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NEO-CHINA LAND GROUP (HOLDINGS) LIMITED

中新地產集團（控股）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 563)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF 90% EQUITY INTEREST IN
中歐城開有限公司
(ZHONGOU CHENGKAI COMPANY LIMITED)**

Acquisition

The Board is pleased to announce that the Company's wholly-owned subsidiaries, 榮鑫（北京）企業管理有限公司 (Rongxin (Beijing) Enterprises Management Company Limited) entered into the Agreement on 11 November 2007 and the Supplemental Agreement on 22 November 2007 for the acquisition of 90% equity interest in 中歐城開有限公司 (Zhongou Chengkai Company Limited), a project company established to carry out the Property Development Project named “河北省燕郊經濟技術開發區冶金路綜合用地項目 (Hebei Province, Yanjiao Economic Technology Development District, Yejin Road Composition Land Use Project)” in Hebei Province (河北省), the PRC.

Rongxin originally agreed to acquire 100% equity interest in the Project Company at a consideration of RMB816,000,000, subject to the fulfillment of the condition precedent that certain planning conditions of the Property Development Project could be amended by 11 December 2007. However, since the said condition precedent had not been fulfilled on 11 December 2007, Rongxin will only acquire 90% equity interest in the Project Company for a reduced consideration of RMB466,000,000.

* For identification purpose only

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.

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 90% Equity Interest in 中歐城開有限公司 (Zhongou Chengkai Company Limited)

The Board is pleased to announce that the Company's wholly-owned subsidiary, Rongxin entered into the Agreement on 11 November 2007 and the Supplemental Agreement on 22 November 2007, pursuant to which Party A and San He originally agreed to sell and Rongxin originally agreed to purchase Party A's 10% equity interest and San He's 90% equity interest in the Project Company, subject to the fulfillment of the condition precedent that certain planning conditions of the Property Development Project could be amended by 11 December 2007. However, the aforesaid condition precedent had not been fulfilled on 11 December 2007 and therefore, Rongxin will only acquire San He's 90% equity interest in the Project Company.

Summary of the Agreement as amended by the Supplemental Agreement:–

Date of Agreement: 11 November 2007

Date of Supplemental Agreement: 22 November 2007

Parties to the Agreement:

- Party A: 施峰 (Shi Feng)
- Party B: 譚大德 (Tan Dade)
- Party C: 林萬平 (Lin Wanping)
- Party D: Rongxin

Parties to the
Supplemental
Agreement:

Party A, Party B, Party C, San He and Rongxin

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

San He is a company incorporated with limited liability in the PRC and its principal activity is to provide corporate management consultancy service. The equity interest of San He is held by Party A as to 31.12%, Party B as to 34.44% and Party C as to 34.44%.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors and the ultimate beneficial owners of San He are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Subject Matter:

The Project Company was incorporated on 7 April 2006 as a company with limited liability in the PRC with a registered capital of RMB100,000,000, of which RMB63,000,000 has been paid up. The equity interest of the Project Company is held as to 10% by Party A and 90% by San He. The Project Company is carrying out the Property Development Project on the Land owned by it situated at 河北省燕郊經濟技術開發區冶金路 (Hebei Province, Yanjiao Economic Technology Development District, Yejin Road), the PRC with a useable area of 333,333 square metres. The land use right permit of the Land has been granted to the Project Company and which will expire on 21 June 2056. The land use right owned by the Project Company is freely transferrable on the condition that not less than 25% of the total development of the Property Development Project (in terms of the development costs or the developed areas) has been completed. The Project Company obtained the construction planning permit for the Property Development Project on 6 July 2006. The Property Development Project is a composite mix of commercial property, hotel and residential development. The Land is currently vacant. The constructions works for the Property Development Project has not been commenced and the commencement date has not been fixed.

Based on the latest management account of the Project Company which was prepared according to the generally accepted accounting principles in the PRC, as at 30 September 2007, the value of total assets of the Project Company was RMB104,752,239. The said value of total assets represents, inter alia, the capitalized costs for the acquisition of the Land and the related expenses. 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 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. Neither the Company nor the Project Company has made any further capital commitment on the Property Development Project. Apart from the consideration of RMB466,000,000, the Company preliminarily intends to invest RMB2 billion for the Property Development Project.

Condition Precedent:

The Vendors have undertaken to amend certain planning conditions in respect of the Property Development Project so that the total saleable construction area will be not less than 1,000,000 square metres and the residential saleable construction area will be not less than 600,000 square metres and to obtain the approval for the revised planning conditions from 燕郊經濟技術開發區規劃建設局 (Planning Construction Bureau of Yanjiao Economic Technology Development District) within 1 month from the date of the Agreement.

However, since the Vendors cannot satisfy the aforesaid condition precedent by the deadline, Rongxin will only acquire San He's 90% equity interest in the Project Company for a reduced total consideration of RMB466,000,000. The transfer of the 90% equity interest in the Project Company shall be completed within 30 working days from the end of the Chinese lunar new year holiday of 2008. There is no other condition precedent to be fulfilled.

Payment of
Consideration:

The consideration of RMB466,000,000 will be satisfied in the following manner:–

- (i) RMB300,000,000 shall be paid by Rongxin in cash into the account jointly held by the Vendors and Rongxin within 1 month from the date of the Agreement. As an interim arrangement against the installment payment, the said RMB300,000,000 shall be released to the Vendors upon the completion of the relevant registration procedures for the transfer of 70% equity interest of the Project Company by San He to Rongxin. If Rongxin is not satisfied with the result of the due diligence conducted on the Project Company, the said RMB300,000,000 shall be returned to Rongxin without interest and the 70% equity interest will be transferred back to the Vendors. As at the date of this announcement, Rongxin is still conducting the due diligence, which shall be completed before the second installment payment of RMB50,000,000.
- (ii) Rongxin shall pay RMB50,000,000 to San He by 9 January 2008.
- (iii) The remaining consideration of RMB116,000,000 shall be paid upon the completion of all the registration procedures for the transfer of the remaining 20% equity interest of the Project Company by San He to Rongxin. Such transfer shall be completed within 30 working days from the end of the Chinese lunar new year holiday of 2008.

The reduced total consideration of RMB466,000,000 will all be paid to San He. The Directors consider that the substantial reduction in the total consideration is fair and reasonable. Since the construction areas allowed for the Property Development Project as presently approved is only about 433,333 square metres, which is much less than that under the proposed revised planning conditions of not less than 1,000,000 square metres, there will be a material reduction in the potential profitability of the Property

Development Project. Therefore, the substantial reduction in the consideration not only represents the value of the 10% equity interest of the Project Company, but also reflects (i) the material reduction in the potential profitability of the Property Development Project when the condition precedent cannot be fulfilled; and (ii) the fact that only 90% of the equity interest of the Project Company will be acquired and therefore the Project Company will not become a wholly-owned subsidiary of the Company upon completion of the Acquisition. Rongxin will still proceed with the Acquisition even though the condition precedent had not been fulfilled by the deadline, since the total consideration is now substantially reduced to only RMB466,000,000, the Board considers that the Property Development Project is still of a good profitability potential for the reduced total consideration.

The consideration has been arrived at after arm's length negotiations between the parties to the Agreement. In determining the consideration, the Board has made several inspections to the Land and also studied and compared the values of similar properties in Yanjiao, Hebei Province in the PRC in order to make its own assessment on the value and potential profitability of the Property Development Project. Having made reference to the market situation in and the city development of Hebei Province, Yanjiao Economic Technology Development District of the PRC and the market values of similar properties in the relevant locations, the Board is of the view that although the total assets of the Project Company was only RMB104,752,239 as at 30 September 2007 whilst the consideration for the Acquisition is RMB466,000,000, the terms of Agreement are still fair and reasonable and in the interests of the Company and its Shareholders as a whole, since the Board considers that the value of the total assets of the Project Company of RMB104,752,239 does not fully reflect the potential profitability of the Project Development Project. Based on the Board's own assessment, the value and potential profitability of the Property Development Project should well worth the agreed consideration of RMB466,000,000.

No independent property valuation has been or will be prepared for assessing the value of the Land, as the Directors of the Company consider that they are able to make a sound commercial judgment on the value of the Land with their substantial experience in property development business in the PRC. In particular, Mr. Li Song Xiao, the chairman of the Board, has more than 20 years' experience in property development business in the PRC and is currently the vice-chairman of the Housing Industry Association of All China Federation of Industry Commerce and the assistant head of the Consolidate Development Committee of the Research Committee of Real Estate and Accommodation in the PRC.

Upon completion of the Acquisition, the Project Company shall become a non-wholly owned subsidiary of the Company.

The Company confirms that there is no other acquisition or transactions in relation to the Vendors and/or their ultimate beneficial owners which shall be aggregated with the Acquisition in accordance with Rule 14.22 of the Listing Rules.

REASONS FOR THE ACQUISITION

The Group is principally engaged in property investment and development in the PRC. As apart 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 Hebei Province, Yanjiao Economic Technology Development District, the PRC.

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

GENERAL

The Acquisition pursuant to the Agreement 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.

DEFINITIONS

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

“Acquisition”	the acquisition of the 90% equity interest in the Project Company pursuant to the Agreement as amended by the Supplemental Agreement
“Agreement”	the agreement for transfer of the equity interest in the Project Company entered into between Party A, Party B and Party C as vendors and Rongxin as purchaser dated 11 November 2007
“Board”	the board of Directors
“Company”	Neo-China Land 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

“Land”	the piece of land situated at 河北省燕郊經濟技術開發區冶金路 (Hebei Province, Yanjiao Economic Technology Development District, Yejin Road), the PRC owned by the Project Company with a useable area of 333,333 square metres
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Party A”	施峰 (Shi Feng)
“Party B”	譚大德 (Tan Dade)
“Party C”	林萬平 (Lin Wanping)
“PRC”	the People’s Republic of China
“Project Company”	中歐城開有限公司 (Zhongou Chengkai Company Limited), a company incorporated with limited liability in the PRC
“Property Development Project”	the property development project named “河北省燕郊經濟技術開發區冶金路綜合用地項目 (Hebei Province, Yanjiao Economic Technology Development District, Yejin Road Composition Land Use Project)” to be carried out by the Project Company on the Land
“RMB”	Renminbi, the lawful currency of the PRC
“Rongxin”	榮鑫 (北京) 企業管理有限公司 (Rongxin (Beijing) Enterprises Management Company Limited), a company incorporated with limited liability in the PRC, being a wholly-owned subsidiary of the Company
“San He”	三河中歐城開企業管理有限公司 (San He Zhongou Chengkai Corporate Management Company Limited), a company incorporated with limited liability in the PRC

“Shares”	ordinary shares of HK\$0.04 each in the issued share capital of the Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement to the Agreement entered into between Party A, Party B, Party C, San He and Rongxin dated 22 November 2007
“Vendors”	Party A and San He collectively
“%”	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 Land Group (Holdings) Limited
Li Song Xiao
Chairman

Hong Kong, 13 December, 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.