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NEO-CHINA GROUP

中新集團

NEO-CHINA GROUP (HOLDINGS) LIMITED

中新集團（控股）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 563)

ACQUISITION OF A 71.5% EQUITY INTEREST IN XIAN CHAN BA CONSTRUCTION DEVELOPMENT COMPANY LIMITED

(西安滄灞建設開發有限公司)

Acquisition

On 31 October 2006, the Company and Richspeed, a wholly-owned subsidiary of the Company, entered into the Target Acquisition Agreement with the Vendors for the acquisition of the entire issued share capital of the Target. On the same day, Zhong Zhi, another wholly-owned subsidiary of the Company, entered into the SPV Acquisition Agreements with each of Zhong Yuen and Zhou Bang for the acquisition of an aggregate 17% equity interest in the SPV. Richspeed, the Company, the Vendors, Zhong Zhi and each of Zhong Yuen and Zhou Bang then entered into a supplement agreement on 31 October 2006 for the Target Acquisition Agreement and the SPV Acquisition Agreement to become effective on 6 November 2006. On 13 November 2006, the Company and Richspeed entered into the Supplemental Target Acquisition Agreement with the Vendors and Jia Cheng to supplement and amend the terms and conditions of the Target Acquisition Agreement. The major amendments included: (i) the total consideration was increased from RMB730,000,000 to RMB786,000,000; (ii) Jia Cheng was added as a party; (iii) there would be an issue of convertible notes and (iv) Jia Cheng would be entitled to 28.5% profit of the Project and has right to nominate one director of the SPV.

Part of the consideration under the Target Acquisition Agreement will be satisfied by the allotment and issue of Consideration Shares by the Company to the Vendors. The entering into of the Agreements constituted a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules. A circular containing, among other things, details of the Agreements will be despatched to the Shareholders as soon as possible.

Suspension and resumption of trading

At the request of the Company, trading in the Shares was suspended with effect from 2:30 p.m. on 6 November 2006 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 17 November 2006.

* For identification purpose only

On 31 October 2006, the Company and Richspeed, a wholly-owned subsidiary of the Company entered into the Target Acquisition Agreement with the Vendors for the acquisition of the entire issued share capital of the Target. On the same day, Zhong Zhi, another wholly-owned subsidiary of the Company, entered into the SPV Acquisition Agreements with each of Zhong Yuen and Zhou Bang for the acquisition of an aggregate 17% equity interest in the SPV.

The Vendors to the Agreements subsequently requested to include additional major terms and conditions to the Agreements, including whether or not to issue Consideration Shares under the Target Acquisition Agreement, and proposed to have a longer period for them to consider the terms thereof. As the Board is confident that the possible acquisition pursuant to the Agreements could enrich the investments of the Group, the Company then agreed to the proposal to change the date of effectiveness of the Agreements to 6 November 2006.

A summary of the Target Acquisition Agreement:-

Effective Date of Agreement: 6 November 2006

Parties:

- (1) the Vendors, as the vendors of the entire issued share capital of the Target
- (2) Richspeed and the Company, collectively as the purchasers of the entire issued share capital of the Target

The Vendors are properties developers and have represented in the Target Acquisition Agreement that they are the legal and beneficial owners of the entire issued share capital of the Target. The Company is in the process of conducting its due diligence on the Target and the above representation is also consistent with the results of the due diligence review conducted by the Company on the Target so far.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendors are third parties independent of the Company and of the connected persons (as defined in the Listing Rules) of the Company.

Subject Matter of Acquisition:

The entire issued share capital of the Target. The Target holds 54.5% of the SPV which was incorporated on 24 November 2004 and its sole business is development of the Project. The Project involves the development of a piece of land located in Xian, the PRC, into a commercial/residential complex.

The piece of land is divided into three (3) different phases for development purposes having a gross area of around 3,000,000 square metres and site area of around 2,569,000 square metres. Construction works for phase 1 have been started and it is anticipated the whole Project will be completed by 2011.

The Target is an investment holding company incorporated on 15 October 2003 and has no operation apart from holding the 54.5% equity interest in the SPV.

Based on the audited financial statements of the SPV for the twelve months ended 31 December 2004 and for the twelve months ended 31 December 2005, the net loss after taxation and extraordinary item of the SPV for the years ended 31 December 2004 and 31 December 2005 were RMB530,114 (approximately HK\$519,719.6) and RMB2,674,451 (approximately HK\$2,622,010) respectively. The SPV did not have any turnover for the years ended 31 December 2004 and 31 December 2005. The audited net asset value of the SPV as at 31 December 2005 was RMB408,868,393 (approximately HK\$400,851,365.6).

Consideration:

An aggregate of RMB730,000,000 (approximately HK\$715,686,274.50) (including the shareholders loan of RMB50 million) which will be satisfied:–

- (i) in cash in the amount of RMB340,000,000 (approximately HK\$333,333,333.3) and such amount was later amended by the Supplemental Target Acquisition Agreement as stated in the section headed “A summary of the Supplemental Target Acquisition Agreement” below; and
- (ii) by the allotment and issue by the Company to the Vendors (or their nominee) of 340,000,000 Consideration Shares at the Issue Price, which was determined after arm’s length negotiations between the parties with reference to recent market values and future prospects of the Company.

The Consideration Shares represent (i) approximately 5.9% of the issued share capital of the Company at the date of this announcement and (ii) approximately 5.6% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

The Consideration Shares will be issued credited as fully paid and shall rank pari passu in all respects with the ordinary Shares then in issue. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Issue Price represents:

- (a) a premium of approximately 2.04% to the closing price per Share of HK\$0.98 as quoted on the Stock Exchange on 6 November, 2006, being the Last Trading Day;
- (b) a premium of approximately 2.66% to the average closing price per Share of HK\$0.974 as quoted on the Stock Exchange for the last 5 trading days to and including the Last Trading Day;
- (c) a premium of approximately 5.04% to the average closing price per Share of HK\$0.952 as quoted on the Stock Exchange for the last 10 trading days to and including the Last Trading Day;
- (d) a premium of approximately 21.2% to the average closing price per Share of HK\$0.825 as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day; and
- (e) a premium of approximately 264.5% over the latest audited consolidated net tangible assets per Share of approximately HK\$0.378 at 30 April 2006.

The consideration has been arrived at after arm’s length negotiation based on a property valuation of the SPV by an independent valuer, Savills Valuation and Professional Services Limited at RMB1,377,400,000 (approximately HK\$1,350,392,156) based on a direct comparison of similar properties in the vicinity area in Xian together with considerations of the market position and potential for the development of the Project.

The Consideration Shares will be issued under the Specific Mandate proposed to be granted to the Board at the SGM. Mr. Li Song Xiao, a majority Shareholder has undertaken to vote in favour for the issue of the Consideration Shares at the SGM. The Company did not propose to use the general mandate to issue the Consideration Shares as it wishes to preserve flexibility to raise funds through issue of shares in the further. The Company has no current plan for future fund raising activities.

The part of the consideration to be satisfied in cash will be funded by internal resources of the Company.

Management of SPV: As at the date of this announcement, the board of the SPV consists of a total of 5 (five) directors, 1 (one) of whom is nominated by Zhou Bang, 2 (two) are nominated by the Target and 1 (one) of whom is nominated by Jia Cheng. After Richspeed acquired the entire issued share capital of the Target, Richspeed will be able to nominate such number of directors of the SPV so as to control the board of the SPV and the Vendors will not be appointed as the directors of the SPV.

Final decision as to issue of Consideration Share was made at about noon on 6 November 2006.

The Company and Richspeed subsequently entered into the Supplemental Target Acquisition Agreement with Jia Cheng and the Vendors on 13 November 2006 to amend the amount and payment of the consideration under the Target Acquisition Agreement. Jia Cheng was also added as a party to the Transaction because it was the remaining shareholder of the SPV, holding 28.5% interest in the SPV. Jia Cheng wanted to ensure its rights in the SPV will not be changed after the Transaction. As such, the Group agreed to give such reassurance to Jia Cheng by including such terms in the Supplemental Target Acquisition Agreement.

A summary of the Supplemental Target Acquisition Agreement:-

Date of Agreement: 13 November 2006

Parties: (1) the Vendor
(2) the Company
(3) the Jia Cheng

The ultimate beneficial owners of Jia Cheng are Ms 喬曉輝(Qiao Xiachui) and Mr 關釗(Guan Chao) holding 70% and 30% equity interest in Jia Cheng respectively. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Jia Cheng and its ultimate beneficial owners are third parties independent of the Company and of the connected persons (as defined in the Listing Rules) of the Company.

Amendments to the Target Acquisition Agreement: The amount of the total consideration was increased from a total of RMB730 million to RMB786 million (including the assumption of the shareholder's loan of RMB50,000,000). The amount of the part of consideration (i.e. the cash component) to be satisfied in cash under the Target Acquisition Agreement has been amended from RMB340,000,000 (approximately HK\$333,333,333) to RMB396,000,000 (approximately HK\$388,235,294) which is payable by the Company to the Vendors in three (3) instalments as follows:-

- (1) Payment of the first instalment in the amount of RMB190,000,000 (approximately HK\$186,274,510):-
 - (i) upon the execution of the Supplemental Target Acquisition Agreement, the Company has paid HK\$200,000,000 and RMB90,000,000 (approximately HK\$88,235,294) to the Vendor;
 - (ii) the excess between RMB190,000,000 and the amount stated in (1) (i) above will be refunded by the Vendors to the Company, after deduction of a loan made by the Vendors to the SPV in the amount of RMB50,000,000 (approximately HK\$49,019,607.8), within a period of six (6) months immediately after the Company issues 170,000,000 convertible bonds to the Vendors as stated in 3(ii) below;

- (2) Payment of the second instalment in the amount of RMB36,000,000 (approximately HK\$35,294,117.6):–
- (i) the second instalment will be adjusted by the differences (if any) between the amount of investments made by the respective shareholders of the SPV as disclosed by the Vendors in the Target Acquisition Agreement and the actual amount of investments made by such shareholders as ascertained by due diligence review conducted by the Company;
 - (ii) if the amount of investment by each shareholder of the SPV as disclosed in the Target Acquisition Agreement is different from the actual amount of investment contributed by such shareholder, the amount of the second instalment shall be adjusted accordingly and the second instalment will be payable after the actual amount investment by each shareholder of the SPV has been ascertained;
- (3) Payment of the third instalment in the amount of RMB170,000,000 (approximately HK\$166,666,666.6):–
- (i) the Company will issue 170,000,000 convertible bonds with a term of six (6) months from the date of issue to the Vendors to secure payment of the third instalment. The parties agreed that within three (3) business days after the expiry of the convertible bonds, the Company shall redeem the bonds at an annual interest rate of 3.88%. If the Company fails to redeem the convertible bonds within a period of three (3) business days as stated above, the Vendor shall have the right to convert the bonds into Shares at the conversion price at HK\$1.00 (this was agreed by the parties on 15 November 2006);
 - (ii) the parties agreed that obligations of the Company to pay the RMB170,000,000 will be satisfied by either redemption or conversion of the convertible bonds.

The parties subsequently agreed on 16 November 2006 that (i) the convertible bonds will be issued within 7 days from the date of the listing approval and (ii) as the conversion price of the convertible bond was fixed, there would not be further adjustment to the second instalment. The due diligence review was expected to be completed by 24 November 2006.

Shares to be issued upon conversion of the convertible bonds will be issued under the Specific Mandate (covers the Consideration Shares and the shares to be converted under the convertible bonds) proposed to be granted to the Board at the SGM. Mr. Li Song Xiao, a majority Shareholder has undertaken to vote in favour for the issue of the Shares upon conversion of the convertible bonds at the SGM.

Other terms and conditions:

- (i) the Company shall apply to the Stock Exchange for the listing of, and permission to deal in the Consideration Shares within 10 business day after the execution of the Supplemental Target Acquisition Agreement. Subject to, and within 10 business days after, the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares and the shares to be issued under the convertible bonds, the Company will issue and allot the Consideration Shares and the convertible bonds to the Vendors (or their nominees). The listing approval is subject to the approval of the issue of the Consideration Shares and the convertible bonds by the Shareholder at the SGM;

- (ii) the Vendor shall on the date of execution of this agreement, deliver all the original corporate documents and seals of the SPV to the Company;
- (iii) the parties agree that Jia Cheng shall be entitled to 28.5% profit of the Project and has the right to nominate one (1) director of the SPV.

The increase in the cash portion of RMB56,000,000 of the consideration was based on commercial decision of the Group. The payment arrangement (i.e. the first instalment) was a result of commercial negotiation. Such payment arrangement was requested by the Vendors. The Directors considered that the Company can enrich its land bank by nearly doubling the amount of its land bank pursuant to this acquisition and that is one of the major reasons for the Board accepting such increase in the consideration and the payment arrangement.

A summary of the SPV Acquisition Agreements:–

The Zhong Yuen SPV Agreement:–

Effective Date of Agreement: 6 November 2006

Parties: Zhong Yuen, as the vendor of 2.8% equity interest in the SPV

Zhong Zhi, as the purchaser of 2.8% equity interest in the SPV

Zhong Yuen has represented that it is the legal and registered owner of the 2.8% equity interest in the SPV

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Zhong Yuen and its ultimate beneficial owner are third parties independent of the Company and of the connected persons (as defined in the Listing Rules) of the Company.

Subject Matter of Acquisition: 2.8% equity interest in the SPV

Consideration: RMB20,000,000 (approximately HK\$19,607,843) which were paid by Zhong Zhi to Zhong Yuen on the date of execution of the Zhong Yuen SPV Agreement in cash funded by internal resources of the Company. After execution of the Zhong Yuen SPV Agreement, the parties thereof shall work with the SPV to proceed with the necessary procedures and registration for the transfer of the 2.8% equity interest in the SPV.

The consideration has been arrived at after arm's length negotiation based on a valuation of the SPV by an independent valuer, Savills Valuation and Professional Services Limited at RMB1,377,400,000 (approximately HK\$1,350,392,156) based on a direct comparison of similar properties in the vicinity area in Xian together with considerations of the market position and potential for the development of the Project.

The Zhou Bang SPV Agreement:–

Effective Date of Agreement: 6 November 2006

Parties: Zhou Bang, as the vendor of 14.2% equity interest in the SPV

Zhong Zhi, as the purchaser of the 14.2% equity interest in the SPV

Zhou Bang has represented that it is the legal and registered owner of the 14.2% equity interest in the SPV.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Zhou Bang and its ultimate beneficial owner are third parties independent of the Company and of the connected persons (as defined in the Listing Rules) of the Company.

Subject Matter of Acquisition: 14.2% equity interest in the SPV

Consideration: RMB120,000,000 (approximately HK\$117,647,058) in cash which will be funded by internal resources of the Company.

The consideration has been arrived at after arm's length negotiation based on a valuation of the SPV by an independent valuer, Savills Valuation and Professional Services Limited at RMB1,377,400,000 (approximately HK\$1,350,392,156) based on a direct comparison of similar properties in the vicinity area in Xian together with considerations of the market position and potential for the development of the Project.

Payment of Consideration: The consideration is payable by Zhong Zhi to Zhou Bang as follows:–

- (1) RMB40,000,000 (approximately HK\$39,215,686) has been paid into an account jointly controlled by Zhong Zhi and Zhong Yuen.
- (2) Subject to completion of all the preparation works for the transfer of the equity interest pursuant to the Zhou Bang SPV Agreement, Zhong Zhi shall pay RMB80,000,000 (approximately HK\$78,431,372) to the account jointly controlled by Zhong Zhi and Zhong Yuen.
- (3) Upon obtaining the necessary approvals for the transfer of 14.2% equity interest in the SPV from the relevant local authority and notification from the relevant local authority in relation to the processing of the registration for the change in equity interest in the SPV, Zhong Zhi and Zhou Bang will authorise the release of the above RMB120,000,000 to Zhou Bang.

Completion of the Target Acquisition Agreement and the SPV Agreements are not inter-conditional.

The Company confirmed that the different payment arrangement in the Zhou Bang SPV Agreement and the Zhong Yuen SPV Agreement was a result of commercial negotiation. The counter-parties in Zhong Yuen SPV Agreement had bigger bargaining power and hence the payment arrangement was less favourable to the Company. However, after careful consideration and given the significant benefit of this transaction to the Company, the Directors considered that this payment arrangement was acceptable. The Directors consider that the transaction under the Zhong Yuen SPV Agreement as a whole is fair and reasonable and in the interest of the Company and its Shareholders.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a table showing the shareholding structure of the Company at the date of this announcement and immediately after completion of the Target Acquisition Agreement:–

	Existing shareholding structure at the date of this announcement		Shareholding structure immediately after completion (Note 1)		Shareholding structure immediately after completion and assuming full conversion of the convertible bonds	
	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%
Shareholders						
Invest Gain Limited (Note 2)	2,942,021,390	51.41%	2,942,021,390	48.53%	2,942,021,390	47.21%
Mr. Li Song Xiao and concert parties other than Invest Gain Limited (Note 3)	609,630,000	10.65%	609,630,000	10.05%	609,630,000	9.78%
	3,551,651,390	62.06%	3,551,651,390	58.58%	3,551,651,390	56.99%
Public Shareholders, including the Vendors	2,170,722,950	37.94%	2,170,722,950	35.80 %	2,170,722,950	34.83%
	0	0%	340,000,000	5.62%	510,000,000	8.18%
	2,170,722,950	37.94%	2,510,722,950	41.42%	2,680,722,950	43.01%
Total	5,722,374,340	100.00%	6,062,374,340	100.00%	6,232,374,340	100.00%

Notes:

1. Assuming that no Shares will be issued and no Shares will be disposed of by Invest Gain Limited, after the date of this announcement until the completion of the Agreements, save for the Consideration Shares.
2. Mr. Li Song Xiao is the ultimate beneficial sole shareholder of Invest Gain Limited.
3. 600,000,000 of these Shares are held by Sinoeagle Pacific Limited, a company wholly-owned by Mr Li Song Xiao, 9,630,000 of these Shares are held by Mr Li personally.

Reasons for the Acquisition

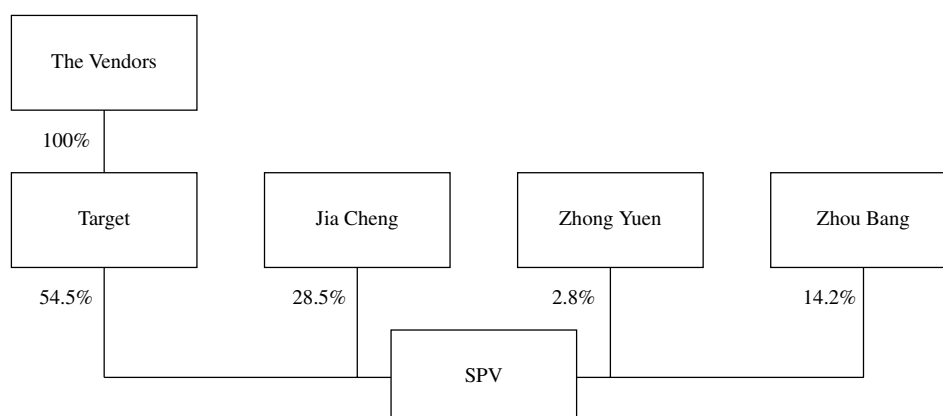
The Group is principally engaged in property investment and development in the PRC. As part of its strategy and as announced previously, the Group has been appraising actively investment opportunities in high-potential investments and attractive businesses in the major cities in the PRC.

The Project is still in its very early stage of development and is still making a loss mainly due to development costs and the acquisition cost of the land. However, as the Project is located at land lot A, Chanba River, Xian City, Shanxi Province, the PRC, a premier location in Xian which is a popular residential and commercial area with stable residential and commercial market conditions, the Directors are confident about the future development of the Project and consider it desirable to proceed with the prompt development of the Project and acquire the entire issued share capital of in the Target and the majority equity interest in the SPV so as control the board of the SPV. The Group may or may not acquire the remaining 28.5% equity interest in the SPV, if the Group acquires the remaining 28.5% equity interest in the SPV, the Board will make further announcement if and as required by the Listing Rules.

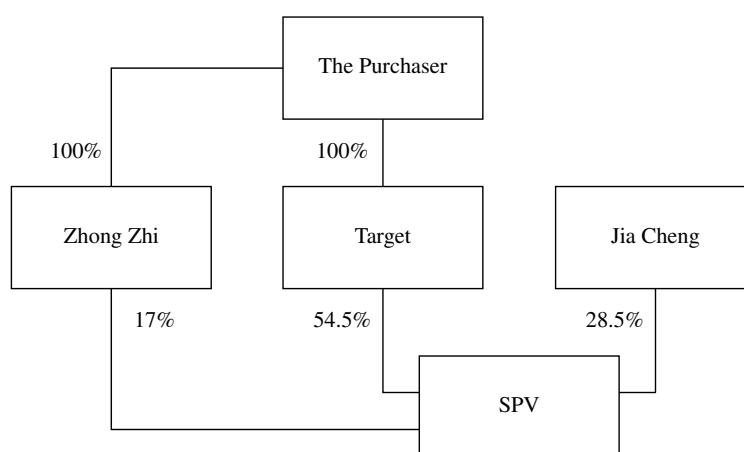
The Directors are of the view that the terms of the Agreements, including the consideration, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Apart from being business partners of each other for the development of the Project, there is no other relationship between the Vendors and the other shareholders of the SPV. The structure of the SPV before and after the completion of the Agreements will be as follow:–

Structure of the SPV before Completion



Structure of the SPV after Completion



FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES OF THE COMPANY IN THE PAST 12 MONTHS

Apart from the events set out in the following table, the Company had not conducted any other fund raising activities involving issue of its securities in the past 12 months preceding the date of this announcement:–

Date of completion	Event	Net proceeds	Stated intended use of proceeds	Actual use of proceeds
subscription and placing of Shares were completed on 10 February 2006 and 27 February 2006 respectively	Issue of 496,720,000 new Shares by the Company to Mr. Li Song Xiao in relation to the placing of 496,720,000 old shares on behalf of Mr. Li Song Xiao as announced by the Company on 13 February 2006	approximately HK\$434 million	For the acquisition of equity interest in Chongqing China Enterprises Property Development Company Limited and for general working capital of the Company	Same as those stated in the column to the left

12 June 2006	Issue of convertible bonds by the Company as announced by the Company on 15 May 2006	approximately HK\$1,292.3 million	Acquisition of certain pieces of land in Old Urban Area, Tianjin City Nankai District, Tianjin and for general working capital	Same as those stated in the column to the left
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General

The entering into of the Agreements constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules. A circular containing, amongst other things, further details of the Agreements will be despatched to Shareholders as soon as practicable.

Suspension and resumption of trading

At the request of the Company, trading in the Shares was suspended with effect from 2:30 p.m. on 6 November 2006 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 17 November 2006.

Definitions:

In this announcement, the following terms have the following meanings:–

“Agreements”	the Target Acquisition Agreement and the SPV Acquisition Agreements;
“Board”	the board of Directors of the Company;
“Company”	Neo-China Group (Holdings) Limited, a company incorporated in Bermuda and whose securities are listed on the Main Board of the Stock Exchange;
“Consideration Shares”	the new Shares to be allotted and issued by the Company to the Vendors (or their nominee) as part of consideration under the Target Acquisition Agreement;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Issue Price”	the issue price of HK\$1 per Consideration Share;
“Jia Cheng”	Shanghai Jia Cheng Investment Management Limited (上海嘉誠投資管理有限公司), a company holding a 28.5% equity interest in the SPV;
“Last Trading Day”	6 November 2006, being the last day on which the Shares were traded on the Stock Exchange prior to the release of this announcement;
“Listing Committee”	The listing sub-committee of the board of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Project”	development of a piece of land located at land lot A, Chanba River, Xian City, Shanxi Province, the PRC, Xian with a site area of around 2,569,000 square metres into a residential and commercial complex including building of the complex for the holding of the “歐亞論壇” on November 2007;

“Richspeed”	Richspeed Investment Limited, a company incorporated in the British Virgin Island and a wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Specific Mandate”	the specific mandate proposed to be granted to the Directors at the SGM to issue the Consideration Shares and the shares to be issued under the convertible bonds to the Vendors;
“SGM”	the special general meeting of the Company to be held to approve the Specific Mandate;
“SPV”	Xian Chan Ba Construction Development Company Limited (西安滄灞建設開發有限公司), a special purpose vehicle incorporated in the PRC for the purpose of developing and holding the land in the Project;
“SPV Acquisition Agreements”	the Zhong Yuen SPV Agreement and the Zhou Bang SPV Agreement;
“Shares”	ordinary shares in the Company;
“Shareholders”	the holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Target Acquisition Agreement”	the agreement dated 13 November 2006 entered into between the Vendor, the Company and Jia Cheng to supplement the terms and conditions of the Target Acquisition Agreement;
“Target”	Honest State Limited, 誠邦有限公司, a company incorporated in the British Virgin Island and wholly-owned by the Vendors;
“Target Acquisition Agreement”	the agreement dated 6 November 2006 entered into between the Vendors and Richspeed for the acquisition of the entire issue of share capital of the Target and as supplemented and amended by the Supplemental Target Acquisition Agreement as the context requires;
“Vendors”	Mr. 石德毅 (Shi Deyi) and Ms. 喬曉輝 (Qiao Xiaohui);
“Zhong Zhi”	Zhongzhi (Beijing) Enterprise Management Company Limited (中置(北京)企業管理有限公司), a wholly-owned subsidiary of the Company, the purchaser under the SPV Acquisition Agreements;
“Zhong Yuen”	Shanghai Zhong Yuen Subconstruction Subcontracting Company Limited (上海中遠建設總承包有限公司), the vendor under the Zhong Yuen SPV Agreement for the sale of 2.8% equity interest in the SPV;
“Zhong Yuen SPV Agreement”	the agreement dated 6 November 2006 entered into between Zhong Zhi as the purchaser and Zhong Yuen as the vendor for the acquisition of 2.8% equity interest in the SPV;
“Zhou Bang”	Xian Zhou Bang Investment Management Company Limited (西安洲邦投資管理有限公司), the vendor under the Zhou Bang SPV Agreement for the sale of 14.2% equity interest in the SPV;

“Zhou Bang SPV Agreement” the agreement dated 6 November 2006 entered into between Zhong Zhi as the purchaser and Zhou Bang as the vendor for the acquisition of 14.2% equity interest in the SPV;

“%” per cent.

By Order of the Board of
Neo-China Group (Holdings) Limited
Li Song Xiao
Chairman

Hong Kong, 16 November 2006

For the purpose of this announcement, the translation of RMB into HK\$ is based on the exchange rate of HK\$1=RMB1.02.

As at the date of this announcement, the Board comprises Mr Li Song Xiao as chairman; Mr Liu Yi, Ms Niu Xiao Rong, Mr Yuan Kun and Ms. Liu Yan as executive Directors; Ms Nie Mei Sheng, Mr Wang Shiyong and Mr. Zhang Qing Lin as independent non-executive Directors.

Please also refer to the published version of this announcement in The Standard.