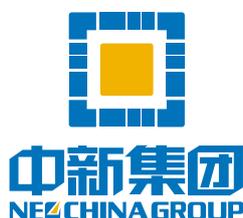


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**NEO-CHINA GROUP (HOLDINGS) LIMITED**  
**中新集團（控股）有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 563)**

**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF 100% EQUITY INTEREST IN**  
**珠海市淇州島影視城有限公司**  
**(ZHUHAI CITY QI ZHOU ISLAND MOVIE TOWN**  
**COMPANY LIMITED)**

**ACQUISITION**

The Board is pleased to announce that the Company's wholly-owned subsidiaries, Jie Jian and Neo-China Real Estate respectively entered into the Agreement I and the Agreement II on 24 and 26 September 2007 for the acquisition of 100% equity interest in 珠海市淇州島影視城有限公司 (Zhuhai City Qi Zhou Island Movie Town Company Limited), a project company established to carry out the Property Development Project named “淇澳島項目 (Qi Ao Island Project)” in Zhuhai city (珠海市), the PRC.

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

\* For identification purpose only

## **UNUSUAL PRICE AND TRADING VOLUME MOVEMENT**

The Board has noted the recent increase in the price and the trading volume of the Shares today and wish to state that the Board is not aware of any reasons for such increase other than the information disclosed in this announcement.

The Board also confirms that other than the Acquisition, there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

The Directors individually and jointly accept responsibility for the accuracy of the aforesaid statement.

### **Acquisition of 100% Equity Interest in 珠海市淇州島影視城有限公司 (Zhuhai City Qi Zhou Island Movie Town Company Limited)**

The Board is pleased to announce that the Company's wholly-owned subsidiaries, Jie Jian and Neo-China Realestate respectively entered into the Agreement I and the Agreement II on 24 and 26 September 2007, pursuant to which:–

- (i) Yu Zhou agreed to sell and Jie Jian agreed to purchase Yu Zhou's 55.56% equity interest in the Project Company; and
- (ii) Mr. Chan agreed to sell and Neo-China Realestate agreed to purchase Mr. Chan's 100% shareholding in Moral Luck, which in turn holds 44.44% equity interest in the Project Company.

## Summary of the Agreement I:-

Date of Agreement: 24 September 2007

Parties: Party A : Yu Zhou

Party B : Jie Jian

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

The principal activity of Yu Zhou is investment holding.

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

Subject Matter: Yu Zhou was the legal and beneficial owner of 55.56% equity interest in the Project Company.

The Project Company is a company incorporated with limited liability in the PRC with a registered and paid up capital of RMB90,000,000. The Project Company is carrying out the Property Development Project on the Land owned by it situated at 珠海市淇澳島 (Qi Ao Island, Zhuhai City), the PRC with a gross site area of approximately 2,215,516.28 square metres. The Property Development Project is a mix of commercial property and high class residential villas development. The construction works is targeted to commence in early 2008 with a construction period of approximately 5 years.

Based on the latest management account of the Project Company, as at 31 August 2007, the value of total assets of the Project Company was RMB332,449,986.99. There was no profit (both before and after taxation and extraordinary items) attributable to the Project Company for the two financial years immediately preceding the Acquisition and there was no revenue for the two financial years immediately preceding the Acquisition. The Project Company is still in the early stage of the Property Development Project and has not generated any revenue and profit.

Payment of  
Consideration:

Pursuant to the Agreement I, the consideration for the acquisition of Yu Zhou's 55.56% equity interest in the Project Company is RMB780,000,000, which will be satisfied in the following manner:–

- (i) RMB390,000,000 shall be paid by Jie Jian in cash into the account jointly held by Yu Zhou and Jie Jian within 3 business days of the date of the Agreement I. The said RMB390,000,000 shall be released to Yu Zhou upon, inter alia, completion of registration procedures for the transfer of the 55.56% equity interest in the Project Company.
- (ii) The remaining consideration of RMB390,000,000 shall be paid within 10 business days after completion of all the aforesaid registration procedures.

The consideration has been arrived at after arm's length negotiations between the parties to the Agreement I. In determining the consideration, the Board has made reference to the market situation in and the city development of Zhuhai city of the PRC and market value of similar properties in the relevant locations, and is of the view that the terms of Agreement I are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The value of the Land as assessed by an independent property valuer will be disclosed in the circular of the Company in relation to the Acquisition to be despatched to the Shareholders.

## Summary of the Agreement II:-

Date of Agreement: 26 September 2007

Parties: Party A : Mr. Chan

Party B : Neo-China Realestate

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

Mr. Chan is the legal and beneficial owner of the entire issued share capital in Moral Luck, which in turn holds 44.44% equity interest in the Project Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Mr. Chan is a third party independent of the Company and its connected persons.

Subject Matter: Pursuant to the Agreement II, Mr. Chan shall sell and Neo-China Realestate shall purchase the entire issued share capital in Moral Luck.

Moral Luck is a company incorporated with limited liability in the British Virgin Islands. The principal activity of Moral Luck is investment holding and the only asset of Moral Luck is its 44.44% equity interest in the Project Company. As Moral Luck is only an investment holding company with no other operation and that, to the best of the Directors' knowledge, Moral Luck is not required to prepare audited accounts under the laws of the British Virgin Islands, so there is no financial information available in respect of Moral Luck.

The relevant information about the Project Company and the Property Development Project is stated under the item "Subject Matter" under the section headed "Summary of the Agreement I".

The Agreement I and Agreement II are not inter-conditional. And there is no condition common for both agreements.

As a result, upon completion of both the Agreement I and the Agreement II, the Project Company shall become a wholly-owned subsidiary of the Company.

Payment of  
Consideration:

According to the Agreement II, the consideration for the acquisition of Mr. Chan's 100% shareholding in Moral Luck is RMB2,320,000,000, which will be satisfied in the following manner:—

- (i) RMB1,160,000,000 shall be paid within 2 business days after the completion of the transfer procedures for the 100% shareholding in Moral Luck, which shall be completed within 2 business days from the date of the Agreement II.
- (ii) The remaining consideration of RMB1,160,000,000 shall be paid within 90 business days after, inter alia, the completion of the transfer procedures for the 100% shareholding in Moral Luck.

The consideration has been arrived at after arm's length negotiations between the parties to Agreement II. In determining the consideration, the Board has made reference to the market situation in and the city development of Zhuhai city of the PRC and market value of similar properties in the relevant locations, and is of the view that the terms of Agreement II are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

During the negotiation with Yu Zhou and Mr. Chan, they have agreed with the Company that the total consideration for the entire equity interest in the Project Company will not exceed RMB3,100 million. The difference in the proportion of considerations for purchasing the 55.56% and the 44.44% equity interest in the Project Company payable to Yu Zhou and Mr. Chan is an arrangement between Yu Zhou and Mr. Chan and agreed between all the parties to the Agreement I and Agreement II and the Directors consider that the terms are fair and reasonable.

## **REASONS FOR THE ACQUISITION**

The Group is principally engaged in property investment and development in the PRC. As part of its strategy, the Group has been constantly appraising investment opportunities in high-potential investments and attractive businesses in major cities in the PRC. The Board is of the view that the Acquisition is a good opportunity for the Group to further expand its business in the property market in Zhuhai city.

After exercise of due care and diligence, the Board considers that the terms and conditions of Agreement I and Agreement II are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **GENERAL**

The Acquisition pursuant to the Agreement I and the Agreement II constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular in relation to the Acquisition will be despatched to the Shareholders as soon as practicable.

## **UNUSUAL PRICE AND TRADING VOLUME MOVEMENT**

The Board has noted the recent increase in the price and the trading volume of the Shares today and wish to state that the Board is not aware of any reasons for such increase other than the information disclosed in this announcement.

The Board also confirms that other than the Acquisition, there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

The Directors individually and jointly accept responsibility for the accuracy of the aforesaid statement.

## DEFINITIONS

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

“Acquisition”	the acquisition of the 100% equity interest in the Project Company pursuant to the Agreement I and the Agreement II
“Agreement I”	the head agreement for transfer of equity interest entered into between Yu Zhou as vendor and Jie Jian as purchaser dated 24 September 2007 in respect of 55.56% equity interest in the Project Company
“Agreement II”	the head agreement for transfer of equity interest entered into between Mr. Chan as vendor and Neo-China Realestate as purchaser dated 26 September 2007 in respect of the entire issued capital in Moral Luck, which in turn holds 44.44% equity interest in the Project Company
“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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Jie Jian”	佳展（北京）企業管理有限公司 (Jie Jian (Beijing) Enterprise Management Company Limited), a company incorporated with limited liability in the PRC, being a wholly-owned subsidiary of the Company

“Land”	the piece of land situated at 珠海市淇澳島 (Qi Ao Island, Zhuhai City), the PRC owned by the Project Company with a gross site area of approximately 2,215,516.28 square metres
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Moral Luck”	Moral Luck Group Limited (運德集團有限公司), a company incorporated with limited liability in the British Virgin Islands
“Mr. Chan”	Mr. Chan Kin Kay Stanley, the legal and beneficial holder of the entire issued share capital in Moral Luck
“Neo-China Realestate”	Neo-China Realestate (Shanghai) Limited, a company incorporated with limited liability in the British Virgin Islands, being a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“Project Company”	珠海市淇州島影視城有限公司 (Zhuhai City Qi Zhou Island Movie Town Company Limited), a company incorporated with limited liability in the PRC
“Property Development Project”	the property development project named “淇澳島項目” (Qi Ao Island Project) to be carried out by the Project Company on the Land
“RMB”	Renminbi, the lawful currency of the PRC
“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

“Yu Zhou”

珠海市裕卓虹基集團有限公司 (Zhuhai City Yu Zhou Hung Ji Group Company Limited), a company incorporated with limited liability in the PRC

“%”

per cent.

*Certain English translation of Chinese names or words in this announcement are included for information only, and are not official English translations of such Chinese names or words.*

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

Hong Kong, 8 October, 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.*