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NEO-CHINA GROUP (HOLDINGS) LIMITED

中新集團（控股）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 563)

PROPOSED CONSOLIDATION OF SHARES, CHANGE OF BOARD LOT SIZE AND CHANGE OF COMPANY NAME

SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE

The Board is pleased to announce the proposed Share Consolidation, whereby every four existing issued and unissued Shares of HK\$0.01 each in the share capital of the Company will be consolidated into one Consolidated Share, being HK\$0.04 each in the share capital of the Company.

The Share Consolidation will be subject to approval by Shareholders at the SGM and the granting of listing permission to deal in the Consolidated Shares but is not subject to approval by the Bermuda Monetary Authority or other applicable government authorities.

The Shares are currently traded in board lots of 10,000 Shares. Upon the Share Consolidation becoming effective, the Consolidated Shares will be traded in board lots of 2,000 Consolidated Shares.

* *For identification purposes only*

CHANGE OF COMPANY NAME

The Board proposes to change the name of the Company from “Neo-China Group (Holdings) Limited” to “Neo-China Land Group (Holdings) Limited 中新地產集團(控股)有限公司”.

The Change of Company Name is conditional upon: (i) the passing of a special resolution by the Shareholders to approve the Change of Company Name at the SGM; and (ii) the approval of the Registrar of Companies in Bermuda.

A circular containing details of the Share Consolidation, the trading arrangements in respect of the Consolidated Shares, the procedures for free exchange of share certificates, the Change of Name and the notice of SGM will be despatched to the Shareholders as soon as practicable.

PROPOSED SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE

The Board is pleased to announce the proposed Share Consolidation, whereby every four existing issued and unissued Shares of HK\$0.01 each in the share capital of the Company will be consolidated into one Consolidated Share, being HK\$0.04 each in the share capital of the Company.

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CONDITIONS OF THE SHARE CONSOLIDATION

The Share Consolidation is condition upon, among other matters:–

- (a) the Shareholders at the SGM having passed an ordinary resolution approving the Share Consolidation; and
- (b) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consolidated Shares.

The Share Consolidation is not subject to approval by the Bermuda Monetary Authority or other applicable government authorities.

REASONS FOR THE SHARE CONSOLIDATION AND BOARD LOT SIZE CHANGE

The Share Consolidation will increase the nominal value of the Shares and the value of each such Share and together with the change in board lot size, the trading price per board lot will be lowered, and will thereby reduce the overall transaction and handling costs for dealings in Shares of the Company. The Board therefore believes that the Share Consolidation and change in board lot size is in the best interests of the Company and the Shareholders as a whole.

EFFECT OF THE SHARE CONSOLIDATION

As at the date of this announcement, the authorised share capital of the Company is HK\$400,000,000 divided into 40,000,000,000 Shares, of which 6,875,374,340 Shares have been issued and fully paid or credited as fully paid and 33,124,625,660 Shares remain unissued. Assuming no further Shares will be issued or repurchased after the date of this announcement, upon the Share Consolidation becoming effective, the authorised share capital of the Company will be HK\$400,000,000 divided into 10,000,000,000 Consolidated Shares, of which 1,718,843,585 Consolidated Shares will be in issue and 8,281,156,415 Consolidated Shares will remain unissued.

The Consolidated Shares will rank *pari passu* in all respects with each other. Fractions (if any) of Consolidated Shares arising from and upon the Share Consolidation to which the Shareholders are otherwise entitled will not be issued to them but will be aggregated and sold (less expenses) for the benefit of the Company.

ADJUSTMENT TO SHARE OPTIONS

As at the date of this announcement, there are outstanding options to subscribe for 566,800,000 Shares granted pursuant to the Share Option Scheme. The Share Consolidation may lead to adjustment to the exercise price and the number of Consolidated Shares which may fall to be issued upon exercise of outstanding options. The Company will appoint the Company's auditors to review and confirm that the basis of such adjustments to the Options comply with Chapter 17 of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and are in accordance with the rules of the Share Option Scheme. Further announcement will be made if any adjustment is required to be made.

ADJUSTMENT TO CONVERTIBLE BONDS

As at the date of this announcement, the aggregate number of Shares that may be issued as a result of an exercise of the conversion rights under the Convertible Bonds are 890,483,785 Shares. The Share Consolidation may lead to adjustment to the conversion price at which the outstanding principal amount of the Convertible Bonds may be converted into Shares, such adjustment to be made in accordance with the terms of the Convertible Bonds. Further announcement will be made if any adjustment is required to be made.

ADJUSTMENT TO WARRANTS

As at the date of this announcement, the aggregate number of Shares that may be issued as a result of an exercise of the subscription rights under the Warrants are 264,000,000 Shares. The Share Consolidation may lead to adjustment to the exercise price at which the Warrants may be exercised for subscription of Shares, such adjustment to be made in accordance with the terms of the Warrants. Further announcement will be made if any adjustment is required to be made.

APPLICATION FOR LISTING

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares in issue and the Consolidated Shares to be issued under the Share Option Scheme upon the Share Consolidation becoming effective.

BOARD LOT CHANGE

Currently, the Shares are traded on the main board of the Stock Exchange in board lot sizes of 10,000 Shares. The Board also proposes that subject to and upon the Share Consolidation becoming effective, the board lot size be changed from 10,000 Shares to 2,000 Consolidated Shares.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Change of Name, Share Consolidation and the relevant trading arrangements is as follows:–

2007

Circular in relation to the Share Consolidation
and Change of Name to be despatched on or before 24th September

Latest time for lodging forms of proxy
for use at the SGM 10:30 a.m. on Monday, 15th October

Scheduled time and date of SGM 10:30 a.m. on Wednesday, 17th October

The following events are conditional on the results of the SGM and the granting of listing of, and permission to deal in, the Consolidated Shares in issue and the Consolidated Shares to be issued under the Share Option Scheme and exercise of conversion rights under the Convertible Bonds and Warrants by the Listing Committee of the Stock Exchange:–

Effective date of Share Consolidation Monday, 29th October

Publication of announcement in relation to
completion of the Share Consolidation
and Change of Name Monday, 29th October

Dealings in Consolidated Shares commence Monday, 29th October

Original counter for trading in
existing Shares in board lots of
10,000 Shares temporarily closes 9:30 a.m. on Monday, 29th October

Temporary counter for trading in board lots of
2,500 Consolidated Shares (in the form of
Old Share Certificates) opens 9:30 a.m. on Monday, 29th October

First day of free exchange of Old Share Certificates
for New Share Certificates Monday, 29th October

Original counter for trading in Consolidated Shares
in board lots of 2,000 Consolidated Shares
(in the form of New Share Certificates)
re-opens 9:30 a.m. on Monday, 12th November

Parallel trading in Consolidated Shares
(in the form of New Share Certificates
and Old Share Certificates) commences 9:30 a.m. on Monday, 12th November

Parallel trading in Consolidated Shares
(in the form of New Share Certificates
and Old Share Certificates) ends 4:00 p.m. on Monday, 3rd December

Temporary counter for trading in board lots of
2,500 Consolidated Shares (in the form of
Old Share Certificates) closes 4:00 p.m. on Monday, 3rd December

Last day for free exchange of
Old Share Certificates for
New Share Certificates Thursday, 6th December

Further announcement will be made if there are any changes to the above timetable. All time references in this announcement refer to Hong Kong time.

If the Share Consolidation becomes effective, the Old Share Certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on Monday, 3rd December, 2007 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the Old Share Certificates will continue to be good evidence of legal title to the Consolidated Shares on the basis of four Shares for one Consolidated Share and may be exchanged for the New Share Certificates (i) free of charge at any official time between 9:00 a.m. and 4:30 p.m. on Monday, 29th October 2007 and Thursday, 6th December 2007 (both dates inclusive); or (ii) upon payment of a prescribed fee of HK\$2.50 per Share Certificate (or such amount as may from time to time be determined by the Stock Exchange) at any time after 4:30 p.m. on Thursday, 6th December, 2007. Shareholders are requested to submit their Old Share Certificates to Tricor Secretaries Ltd., 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in exchange for New Share Certificates. It is expected that New Share Certificates will be available for collection within a period of 10 business days after submission of the Old Share Certificates.

The New Share Certificates will be in red in order to be distinguished from the Old Share Certificates which were in green.

ARRANGEMENT ON ODD LOT TRADING

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company has appointed Quam Securities Co Ltd to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of Consolidated Shares to make up a full board lot, or to dispose of their holdings of odd lots of Consolidated Shares, from Monday, 29th October, 2007, to Monday, 3rd December, 2007 (both dates inclusive). Shareholders who wish to take advantage of this facility should contact Ms Winnie Chiu or Ms Iris Yeung of Quam Securities Co Ltd at 3208 Gloucester Tower, The Landmark, Central, Hong Kong (Tel: (852) 2847 2280 or (852) 2847 2203, Fax: (852) 2110 0307) during the aforesaid period. Shareholders should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in any doubt about the facility described above.

CHANGE OF COMPANY NAME

The Company is a property development company in China. In order to better reflect its operations, the Board proposes to change the name of the Company from “Neo-China Group (Holdings) Limited” to “Neo-China Land Group (Holdings) Limited 中新地產集團(控股)有限公司”.

The Change of Company Name is subject to the following conditions:

- (i) the passing of a special resolution by the Shareholders to approve the Change of Company Name at the SGM; and
- (ii) the approval of the Registrar of Companies in Bermuda.

The Change of Company Name will take effect from the date on which the Registrar of Companies in Bermuda enters the new English name on the register in place of the existing name. Thereafter, the Company will comply with the necessary filing procedures in Hong Kong.

The Change of Company Name will not affect any rights of the Shareholders. The existing share certificates of the Company under the name of “Neo-China Group (Holdings) Limited” will, after the date when the Change of Company Name becomes effective, continue to be valid legal evidence of title in respect of the same number of Shares in the new name of the Company. Shareholders may exchange certificates bearing the new name of the Company free of charge within one month from the effective date of the Change of Company Name by submitting their existing share certificates to the Branch Share Registrar.

Further announcement will be made by the Company in relation to the effective date of the Change of Company Name, the arrangement for exchanging share certificates and change in trading name in both English and Chinese.

GENERAL

A circular containing details of the Share Consolidation, the trading arrangements in respect of the Consolidated Shares, the procedures for free exchange of Old Share Certificates, Change of Name together with a notice to convene the SGM, will be despatched to the Shareholders as soon as practicable.

Further announcement will be made by the Company as soon as the Share Consolidation becomes unconditional.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“business day”	any day (other than Saturday or Sunday) on which banks in Hong Kong are open for business during their normal business hours
“Change of Company Name”	proposed change of the Company’s name to “Neo-China Land Group (Holdings) Limited 中新地產集團(控股)有限公司”

“Company”	Neo-China Group (Holdings) Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange
“Consolidated Shares”	new ordinary shares of HK\$0.04 each in the share capital of the Company upon completion of the Share Consolidation
“Convertible Bonds”	the zero coupon convertible bonds due 2011 in the aggregate principal amount of HK\$1,340,000,000 issued by the Company, details of which are disclosed in an announcement of the Company dated 15 May 2006
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“New Share Certificates”	new certificates of Consolidated Shares
“Old Share Certificates”	certificates of existing Shares
“SGM”	the special general meeting of the Company to be convened to approve the Share Consolidation
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Consolidation”	the proposed consolidation of Shares whereby every four existing issued and unissued Shares of HK\$0.01 each in the share capital of the Company will be consolidated into one Consolidated Share, being HK\$0.04 each in the share capital of the Company

“Share Option Scheme”	the share option scheme of the Company adopted on 12 December 2002
“Shareholders”	holders of Shares or Consolidated Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrants”	the 264,000,000 warrants issued by the Company which, when exercised, will entitle the holders thereof to subscribe up to an aggregate of 264,000,000 Shares, details of which are disclosed in an announcement issued by the Company dated 18 July 2007

As at the date of this announcement, Mr. Li Song Xiao, Mr. Liu Yi, Ms. Niu Xiao Rong, Mr. Yuan Kun and Ms. Liu Yan are the executive Directors and Ms. Nie Mei Sheng, Mr. Zhang Qing Lin and Mr. Gao Ling are independent non-executive Directors.

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

Hong Kong, 13 September 2007