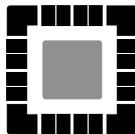


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中新集團
NEO CHINA GROUP

NEO-CHINA GROUP (HOLDINGS) LIMITED

中新集團（控股）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 563)

DISCLOSEABLE TRANSACTION ANNOUNCEMENT

DISPOSAL OF 100% EQUITY INTEREST IN 中住佳展地產（徐州）有限公司 (ZHONGZHU JIAZHAN REAL ESTATE (XUZHOU) COMPANY LIMITED)

DISPOSAL

The Board is pleased to announce that the Company's wholly-owned subsidiaries, Advanteam and Zhongzhi entered into two Sale and Purchase Agreements on 26 April 2007 for disposal of 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 the Property Development Project named “君臨泉山 (Jun Lin Quan Shan)” in Xuzhou (徐州), the PRC.

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular of the Company in relation to the Disposal will be despatched to the Shareholders as soon as possible.

Disposal of 100% Equity Interest in 中住佳展地產（徐州）有限公司 (Zhongzhu Jiazhan Real Estate (Xuzhou) Company Limited)

The Board is pleased to announce that, on 26 April 2007, the Company's wholly-owned subsidiaries, Advanteam and Zhongzhi entered into Agreement I and Agreement II respectively, which are legally binding on the parties, with Rotunda whereby:—

- (i) By Agreement I, Advanteam agreed to sell and Rotunda agreed to purchase all its 100% shareholding in Well Develop, which in turn is holding 90% equity interest in the Project Company; and

- (ii) By Agreement II, Zhongzhi agreed to sell and Rotunda agreed to nominate Rotunda's Nominee Company to purchase all its shareholding in the Project Company, representing 10% equity interest in the Project Company.

A summary of the Agreement I:-

Effective Date of Agreement I: 26 April 2007

Parties: Party A: Advanteam
Party B: Rotunda

Advanteam is a wholly owned subsidiary of the Company. The principal activities of Advanteam are investment holding and/or investment in, or development of, land and real estate in the PRC.

Rotunda is a company incorporated in British Virgin Islands. The principal activity of Rotunda is investment holding.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Rotunda and its ultimate beneficial owner is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

Subject Matter of Disposal for Agreement I:

Well Develop is a wholly-owned subsidiary of the Advanteam. It is the legal and beneficial owner of 90% equity interest of the Project Company. The only asset of Well Develop is the shares in the Project Company.

The Project Company is a limited company incorporated in the 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), the 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 only asset of the Project Company is the Property Development Project.

Consideration and Payment thereof According to Agreement I, the consideration for the Disposal Agreement I: is HK\$580,000,000, which will be satisfied in the following manner:–

10% of the consideration shall be paid by Rotunda in cash on completion date;

and the remaining 90% of the consideration shall be paid in the following manner:

- (i) 30% thereof shall be paid on or before 30 May 2007;
- (ii) 20% thereof shall be paid on or before 30 June 2007;
- (iii) 20% thereof shall be paid on or before 30 August 2007;
and
- (iv) 20% thereof shall be paid on or before 30 October 2007.

Based on the latest management account of the Project Company provided by the Company, as at 31 March 2007, the net asset value of the Project Company which is the subject of the Disposal is approximately RMB207,672,480. 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 Disposal. There was no revenue for two financial years immediately preceding the Disposal. The Project Company, which was incorporated on 12 September 2005, is still in the early stage of the Property Development Project and has not generated any revenue and profit.

The consideration has been arrived at after arm's length negotiations between the parties to Agreement I. According to an independent valuation of the Land performed on 31 March 2007, the value of the Land was RMB550,000,000. The Board has also made reference to the market situation in and the city development of Xuzhou of the PRC and market value of similar properties in the relevant locations, and is of the view that the terms of Agreement I 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.

REASONS FOR THE TRANSACTION UNDER AGREEMENT I

Please refer to below under the item “REASONS FOR THE TRANSACTION UNDER AGREEMENT I AND AGREEMENT II”

A summary of the Agreement II:–

Effective Date of Agreement II: 26 April 2007

Parties: Party A: Zhongzhi
Party B: Rotunda

Zhongzhi is the legal and beneficial owner of 10% equity interest of the Project Company. Zhongzhi is a wholly-owned subsidiary of the Company. Its principal activities are investment holding and/or investment in, or development of, land and real estate in the PRC.

Rotunda is a company incorporated in British Virgin Islands. Rotunda’s Nominee Company is a company incorporated or to be incorporated in PRC. Both Rotunda and Rotunda’s Nominee Company have the same beneficial owner. The principal activities of Rotunda and Rotunda’s Nominee Company are investment holding.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, Rotunda, Rotunda’s Nominee Company and their ultimate beneficial owner is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

Subject Matter of Disposal for Agreement II:

By Agreement II, Rotunda shall nominate Rotunda’s Nominee Company to acquire from Zhongzhi all its shareholding in the Project Company, representing 10% equity interest in the Project Company.

The relevant information about the Project Company in respect of Agreement II is provided above under the item “the Subject Matter of Acquisition for Agreement I”.

By Agreement I and Agreement II, Rotunda and Rotunda's Nominee Company agreed to acquire from Advanteam and Zhongzhi 100% equity interest in the Project Company. On Completion Date, Rotunda and Rotunda's Nominee Company shall hold 100% equity interest in the Project Company. As a result, upon completion of the Disposal, the ownership of Project Company shall be transferred by the Company to Rotunda and Rotunda's Nominee Company, and both Well Develop and the Project Company will cease to be the subsidiaries of the Company.

Consideration and Payment thereof According to Agreement II, the consideration for the Disposal Agreement II: is RMB90,000,000, which will be satisfied in the following manner:–

10% of the consideration shall be paid by Rotunda in cash on completion date;

and the remaining 90% of the consideration shall be paid in the following manner:

- (i) 30% thereof shall be paid on or before 30 May 2007;
- (ii) 20% thereof shall be paid on or before 30 June 2007;
- (iii) 20% thereof shall be paid on or before 30 August 2007;
and
- (iv) 20% thereof shall be paid on or before 30 October 2007.

The relevant information about the Project Company in respect of Agreement II is provided above under the item “the Consideration and Payment thereof Agreement I”.

The consideration has been arrived at after arm's length negotiations between the parties to Agreement II. According to an independent valuation of the Land performed on 31 March 2007, the value of the Land was RMB550,000,000. The Board has also made reference to the market situation in and the city development of Xuzhou of the PRC and market value of similar properties in the relevant locations, and is of the view that the terms of Agreement II 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.

“Agreement I”	sale and purchase agreement entered into by Advanteam and Rotunda dated 26 April 2007 in respect of the 100% shareholding in Well Develop which is holding 90% equity interest in the Project Company, which is legally binding on the parties;
“Agreement II”	sale and purchase agreement entered into by Zhongzhi and Rotunda dated 26 April 2007 in respect of the 10% equity interest in the Project Company, which is legally binding on the parties;
“Board”	the board of Directors;
“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;
“Directors”	the directors of the Company;
“Disposal”	the disposal of the 100% equity interest in the Project Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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 the PRC;
“Property Development Project”	the property development project named “君臨泉山 (Jun Lin Quan Shan)” to be carried out by the Project Company;
“RMB”	Reminbi, the lawful currency of PRC;
“Rotunda”	Rotunda Group Limited, incorporated in British Virgin Islands of Commence Chambers, P.O. Box 2208, Road Town, Tortola, British Virgin Islands;

“Rotunda’s Nominee Company”	a limited company incorporated or to be incorporated in PRC and beneficially owned by the same owner of Rotunda;
“Shares”	ordinary shares of HK\$0.01 each in the issued share capital of the Company;
“Shareholders”	the holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Well Develop”	Well Develop Investments Limited (佳展投資有限公司), incorporated in the British Virgin Islands, wholly-owned by Advanteam, being a wholly-owned subsidiary of the Company;
“Zhongzhi”	中置(北京)企業管理有限公司 (Zhongzhi (Beijing) Enterprise Management Company Limited) incorporated in the PRC, being a wholly-owned subsidiary of the Company; and
“%”	per cent.

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

Hong Kong, 30 April 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 and Ms. Liu Yan as executive directors; Ms. Nie Mei Sheng, Mr. Zhang Qing Lin and Mr. Gao Ling as independent non-executive directors.

* *For identification purpose only*

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