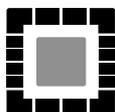


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*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares.*



**中新集團**  
NEOCHINAGROUP

**NEO-CHINA GROUP (HOLDINGS) LIMITED**

**中新集團（控股）有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 563)**

## **SHARE TRANSACTION ANNOUNCEMENT**

### **ACQUISITION OF A 100% EQUITY INTEREST IN**

**中住佳展地產（徐州）有限公司**

**(ZHONGZHU JIAZHAN REAL ESTATE (XUZHOU) COMPANY LIMITED)**

#### **ACQUISITION**

The Board is pleased to inform the Shareholders that the Company's wholly owned subsidiaries, Advanteam Limited and 中置（北京）企業管理有限公司 (Zhongzhi (Beijing) Enterprise Management Company Limited) entered into a Share Purchase Framework Agreement on 17 January 2007 in relation to 100% equity interest in 中住佳展地產（徐州）有限公司 (Zhongzhu Jiazhan Real Estate (Xuzhou) Company Limited), a project company established to carry out a Property Development Project named “君臨泉山 (Jun Lin Quan Shan)” in Xuzhou (徐州), People's Republic of China.

Part of the consideration under the Share Purchase Framework Agreement will be satisfied by the allotment and issue of Consideration Shares by the Company to the vendors.

The entering into the Share Purchase Agreement constituted a share transaction of the Company under Rule 14.06(1) of the Listing Rules.

#### **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on 18 January 2007 pending release of this announcement. The trading of the Shares shall remain suspended pending the release of an announcement relating to another discloseable transaction.

\* *For identification purpose only*



The Company acts as an investment holding company. The principal activities of its subsidiaries, including Advanteam and Zhongzhi, are investment holding and/or investment in, or development of, land and real estate in PRC.

Subject Matter  
of Acquisition:

The Project Company is a limited company incorporated in PRC on 12 September 2005, with registered capital of RMB100,000,000. Its registered share capital has been fully paid up. The Project Company is carrying out a Property Development Project in Xuzhou (徐州), PRC. On 19 October 2005, the Project Company entered into a sale of land agreement with 銅山縣國土資源局(Tongshan Xian Guo Tu Zi Yuan Ju) in respect of the Land in the consideration of RMB672,000,000, and the use of the Land is residential and commercial. The Project Company shall carry out the Property Development Project, which is a mix of residential and commercial properties, on the Land.

The consideration for the Land is to be paid by the Project Company to 銅山縣國土資源局 (Tongshan Xian Guo Tu Zi Yuan Ju) in stages. The Project Company has paid RMB150,000,000 being part of the consideration for the Land. The Project Company is in the process of acquiring the land use right in respect of the whole of the Land.

The Property Development Project is now in the early stage and the transfer of land use rights are being processed by the Project Company, the progress of which is subject to due diligence to be conducted by the Group. The construction the Property Development Project has commenced and is expected to be completed by the end of 2009.

The Group is in the process of conducting its due diligence on the Project Company and other representations made by the counter-parties under the Agreement.

While the Agreement is legally binding on the parties, on the condition that the due diligence is cleared, the parties will sign a formal share purchase agreement.

Under the Agreement, the parties have agreed to negotiate in relation to the share purchase of the 100% equity interest in the Project Company, through the following share transfer:–

- (i) Advanteam shall acquire from N&P all its 100% shares in Well Develop which in turn is holding 90% equity interest in the Project Company; and
- (ii) Zhongzhi shall acquire from Jiangsu all its shares in the Project Company representing 10% equity interest in Project Company.

Upon completion, Advanteam shall hold 100% shares in Well Develop and therefore holding 90% equity interest in the Project Company; and Zhongzhi shall hold the remaining 10% equity interest in Project Company. The Project Company shall become a wholly-owned subsidiary of the Company.

Upon the completion, Mr. Sun shall resign from the directorship of the Project Company. Neither Mr. Sun, his associates nor nominees will be appointed as director of the Project Company following the Agreement.

Consideration and  
Payment thereof:

According to the Agreement, the consideration for the Proposed Investment is HK\$375,000,000, which will be satisfied in the following manner:—

- (1) In respect of HK\$150,000,000 – by a cash payment to Mr. Sun in the sum of HK\$150,000,000 (of which HK\$100,000,000 shall be deposited into an escrow account within 3 working days from the date of the Agreement pending clearance of due diligence conducted by the Group) within 5 working days after clearance of the due diligence conducted by the Group;
- (2) In respect of HK\$225,000,000 – by the issue and allotment of the 125,000,000 Consideration Shares at the Issued Price (i.e. HK\$1.80), which was determined after arm's length negotiations between the parties with reference to recent market values and future prospects of the Company, within 10 working days after the granting by the Stock Exchange for the listing of, and permission to deal in the Consideration Shares.

The Cash Consideration will be financed from internal sources of the Group.

The escrow account is kept by the Company's appointed solicitors and the sum of HK\$100,000,000 will be maintained in the solicitors' client bank account pursuant to an escrow account agreement dated 17 January 2007 reached by the parties to the Agreement. In the case the due diligence is cleared, the sum of HK\$100,000,000 (without interest) shall be paid to Mr. Sun according to the Agreement, and the bank interest thereon shall be paid to the Company. In the case the due diligence cannot be cleared, the sum of HK\$100,000,000 together with bank interest thereon shall be refunded to the Company.

The value of Consideration Shares immediately before the entering of the Agreement, i.e. at market value at close of business on 17 January 2007 was HK\$1.24 per Share x 120,000,000 Shares to be issued, amounting to HK\$148,800,000 in total.

The Consideration Shares represent (i) approximately 1.95% of the issued share capital of the Company as at 17 January 2007 and (ii) approximately 1.91% 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. There is no restriction applicable to the subsequent sale of the Consideration Shares.

The Issue Price represents:

- (a) a premium of approximately 45.2% to the closing price per Share of HK\$1.24 as quoted on the Stock Exchange on 17 January 2007 being the Last Trading Day;
- (b) a premium of approximately 46.3% to the average closing price per Share of HK\$1.23 as quoted on the Stock Exchange for the last 5 trading days to and including the Last Trading Day.

Based on the latest management account of the Project Company provided by Mr. Sun to the Company, as at 31st December 2006, the net asset value of the Project Company which is the subject of the transaction is approximately RMB100,182,000. There was no profit (both before and after taxation and extraordinary items) attributable to the Project Company which is the subject of the transaction for the two financial years immediately preceding the transaction. There was no revenue for two financial years immediately preceding the transaction. The Project Company, which was newly incorporated on 12 September 2005, is still in the early stage of the Property Development Project and has not generated revenue and profit.

The consideration has been arrived at after arm's length negotiations between the parties to the Agreement whereby although no independent valuation has been performed, the Board has made reference to the market situation in and the city development of Xuzhou of PRC and market value of similar properties in the relevant locations, and is of the view that the terms of the Agreement including the consideration are in normal commercial terms, which are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

The Consideration Shares will be issued under the general mandate granted to the Board. The grant date of the general mandate is 9 May 2006, i.e. the date of a special general meeting of the Company, on which the Board is granted the general mandate to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at 9 May 2006. The total number of Share in issue as at 9 May 2006 is 4,479,339,487 and 20% thereof is 895,867,897. The number of Shares still available after the issue of the Consideration Shares is 331,474,868. The Company has no current plan for future fund raising activities.

The long stop date in respect of the Agreement for entering into a formal share purchase agreement is 17 April 2007.



“Agreement”	Share Purchase Framework Agreement (股權收購框架協議) entered into by Mr. Sun, Jiangsu, Advanteam, and Zhongzhi dated 17 January 2007, which is legally binding on the parties;
“Advanteam”	Advanteam Limited incorporated in the British Virgin Islands, being a wholly owned subsidiary of the Company;
“Board”	the board of Directors;
“Cash Consideration”	the cash consideration of HK\$150,000,000 for the Acquisition, further details are set out in the item “A summary of the Agreement” of this announcement;
“Company”	Neo-China Group (Holdings) Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange;
“Consideration Shares”	the 125,000,000 new Shares to be allotted and issued by the Company to Mr. Sun or his nominee, as part of consideration under the Agreement;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Issue Price”	The issue price of HK\$1.80 per Consideration Share, which was determined after arm’s length negotiations between the parties with reference to recent market values and future prospects of the Company;
“Jiangsu”	江蘇中住房地產有限公司 (Jiangsu Zhongzhu Real Estate Company Limited) incorporated in PRC;
“Land”	the piece of land situated at 徐州市銅山縣漢王鎮 (Xuzhou Shi Tongshan Xian Han Wang Zhen) with a gross site area of approximately 1,050,000 square metres subject to a sale of land agreement dated 19 October 2005, entered into between 銅山縣國土資源局 (Tongshan Xian Guo Tu Zi Yuan Ju) as the vendor and the Project Company as the purchaser;
“Last Trading Day”	17 January 2007, being the last day on which the Shares were traded on the Stock Exchange prior to the release of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Sun”	Mr. Sun Bo Rong (孫伯榮), the only shareholder of N&P and the only director of Well Develop;
“N&P”	Nice and Plenty Holdings Limited, incorporated in British Virgin Islands of P.O. Box 173 Kingston Chambers, Road Town, Tortola, British Virgin Islands, the only shareholder of Well Develop;

“PRC”	the People’s Republic of China;
“Project Company”	中住佳展地產（徐州）有限公司 (Zhongzhu Jiazhan Real Estate (Xuzhou) Company Limited) incorporated in PRC;
“Property Development Project”	The property development project named “君臨泉山 (Jun Lin Quan Shan)” carried out by the Project Company;
“Proposed Investment”	the proposed investment contemplated under Agreement whereby Advanteam and Jiangsu shall purchase the 100% equity interest in Project Company;
“RMB”	Renminbi, the lawful currency of PRC;
“Shares”	Shares of HK\$0.01 each in the capital of the Company;
“Shareholders”	the holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Well Develop”	Well Develop Investments Limited (佳展投資有限公司), incorporated in the British Virgin Islands, wholly owned by N&P;
“Zhongzhi”	中置（北京）企業管理有限公司 (Zhongzhi (Beijing) Enterprise Management Company Limited) incorporated in PRC, being a wholly owned subsidiary of the Company;
“%”	per cent.

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

Hong Kong, 24 January 2007

*As at the date of this announcement, the board of directors of the Company comprises Mr. Li Song Xiao as chairman, Mr. Liu Yi, Ms. Niu Xiao Rong, Mr. Yuan Kun, 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.