010
Unit 2301 on 23rd Floor and Spaces Nos. 28 and 51 on 2nd Floor, Fortis Bank Tower (now known as Fortis Tower), Nos. 77, 78-79 Gloucester Road, Wanchai, Hong Kong.	The property comprises an office unit on 23rd floor and two car parking spaces on 2nd floor of a 33-storey commercial building completed in 1982. The ground to 4th floors of the building are devoted to shops/car parking purposes whilst the upper floors accommodate office units.	The office unit is currently let from Fontwell Holdings Limited (“ <b>the vendor</b> ”), a connected person to the Group, to New Heritage Management Limited, an indirect wholly-owned subsidiary of the Group, for a term of 2 years from 1 February 2010 to 31 January 2012 at a monthly rent of HK\$99,000, exclusive of Government rates and management fees.	HK\$39,000,000
Portion of 100/3100th and 2/3100th shares of and in the Remaining Portion of Inland Lot No. 2782.	The property has a saleable area of approximately 305.94 sq.m. (3,293 sq.ft.), excluding the area of the car parking spaces.	The two car parking spaces are currently licensed from Fontwell Holdings Limited (“ <b>the vendor</b> ”), a connected person to the Group, to New Heritage Management Limited, an indirect wholly-owned subsidiary of the Group, for a term of 2 years from 1 February 2010 to 31 January 2012 at a total monthly licence fee of HK\$7,000, exclusive of Government rates and management fees.	<p style="text-align: center;"><i>Breakdown:</i></p> <p style="text-align: center;"><i>Unit 2301 on 23/F:</i> <i>HK\$38,000,000</i></p> <p style="text-align: center;"><i>Two car parking spaces:</i> <i>HK\$1,000,000</i></p>
	The property is held from the Government for a term of 99 years from 30 September 1929 renewable for a further term of 99 years. The current Government rent payable for Inland Lot No. 2782 is HK\$276 per annum.	According to the information provided by your Group, upon completion of the purchase of the property, the property will be owner-occupied by the Group.	

*Notes:*

- (1) The registered owner of the whole of 23rd Floor and the Car Parking Spaces Nos. 28 and 51 on 2nd Floor of Fortis Bank Tower is Fontwell Holdings Limited, a connected person to the Group.
- (2) The property is subject to a legal charge/mortgage in favour of Standard Chartered Bank (Hong Kong) Limited for all moneys vide Memorial No. 07100501360569 dated 20 September 2007.
- (3) The property is subject to a memorandum of change of name of building vide Memorial No. 08101401300023 dated 28 September 2008. (Registration Withheld) (Pending registration)
- (4) The property is subject to a receipt on discharge of a charge vide Memorial No. 09010701990017 dated 24 December 2008. (Pending registration)
- (5) The property is subject to a mortgage in favour of Public Bank (Hong Kong) Limited for all moneys vide Memorial No. 09010701990024 dated 24 December 2008. (Pending registration)
- (6) According to the recent title search records, we noted that the undivided shares and individual registry for Unit 2301 on 23rd Floor have not been created. In the course of our valuation, we have assumed that the subject unit can be freely disposed of in the market free from any encumbrances.

### 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief that the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement herein misleading.

### 2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>	<i>HK\$</i>
30,000,000,000 ordinary share(s) of HK\$0.01 each	300,000,000.00
<i>Issued and fully paid or credited as fully paid:</i>	
1,169,439,685 ordinary share(s) of HK\$0.01 each	11,694,396.85

### 3. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or (c) were required, pursuant to the Model Code as set out in appendix 10 to the Listing Rules adopted by the Company, to be notified to the Company and the Stock Exchange, were as follows:

#### Interests in the Shares and the underlying Shares under equity derivatives (as defined in Part XV of the SFO)

Name of Director	Long position/ Short position	Capacity	Number of Shares held	Number of underlying Shares (under equity derivatives of the Company)	Aggregate interests	Approximate percentage of the issued capital of the Company
Mr. TAOCHAIFU Choofuang	Long Position	Interests of controlled corporation	651,882,278 (Notes 1 and 2)		666,997,278	52.16% (Note 5)
	Long Position	Personal interest	11,515,000	3,600,000 (Note 3)		
Mr. TAO Richard	Long Position	Interests of controlled corporation	651,882,278 (Notes 1 and 2)		678,184,035	53.04% (Note 5)
		Personal interest	22,701,757	3,600,000 (Note 3)		

Name of Director	Long position/ Short position	Capacity	Number of Shares held	Number of underlying Shares (under equity derivatives of the Company)	Aggregate interests	Approximate percentage of the issued capital of the Company
Mr. TAO Paul	Long Position	Interests of controlled corporation	651,882,278 (Notes 1 and 2)		678,184,035	53.04% (Note 5)
		Personal interest	22,701,757	3,600,000 (Note 3)		
Mr. KONG Mui Sum Lawrence	Long Position	Personal interest	2,500,220	15,115,000 (Note 4)	17,615,220	1.51%
Mr. YIM Chun Leung	Long Position	Personal interest	1,232,605	15,115,000 (Note 4)	16,347,605	1.40%

## Notes:

- (1) Belbroughton Limited is a company incorporated in the BVI and the beneficial owner of 651,882,278 Shares. Belbroughton Limited is owned as to 20% by Seal United Investments Limited (i.e. a company incorporated in the BVI and the entire issued share capital of which is held by Mr. TAOCHAIFU Choofuang and his spouse Mrs. TAO POON Lai Yew Nancy in equal proportions) and 80% by United Islands Group Limited (i.e. a company incorporated in the BVI and the entire issued share capital of which is held by Mr. TAOCHAIFU Choofuang and his spouse, Mrs. TAO POON Lai Yew Nancy as well as his daughter and sons, Ms. TAO Miriam, Mr. TAO Richard and Mr. TAO Paul in equal proportions). Accordingly, Seal United Investments Limited, United Islands Group Limited, Mr. TAOCHAIFU Choofuang, Mrs. TAO POON Lai Yew Nancy, Ms. TAO Miriam, Mr. TAO Richard and Mr. TAO Paul are deemed to be interested in 651,882,278 Shares held by Belbroughton Limited.
- (2) Consideration Shares to be issued to Belbroughton Limited pursuant to Acquisition Agreement are included.
- (3) Share options were granted to the executive Directors on 18 October 2007 and are exercisable between 18 October 2007 and 17 October 2010 at the exercise price of HK\$0.524 per Share.
- (4) Share options were granted to the executive Directors on 18 October 2007, 29 April 2008 and 21 July 2008 and are respectively exercisable between 18 October 2007 and 17 October 2010 at the exercise price of HK\$0.524 per Share, between 29 April 2008 and 28 April 2011 at the exercise price of HK\$0.375 per Share, and between 21 July 2008 and 20 July 2011 at the exercise price of HK\$0.300 per Share.
- (5) The shareholding percentages of Mr. TAOCHAIFU Choofuang, Mr. TAO Richard and Mr. TAO Paul are based on the issued share capital as enlarged by the Consideration Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (b) were required, pursuant to section 352 of the SFO, to be entered in the register required to be kept by the Company, or (c) were required, pursuant to the Model Code adopted by the Company, to be notified to the Company and the Stock Exchange.

#### 4. INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or the chief executive of the Company based on the register maintained by the Company pursuant to Part XV of the SFO, the following persons (other than a Director or the chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

## (A) The Company

Name of Shareholder	Long position/ Short position	Capacity	Number of Shares held	Aggregate Interest	Approximate percentage of the issued share capital of the Company	Notes
Mrs. TAO POON Lai Yew Nancy	Long position	Interests of controlled corporation	651,882,278	666,997,278	52.16%	1
		Interest of spouse	15,115,000			
Belbroughton Limited	Long position	Beneficial owner	651,882,278	651,882,278	50.98%	1
Seal United Investments Limited	Long position	Interests of controlled corporation	651,882,278	651,882,278	50.98%	1
United Islands Group Limited	Long position	Interests of controlled corporation	651,882,278	651,882,278	50.98%	1
Ms. TAO Miriam	Long position	Interests of controlled corporation	651,882,278	651,882,278	50.98%	1
Tian Xiang Business Limited	Long position	Beneficial owner	150,000,000	150,000,000	12.83%	N/A
Spinnaker Capital Limited	Long position	Investment manager	92,322,673	92,322,673	7.89%	2
Spinnaker Asset Management — SAM Limited	Long position	Investment manager	92,322,673	92,322,673	7.89%	2
Deutsche Bank Aktiengesellschaft	Long position	Person having a security interest in shares	92,322,673	92,322,673	7.89%	3
Asia Financial Holdings Limited	Long position	Beneficial owner	45,454,545	68,181,818	5.51%	4
		Interests of controlled corporation	22,727,273			

## Notes:

- (1) Belbroughton Limited is a company incorporated in the BVI and the beneficial owner of 651,882,278 Shares. Belbroughton Limited is owned as to 20% by Seal United Investments Limited (i.e. a company incorporated in the BVI and the entire issued share capital of which is held by Mr. TAOCHAIFU Choofuang and his spouse Mrs. TAO POON Lai Yew Nancy in equal proportions) and 80% by United Islands Group Limited (i.e. a company incorporated in the BVI and the entire issued share capital of which is held by Mr. TAOCHAIFU Choofuang and his spouse, Mrs. TAO POON Lai Yew Nancy as well as his daughter and sons, Ms. TAO Miriam, Mr. TAO Richard and Mr. TAO Paul in equal proportions). Accordingly, Seal United Investments Limited, United Islands Group Limited, Mr. TAOCHAIFU Choofuang, Mrs. TAO POON Lai Yew Nancy, Ms. TAO Miriam, Mr. TAO Richard and Mr. TAO Paul are deemed to be interested in 651,882,278 Shares held by Belbroughton Limited. The shareholding percentages of Belbroughton Limited, Seal United Investments Limited, United Islands Group Limited, Mrs. TAO POON Lai Yew Nancy and Ms. TAO Miriam are based on the issued share capital as enlarged by the issue of Consideration Shares.
- (2) Spinnaker Capital Limited and Spinnaker Asset Management — SAM Limited (together “**Spinnaker Group**”) are investment managers and the controlling shareholders of Spinnaker Global Opportunity Fund Limited (“**GO Fund**”), Spinnaker Global Emerging Markets Fund Limited (“**GEM Fund**”) and Spinnaker Global Strategic Fund Limited (“**GS Fund**”). GO Fund, GEM Fund and GS Fund held 24,927,122 Shares, 44,314,883 Shares and 23,080,668 Shares, respectively. Their respective shareholding percentage do not take into account any of the convertible shares which may be issued under the convertible notes as mentioned in Note 4 below and the Consideration Shares.
- (3) The Shares are held under Deutsche Bank Aktiengesellschaft custody for Spinnaker Group. The shareholding percentages do not take into account any of the convertible shares which may be issued under the convertible notes as mentioned in Note 4 below and the Consideration Shares.
- (4) These 68,181,818 underlying Shares represent the Shares which may be issued upon full conversion of 5% convertible notes in the aggregate principal amount of HK\$75 million with maturity date falling 60 months from 15 October 2007, the date of issue of the convertible notes. The shareholding percentage of Asia Financial Holdings Limited is based on the issued share capital as enlarged by the maximum number of the convertible shares which may be issued under the convertible notes but not the Consideration Shares.

**(B) Other members of the Group**

Name of shareholder	Group member	Long position/ short position	Capacity	Registered capital/ Number of shares held	Approximate percentage of share capital
Spinnaker Global Opportunity Fund Limited	Suzhou New Heritage Wuzhong Limited	Long position	Beneficial owner	US\$3,720,000	40%
Spinnaker Global Emerging Markets Fund Limited, Spinnaker Global Strategic Fund Limited and Spinnaker Global Opportunity Fund Limited	Prosper View Group Limited	Long position	Beneficial owner	4,900 shares	49%

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no other persons (not being a Director or chief executive of the Company) had, or were deemed to have, any interests or short positions in the Shares or underlying Shares which are required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, nor were there any persons, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or held any option in respect of such capital.

## 5. SERVICE CONTRACTS

The former letters of appointment entered into by the Company and the non-executive Director and each of the independent non-executive Directors expired on 13 November 2008. On 22 October 2008, the non-executive Director and each of the independent non-executive Directors entered into a letter of appointment with the Company for a term of three years commencing on 14 November 2008; and such letters of appointments may be terminated by either party by giving one month's written notice.

The former service contracts entered into by the Company and each executive Director were expired on 30 November 2009. On 18 November 2009, each of the executive Directors entered into a service contract with the Company for a term of 25 months commencing on 1 December 2009 and is subject to termination by the executive Director giving not less than 3 months' written notice or by payment in lieu of such notice. The Company may immediately terminate the service contracts without any compensation to the executive Directors under certain conditions, as set out in the service contracts.

Save as disclosed above, none of the Directors has any existing or proposed service contract with any member of the Group which is determinable by the Group within one year without payment of compensation other than statutory compensation.

## 6. COMPETING INTERESTS

As at the Latest Practicable Date, family members of Mr. TAOCHAIFU Choofuang, Chairman of the Company including Mr. TAO Richard, Vice Chairman beneficially owned two villas in Suzhou Garden Court (the "Villas") of a total gross floor area of approximately 770.76 sq.m. developed by a subsidiary of the Company which may constitute a competing business to the Group. The Villas have been held since 2005 for the purpose of generating rental income for the owners of the Villas including the daughter of the Chairman and Lakeside Consultants Limited which is beneficially owned by Mr. TAO Richard.

Save as disclosed above, none of the Directors or their respective associates were considered to have interest in a business, apart from the business of the Group, which competes or is likely to compete with that of the Group, either directly or indirectly, as at the Latest Practicable Date.

## 7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into under the ordinary course of business of the Group) have been entered into by the Group within the two years immediately preceding the date of this circular and are or may be material:

- (A) the loan agreements dated 9 March 2009 and 29 June 2009 entered into between Chong Lai (Panama) S.A. ("CLPSA"), which is controlled by Mr. TAOCHAIFU Choofuang, the Chairman and his associates, and the Company whereby CLPSA had offered to make available a loan facility in the total sum of HK\$10,000,000 and a revolving loan facility of up to the maximum principal amount of HK\$5,000,000 to the Company respectively;
- (B) the loan agreement dated 28 August 2009 entered into between CLPSA and World Margin Limited ("WML") whereby CLPSA had offered to make available a revolving loan facility of up to the maximum principal amount of HK\$20,000,000 to WML;
- (C) the agreement dated 2 December 2009 entered into between Healthy Castle Investments Limited (the "Seller") and Ultra Plan Ltd., Asia Investment Services Limited, Fordham Essential Limited, Robinson Enterprise Limited and Newlink Developments Limited (collectively referred to as the "Purchasers") in respect of the sale of the 100 shares of Key Apex Limited ("Key Apex"), representing 10% of the issued share capital of Key Apex and the assignment of the principal amount of US\$6,784,900 due from Key Apex to the Seller by the Seller to the Purchasers pursuant to the agreement; and
- (D) the Acquisition Agreement.

**8. QUALIFICATION OF EXPERTS AND CONSENTS**

The following are the qualification of the experts who have given opinion or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
CMS	A licensed corporation registered with the Securities and Futures Commission under the SFO
DTZ Debenham Tie Leung Limited	Property valuer

Each of CMS and DTZ Debenham Tie Leung Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein a copy of its advice and/or references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of CMS and DTZ Debenham Tie Leung Limited was not beneficially interested in the share capital of any member of the Group nor had any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of CMS and DTZ Debenham Tie Leung Limited was not interested in assets acquired or disposed of by or leased to any member of the Group since the date to which the latest published audited accounts of the Company were made up.

**9. INTERESTS IN ASSET AND CONTRACT**

Save for the interests of Mr. TAOCHAIFU Choofuang, Mr. TAO Richard and Mr. TAO Paul in the Property, none of the Directors nor any experts named in paragraph 8 in this appendix has since 31 December 2009, being the date to which the latest published audited accounts of the Group have been made up, any direct or indirect interests in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by or leased to any member of the Group.

Save for (i) a non-executive director's interests in the material contract itemised (C) as referred to in paragraph 7 of this appendix and the convertible notes issued by the Company on 15 October 2007 and (ii) Mr. TAOCHAIFU Choofuang, Mr. TAO Richard and Mr. TAO Paul's interests in the material contracts itemised (A), (B) and (D) as referred to in paragraph 7 of this appendix, none of the Directors was as the Latest Practicable Date materially interested, directly or indirectly, in any contract or arrangement subsisting which was significant in relation to the business of the Group.

**10. MATERIAL ADVERSE CHANGE**

There is no material adverse change in the financial or trading position of the Group since the latest published audited accounts dated 31 December 2009.

**11. MISCELLANEOUS**

- (a) The Company Secretary of the Company is Ms. CHAN Meily. She holds a Master Degree of Business Administration in Financial Management. She is also an associate member of The Institute of Chartered Secretaries and Administrators in England and The Hong Kong Institute of Chartered Secretaries respectively.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (c) The circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

**12. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of the Company at Room 2301, 23rd Floor, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong during normal business hours on any weekday up to and including 19 August 2010:

- (a) the Acquisition Agreement;
- (b) the material contracts as referred to in paragraph 7 of this appendix;
- (c) the letter from the Independent Board Committee, the text of which is set out on page 12 of this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out on pages 13 to 18 of this circular;
- (e) the service contracts of the Directors as referred to in paragraph 5 of this appendix; and
- (f) the letters of consent from each of CMS and DTZ Debenham Tie Leung Limited referred to in paragraph 8 of this appendix.

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## NOTICE OF EGM

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# 新澤控股有限公司 New Heritage Holdings Ltd.

*(Incorporated in the Cayman Islands with limited liability)*  
(HKSE Stock Code: 95)

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of New Heritage Holdings Ltd. (the “**Company**”) will be held at Falcon Room I, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on Tuesday, 31 August 2010 at 10:30 a.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as ordinary resolution of the Company:

### ORDINARY RESOLUTION

1. “**THAT**

- (A) the agreement for sale and purchase (the “**Acquisition Agreement**”) dated 16 July 2010 entered into between Fontwell Holdings Limited (being a connected person of the Company as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) as vendor (the “**Vendor**”) and Honour Mark Holdings Limited (being an indirect wholly-owned subsidiary of the Company) as purchaser (the “**Purchaser**”) in connection with acquisition (the “**Acquisition**”) by the Purchaser from the Vendor of (i) Room 2301, 23rd Floor, Fortis Bank Tower (now known as Fortis Tower), Nos. 77-79 Gloucester Road, Wanchai, Hong Kong; and (ii) the car parking spaces nos. 28 and 51 on the 2nd Floor of Fortis Bank Tower (now known as Fortis Tower), Nos. 77-79 Gloucester Road, Wanchai, Hong Kong (collectively referred to as the “**Property**”) at a total consideration of HK\$27,300,000, which shall be payable by the Company allotting and issuing, credited as fully paid, 109,200,000 new shares of HK\$0.01 each in the capital of the Company (the “**Consideration Share(s)**”) to the Vendor at an issue price of HK\$0.25 per Consideration Share at completion (a copy of the Acquisition Agreement has been produced to the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose) be and is hereby confirmed, ratified and approved; and that any one or more of the directors of the Company be and are hereby authorised to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Acquisition Agreement and the Acquisition and completing the transactions contemplated thereunder with such changes, modifications, amendments, waivers, variations or extensions of such terms and conditions as any such director(s) may consider necessary, desirable or expedient;
- (B) subject to the fulfillment of the conditions set out in the Acquisition Agreement, the Acquisition of the Property by the Purchaser pursuant to the Acquisition Agreement be and is hereby approved;
- (C) subject to the fulfillment of the conditions set out in the Acquisition Agreement and the granting or agreeing to grant the listing of and permission to deal in the Consideration Shares, the grant of a specific mandate for the allotment and issue of the Consideration Shares be and is hereby approved; and

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## NOTICE OF EGM

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- (D) subject to the fulfillment of the conditions set out in the Acquisition Agreement and the granting or agreeing to grant the listing of and permission to deal in the Consideration Shares:
- (a) the allotment and issue of the Consideration Shares as consideration in accordance with the terms and conditions of the Acquisition Agreement be and is hereby approved; and
  - (b) the Directors be and are hereby authorised to do all acts and things in connection with the allotment and issue of the Consideration Shares.”

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

Hong Kong, 4 August 2010

*Principal place of business in Hong Kong:*

Room 2301, 23rd Floor  
Fortis Tower  
77-79 Gloucester Road  
Wanchai, Hong Kong

*Notes:*

1. A form of proxy to be used for the meeting is enclosed.
2. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member. A proxy shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he/she acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he/she acts as proxy as such member could exercise if it were an individual member.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting or poll concerned.
5. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy or by representative, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register.