This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares.



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

DISCLOSEABLE TRANSACTION CONNECTED TRANSACTION SUBSCRIPTION OF NEW SHARES **SPECIFIC MANDATE** REFRESHMENT OF GENERAL MANDATES AND RESUMPTION OF TRADING

On 17 October, 2006, the Company entered into the Master Transfer Agreement with the Vendors pursuant to which the Vendors agreed to transfer the Suzhou Properties to the Group for an aggregate consideration of RMB87,975,000, which is to be satisfied in cash in full. Pursuant to the Master Transfer Agreement, the Vendors also agreed to subscribe for the New Shares at the Issue Price.

Since each of the percentage ratios under Chapter 14 of the Listing Rules for the Suzhou Acquisitions exceeds 5% or more but less than 25%, the Suzhou Acquisitions constitute a discloseable transaction of the Company under the Listing Rules. As the Vendors are the connected persons of the Company and the total consideration under the Suzhou Acquisitions is more than HK\$10,000,000, the Suzhou Acquisitions also constitute connected transactions for the Company under the Listing Rules. Further, since the Vendors are connected persons of the Company, the Subscriptions constitute a connected transaction of the Company under the Listing Rules. In light of all of the above, the Suzhou Acquisitions are subject to the reporting, announcement and Independent Shareholders' approval requirements, by way of poll at the EGM, as set out in the relevant provisions of Chapters 14 and 14A of the Listing Rules, and the Vendors and their respective associates will abstain from voting at the EGM.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the New Shares.

GENERAL

The Independent Board Committee will be established to advise the Independent Shareholders on the Suzhou Acquisitions, the Subscriptions and the refreshment of the General Mandates. An independent financial adviser will be appointed to advise the Independent Board Committee who will make recommendation to the Independent Shareholders as to how to vote on the ordinary resolutions in respect of the Master Transfer Agreement and the transactions contemplated thereunder and the refreshment of the General Mandates at the EGM.

A circular containing, among other things, (i) details of the Master Transfer Agreement; (ii) a letter from an independent financial adviser containing its advice to the Independent Board Committee on the Master Transfer Agreement and the transactions contemplated thereunder; (iii) the recommendation of the Independent Board Committee regarding the Master Transfer Agreement and the transactions contemplated thereunder to the Independent Shareholders and the refreshment of the General Mandates; and (iv) a notice of the EGM will be despatched to the Shareholders as soon as practicable.

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 17 October, 2006 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for trading in the Shares to resume from 9:30 a.m. on 20 October, 2006.

Shareholders and potential investors should note that the Suzhou Acquisitions and the Subscriptions, which are subject to a number of conditions precedent, may or may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE MASTER TRANSFER AGREEMENT

17 October, 2006 Date:

Parties: (a) the Vendors, being connected persons of the Company; and

(b) the Company

(1) The Suzhou Acquisitions

Conditions precedent

The transfers of the Suzhou Properties are subject to, among others, the following conditions:

- (a) all approvals, permits and resolutions of the parties in relation to the Suzhou Acquisitions have been obtained;
- the tenants of the existing leases of the Suzhou Properties have waived their first right of purchase; (b)
- a valuation report on the Suzhou Properties has been issued by an independent valuer;
- the Company or its nominee(s) (or their respective agent) has completed legal due diligence of the Suzhou Properties and is satisfied with the results thereof; (d)
- with respect to the transfers of the Suzhou Properties, the Company has made announcement and sent a circular to the Shareholders in accordance with the requirements under the Listing Rules; (e)
- (where necessary) the transfers of the Suzhou Properties have been approved by the Shareholders in accordance with the requirements of the Listing Rules; (f)
- all mortgages over the Suzhou Properties have been released; (g)
- all representations and warranties made by the Vendors in the Master Transfer Agreement remain true, (h) accurate and not misleading;
- (where necessary) remittance of the Balance of the Consideration out of the PRC has been approved by or (i) registered with the relevant foreign exchange authority; and
- all other approvals, consents, permits and waivers necessary for the transfers of the Suzhou Properties have been obtained.

Should the conditions do not fulfill (other than condition (i)) or waived (other than condition (f)) on or before 31 December, 2007 (or such other period as agreed by the parties), the parties may elect to:

- waive the relevant condition(s) and proceed to complete the transfers of the Suzhou Properties;
- (i) proceed to complete the transfer(s) of the Suzhou Properties the conditions of which have been fulfilled; and (ii) terminate the transfer(s) of the Suzhou Properties the conditions of which have not been fulfilled. In the later case, the relevant Vendor(s) shall return the Deposit(s) (if paid before the termination) without interests within seven days from the termination; or
- terminate the Master Transfer Agreement and the Vendors shall return the Deposits (if paid before the termination) without interests within seven days from the termination.

Upon the termination of the Master Transfer Agreement or the transfer(s) of the Suzhou Properties the conditions of which have not been fulfilled, all rights and obligations of the parties under the Master Transfer Agreement or the relevant Suzhou Properties shall automatically terminate save and except any antecedent breach.

Fulfillment of the conditions precedent involve various PRC authorities and institutions and other third parties,

Fulfillment of the conditions precedent involve various PRC authorities and institutions and other third parties, including mortgagee banks (to release the mortgages), foreign exchange authorities (for remittance of the Balance of the Consideration), tax authorities (for payment of tax in relation to the acquisition (paid by purchasers) and disposal (paid by vendors) of the Suzhou Properties, and authorities responsible for registration of new owners of the Suzhou Properties. In addition, the Directors understand that the PRC government has adopted and may continue to carry out certain austerity measures in relation to property transfers in the PRC. As such, after taking into account all the above factors, which are not within the control of the Vendors nor the Group, and advised by the PRC legal adviser on the procedures to be taken to effect completion of the Suzhou Acquisitions, the parties agreed that the conditions precedent (other than condition (i)) of the Suzhou Acquisitions shall be fulfilled on or before 31 December, 2007, which is a date the Directors consider to be practicable in order to fulfil the conditions.

Consideration

The Master Transfer Agreement has set out the consideration for each unit of the Suzhou Properties. The aggregate is to be satisfied in cash and paid by the Company (or its nominee(s)) in the following manner:

- deposits in an aggregate amount of approximately RMB28,589,296 (equivalent to approximately HK\$27,756,598) (the "Deposits") to be paid on or before 30 September, 2007 after the fulfilment of the conditions (except conditions (g), (i) and (j) in the paragraph headed "Conditions precedent" above); and the balance of the consideration (the "Balance of the Consideration") to be paid within 10 Business Days
- after the registration of the Company (or its nominee(s)) as the owner of the relevant Suzhou Properties with the relevant PRC authority.

On or before 31 October, 2007 (or such other date the parties agreed), the relevant Vendor will settle the outstanding mortgage loans and the related taxes and expenses thereof over the relevant Suzhou Properties (the "Mortgage Loans and Expenses"). The Deposits will become part of the consideration for the Suzhou Properties.

The Vendors undertake to apply the Balance of the Consideration to subscribe for the New Shares. The Directors

confirmed that the reason why the New Shares are not to be issued directly to settle the Balance of the Consideration is that the Company has the right to nominate its subsidiary(ies) to be the owner of the Suzhou Properties. As such, the nominated subsidiary(ies) will settle the consideration for the Suzhou Properties.

The consideration of the transfers of the Suzhou Properties is determined with reference to the valuation of RMB103,500,000 (equivalent to approximately HK\$100,485,437) of the Suzhou Properties as at 31 August, 2006 made by DTZ Debenham Tie Leung Limited, an independent valuer, and reached by the parties by arms length negotiation and on normal commercial terms. The consideration represents a 85% of the valuation. The consideration of the Suzhou Acquisitions will be satisfied by internal funding of the Group. The Directors consider

that the terms of the acquisitions of the Suzhou Properties are fair and reasonable and are in the interests of the that the terms of the acquisitions of the Suzhou Properties are fair and reasonable and are in the interests of the Company and Shareholders as a whole. According to the information available to the Directors, the Vendors acquired the Suzhou Properties during the period from 1996 to 2002 and the aggregate purchase costs of the Suzhou Properties paid by the Vendors were approximately RMB85,160,170 (equivalent to approximately HK\$82,679,777). The gross revenue attributable to the Suzhou Properties for the past two financial years of 2004 and 2005 was approximately RMB11,299,721 (equivalent to approximately HK\$10,970,603) and RMB10,907,734 (equivalent to approximately HK\$10,590,033), respectively, and the net profits (before tax) was approximately RMB9,099,543 (equivalent to approximately HK\$8,834,508) and RMB8,209,221 (equivalent to approximately HK\$7,970,117), respectively.

Completion

After all the conditions precedent (other than condition (i) above) have been fulfilled (or waived) and the Mortgage Loans and Expenses have been settled and on or before 31 December, 2007 (or such other date as agreed by the parties), the relevant Vendor and the Company (or its nominee(s)) will proceed to effect the registration of the Company (or its nominee(s)) as the owner of the relevant Suzhou Properties with the relevant PRC authority. As advised by the PRC legal adviser to the Company, each of the Vendors and the Company (or its nominee(s)) are required to enter into, and submit to the relevant PRC authorities, separate sale and purchase agreement in the prescribed form for each unit of the Suzhou Properties in order to effect owner registration. Completion of the acquisitions of the relevant Suzhou Properties will take place upon such registration, which shall in any event not later than 31 March 2008 (or other date as agreed by the parties). Should the relevant PRC authorities do not effect the registration of the Company (or its nominee(s)) as the owner of certain Suzhou Properties, the Company (or its nominee(s)) shall have the right to elect to only complete the acquisitions of the remaining Suzhou Properties. Suzhou Properties.

The Company has a right to, at its discretion, nominate its subsidiary(ies) to be the purchaser of any or all of the Suzhou Properties and reference to "the Company" in the Master Transfer Agreement, where appropriate, will refer to such subsidiary(ies) nominated.

There is no requirement under the Master Transfer Agreement that completion of the Suzhou Properties must be taken place in one batch and completion, and payment of the consideration, can take place unit by unit. Further, if the conditions precedent of some of the Suzhou Properties are not fulfilled and completion thereof does not proceed, the Company will have the options (a), (b) or (c) as referred to in the paragraph headed "Conditions precedents" above.

Subscription of New Shares

The Subscription

Pursuant to the Master Transfer Agreement, the Vendors agreed to subscribe for the New Shares at the Issue Price. The maximum number of the New Shares will not be more than 90,017,210 Shares, which represents approximately 12.62% and approximately 11.20% of the existing issued share capital of the Company and the issued share capital of the Company enlarged by the Subscriptions, respectively. Up to 55,915,750 New Shares and 34,101,460 New Shares will be issued and allotted to Belbroughton Limited and Mr. TAO Shing Pee, respectively, as directed by the Vendors.

The New Shares will be issued and allotted pursuant to the Specific Mandate to be sought and approved by the Independent Shareholders at the EGM. The New Shares may be issued and allotted to the Vendors or such other persons as they directed.

The Company will apply to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the New Shares. The New Shares will rank pari passu in all respects with the existing issued Shares.

The Issue Price

The Issue Price of the New Shares will be HK\$0.6405 per New Share, which represents:

- a premium of approximately 6.75% over the closing price of approximately HK\$0.60 per Share on the Last Trading Day; and
- a premium of approximately 5.17% over the average closing price of approximately HK\$0.609 per Share for the last 10 consecutive trading days up to and including the Last Trading Day.

The Issue Price was determined by the parties with reference to the previous average closing price of the Shares and the Directors consider that the terms of the Subscriptions, including the Issue Price, are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

Conditions precedent

(e)

With respect to each Vendor, the Subscription is subject to the fulfillment of the following conditions:

- with respect to the Subscription, the Company has made announcement and despatched a circular to the Shareholders in accordance with the requirements under the Listing Rules;
- (where necessary) the Subscription has been approved by the Independent Shareholders in accordance with the requirements of the Listing Rules;
- the Stock Exchange has granted an approval for the listing of and permission to deal in the New Shares; (c)
- all approvals and resolutions from the Vendor and the Company approving the Subscription has been obtained; (d) the conditions precedent in relation to the transfer of the Suzhou Properties owned by the relevant Vendor have been fulfilled or waived;
 - completion of the transfer of the Suzhou Properties owned by the relevant Vendor has taken place; and
- all consents, permits and waivers in relation to the Subscription have been obtained. (g)

Should the conditions are not fulfilled on or before 31 March, 2008 (or such other period as agreed by the parties), the Master Transfer Agreement will automatically terminate and all obligations and liabilities of all parties will cease except for antecedent breaches and within seven days from the termination of the Master Transfer Agreement, the Vendors shall forthwith refund to the Company the consideration for the Suzhou Properties.

Completion of the Subscription will take place within 30 Business Days (or such other date as agreed by the parties) after fulfillment of the conditions precedent for the Subscription and completion of the Suzhou Acquisitions

USE OF NET PROCEEDS OF THE SUBSCRIPTIONS

The net proceeds of the Subscription after deducting related expenses will be approximately HK\$57,000,000 and will be used as the general working capital of the Group.

THE SUZHOU PROPERTIES

The Suzhou Properties consist of 82 units in Suzhou Garden Villa, being (a) 68 units of Jin Shing Tower; (b) six units of Jin Bon Tower; and (c) eight units of Jin Guo Tower. Suzhou Garden Villa is a residential property project located in Suzhou, the PRC, developed by the Group and was completed between 1996 and 1998. The total gross floor area of Suzhou Properties was approximately 13,543 square metres. As at 30 September, 2006, 61 units were leased out to independent third party tenants and the remaining 21 units were under renovation. The leases are normally for a term of converted. of one year.

REASONS FOR THE SUZHOU ACQUISITIONS AND THE SUBSCRIPTIONS

To the knowledge of the Directors, the Vendors first purchased from the Group the Suzhou Properties for the investment purpose. Given that the terms with respect to the Suzhou Acquisitions are favourable to the Group and the reasons set out below, the Directors decided to proceed with the Suzhou Acquisitions. The Group is principally engaged in property development and property investment businesses in Suzhou, the PRC. The Suzhou Acquisitions are transactions in the ordinary and usual course of business of the Group. The Directors are of the view that the Suzhou Acquisitions and the Subscriptions together will benefit the Shareholders as a whole because of the following major reasons:

- the consideration for the Suzhou Acquisitions represents only 85% of the valuation of the Suzhou Properties as
- the Suzhou Acquisitions will increase the property base and investment property portfolio of the Group and, according to the information provided by the Vendors, the Suzhou Properties under leases derive an annual yield of approximately 12%;
- the Suzhou Acquisitions will provide the Group, in addition to its existing investment properties, another stream of stable rental income. According to information provided by the Vendors, rental revenue for the Suzhou Properties for the year ended 31 December 2005 was approximately RMB10,907,734 (equivalent to approximately HK\$10,590,033);
- the New Shares are to be issued at a premium over the closing price of the Shares on the Last Trading Day and the average closing price of the Shares for the last 10 consecutive trading days up to and including the Last Trading
- the Vendors have undertaken to use the Balance of the Consideration to subscribe for the New Shares. Consequently, the Group is able to enhance its asset base without a material impact on its liquidity position.

PREVIOUS FUND RAISING ACTIVITIES

Other than the issue of new shares pursuant to the placing and public offer pursuant to the prospectus of the Company dated 22 November 2005 and the following fund rasing activity, the Company has not conducted any fund raising activities in the last 12 months from the date of this announcement:

Date of announcement	Date of agreement	Nature of transaction	Subscriber	Approximate amount of net proceeds raised and intended use	Actual use and amount used of the net proceeds raised	Approximate percentage of the issued share capital of the Company at the date of this announcement
30 August 2006	28 August 2006	Subscription of 65,000,000 new shares by subscriber	Spinnaker Global Opportunity Fund Limited	HK\$37,300,000, which is intended to be used as general working capital and/or for the Group's future property development projects in the PRC. if any	All of the net proceeds were used as general working capital of the Group as at the date of this announcement	9.11%

EFFECT OF SHAREHOLDING STRUCTURE OF THE COMPANY FOLLOWING THE ISSUE OF THE NEW

Set out below is the table of the shareholding structure of the Company before and after the issue of the New Shares:

Shareholder	Shareholding a		Approximate shareholding upon issue of the New Shares (Note 1)	
	Shares	%	Shares	%
Belbroughton Limited (Note 2)	264,798,146	37.11	320,713,896	39.91
Mr. TAO Shing Pee (Note 3)	114,156,200	16.00	148,257,660	18.45
Oriental Pearl International Inc. (Note 4)	41,003,200	5.75	41,003,200	5.10
Other executive Directors (Note 5)	16,047,481	2.25	16,047,481	2.00
Other public shareholders (Note 6)	277,513,191	38.89	277,513,191	34.54
Total	713,518,218	100%	803,535,428	100%
Notes:				

- The actual number of the New Shares to be issued to the Vendors is subject to the fulfillment of the conditions of the Subscript including completion of the relevant Suzhou Properties owned by the Vendors. The percentage is calculated based on the maximumber of New Shares to be issued under the Subscriptions.
- Belbroughton Limited is a company incorporated in BVI and the legal and beneficial owner of 264,798,146 Shares. Belbroughton Limited is wholly-owned by Seal United Investments Limited, 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 proportion. The principal business activities of Belbroughton Limited is investment holding.
- Mr. TAO Shing Pee is the brother of Mr. TAOCHAIFU Choofuang
- Oriental Pearl International Inc. is a company incorporated in the BVI, the entire issued share capital of which is owned by Mr. KINOSHITA James Hajime and his spouse in equal proportion.
- The other executive Directors are Mr. TAO Richard, Mr. TAO Paul, Mr. KONG Mui Sum Lawrence and Mr. YIM Chun Leung.
- The other public shareholders include the Shares issued and allotted in accordance with the subscription announced on 30 August 2006 under the paragraph headed "Previous fund raising activities" above. (6)

GENERAL MANDATES

GENERAL MANDATES

It is proposed that (a) a general mandate be granted to the Directors to repurchase shares representing up to 10% of the issued share capital of the Company at the EGM when the relevant resolution is passed; (b) a general mandate be granted to the Directors to allot, issue and deal with Shares with an aggregate nominal value of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the EGM when the relevant resolution is passed; and (c) the general mandate to issue Shares as described in (b) be extended by adding to it the aggregate number of ordinary Shares repurchased under the repurchase mandate in (a). Ordinary resolutions will be proposed in the EGM for the granting of the General Mandates. Under rule 13.36(4) of the Listing Rules, the proposed granting of the general mandate to issue Shares on terms described in (b) and (c) constitutes a refreshment of the existing general mandate to issue Shares granted to the Directors at the annual general meeting of the Company held on 26 June 2006. According to rule 13.36(4) of the Listing Rules, voting on resolutions relating to the proposed general mandate to issue Shares and extension of that mandate will be conducted by poll and the Directors (other than the independent non-executive Directors), the controlling Shareholders (being Belbroughton Limited and Mr. TAO Shing Pee), chief executives of the Company and their respective associates will abstain from voting on these resolutions.

From time, the Group may explore and evaluate business and strategic investment opportunities which are in the interests of the Group and the Shareholders as a whole. There is no certainty as to the means of investments in these future opportunities should they arise and confirm. The Directors consider that the refreshment of the General Mandates will provide an additional means of financing available to the Group to participate in future investment opportunities. On this basis, the Directors consider that the refreshment of the General Mandates is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE VENDORS

The Vendors are the connected persons of the Company. Ms. TAO Miriam is the daughter of TAOCHAIFU Choofuang, the Chairman of the Company ("Mr. Tao"). Ms. HON Hing Tong, Patricia is the daughter-in-law of Mr. Tao and the spouse of Mr. TAO Paul, the managing Director of the Company, son of Mr. Tao and brother of Mr. TAO Richard. Mr. TAO Richard is the son of Mr. Tao, brother of Mr. TAO Paul and the vice-chairman of the Company. Ms. TAO Yi Hou Mildred is the niece of Mr. Tao. Ms. ONG Ker Shing is the daughter of Ms. TAO Yi Hou Mildred. Eastside Properties

Limited is a company incorporated in the BVI and wholly-owned by Ms. TAO Miriam in trust for Mrs. TAO POON Lai Yew Nancy. Cosmopolitan Group Limited is a company incorporated in the BVI and wholly-owned by Ms. TAO Miriam. Lakeside Consultants Limited is a company incorporated in the BVI and wholly-owned by Mr. TAO Richard, and Lanick Group Limited is a company incorporated in the BVI and wholly-owned by Mr. TAO Richard, and Lanick Group Limited is a company incorporated in the BVI and wholly-owned by Mr. TAO Paul. The principal business of Eastside Properties Limited, Cosmopolitan Group Limited, Lakeside Consultants Limited and Lanick Group Limited are property holding.

LISTING RULES REQUIREMENTS

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Since each of the percentage ratios under Chapter 14 of the Listing Rules for the Suzhou Acquisitions exceeds 5% or more but less than 25%, the Suzhou Acquisitions constitute a discloseable transaction of the Company under the Listing Rules. As the Vendors are the connected persons of the Company and the total consideration under the Suzhou Acquisitions is more than HK\$10,000,000, the Suzhou Acquisitions also constitute connected transactions for the Company under the Listing Rules. Further, since the Vendors are connected persons of the Company, the Subscriptions constitute a connected transaction of the Company under the Listing Rules. In light of all of the above, the Suzhou Acquisitions are subject to the reporting, announcement and Independent Shareholders' approval requirements, by way of poll at the EGM, as set out in the relevant provisions of Chapters 14 and 14A of the Listing Rules, and the Subscriptions are subject to the reporting, announcement and Independent Shareholders' approval requirements, by way of poll at the EGM, as set out in the relevant provisions of Chapter 14A of the Listing Rules, and the Vendors and their respective associates will abstain from voting at the EGM.

The Group is principally engaged in property development and property investment businesses in Suzhou, the PRC and

The Group is 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. For the time being, there are no other negotiations or discussions with the controlling Shareholders with respect to the injection of PRC properties by the controlling Shareholders into the Group. The Company will establish the Independent Board Committee to advise the Independent Shareholders as to whether the Master Transfer Agreement and all other auxiliary transactions contemplated thereunder and the refreshment of the General Mandates are fair and reasonable and are in the interests of the Company and the Independent Shareholders as a whole.

An independent financial adviser will be appointed to advise the Independent Board Committee, which will give recommendation to the Independent Shareholders on how to vote on the ordinary resolutions in respect of the Master Transfer Agreement and all other auxiliary transactions contemplated thereunder and the refreshment of the General Mandates at the EGM.

A circular containing, among other things, (i) details of the Master Transfer Agreement; (ii) a letter from an independent financial adviser containing its advice to the Independent Board Committee on the Master Transfer Agreement and the transactions contemplated thereunder; (iii) the recommendation of the Independent Board Committee regarding the Master Transfer Agreement and the transactions contemplated thereunder to the Independent Shareholders and the refreshment of the General Mandates; and (iv) a notice of the EGM will be despatched to the Shareholders as soon as

Trading in the Shares was suspended at the request of the Company with effect from 9:30 a.m. on 17 October, 2006 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for trading in the Shares to resume from 9:30 a.m. on 20 October, 2006.

Shareholders and potential investors should note that the Suzhou Acquisitions and the Subscriptions, which are subject to a number of conditions precedent, may or may not be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

"associates" has the meaning ascribed to it under the Listing Rules

"Board" the board of Directors

a day (other than Saturday, Sunday or a public holiday) on which banks in Hong Kong are generally open for business "Business Day"

"BVI" British Virgin Islands

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 "Company

Stock Exchange

has the meaning ascribed to it under the Listing Rules "connected person(s)"

"Directors" directors of the Company

"EGM"

the extraordinary general meeting of the Company to be convened for the purpose of approving the Suzhou Acquisitions, the Subscriptions, the Specific Mandate, the refreshment of the General Mandates and all other related transactions, the notice of which will be contained in a circular to be despatched to Shareholders as soon as possible

the general mandates to repurchase and issue Shares as referred to in the paragraph headed "General mandates" of this announcement "General Mandates"

"Group" the Company and its subsidiaries

"Hong Kong" the Hong Kong Special Administrative Region of the PRC "HK\$" Hong Kong dollars, the lawful currency of Hong Kong

the independent board committee of the Board, comprising Wong Gary Ka Wai, Sun Leland Li Hsun and Chan Norman Enrique, all being the independent non-executive Directors Independent Board Committee

Shareholders, other than the Vendors and their associates, who are not involved in or interested in the Suzhou Acquisitions and the Subscriptions "Independent Shareholders"

"Issue Price" HK\$0.6405 per Share, being the issue price for the New Shares

16 October, 2006, being the last trading day of the Shares on the Stock Exchange immediately prior to the date of this announcement "Last Trading Day"

"Listing Committee" has the meaning ascribed to it under the Listing Rules

"Listing Rules" the Rules Governing the Listing of Securities on the Stock Exchange "Master Transfer Agreement"

the master transfer agreement dated 17 October, 2006 and entered into between the Vendors and the Company in relation to the transfers of the Suzhou Properties up to an aggregate of 90,017,210 Shares to be issued and allotted to Belbroughton Limited and Mr. TAO Shing Pee Limited as directed by the Vendors "New Shares"

"PRC"

the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)

"RMB" Renminbi, the lawful currency of the PRC

"Shareholders" holders of the Shares

"Shares" the ordinary shares of HK\$0.01 each in the capital of the Company

the specific mandate in relation to issue and allot the New Shares to be sought at the $EGM\/$ "Specific Mandate"

The Stock Exchange of Hong Kong Limited or, as the case maybe, the main board operated by the Stock Exchange $\,$ "Stock Exchange"

"Subscriptions" the subscriptions of the New Shares by the Vendors pursuant to the Master Transfer Agreement

"Suzhou Acquisitions' the acquisitions of the Suzhou Properties pursuant to the Master Transfer

a total of 82 units in Suzhou Garden Villa, being (a) 68 units of Jin Shing Tower; (b) six units of Jin Bon Tower; and (c) eight units of Jin Guo Tower "Suzhou Properties"

(a) Ms. TAO Miriam, (b) Ms. Hon Hing Tong Patricia, (c) Mr. TAO Richard, (d) Ms. TAO Yi Hou Mildred, (e) Ms. ONG Ker Shing, (f) Eastside Properties Limited, (g) Cosmopolitan Group Limited, (h) Lakeside Consultants Limited, "Vendors"

and (i) Lanick Group Limited, who are the owners of, and have proper title to, the relevant Suzhou Properties

per cent For the purpose of this announcement, unless otherwise indicated, the exchange rate at HK\$1.0 =RMB1.03 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount has been, could have been or may be exchanged.

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

Hong Kong, 19 October, 2006

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

Company's website: www.nh-holdings.com The contents of the Company's website will not form part of this announcement.