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

MAJOR TRANSACTION IN RELATION TO A JOINT VENTURE AND RESUMPTION OF TRADING

On 21 March 2007, NHDL, an indirect wholly-owned subscidiary of the Company, GO Fund, GEM Fund and GS Fund and the JV Company entered into the JV and Subscription Agreement. Pursuant to the JV and Subscription Agreement, (i) each of NHDL, GO Fund, GEM Fund and GS Fund agreed to subscribe for 5,099 shares, 980 shares, 1,862 shares and 2,058 shares of HK\$1 each in the capital of the JV Company respectively; (ii) NHDL agreed to contribute a sum of approximately US\$11,424,000 (equivalent to approximately HK\$88,124,736) in cash as shareholder loan to the JV Company; and (iii) GO Fund, GEM Fund and GS Fund agreed to contribute in aggregate a sum of approximately US\$10,976,000 (equivalent to approximately HK\$84,668,864) in cash as shareholder loan to the JV Company will be owned beneficially as to 51% by NHDL and as to 49% by GO Fund, GEM Fund and GS Fund in aggregate upon completion of the Subscription.

Since one or more of the percentage ratios under Chapter 14 of the Listing Rules for the transactions under the JV and Subscription Agreement exceeds 25% or more but less than 100%, the JV and Subscription Agreement and the transactions contemplated thereunder constitutes a major transaction of the Company under the Listing Rules and hence subject to an announcement and approval of the Shareholders. GO Fund, GEM Fund and GS Fund, who are having material interests in the transaction, will abstain from voting at the EGM.

A circular containing, among other things, the details of the JV and Subscription Agreement and notice of 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 2:30 p.m. on 21 March 2007 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 26 March 2007.

Shareholders and potential investors should note that the JV and Subscription Agreement, which is 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 JV AND SUBSCRIPTION AGREEMENT

Date

21 March 2007

Parties

- (a) NHDL, an indirect wholly-owned subsidiary of the Company;
- (b) GO Fund, GEM Fund and GS Fund; and
- (c) the JV Company.

Conditions precedent

The JV and Subscription Agreement is conditional upon:

- (a) a press announcement having been made by the Company and approval being obtained from the Shareholders in accordance with the relevant provisions of the Listing Rules in relation to the JV and Subscription Agreement and the transactions contemplated thereunder; and
- (b) all other consents, authorisations or approvals of any kind in connection with the JV and Subscription Agreement and the transactions contemplated thereunder having been obtained.

In the event that the above conditions are not fulfilled and/or waived (other than paragraph (a)) on or before 30 June 2007 or other date as agreed by the parties, the rights and obligations of the parties under the JV and Subscription Agreement shall lapse and be of no further effect.

Subscription of shares in the JV Company

Each of NHDL, GO Fund, GEM Fund and GS Fund agreed to subscribe for 5,099 shares, 980 shares, 1,862 shares and 2,058 shares of HK\$1 each in the JV Company respectively at par value, which represents approximately 51%, 9.8%, 18.62% and 20.58% of the issued share capital of the JV Company, respectively. Completion of the Subscription shall take place within five days after fulfilment of the conditions precedent (or other date as may be agreed by the parties).

Investment in the JV Company

As at the date of the JV and Subscription Agreement, NHDL was the beneficial owner of 1 share of the JV Company. Upon completion of the Subscription, the JV Company shall be beneficially held as to 51% by NHDL and as to 49% by GO Fund, GEM Fund and GS Fund in aggregate.

Further funding

The total current commitment of NHDL, GO Fund, GEM Fund and GS Fund in the JV Company under the JV and Subscription Agreement is the consideration for the Subscription and the shareholder loan under the Shareholder Loan Agreement. Under the JV and Subscription Agreement, additional funding to the JV Company shall be made by means of shareholder loan, allotment of new shares, bank loans or other financing means. Further funding by means of shareholder loan and allotment of new shares shall be made in proportion to the shareholding in the JV Company unless otherwise agreed to. Where necessary, provision of guarantee to the JV Company shall be made in proportion to the shareholding in the JV Company and made severally.

Composition of the board of directors

The board of directors of the JV Company shall consist of not more than 6 directors. NHDL shall be entitled to nominate up to 5 directors and GO Fund, GEM Fund and GS Fund shall jointly be entitled to nominate 1 director. The chairman of the board of directors of the JV Company will be nominated by NHDL and the chairman will have a second or casting vote in the event of an equality of votes.

Dividend policy

NHDL, GO Fund, GEM Fund and GS Fund agree that subject to the repayment of bank loan and shareholder loan and applicable laws and regulations, the JV Company may distribute to and among its shareholders the amount of dividends as determined by the board of directors of the JV Company.

SHAREHOLDER LOAN AGREEMENT

Pursuant to the JV and Subscription Agreement, each of NHDL, GO Fund, GEM Fund and GS Fund agreed to enter into the Shareholder Loan Agreement with the JV Company, whereby NHDL, GO Fund, GEM Fund and GS Fund shall advance a total of US\$22,400,000 (equivalent to approximately HK\$172,793,600) to the JV Company in proportion to their shareholding in the JV Company as an interest-free shareholder loan for a term of 3 years from the date of third instalment advancement, in the following manner:

- $(a) \quad US\$11,\!424,\!000 \ (equivalent \ to \ approximately \ HK\$88,\!124,\!736) \ in \ cash \ to \ be \ made \ by \ NHDL \ in \ 3 \ installments:$
 - US\$1,348,160 (equivalent to approximately HK\$10,399,706) to be paid on or before the date of the Shareholder Loan Agreement; and
 - (ii) US\$2,840,650 (equivalent to approximately HK\$21,912,774) shall be paid on the earlier of:
 - (aa) within two weeks after completion of the JV and Subscription Agreement; or
 - (bb) within five business days after the one-year business licence of the PRC Company is obtained;

- (iii) US\$7,235,190 (equivalent to approximately HK\$55,812,256) shall be paid on the earlier of:
 - (aa) within two months after completion of the JV and Subscription Agreement; or
 - (bb) within five business days from the opening of foreign currency accounts of the PRC Company;
- (b) US\$10,976,000 (equivalent to approximately HK\$84,668,864) in cash to be made by GO Fund, GEM Fund and GS Fund in 3 instalments:
 - (i) US\$132,120 (equivalent to approximately HK\$1,019,174), US\$251,030 (equivalent to approximately HK\$1,936,445) and US\$277,450 (equivalent to approximately HK\$2,140,249) to be paid by GO Fund, GEM Fund and GS Fund respectively on the completion date of the JV and Subscription Agreement; and
 - ii) US\$672,790 (equivalent to approximately HK\$5,189,902), US\$1,278,300 (equivalent to approximately HK\$9,860,806) and US\$1,412,860 (equivalent to approximately HK\$10,898,802) shall be paid by GO Fund, GEM Fund and GS Fund respectively on the earlier of:
 - (aa) within two weeks after completion of the JV and Subscription Agreement; or
 - (bb) within five business days after the one-year business licence of the PRC Company is obtained;
 - (iii) US\$1,390,290 (equivalent to approximately HK\$10,724,697), US\$2,641,550 (equivalent to approximately HK\$20,376,917) and US\$2,919,610 (equivalent to approximately HK\$22,521,872) shall be paid by GO Fund, GEM Fund and GS Fund on the earlier of:
 - (aa) within two months after completion of the JV and Subscription Agreement; or
 - (bb) within five business days from the opening of foreign currency accounts of the PRC Company.

The parties agreed that if the PRC Company is not established on or before 30 June 2007, the Shareholder Loan Agreement shall terminate and be of no further effect, in such event the JV Company shall refund to the shareholders the portion of the shareholder loan advanced under the Shareholder Loan Agreement in full within seven working days. The Company agreed to guarantee the obligation of the JV Company to refund the shareholders within seven working days.

The PRC Company is in the process of establishment. The JV and Subscription Agreement does not expressly include provisions if the Shareholder Loan Agreement is terminated or the PRC Company is not established on or before 30 June 2007. The parties may or may not terminate the JV and Subscription Agreement if the PRC Company is not established on or before 30 June 2007 and the Company will inform the public by way of an announcement in this regard if the Shareholder Loan Agreement is terminated.

Each of NHDL, GO Fund, GEM Fund and GS Fund agreed to procure that all contributions made by it to the JV Company be invested and contributed to the PRC Company. The JV Company will become an indirect subsidiary of the Company and its accounts will be consolidated into the Group's.

The shareholder loan is to be funded by internal resources (including banking facility) of the Group

INFORMATION ON THE JV COMPANY AND THE PRC COMPANY

The JV Company is a company incorporated in Hong Kong with limited liability on 17 August 2006 and did not have any principal assets as at the date of this announcement. The JV Company will be the holding company of the PRC Company. The principal business activity of the JV Company will be investment holding. Upon establishment of the PRC Company, the PRC Company will be a wholly foreign-owned enterprise held as to 80% and 20% by the JV Company and NHDL, respectively.

The PRC Company will be principally engaged in the property development and investment of the residential property project in respect of the Land situate at Guangfu town of Wuzhong District, Suzhou, the PRC (中國蘇州吳中區光福鎮) with a site area of approximately 131,445.2 square metres. The land costs for the Land is of approximately RMB198 million (equivalent to approximately HK\$198 million). Details of the Land has been disclosed in the announcement of the Company dated 14 February 2007. The proposed total investment amount of the PRC Company upon establishment is US\$28,000,000 (equivalent to approximately HK\$215,992,000) and the proposed registered capital of the PRC Company upon establishment is RMB26,600,000 (equivalent to approximately HK\$205,192,400). As advised by the PRC lawyer to the Company, the Land currently is owned by the government. After the establishment of the PRC Company, the PRC Company will pay the balance of the land costs for the Land and enter into the Assignment of Right to Use State Land Contract with the Suzhou Land Bureau. The PRC Company will become the owner of the Land upon the grant of a land use right certificate by the State Owned Land Resources Bureau. The Directors confirm that as the project to be carried out is at a very preliminary stage, no detailed development plan has been made.

INFORMATION ON GO FUND, GEM FUND AND GS FUND

As at the date of the JV and Subscription Agreement, GO Fund, GEM Fund and GS Fund are the beneficial owners of 65,000,000 Shares in aggregate, representing approximately 9.11% of the issued share capital of the Company. On 28 August 2006, NHDL, GO Fund and the Company entered into a share transfer agreement pursuant to which NHDL agreed to transfer 40% interests in Suzhou New Heritage Wuzhong Limited ("NH Wuzhong") at a consideration of US\$2,600,000 (equivalent to approximately HK\$20,056,400). Completion of the share transfer agreement is conditional upon fulfillment of a number of condition precedents on or before 31 March 2007. Details of the share transfer agreement are set out in the announcements of the Company dated 30 August 2006 and 22 January 2007. As at the date of this announcement, NH Wuzhong was in the process of obtaining approval from the relevant PRC authority with respect to the transfer of 40% interests in NH Wuzhong and completion of the transfer will take place after the approval is obtained.

To the knowledge of the Directors, each of GO Fund, GEM Fund and GS Fund is a private global emerging market fund managing more than US\$4 billion in assets. Each of GO Fund, GEM Fund and GS Fund is incorporated in the British Virgin Islands with limited liability and managed by Spinnaker Capital Limited and Spinnaker Asset Management Limited. Spinnaker Asset Management Limited is a company incorporated in the British Virgin Islands and regulated by the BVI Financial Services Commission. Spinnaker Capital Limited is a company incorporated in England and Wales and regulated by the Financial Services Authority of the United Kingdom.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JV AND SUBSCRIPTION AGREEMENT

The Group is principally engaged in property development and property investment businesses in Suzhou, the PRC. To the knowledge of the Directors, GO Fund is a global investment fund and real estate investments is an important investment component of it. GO Fund has real estate investments in Beijing and Qing Dao in the PRC and other parts of the world. Given the expertise of GO Fund in PRC real estate, the Directors believe that the investment in the JV Company will enable the Group to syndicate NHDL and GO Fund's expertise in developing the Land. The Directors, including the independent non-executive Directors, consider that the terms of the JV and Subscription Agreement were entered into on normal commercial terms after arm's length negotiations and that the terms of the JV and Subscription Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Since one or more of the percentage ratios under Chapter 14 of the Listing Rules for the transactions under the JV and Subscription Agreement exceeds 25% or more but less than 100%, the JV and Subscription Agreement and the transactions contemplated thereunder constitute a major transaction of the Company under the Listing Rules and hence subject to an announcement and approval of the Shareholders. GO Fund, GEM Fund and GS Fund, who are having material interests in the transaction, will abstain from voting at the EGM.

circular containing, among other things, the details of the JV and Subscription Agreement and the 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 2:30 p.m. on 21 March 2007 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 26 March 2007.

Shareholders and potential investors should note that the JV and Subscription Agreement, which is 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

"Board" the board of Directors

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 "Company"

the Stock Exchange

"Directors" directors of the Company

"EGM" the extra-ordinary general meeting of the Company to be convened for the

purpose or approving the JV and Subscription Agreement and the Shareholder Loan Agreement and all other related transactions

"GEM Fund" Spinnaker Global Emerging Markets Fund "GO Fund" Spinnaker Global Opportunity Fund Limited "GS Fund" Spinnaker Global Strategic Fund Limited "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 "JV and Subscription the agreement entered into between NHDL, GO Fund, GEM Fund, GS Fund

and the JV Company dated 21 March, 2007 Agreement "JV Company"

Prosper View Group Limited, a company incorporated in Hong Kong with limited liability, which is currently wholly-owned by NHDL and shall be held as to 51% by NHDL and as to 49% by GO Fund, GEM Fund and GS

Fund in aggregate upon completion of the Subscription

a plot of land with a site area of approximately 131,445.2 square metres situated at Guangfu town of Wuzhong District, Suzhou, the PRC (中國蘇州 吳中區光福鎮), details of which are set out in the announcement of the

Company dated 14 February 2007

"Listing Rules" the Rules Governing the Listing of Securities on the Stock Exchange

New Heritage Development Limited (新繼發展有限公司), an indirect "NHDL" wholly-owned subsidiary of the Company incorporated in Hong Kong with

limited liability

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

"PRC Company"

a wholly foreign-owned enterprise to be established in the PRC which shall be held as to 80% by the JV Company and 20% by NHDL

Renminbi, the lawful currency of the PRC

"Shareholders holders of the Shares

"Share(s)" the ordinary share(s) of HK\$0.01 each in the capital of the Company

the shareholder loan agreement dated 21 March 2007 entered into between "Shareholder Loan Agreement"

NHDL, GO Fund, GEM Fund, GS Fund, the JV Company and the Company, whereby NHDL, GO Fund, GEM Fund, GS Fund shall contribute a total of approximately US\$22,400,000 (equivalent to approximately HK\$172,793,600) to the JV Company, the details of which are set out in the paragraph entitled "Shareholder Loan Agreement" in this announcement

the subscription of shares in the JV Company pursuant to the JV and "Subscription"

Subscription Agreement, details of which are set out in the paragraph under "The JV and Subscription Agreement" in this announcement

The Stock Exchange of Hong Kong Limited or, as the case maybe, the main

board operated by the Stock Exchange "US\$" United States dollars, the lawfull currency of the United States of America

For the purpose of this announcement, unless otherwise indicated, the exchange rates at US\$1.00 = HK\$7.714 and HK\$1.00 = RMB1.00 have been used, where applicable, for the purpose of illustration only and do 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 Chairman

Hong Kong, 23 March 2007

"Stock Exchange"

As at the date of this announcement, the Board comprises Mr. TAOCHAIFU Choofuang (Chairman), 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.

Company's website: www.nh-holdings.com

The contents of the Company's website will not form part of this announcement. The Directors will not be responsible for the accuracy or completeness of the information of third parties included in this announcement, including but not limited to the information of GO Fund, GEM Fund and GS Fund.