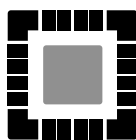


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中新集團
NEO CHINA GROUP

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

Reference is made to the previous announcements dated 24 January 2007 and 26 January 2007 made by the Company, in relation to a share transaction in respect of acquisition of 100% equity interest in 中住佳展地產（徐州）有限公司 (Zhongzhu Jiazhan Real Estate (Xuzhou) Company Limited) under a Framework Agreement dated 17 January 2007. The Project Company is carrying out a property development project named “君臨泉山 (Jun Lin Quan Shan)” in Xuzhou (徐州), People’s Republic of China.

The Board of Directors of the Company is pleased to announce that following further negotiation and clearance of due diligence, 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 Agreement on 28 February 2007, a formal agreement in respect of the said acquisition pursuant to the Framework Agreement. The terms of the Agreement and the Framework Agreement are substantially the same, except that in the Agreement, the due diligence has been satisfactorily completed and N&P replaces Mr. Sun,

* For identification purpose only

the only shareholder and director of N&P, to be one of the parties of the transactions for the reason that it is N&P which is directly required to fulfill obligations in respect of the Acquisition.

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

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

ACQUISITION OF 100% EQUITY INTEREST IN THE PROJECT COMPANY

Reference is made to the Previous Announcements made by the Company in relation to a share transaction in respect of acquisition of 100% equity interest in the Project Company under the Framework Agreement dated 17 January 2007.

The Board is pleased to announce that following further negotiation subsequent to the signing of the Framework Agreement and clearance of due diligence on the Project Company and the Investment, the Company's wholly owned subsidiaries, Advanteam and Zhongzhi entered into the Agreement (i.e. Share Purchase Agreement) on 28 February 2007 with N&P and Jiangsu, whereby:-

- (i) Advanteam acquired 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 acquired from Jiangsu all its shares in the Project Company representing 10% equity interest in Project Company.

A summary of the Agreement:-

Effective Date of Agreement: 28 February 2007

Parties: Party A: N&P
Party B: Jiangsu
Party C: Advanteam
Party D: Zhongzhi

N&P and Jiangsu are investment holding and/or property development companies.

N&P is the legal and beneficial owner of the entire share capital of Well Develop. Well Develop is the legal and beneficial owner of 90% issued share capital of the Project Company. Mr. Sun is holding the 100% beneficial interest in N&P.

Jiangsu is the legal and beneficial owner of 10% issued share capital of the Project Company. Mr. Sun is holding the 100% beneficial interest in Jiangsu.

The Project Company is a property development company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, N&P, Well Develop, Jiangsu and their respective beneficial owners are third parties independent of the Company and of the connected persons (as defined in the Listing Rules) of the Company.

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 construction the Property Development Project has commenced and is expected to be completed by the end of 2009.

Pursuant to the Agreement, on the date of the Agreement (i.e. 28 February 2007), (i) Advanteam acquired 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 acquired from Jiangsu all its shares in the Project Company representing 10% equity interest in Project Company. The Project Company has become a wholly-owned subsidiary of the Company.

On the date of the Agreement (i.e. 28 February 2007), Mr. Sun resigned 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.

On the date of the Agreement, the assets of the Project Company, including but not limited to corporate seal of the Project Company and the original documents of or in relation to the Project Company, the Land and the Property Development Project, were delivered by N&P and Jiangsu to the Advanteam and Zhongzhi.

Consideration and
Payment thereof:

The consideration for the Investment was agreed by the parties under the Framework Agreement. According to the Agreement, the consideration for the Investment is HK\$375,000,000, which is and will be satisfied in the following manner:—

- (1) In respect of HK\$150,000,000 – by a cash payment to N&P in the sum of HK\$150,000,000 (comprising of HK\$140,000,000 and RMB10,000,000, the latter having been agreed as equivalent to HK\$10,000,000) within 3 working days from the date of the Agreement; and
- (2) In respect of HK\$225,000,000 – by the issue and allotment of the 125,000,000 Consideration Shares at the Issued Price (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 is financed from internal sources of the Group.

The value of Consideration Shares immediately before the entering of the Framework 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. 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, 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 25 September 2006, i.e. the date of a annual 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 25 September 2006. The total number of Share in issue as at 25 September 2006 is 5,722,374,340 and 20% thereof is 1,144,474,868. 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.

REASONS FOR THE TRANSACTION UNDER AGREEMENT

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

The Board believes that the Investment will provide a good opportunity for the Group to further expand its business in the property market in Xuzhou. The Company's plan with respect of the Property Development Project is for development of real estate property rather than re-sale of the undeveloped land.

This announcement is made by the order of the Board, of which the directors individually and jointly accept responsibility for the accuracy of the information contained in this announcement.

After exercise of due care and diligence, the Board considers that the terms and conditions of 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.

GENERAL

The Agreement constituted a share transaction of the Company pursuant to Rule 14.06(1) of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following shall have the following meanings:

“Acquisition”	The acquisition of the 100% equity interest in the Project Company;
“Agreement”	The formal Share Purchase Agreement (股權收購協議) entered into by N&P, Jiangsu, Advanteam, and Zhongzhi dated 28 February 2007, which is legally binding on the parties, and made pursuant to the Framework Agreement;
“Advanteam”	Advanteam Limited incorporated in the British Virgin Islands, being a wholly owned subsidiary of the Company;
“Previous Announcements”	the previous announcements dated 24 January 2007 and 26 January 2007 made by the Company, in relation to a share transaction in respect of acquisition of 100% equity interest in the project Company under Framework Agreement dated 17 January 2007;
“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;
“Investment”	the investment as detailed in Agreement whereby Advanteam and Jiangsu shall purchase the 100% equity interest in Project Company;
“RMB”	Reminbi, the lawful currency of PRC;
“Framework Agreement”	the Share Purchase Framework Agreement dated 17 January 2007, entered into by Advanteam and Zhongzhi with Mr. Sun and Jiangsu, in relation to the Investment;
“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, 28 February 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.