新 澤 控 股 有 限 公 司
New Heritage Holdings Ltd.

(Incorporated in the Cayman Islands with limited liability)

(HKSE Stock Code: 95)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011 AND PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

RESULTS

The board of directors (the "Directors" or the "Board") of New Heritage Holdings Ltd. (the "Company" or "New Heritage") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31 December 2011 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
Revenue	4	**375,182**	375,526
Cost of sales		**(318,494)**	(297,880)
Gross profit		**56,688**	77,646
Other income	4	**10,990**	4,965
Selling expenses		**(13,848)**	(16,789)
Administrative expenses		**(43,523)**	(41,648)
Fair value adjustments on investment properties		**8,400**	18,883
Gain on disposal of investment properties		**835**	6,307
Finance costs	5	**(6,205)**	(18,616)
Share of results of associates		**18,500**	13,424
Loss on extinguishment of convertible notes		**(829)**	–
Profit before income tax	6	**31,008**	44,172
Income tax expense	7	**(20,131)**	(17,379)
Profit for the year		**10,877**	26,793
Profit for the year attributable to:			
Owners of the Company		**12,163**	18,061
Non-controlling interests		**(1,286)**	8,732
		10,877	26,793
Earnings per share attributable to the owners of the Company during the year	9	*HK cents*	*HK cents*
– Basic		**0.95**	1.50
– Diluted		**0.95**	1.50

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**10,877**	26,793
Other comprehensive income		
Exchange gain on translation of financial statements of foreign operations	**38,611**	24,445
Share of exchange gain on translation of financial statements of an associate	**5,499**	3,041
Share of revaluation surplus of an associate's hotel property	**2,465**	4,536
Other comprehensive income for the year, net of tax	**46,575**	32,022
Total comprehensive income for the year	**57,452**	58,815
Total comprehensive income attributable to:		
Owners of the Company	**50,768**	43,645
Non-controlling interests	**6,684**	15,170
	57,452	58,815

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2011

	Notes	2011 HK$'000	2010 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Goodwill		**37,048**	37,048
Property, plant and equipment		**60,904**	64,522
Investment properties		**297,340**	286,764
Interests in associates		**134,306**	124,757
Deferred tax assets		**2,011**	1,929
		531,609	515,020
Current assets			
Properties held under development		**446,056**	521,244
Properties held for sale		**284,086**	149,537
Inventories		**74**	78
Accounts receivable	*10*	**84**	41
Deposits paid, prepayments and other receivables		**48,952**	32,335
Tax recoverable		**1,294**	–
Restricted bank deposits		**92,860**	18,712
Cash and cash equivalents		**265,725**	422,108
		1,139,131	1,144,055
Total assets		**1,670,740**	1,659,075
Current liabilities			
Accounts payable	*11*	**89,865**	87,883
Accruals, deposits received and other payables		**89,484**	71,982
Provision for tax		**–**	5,638
Borrowings		**187,247**	285,996
		366,596	451,499
Net current assets		**772,535**	692,556
Total assets less current liabilities		**1,304,144**	1,207,576
Non-current liabilities			
Borrowings		**190,654**	148,571
Convertible notes		**69,675**	73,672
Deferred tax liabilities		**40,691**	36,038
		301,020	258,281
Total liabilities		**667,616**	709,780
NET ASSETS		**1,003,124**	949,295
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**12,845**	12,786
Reserves		**895,341**	847,357
Proposed final dividend		**3,854**	6,393
		912,040	866,536
Non-controlling interests		**91,084**	82,759
TOTAL EQUITY		**1,003,124**	949,295

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies are consistent with those as described in the Group's financial statements for the year ended 31 December 2010, except that the Group has adopted a number of new or revised standards and interpretations which are relevant to the Group's operations and are mandatory for the financial year ended 31 December 2011 as detailed in note 2.

2. ADOPTION OF NEW OR REVISED HKFRSs – effective 1 January 2011

HKFRSs (Amendments)	Improvements to HKFRSs 2010
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Interpretation 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

Except as explained below, the adoption of these new or revised standards and interpretations has no significant impact on the Group's financial statements.

HKFRS 3 (Amendments) – Business Combinations

As part of the Improvements to HKFRSs issued in 2010, HKFRS 3 has been amended to clarify that the option to measure non-controlling interests ("NCI") at either fair value or the NCI's proportionate share in the recognised amounts of the acquiree's identifiable net assets is limited to instruments that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. All other components of NCI are measured at their acquisition date fair value unless another measurement basis is required by HKFRSs. The Group has amended its accounting policies for measuring NCI but the adoption of the amendment has had no impact on the Group's financial statements as the Group did not have any business acquisition in 2011.

HKAS 24 (Revised) – Related Party Disclosures

HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has revised its accounting policy for the identification of its related parties and has reassessed counterparties of transactions in accordance with the revised definition. The reassessment did not result in new related parties being identified. Related parties identified in prior years remain unchanged under the new accounting policy and the Group concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous years.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. These new disclosures are not relevant to the Group because the Group is not a government related entity.

3. SEGMENT INFORMATION

In identifying its operating segments, management generally follows the Group's service lines, which represents the main products and services provided by the Group. The Group has identified the following reportable segments.

Property development	:	Property development and sale of properties held for sale
Property investment and leasing	:	Property leasing and sale of investment properties

Each of these operating segments is managed separately as each of these product and service lines requires different resources as well as marketing approaches.

3. SEGMENT INFORMATION *(Continued)*

For the year ended 31 December 2011, there have been no changes from prior years in the measurement methods used to determine operating segments and reported segment profit or loss.

Inter-segment sales are charged at prevailing market prices.

	2011			
	Property development *HK$'000*	**Property investment and leasing** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
Revenue:				
From external customers	**362,763**	**12,419**	**–**	**375,182**
Inter-segment revenue	**6,481**	**122**	**(6,603)**	**–**
Total segment revenue	**369,244**	**12,541**	**(6,603)**	**375,182**
Reportable segment profit	**28,763**	**6,556**	**–**	**35,319**
Bank interest income	**5,245**	**675**	**–**	**5,920**
Depreciation of property, plant and equipment	**(547)**	**(2,860)**	**–**	**(3,407)**
Gain on disposal of investment properties	**–**	**835**	**–**	**835**
Impairment loss on properties held for sale	**(1,507)**	**–**	**–**	**(1,507)**
Fair value adjustments on investment properties	**–**	**8,400**	**–**	**8,400**
Finance costs	**(3,452)**	**(2,753)**	**–**	**(6,205)**
Reportable segment assets	**1,063,784**	**363,863**	**–**	**1,427,647**
Additions to non-current segment assets during the year	**29**	**262**	**–**	**291**

	2010			
	Property development *HK$'000*	Property investment and leasing *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue:				
From external customers	364,737	10,789	–	375,526
Inter-segment revenue	–	117	(117)	–
Total segment revenue	364,737	10,906	(117)	375,526
Reportable segment profit	36,927	18,320	–	55,247
Bank interest income	2,443	103	–	2,546
Depreciation of property, plant and equipment	(293)	(2,775)	–	(3,068)
Gain on disposal of investment properties	–	6,307	–	6,307
Impairment loss on other receivables	–	(554)	–	(554)
Fair value adjustments on investment properties	–	18,883	–	18,883
Finance costs	(14,759)	(2,427)	–	(17,186)
Reportable segment assets	1,050,884	356,709	–	1,407,593
Additions to non-current segment assets during the year	1,990	583	–	2,573

3. SEGMENT INFORMATION *(Continued)*

The total presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2011	2010
	HK$'000	*HK$'000*
Total segment profit	**35,319**	55,247
Share of results of associates	**18,500**	13,424
Loss on extinguishment of convertible notes	**(829)**	–
Corporate overheads	**(23,903)**	(25,494)
Other unallocated income	**1,921**	995
Profit before income tax	**31,008**	44,172
Reportable segment assets	**1,427,647**	1,407,593
Goodwill	**37,048**	37,048
Interests in associates	**134,306**	124,757
Corporate assets	**71,739**	89,677
Total assets	**1,670,740**	1,659,075

No geographical information is presented as the operations, major customers and assets of the Group are substantially located in the People's Republic of China (the "PRC").

The Group has a large number of customers, and there was no significant revenue derived from specific external customers for the years ended 31 December 2011 and 2010.

4. REVENUE AND OTHER INCOME

Revenue, which includes the Group's turnover and other income recognised during the year are as follows:

	2011	2010
	HK$'000	*HK$'000*
Revenue		
Turnover		
Proceeds from sale of properties held for sale	**362,763**	364,737
Rental income	**12,419**	10,789
	375,182	375,526
Other income		
Interest income	**6,005**	2,583
Exchange gain, net	**2,937**	576
Others	**2,048**	1,806
	10,990	4,965

5. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest charges on borrowings which are repayable within five years:		
Bank loans	**13,022**	12,977
Other loans	**–**	74
Imputed interest expense on loans from non-controlling shareholders	**2,315**	4,450
	15,337	17,501
Interest charges on borrowings which are repayable after five years:		
Bank loans	**2,916**	3,073
Interest charge on convertible notes	**5,669**	4,480
Total interest expense on financial liabilities not at fair value through profit or loss	**23,922**	25,054
Less: Amount capitalised in properties held under development *	**(17,717)**	(6,438)
	6,205	18,616

* The finance costs have been capitalised at a rate of 3.15% (2010: 5.81%) per annum.

The analysis shows the finance costs of bank borrowings, including term loans which contain a repayment on demand clause, in accordance with the agreed scheduled repayment dates set out in the loan agreements. For the years ended 31 December 2011 and 2010, the interest on bank borrowings which contain a repayment on demand clause amounted to approximately HK$1,634,000 and HK$1,355,000 respectively.

6. PROFIT BEFORE INCOME TAX

	2011	2010
	HK$'000	*HK$'000*
Profit before income tax is arrived at after charging/(crediting):		
Cost of properties held for sale recognised as expense	**315,423**	295,300
Depreciation of property, plant and equipment	**4,758**	4,066
Less: amount capitalised in properties held under development	**(36)**	(34)
	4,722	4,032
Outgoings in respect of investment properties that generated rental income during the year	**3,071**	2,580
Operating lease charges in respect of land and buildings	**336**	1,271
Auditor's remuneration	**1,350**	1,286
Staff costs, including directors' emoluments and retirement benefits cost	**36,626**	32,296
Less: amount capitalised in properties held under development	**(11,697)**	(9,858)
	24,929	22,438
Amount recognised as expense for retirement benefit costs	**1,396**	1,024
Loss on disposal of property, plant and equipment	**15**	40
Impairment loss on other receivables	**–**	1,055
Impairment loss on properties held for sales	**1,507**	–
Gain on disposal of investment properties	**(835)**	(6,307)
Loss on extinguishment of convertible notes	**829**	–
Exchange gain, net	**(2,937)**	(576)

7. INCOME TAX EXPENSE

	Notes	2011 HK$'000	2010 HK$'000
Current tax – the PRC			
– Corporate income tax	(a)	**5,270**	10,258
– Land appreciation tax ("LAT")	(b)	**11,741**	2,091
		17,011	12,349
Deferred taxation		**3,120**	5,030
		20,131	17,379

Notes:

(a) The PRC corporate income tax is computed according to relevant laws and regulations in the PRC. The applicable income tax rate was 25% for the years ended 31 December 2011 and 2010.

No Hong Kong profits tax has been provided for as the Group had no estimated assessable profits for the year (2010: Nil).

(b) Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

8. DIVIDENDS

Dividends attributable to the year:

	2011 HK$'000	2010 HK$'000
Proposed 2011 final dividend of 0.3 HK cents (2010: 0.5 HK cents) per ordinary share	**3,854**	6,393

The final dividend proposed after the years ended 31 December 2011 and 2010 had not been recognised as a liability at the end of the reporting period, but reflected as an appropriation of retained profits for the year.

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of approximately HK$12,163,000 (2010: HK$18,061,000) and on weighted average of 1,279,169,644 (2010: 1,205,341,055) ordinary shares in issue during the year.

In the calculation of the diluted earnings per share attributable to owners of the Company for the year ended 31 December 2011, the potential shares arising from the conversion of the Company's convertible notes would increase the earnings per share attributable to owners of the Company and was not taken into account as they had an anti-dilutive effect. Therefore, the diluted earnings per share attributable to owners of the Company is based on the profit attributable to owners of the Company of approximately HK$12,163,000 and on weighted average of 1,280,795,438 ordinary shares outstanding during the year ended 31 December 2011, being the weighted average number of ordinary shares of 1,279,169,644 used in basic earnings per share calculation adjusted for the effect of share options issued of 1,625,794.

In the calculation of the diluted earnings per share attributable to owners of the Company for the year ended 31 December 2010, the potential shares arising from the conversion of the Company's convertible notes would increase the earnings per share attributable to owners of the Company and was not taken into account as they had an anti-dilutive effect. Therefore, the diluted earnings per share attributable to owners of the Company is based on the profit attributable to owners of the Company of approximately HK$18,061,000 and on weighted average of 1,207,498,688 ordinary shares outstanding during the year ended 31 December 2010, being the weighted average number of ordinary shares of 1,205,341,055 used in basic earnings per share calculation adjusted for the effect of share options issued of 2,157,633.

10. ACCOUNTS RECEIVABLE

Accounts receivable generally have credit terms of 30 to 60 days (2010: 30 to 60 days) and no interest is charged. All accounts receivable are denominated in Renminbi. The ageing analysis of the Group's accounts receivable is as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**63**	21
31–60 days	**–**	–
61–90 days	**–**	20
91–120 days	**–**	–
121–365 days	**21**	–
	84	41

11. ACCOUNTS PAYABLE

Based on the invoice dates, the ageing analysis of the Group's accounts payable is as follows:

		2011	2010
	Notes	***HK$'000***	*HK$'000*
Within 30 days		**171**	106
31–60 days		**64**	93
61–90 days		**–**	93
91–365 days		**70**	194
Over 365 days		**1,253**	1,160
Rent received on behalf of landlords	*(a)*	**1,558**	1,646
Accrued construction cost and other project-related expenses	*(b)*	**88,307**	86,237
		89,865	87,883

Notes:

(a) Rent received on behalf of landlords comprised net rental received from tenants after netting off fee charged to them provided by external service providers.

(b) Included in the above amounts are construction cost and other project-related expense payable amounted to approximately HK$88,307,000 (2010: HK$86,237,000) as at 31 December 2011 which were accrued based on the terms of the relevant agreements and the progress of the projects, and were not due for payment as at 31 December 2011.

CHAIRMAN'S STATEMENT

Results and Dividends

For the year ended 31 December 2011, New Heritage's revenue decreased slightly from approximately HK$375.5 million in last year to approximately HK$375.2 million in 2011. The profit attributable to the owners of the Company decreased by approximately 33% from the previous year to approximately HK$12.2 million (HK$18.1 million in 2010).

The Board has recommended the payment of a final dividend of 0.3 HK cents per ordinary share (0.5 HK cents in 2010) in cash for the year ended 31 December 2011 to shareholders whose names appear on the Register of Members of the Company on 22 May 2012, and will seek the approval of the Company's shareholders at the forthcoming Annual General Meeting on 15 May 2012 for the payment of this final dividend. The dividend warrants are expected to be dispatched to registered shareholders in July 2012.

Business Review and Outlook

The Central Government of the PRC has since the second half of 2011 unswervingly maintained its austerity measures and curbs on property transactions in order to tame house prices and to curb speculative investment. In addition, they have sped up the building of affordable housing projects, mainly by local government authorities or their related property companies in order to take up the slack in the building industry and provide housing to the needy. Monetary policy remains "prudent" which although it creates stability in the medium term, will result in tighter credit in the short term. The mortgage lending environment has improved slightly for first time home buyers, but the Home Purchase Restrictions (HPR) in many cities that limit the purchase of more than 2 homes remain in place. The People's Bank of China also continues to drain liquidity from the banking system at the first sign of any hike in the monthly inflation rate.

The upshot of all of these policies is that new home prices in many of the more expensive cities have fallen since the last quarter of 2011 and continue to fall. Land sales by local governments since the second half of 2011 have also fallen due to decreased appetites of developers in acquiring sites, and are generally in poorer locations and increasingly commercial (rather than residential) in nature. Despite this, land auction opening prices remain high. Thus many auctions of land during this period have been cancelled or met with poor response and generally only State-owned bidders have been active.

The housing market in Suzhou has been affected by HPR but our major project in Shengze, Wujiang has not been subjected to HPR. Generally speaking, less expensive cities such as Suzhou and middle to lower income groups have been less affected by the austerity measures and still exhibit a willingness to buy. During this austerity period prudent developers will continue to keep their inventory moving, expect most of their buyers to be end-users, secure project financing early and maintain adequate cash flow for construction activities. Eventually the property price declines (especially the sharper declines in the higher-tier cities) should ease policy pressure and see the lifting of some or all of the curbs by the Central Government. The property and construction industry will continue to play an important part in the development of the PRC economy together with the export sector and consumption demand.

At this time, I wish to thank also our other strategic partners, shareholders and lenders for their ongoing support during this period and express our heartfelt thanks to them. I would also like to thank my fellow Board members, colleagues and staff for their diligence and hard work throughout the course of the year.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operations

During the year, the Group continued its focus on property development and investment business in Suzhou and Beijing. The Group continued to explore prudently cities within and outside the Province of Jiangsu with high growth potential to capture opportunities for good development prospects.

Property Development

In 2011, stricter tightening measures were extended throughout the country to curb housing investment and speculation. Purchase restrictions and credit control policies in Suzhou cooled the property market down such that transaction volumes were reduced and new home prices came down somewhat. Prices in the secondary market however have remained relatively constant.

During the year, Wujiang City of Suzhou was not subjected to Home Purchase Restrictions, and the Group grasped the opportunity to speed up sales of Phases 1 and 2 of Lakeside Garden Court with encouraging results.

The Group's development projects in Suzhou were processed on schedule during the year in review. The status summary is as follows:

1. ***Wuzhong Garden Court,*** *Wuzhong, Suzhou*

   Phase 3 of the project, in the form of two 11-storey blocks, comprises of 206 Small Office/Home Office ("SOHO") units and 12 retail units with gross floor area of approximately 10,400 sq.m. and 5,500 sq.m., respectively. The remaining portion of 467 sq.m. of SOHO and all retail units were completely sold, and booked revenues were about HK$3.2 million and HK$51.9 million, respectively, during the year.

2. ***Taihu Garden Court,*** *Guangfu Town, Wuzhong, Suzhou*

   During the year, 7 townhouse units of Phase 1 with gross floor area of about 1,800 sq.m. were sold, contributing sales turnover about HK$19.9 million.

   Construction of Phase 2 which comprised of about 110 low-density townhouses of total gross floor area about 24,700 sq.m. was completed in the end of 2011. Though the market was challenging during the year, 3 units of gross floor area 637 sq.m. were sold and booked in 2011, generating revenue of about HK$7.9 million. The townhouses are primarily targeted at entry-level customers in the surrounding suburbs that have relocation compensation or are switching up from nearby apartments.

   Phase 3 commenced construction in early 2011. There will be around 84 townhouse units with gross floor area around 20,000 sq.m. in this final phase of the project. Completion is expected to be in the second half of 2012.

3. ***Lakeside Garden Court,*** *Shengze Town, Wujiang, Suzhou*

   The total site area of this project, which is being developed in four phases, is about 86,200 sq.m. with a gross floor area of approximately 154,500 sq.m..

   Construction of Phase 1 with a gross floor area of around 41,000 sq.m. was completed at the end of 2010. During the year, a further 7,700 sq.m. approximately of four high-rise residential buildings was sold, generating revenue of about HK$49.2 million.

   At 2011 year end, construction of Phase 2 which comprises of 4 blocks of high-rise residential buildings of gross floor area of about 35,900 sq.m., was completed as scheduled. The proceeds of approximately HK$227.8 million of revenue of gross floor area of approximately 32,700 sq.m., is booked during the year.

   Phase 3, comprising around 86 low-density townhouses of gross floor area of around 19,400 sq.m., commenced construction in mid-2011. Pre-sales started during the 4th quarter of 2011 and a number of the villas have already been booked and pre-sales agreements entered into. Delivery is expected in 2012.

   Phase 4 will consist of another 6 blocks of high-rise residential buildings of gross floor area of about 58,200 sq.m.. The piling phase was completed in 2011, and the Group will prudently match construction to government measures and market demand of the city.

4. ***Wuzhong Office Building,*** *Wuzhong, Suzhou*

   The site area of this project is approximately 14,600 sq.m.. The design of this building comprises of office, SOHO units and retail space, with sellable gross floor area of around 58,400 sq.m.. At the end of the year, the project started its piling works.

Property Investment

During the year, the Group's retail investment properties at Suzhou Garden Villa benefited from the strategy set by Suzhou New District ("SND") government to create more office space and residential areas in the prime central business district ("CBD") where the Group's investment properties are situated. During 2011, secondary sales of our investment properties have slowed and our focus has reverted to leasing of the units, preferring only to sell if prices are high enough.

1. ***SGV Plaza,*** *Suzhou New District*

   While inflationary pressures and the Japanese earthquake had a negative impact on retail sales in Suzhou in the first half of the year, since July 2011 the inflation rate appears to have eased and Japanese expatriates' confidence seems to have been restored. These coupled with more residents coming to live in SND's CBD, fed our about 11,000 sq.m. plaza with more potential customers, and the Group managed to attract new tenant chain retailers with strong brand names. In the reporting period, SGV Plaza generated rental income of about HK$6.1 million with a 99% occupancy rate at year end.

2. ***Garden Court Plaza,*** *Suzhou New District*

   Garden Court Plaza, a 3-storey retail center with a gross floor area of around 4,500 sq.m., was at full occupancy rate at the end of the year and generated a rental income of approximately HK$2.6 million.

3. ***SGV Apartments***

   During the year, rental revenue was approximately HK$3.7 million. Sales volume in the secondary residential market fell due to the austerity measures but prices remained firm. In 2011, the Group sold 960 sq.m. of investment apartments with proceeds of about HK$11.9 million. As at 31 December 2011, the Group continued to hold approximately 7,600 sq.m. (47 units) of apartments.

4. ***Investment in Beijing Landmark Towers Co., Ltd. ("Beijing Landmark")***

   During the year, the operational results of Beijing Landmark has improved steadily when compared with that of 2010. Through the diligent efforts of the management of Beijing Landmark, the occupancy of both the hotel and serviced apartment divisions of Beijing Landmark has gradually increased, while the occupancy of offices still remained at almost 100%.

Property Management

The Group continues its outsourcing policy to fully licensed and qualified local property management companies in Suzhou after careful due diligence. Owners' associations for completed projects were established in accordance with local rules and regulations.

Strategic Partnerships

Spinnaker Capital Group

Spinnaker Capital Group, a strategic partner of the Group since 2006, remains one of the substantial shareholders of the Company as well as a strategic non-controlling shareholder in two of the Group's projects – Wuzhong Garden Court and Taihu Garden Court.

Asia Financial Group

Since 2007, Asia Financial Group ("AFG") has been a 9.615% shareholder of New Heritage Development Limited ("NH Development"), a subsidiary of the Company. NH Development is the holding company of most of the Group's property project companies in Suzhou. AFG is also the holder of the Company's Convertible Notes.

Major Corporate Event

On 5 July 2011, the Company entered into a subscription agreement (the "Subscription Agreement") with Asia Financial Holdings Limited and Asia Insurance Company, Limited (collectively the "CN Subscribers") in relation to the issue of the 6% convertible notes in an aggregate principal amount of HK$75 million (the "2011 Convertible Notes").

Pursuant to the Subscription Agreement, the subscription monies of the 2011 Convertible Notes has been applied directly to offset part of the redemption amount for redemption of the convertible notes issued by the Company to the CN Subscribers in 2007.

All the conditions precedent under the Subscription Agreement, among others, the approval by the shareholders of the Company at the extraordinary general meeting which was held on 16 September 2011 were fulfilled and the 2011 Convertible Notes were issued to CN Subscribers on 30 September 2011. The 2011 Convertible Notes provides more flexibility to the Group as it allows the Group to refinance the debt which was originally due for repayment in 2012 now has been extended to 2014.

Financial Review

Revenue

The Group's revenue mainly comprised of recognised property development sales and leasing revenue from investment properties. The Group's revenue for the year ended 31 December 2011 was approximately HK$375.2 million (2010: HK$375.5 million), representing a minimal decrease when compared with last year.

The revenue from recognised property development sales included the disposal of 10 low-density townhouses in Taihu Garden Court Phases 1 and 2, 9 SOHO units, 12 retail units and 66 carparks in Wuzhong Garden Court Phase 3 as well as 423 residential apartment units in Lakeside Garden Court Phases 1 and 2 of approximately HK$27.8 million, HK$57.9 million and HK$277.0 million respectively. The Group's total gross floor area of development properties sold for the year ended 31 December 2011 was approximately 48,900 sq.m. (2010: 52,300 sq.m.).

Leasing revenue from investment properties for the year ended 31 December 2011 was approximately HK$12.4 million (2010: HK$10.8 million). The leasing revenue generated from the investment properties in Suzhou Garden Villa and two retail centres were approximately HK$3.7 million (2010: HK$3.4 million) and HK$8.7 million (2010: HK$7.4 million) respectively.

Operating Results

For the year ended 31 December 2011, the Group's gross profit amounted to approximately HK$56.7 million (2010: HK$77.6 million). The decrease in gross profit was primarily due to the decrease in gross profit margin of property development sales. The gross profit margin for the year ended 31 December 2011 was approximately 15% as compared to approximately 21% last year.

Finance costs for the year amounted to approximately HK$6.2 million as compared to approximately HK$18.6 million last year. The decrease was mainly due to the decrease in imputed interest expenses on loans from non-controlling shareholders as a result of reduction of imputed interest rate in 2011 and the increase in finance costs capitalised to properties held under development. There was a non-cash item of approximately HK$1.2 million (2010: HK$4.5 million) included in the finance costs being the imputed interest expense on loans from non-controlling shareholders.

The valuation on the Group's investment properties as at 31 December 2011 was conducted by an independent property valuer which resulted in a positive fair value adjustment of approximately HK$8.4 million for the year ended 31 December 2011 (2010: HK$18.9 million).

During the year, certain investment properties were sold for a total consideration of approximately HK$11.9 million (2010: HK$48.2 million).

On 30 September 2011, the Company issued 6% convertible notes in an aggregate principal amount of HK$75 million and the subscription monies was applied directly to offset part of the redemption amount for redemption of the convertible notes issued in 2007. A loss on extinguishment of convertible notes amounted to approximately HK$0.8 million was resulted during the year.

Share of results of associates mainly represented the profit contributed by Beijing Landmark to the Group for the year of approximately HK$18.5 million (2010: HK$13.4 million).

For the year ended 31 December 2011, the profit attributable to the owners of the Company was approximately HK$12.2 million (2010: HK$18.1 million) which represented a basic earnings per share of about 0.95 HK cents (2010: 1.50 HK cents).

Liquidity, Financial Resources and Gearing

Cash and cash equivalents as at 31 December 2011 amounted to approximately HK$265.7 million (2010: HK$422.1 million).

The Group had total bank borrowings of approximately HK$265.2 million as at 31 December 2011 (2010: HK$319.9 million). Borrowings classified as current liabilities were approximately HK$187.2 million (2010: HK$286.0 million) and the Group's gearing ratio as at 31 December 2011 was approximately 26% (2010: 34%), which was based on total bank borrowings to total equity.

Current, Total and Net Assets

As at 31 December 2011, the Group had current assets of approximately HK$1,139.1 million (2010: HK$1,144.1 million) and current liabilities of approximately HK$366.6 million (2010: HK$451.5 million) which represented an increase in net current assets from approximately HK$692.6 million as at 31 December 2010 to approximately HK$772.5 million as at 31 December 2011.

As at 31 December 2011, the Group recorded total assets of approximately HK$1,670.7 million (2010: HK$1,659.1 million) and total liabilities of approximately HK$667.6 million (2010: HK$709.8 million), representing a debt ratio (total liabilities over total assets) of approximately 40% (2010: 43%). Net assets of the Group was approximately HK$1,003.1 million as at 31 December 2011 (2010: HK$949.3 million).

All land fees for all the land acquired for development by the Group have been fully paid.

The Group is able to utilise its internal reserves and debt financing to meet the funding requirements when opportunities for land acquisition arise.

Charge on Assets

As at 31 December 2011, bank loans of approximately HK$243.1 million (2010: HK$308.5 million) were secured by certain of the Group's land and buildings, investment properties and properties held under development of approximately HK$39.1 million (2010: HK$40.0 million), HK$158.7 million (2010: HK$146.3 million) and HK$211.0 million (2010: HK$315.7 million) respectively.

Contingent Liabilities

The Directors considered that there were no material contingent liabilities as at 31 December 2011.

Exposure to Fluctuations in Exchange Rates and Related Hedges

The Group's monetary assets, loans and transactions are principally denominated in Renminbi, Hong Kong dollars and US dollars. During the year, there was no significant fluctuation in the exchange rates of these three currencies apart from the appreciation of currency of Renminbi against US dollars and Hong Kong dollars. The Group did not engage in any derivative activities and did not commit to any financial instruments to hedge its statement of financial position exposure for the years ended 31 December 2011 and 2010. Nevertheless, any appreciation in the currency value of Renminbi against Hong Kong dollars will contribute positively to the Group's result.

Treasury Policies and Capital Structure

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

Employees

As at 31 December 2011, the Group had a staff roster of 106 (2010: 109), of which 78 (2010: 81) employees were based in the Mainland China and 28 (2010: 28) employees in Hong Kong SAR. The remuneration of employees was in line with the market trends and commensurate to the levels of pay in the industry. Remuneration of the Group's employees includes basic salaries, bonuses and long-term incentives such as share option scheme.

FINAL DIVIDEND

The Board has recommended payment of a final dividend of 0.3 HK cents per ordinary share in cash for the year ended 31 December 2011 to shareholders whose names appear on the register of members of the Company on 22 May 2012. Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on 15 May 2012 (the "Annual General Meeting"), the dividend warrants will be dispatched to shareholders of the Company in July 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 10 May 2012 to 14 May 2012, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for attending and voting at the Annual General Meeting, all transfers of shares accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 9 May 2012.

The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is 22 May 2012. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on both days of 21 May 2012 to 22 May 2012, during which period no transfer of shares of the Company will be registered.

In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 18 May 2012.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate practices and procedures. The corporate governance principles of the Company emphasise a quality board, transparency and accountability to all shareholders of the Company.

Throughout the year ended 31 December 2011, the Group has complied with the code provisions set out in Appendix 14, the Code of Corporate Governance Practices, of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. The Directors confirmed that they have complied with the required standard as set out in the Model Code for the year ended 31 December 2011.

REVIEW OF ACCOUNTS

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2011.

The consolidated financial statements have been audited by the Group's auditor, BDO Limited. The unqualified auditor's report will be included in the 2011 Annual Report to shareholders.

SCOPE OF WORK OF BDO LIMITED

The financial figures in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2011. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by BDO Limited on this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Other than the issue of 5,898,780 shares by the Company during the year, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Stock Exchange has amended the Listing Rules relating to, among other things, the articles of association or equivalent constitutional documents of listed issuers. Some of the amendments to the Listing Rules came into effect on 1 January 2012. In this regard, the Directors propose to amend the articles of association of the Company (the "Articles") to bring the Articles in line with current amendments made to the Listing Rules. Therefore, the Directors propose to seek the approval of the shareholders by way of passing a special resolution to be proposed at the Annual General Meeting for the proposed amendments to the Articles.

The major amendments to the Articles are as follows:

- all resolutions at general meetings of the Company shall be decided by poll other than resolution which relates purely to a procedural or administrative matter as may be permitted under the Listing Rules to be voted by a show of hands;

- the 5% threshold for voting by a Director on a board resolution in which he has an interest is removed;

- physical board meeting shall be held, rather than by way of written resolution, to deal with matter in which a substantial shareholder or a Director has a conflict of interest; and

- Shareholders' approval at a general meeting is required for the proposal to appoint or remove an auditor before the term of his office.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT, ANNUAL REPORT AND CIRCULAR

The annual results announcement is published on the websites of the Company (www.nh-holdings.com) and the Stock Exchange (www.hkex.com.hk). The 2011 Annual Report and a circular containing the notice of Annual General Meeting will be dispatched to shareholders in due course.

GENERAL INFORMATION

As at the date of this announcement, the Board comprises Mr. TAOCHAIFU Choofuang (Chairman), Mr. TAO Richard (Vice Chairman), Mr. TAO Paul (Managing Director), Mr. KONG Mui Sum Lawrence and Mr. YIM Chun Leung as executive directors and Mr. 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.

This annual results announcement only gives a summary of the information and particulars of the 2011 Annual Report from which the contents of this announcement are derived.

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

Hong Kong, 16 March 2012