

NH新澤控股有限公司

New Heritage Holdings Ltd.

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

DISCLOSEABLE TRANSACTION

JOINT VENTURE FOR NANJING PROJECT

The Board is pleased to announce that Sunny Castle, an indirect wholly-owned subsidiary of the Company, has established a joint venture arrangement for its Nanjing Project by entering into amongst other things the Equity Joint Venture Agreement.

The Arrangement constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. A circular containing details of the Arrangement will be dispatched to the Shareholders as soon as practicable.

DISCLOSEABLE TRANSACTION

Sunny Castle has entered into the following agreements in order to establish the Arrangement.

A. Share Transfer and Subscription Agreement

Date:
10 July 2006

Parties:
Sunny Castle, Pearlville, Plowright, China Malls and an independent third party

Major term:
Sunny Castle agreed to subscribe for 180,000 shares in the issued share capital of China Malls, representing 36% of the Enlarged Capital, for a cash consideration of HK\$180,000. Upon completion of the transactions contemplated under the Share Transfer and Subscription Agreement, the issued share capital of China Malls will be owned as to 36% by Sunny Castle; 34% by Pearlville; and 30% by Plowright.

B. Shareholders' Agreement

Date:
10 July 2006

Parties:
Sunny Castle, Pearlville, Plowright and China Malls

Major terms:
Business of China Malls

The business of China Malls is restricted to entering into the Equity Joint Venture Agreement with the PRC Party with a view to establishing the Nanjing Joint Venture. The objective of forming the Nanjing Joint Venture is to obtain the Master Developer Status for the Nanjing Project and to operate property development and other related business associated with the Nanjing Project. If the relevant status is not obtained by the Nanjing Joint Venture within one year, then the parties to the agreement shall arrange to dissolve the Nanjing Joint Venture and China Malls. Under the agreement, the parties can agree to amend the terms of the agreement.

Sources of working capital

It is provided that the working capital of China Malls will be funded by China Malls' internal resources. If it becomes insufficient, further capital can be funded by way of shareholders loan which shall be provided by the China Malls Shareholders on a pro rata basis. For even greater capital needs, China Malls may, subject to the pre-emption rights of the China Malls Shareholders, issue shares to parties other than the China Malls Shareholders.

C. The Equity Joint Venture Agreement

Date:
10 July 2006¹

Parties:
China Malls and PRC Party

Major terms:
Objectives of the Nanjing Joint Venture

The objective of the Nanjing Joint Venture is to obtain the Master Developer Status for the old commercial street district by capitalising on the reputation and resources of its shareholders and to co-operate with the local government to accomplish the Nanjing Project and the redevelopment of the old city district of Nanjing.

The scope of business of the Nanjing Joint Venture shall include, amongst other things, property development and the development and operation of other related businesses associated with the Nanjing Project.

Once the Nanjing Joint Venture obtains the approval for its establishment and the Nanjing municipal government approves that the Nanjing Joint Venture shall be awarded the Nanjing Project, the Nanjing Joint Venture shall upon approval of the JV Board obtain financing for the Nanjing Project.

Investment amount and registered capital

Under the agreement, both the total investment amount and registered capital of the Nanjing Joint Venture is RMB 100,000,000 (approximately HK\$ 96.15 million).

The registered capital of the Nanjing Joint Venture shall be contributed in the following manner: China Malls shall contribute an amount in US\$ or HK\$ equivalent to RMB 60,000,000 (the "Contribution") and the PRC Party shall contribute RMB 40,000,000. Such contributions are payable in cash by instalments. The first instalment of the capital contribution cannot be less than 30% of the registered capital of the Nanjing Joint Venture and shall be fully paid within one month after the execution of the Equity Joint Venture Agreement; the balance of the contributions must be paid within 2 years from the date on which the business licence of the Nanjing Joint Venture is issued (unless the agreement has lapsed in accordance with the terms of the agreement).

Term and termination

The term of the Equity Joint Venture Agreement is 20 years from the date of issue of the business licence of the Nanjing Joint Venture; the term can be further extended for 10 years. If amongst other things within one year of the establishment of the Nanjing Joint Venture (or such later time as the JV Board shall decide unanimously) the Master Developer Status for the Nanjing Project has not been obtained, then the agreement shall lapse. In any case, the agreement can be terminated by, amongst other things, mutual agreement of the parties.

INFORMATION ON PEARLVILLE AND PLOWRIGHT

Pearlville is an investment holding company and is wholly-owned by Mr. Wong Chi Keung.

Plowright is an investment holding company and a wholly-owned subsidiary of Harmony Asset Limited (stock code: 428), the shares of which are listed on the Stock Exchange.

INFORMATION ON THE PARTIES TO THE NANJING JOINT VENTURE

China Malls is an investment holding company. Before the completion of the Share Transfer and Subscription Agreement, the issued share capital of China Malls consisted of one share of HK\$1.00 which was held by an independent third party. That share was transferred to Plowright in accordance with the Share Transfer and Subscription Agreement. Upon completion of the Share Transfer and Subscription Agreement, the issued share capital of China Malls is owned as to 36% by Sunny Castle, 34% by Pearlville, and 30% by Plowright; therefore, China Malls does not constitute a subsidiary of Sunny Castle. China Malls has no major assets or business operations other than what is related to the Nanjing Project and what is disclosed herein.

PRC Party is principally engaged in project management and consultancy, relevant businesses of real estate development and operation, and property management. It is held as to 50% by 中鐵二局集團有限公司 (China Railway Erju Group Corporation*), a state-owned enterprise established in the PRC, and 50% by 江蘇明城投資集團有限公司 (Jiangsu Mingcheng Investment Group Co, Ltd*), which is a limited liability company established in the PRC with individual shareholders who are independent third parties not connected to the Group.

REASONS FOR AND BENEFITS OF THE NANJING JOINT VENTURE

The Company and its subsidiaries are principally engaged in property development and property investment businesses in Suzhou, the PRC, and through investment in an associated company, in property investment business in Beijing, the PRC. Please refer to the Company's website at www.nh-holdings.com for the details of the business of the Company.

The Nanjing Project involves the redevelopment of the "old commercial street" district in the city centre of Nanjing, Jiangsu Province, the PRC. The Company has been reviewing its need for developing property business in Jiangsu Province, the PRC, and believe that Nanjing, the provincial capital of Jiangsu Province, is a good place for any potential property development and investment opportunity. The management of the Company has studied the Nanjing Project and concluded that the Nanjing Project will provide a valuable opportunity for the Group to obtain the property development rights in the old commercial street district which is at the city centre of and a prestigious area in Nanjing, the PRC. In view of the above, the Directors believe that the terms and condition of the Arrangement are fair and reasonable and is in the best interests of the Company.

IMPLICATIONS UNDER THE LISTING RULES

The Contribution to be made by China Malls to the Nanjing Joint Venture will be funded by the China Malls Shareholders ultimately; and it is expected that Sunny Castle will provide 36% thereof (i.e. RMB21,600,000) which will be funded by the internal resources of Sunny Castle including cash on hand and bank loan facilities. At this stage, China Malls does not expect that the Nanjing Joint Venture would need to provide further development costs to the project. The Arrangement constitutes a discloseable transaction under Chapter 14 of the Listing Rules. A circular containing, among other things, further information regarding the Joint Venture will be dispatched to the shareholders of the Company in accordance with the Listing Rules.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries and save as disclosed herein, each of Pearlville, Plowright and the PRC Party and their ultimate beneficial owners is a third party independent of the Company and its connected persons.

DEFINITIONS

In this announcement, the following expressions shall have the respective meanings set opposite thereto:

"Arrangement"	the joint venture arrangement established by Sunny Castle through entering into the Share Transfer and Subscription Agreement, the Shareholders' Agreement and the Equity Joint Venture Agreement
"China Malls"	China Malls Limited (中國商城有限公司), an investment holding company incorporated on 26 October 2005 in Hong Kong with limited liability
"China Malls Shareholders"	Sunny Castle, Pearlville and Plowright
"Company"	New Heritage Holdings Ltd., the shares of which are listed on the Stock Exchange
"Enlarged Capital"	the issued share capital of China Malls as enlarged by the subscription of shares under the Share Transfer and Subscription Agreement
"Equity Joint Venture Agreement"	the equity joint venture Agreement dated 10 July 2006 ¹ between China Malls and the PRC Party governing the rights and obligations of China Malls and the PRC Party in relation to the Nanjing Joint Venture
"Group"	the Company and its subsidiaries
"JV Board"	the board of directors of the Nanjing Joint Venture
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Master Developer Status"*	一級開發商資格; the rights to organise the acquisition, compensation for and settlement of the inhabitants, demolition of existing structures, leveling, construction of basic infrastructure in respect of a piece of land so as to meet the standards required by the relevant PRC authorities; the number of developers to be granted this status for the Nanjing Project is unknown
"Nanjing Joint Venture"	a company to be incorporated in the PRC with limited liability and is intended to be owned as to 60% by China Malls and 40% by the PRC Party; it is expected that the approval for its establishment would need to be first approved by the relevant foreign capital management department of Nanjing and the processing time of such department for this type of application is 3 months
"Nanjing Project"	the redevelopment project in relation to the "old commercial street" district in the city centre of Nanjing, Jiangsu Province, the PRC
"Pearlville"	Pearlville Enterprise Limited, a company incorporated in the British Virgin Islands with limited liability
"Plowright"	Plowright Investments Limited, a company incorporated in the British Virgin Islands with limited liability
"PRC"	the People's Republic of China, which for the purpose of this announcement does not include Hong Kong
"PRC Party"	江蘇中鐵明城置業投資有限公司 (Jiangsu Zhong Tie Ming Cheng Property Investment Limited*), a company established in the PRC with limited liability
"Shareholders' Agreement"	the shareholders' agreement dated 10 July 2006 amongst the China Malls Shareholders and China Malls governing the rights of the China Malls Shareholders
"Sunny Castle"	Sunny Castle Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and is an indirect wholly-owned subsidiary of the Company
"Subscriptions"	the subscriptions of the Shares under the Share Transfer and Subscription Agreement
"Share Transfer and Subscription Agreement"	the share transfer and subscription agreement dated 10 July 2006 amongst an independent third party, the China Malls Shareholders and China Malls
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transfer"	the transfer of one share in China Malls pursuant to the Share Transfer and Subscription Agreement
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US\$"	US dollars, the lawful currency of the United States of America

For the purpose of this announcement, the exchange rate of RMB 1.04 to HK\$ 1 has been used for illustration purpose only.

¹ The PRC party has provided its signature to the agreement on 28 June 2006, and China Malls entered into the agreement on 10 July 2006.

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

Hong Kong, 12 July 2006

As at the date of this announcement, the board of directors of the Company comprises Mr. TAOCHAIFU Choojuang (Chairman), Mr. TAO Richard (Vice Chairman), Mr. TAO Paul (Managing Director), Mr. KONG Mui Sum Lawrence and Mr. YIM Chun Leung as Executive Directors; The Hon. CHAN Bernard Charnwut as Non-executive Director; and Mr. WONG Gary Ka Wai, Mr. SUN Leland Li Hsun and Mr. CHAN Norman Enrique as Independent Non-executive Directors.

* for identification purposes only