

The information set out in this appendix does not form part of the Accountants' Report prepared by Grant Thornton, Certified Public Accountants, Hong Kong, the reporting accountants of the Company as set out in Appendices I and II to the prospectus, and is included herein for information only.

The unaudited pro forma financial information of the enlarged group set out below should be read in conjunction with the section headed "Financial Information" of the prospectus and the Accountants' Reports on the Company and NH Investments set out in Appendices I and II to the prospectus.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following unaudited pro forma combined income statement of the Group and NH Investments (collectively known as the "Enlarged Group") for the six months ended 30 June 2005 and the unaudited pro forma combined statement of net assets of the Enlarged Group as at 30 June 2005 (the "pro forma financial information") are prepared based on the audited consolidated financial information of the Group as of and for the six months ended 30 June 2005, as shown in the Accountants' Report on the Company (as set out in Appendix I to this prospectus) and the audited financial information of the NH Investments as of and for the six months ended 30 June 2005, as shown in the Accountants' Report on NH Investments (as set out in Appendix II to this prospectus), and adjusted as described below.

The unaudited pro forma financial information of the Enlarged Group has been prepared to illustrate the effect of the acquisition of NH Investments on (1) the results of the Enlarged Group for the six months ended 30 June 2005 as if the acquisition of NH Investments had taken place on 1 January 2005 and (2) the net assets of the Enlarged Group as of 30 June 2005 as if the acquisition of NH Investments had taken place on 30 June 2005. This unaudited pro forma financial information has been prepared for illustrative purposes only and because of its nature, may not give a true picture of the performance and assets and liabilities of the Group or the Enlarged Group.

a. Unaudited pro forma combined income statement of the Enlarged Group
for the six months ended 30 June 2005

	Audited		Pro forma adjustments HK\$'000	Note	Unaudited pro forma Enlarged Group HK\$'000
	The Group HK\$'000	NH Investments HK\$'000			
Revenue	46,617	—			46,617
Cost of sales	(25,638)	—			(25,638)
Gross profit	20,979	—			20,979
Other revenue	3,668	—			3,668
Fair value adjustments on investment properties	17,876	—			17,876
Write off of an investment property upon re-development	(3,774)	—			(3,774)
Selling expenses	(747)	—			(747)
Administrative expenses	(588)	(287)			(875)
Finance costs	(747)	—			(747)
Share of profits of an associate	—	7,563			7,563
Profit before taxation	36,667	7,276			43,943
Taxation	(10,964)	—			(10,964)
Profit for the period	<u>25,703</u>	<u>7,276</u>			<u>32,979</u>

b. Unaudited pro forma combined statement of net assets of the Enlarged Group as at 30 June 2005

	Audited	NH	Pro forma	Note	Unaudited pro forma Enlarged Group
	The Group HK\$'000	Investments HK\$'000	adjustments HK\$'000		HK\$'000
Non-current assets					
Goodwill	3,376	–	28,980	(1)	32,356
Property, plant and equipment	13,654	–			13,654
Investment properties	105,165	–			105,165
Interest in an associate	–	80,165			80,165
	122,195	80,165			231,340
Current assets					
Properties held under development	49,577	–			49,577
Properties held for sale	23,070	–			23,070
Inventories	409	–			409
Deposit paid, prepayments and other receivables	17,892	480			18,372
Amount due from related parties	4,364	120	(1,639)	(2)	2,845
Pledged bank deposits	581	–			581
Cash at banks and in hand	30,852	17,267			48,119
	126,745	17,867			142,973
Current liabilities					
Accounts payable	17,204	–			17,204
Accruals, deposits received and other payables	26,844	55			26,899
Amounts due to related parties	4,655	1,759	(1,639)	(2)	4,775
Provision for tax	1,986	–			1,986
Borrowings	36,246	–			36,246
Dividend payable	–	20,124			20,124
	86,935	21,938			107,234
Net current assets/(liabilities)	39,810	(4,071)			35,739
Total assets less current liabilities	162,005	76,094			267,079
Non-current liabilities					
Borrowings	39,259	–			39,259
Deferred tax liabilities	5,069	–			5,069
	44,328	–			44,328
Net assets	117,677	76,094			222,751

c. Notes to unaudited pro forma financial information of the Enlarged Group

- (1) The Company acquired the entire interest of NH Investments in July 2005 at a consideration of HK\$105 million which was satisfied by the allotment and issue of 1,675,714 shares of HK\$0.01 each of the Company credited as fully paid. The adjustment is to reflect the effect the acquisition of NH Investments on the assets and liabilities of the Enlarged Group as if the acquisition of NH Investment had taken place on 30 June 2005. The goodwill arising from acquisition of NH Investments is approximately HK\$29 million which is recognised as an asset in the combined statement of net assets of the Enlarged Group. Goodwill is stated at cost less accumulated impairment losses.
- (2) Elimination of intercompany balances.

**LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE
ENLARGED GROUP**

The following is the text of a letter from Grant Thornton, the reporting accountants, in respect of the unaudited pro forma financial information of the Enlarged Group. The work was conducted by Grant Thornton with reference to the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practises Board in the United Kingdom, where applicable as there is currently no relevant standard in Hong Kong governing reporting on pro forma financial information.

Certified Public Accountants
Member of Grant Thornton International

Grant Thornton 
均富會計師行

22 November 2005

The Directors
New Heritage Holdings Ltd.
Tanrich Capital Limited
Altus Capital Limited

Dear Sirs,

We report on the unaudited pro forma financial information of the enlarged group of New Heritage Holdings Ltd. (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out under the heading of unaudited pro forma financial information of the enlarged group in Appendix IIIA of the Company’s prospectus dated 22 November 2005 (“Prospectus”) in connection with the placing and public offer of the shares of the Company on the Main Board of the Stock Exchange of Hong Kong Limited. The unaudited pro forma financial information of the enlarged group has been prepared by the Directors of the Company, for illustrative purposes only, to provide information about how the acquisition of New Heritage Investments Limited (“NH Investments”) described in the section headed “Unaudited Pro Forma Financial Information of the Enlarged Group” resulting in the formation of an enlarged group (“Enlarged Group”) might have affected the relevant financial information presented. The basis of preparation of the unaudited pro forma financial information of the Enlarged Group is set out under the heading of unaudited pro forma financial information of the Enlarged Group in Appendix IIIA to the Prospectus.

Responsibilities

It is the sole responsibility of the Directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 21 of Appendix 1A and paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”).

It is our responsibility to form an opinion, as required by paragraph 29 of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information of the Enlarged Group and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information of the Enlarged Group beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work with reference to the Statements of Investment Circular Reporting Standards and Bulletin 1998/8 “Reporting on pro forma financial information pursuant to the Listing Rules” issued by the Auditing Practices Board in the United Kingdom, where applicable. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information of the Enlarged Group with the Directors of the Company.

Our work does not constitute an audit or review in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants, and accordingly, we do not express any such assurance on the unaudited pro forma financial information of the Enlarged Group.

The unaudited pro forma financial information of the Enlarged Group is for illustrative purpose only, and based on the Directors’ judgements and assumptions, and because of its nature, it may not give any assurance or indicative of:

- the financial position of the Group or the Enlarged Group at any future date, or
- the financial results of the Group or the Enlarged Group for any future periods.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information of the Enlarged Group has been properly compiled by the Directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group, and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information of the Enlarged Group as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

Grant Thornton

Certified Public Accountants
Hong Kong