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NEO-CHINA LAND GROUP (HOLDINGS) LIMITED

中新地產集團(控股)有限公司*

(the "Company")

(incorporated in Bermuda with limited liability)

(Shares : Stock Code: 563. Convertible bonds due 2011: Stock Code: 2528)

DISCLOSEABLE TRANSACTION

On 10 June 2009, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, an Independent Third Party whereby it was agreed that the Vendor shall sell and the Purchaser shall purchase 40% of the equity interest in Invest Online for a consideration of RMB450 million (equivalent to approximately HK\$511 million) and the Purchaser shall assume the Payable Balance due by Neo-China to Sky East of RMB106 million (equivalent to approximately HK\$120 million) as at the date of the Agreement.

The Disposal constitutes a discloseable transaction on the part of the Company under Rule 14.06 of the Listing Rules.

THE AGREEMENT

Date: 10 June 2009

Parties:

Neo-China Property, a wholly-owned subsidiary of the Company holding 40% of the equity interest in Invest Online as at the date of this announcement.

Star Platinum, a company which is principally involved in the business of investment holding and holds 40% of the equity interest in Invest Online as at the date of this announcement.

Sky East, a company which is principally involved in the business of investment holding and holds 20% of the equity interest in Invest Online as at the date of this announcement.

Rich Stone, being the Purchaser, a company which is principally involved in the business of investment holding and will hold 100% of the equity interest in Invest Online upon completion of the Agreement.

The Company is an investment holding company and the principal activities of its subsidiaries are investment holding and/or investment in, or development of, land and real estate in PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser, Star Platinum and Sky East and their respective ultimate beneficial owners are Independent Third Parties.

The asset to be disposed

Pursuant to the Agreement, the Vendor, Neo-China Property, has agreed to sell and the Purchaser has agreed to purchase 40% of the equity interests in Invest Online for a consideration of RMB450 million (equivalent to approximately HK\$511 million) and the Purchaser shall assume the Payable Balance due by Neo-China to Sky East of RMB106 million (equivalent to approximately HK\$120 million) as at the date of the Agreement.

Consideration:

The aggregate consideration for the Disposal is RMB556 million (equivalent to approximately HK\$631 million) which will be satisfied in the following manner:–

- (1) as to RMB450 million (equivalent to approximately HK\$511 million) shall be paid by the Purchaser to the Vendor in cash (in RMB or other currencies of equivalent value) within 3 months upon signing of the Agreement; and
- (2) as to RMB106 million (equivalent to approximately HK\$120 million), being the Payable Balance, shall be paid by the Purchaser to Sky East in accordance with their agreed terms.

The consideration for the Disposal was arrived at after arm's length negotiations between the parties to the Agreement and with reference to the valued amount of the Property of RMB1,250,000,000 as at 30 April 2009 (40% thereof will be around RMB500,000,000) based on a report prepared by Savills Valuation and Professional Services Limited, an independent firm of professional valuers as engaged by the Group.

The Disposal enables the Group to realize additional cash for its working capital, existing operations and/or future property development. As such the Directors are of the view that the Consideration and the terms of the Agreement are fair and reasonable and entering into the Agreement is in the interests of the Company and the Shareholders as a whole.

Completion:

There is no condition precedent with respect to the completion of the Agreement.

The parties to the Agreement shall each be responsible for completing the necessary transfers and registration procedures with the relevant authorities and ancillary matters in relation to the Disposal upon signing of the Agreement.

INFORMATION ON INVEST ONLINE

Invest Online was duly incorporated on 28 December 2000 and is validly existing under the laws of the British Virgin Islands with limited liability. The registered capital of Invest Online is US\$10, all of which has been paid up.

Upon completion of the 2007 Agreement, the equity interest of Invest Online is held as to 40% by the Vendor, 40% by Star Platinum and 20% by Sky East.

Invest Online holds 95% of the equity interest of Harbin Ah Ma.

Harbin Ah Ma, a company which was duly incorporated and is validly existing under the laws of the PRC with limited liability. It was formed for the purpose of carrying out the development of the Property into a residential and commercial development with public facilities in various phases with a total planned gross floor area of approximately 1.1 million square meters (approximately 12 million square feet).

REASONS FOR THE DISPOSAL

The Company is an investment holding company and the principal activities of its subsidiaries are investment holding and/or investment in, or development of, land and real estate in PRC.

The Disposal enables the Company to (i) re-allocate all its resources and the management focus to its remaining business for more efficient management, (ii) realize additional cash for the Group's working capital, existing operation and/or future property development.

The terms of the Agreement were arrived at after arm's length negotiations and on normal commercial terms. The Directors consider that the terms of the Agreement are fair and reasonable and entering into the Agreement is in the best of the Company and its Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

Upon completion of the Disposal, the Group will cease to have any interest in Invest Online.

It is estimated that, upon completion of the Disposal, the Group will record a loss on Disposal of approximately RMB200 million (equivalent to approximately HK\$226 million) which is based on the carrying cost of the investment in Invest Online of approximately RMB756 million (equivalent to approximately HK\$857 million) minus the Disposal aggregate consideration of RMB556 million (equivalent to approximately HK\$631 million). Such loss on Disposal will be reflected in the consolidated financial statements of the Group for the financial year ended 30 April 2010.

The proceeds of the Disposal will be applied towards the general working capital of the Group.

LISTING RULES IMPLICATION

The Disposal constitutes a discloseable transaction on the part of the Company under Rule 14.06 of the Listing Rules.

SUSPENSION OF TRADING

At the request of the Company, trading in the shares and the convertible bonds (stock code: 2528) of the Company was suspended with effect from 10:10 a.m. on 22 January 2008 pending the release of an announcement in respect of certain price-sensitive information. Trading in the shares and convertible bonds of the Company will remain suspended. The Company will continue to work closely with the Stock Exchange on an announcement with respect to matters which led to the Company's suspension of trading of its securities and is seeking the resumption of trading of its Shares and convertible bonds as soon as possible.

DEFINITIONS

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

“Agreement”	the sale and purchase agreement entered into between the Vendor and the Purchaser in relation to the Disposal on 10 June 2009
“Company”	Neo-China Land Group (Holdings) Limited, a company incorporated in Bermuda and the issued shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Disposal”	the disposal by the Vendor of 40% of the equity interest in Invest Online and the assignment of the Payable Balance subject to and upon the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries
“Harbin Ah Ma”	Harbin Ah Ma Property Development Company Limited* (哈爾濱亞麻房地產開發有限公司), a company which was duly incorporated and is validly existing under the laws of the PRC with limited liability and is owned as to 95% by Invest Online and 5% by an Independent Third Party
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent to the Company and its connected persons (has the meaning ascribed thereto in the Listing Rules)
“Invest Online”	Invest Online Limited (在線投資有限公司), a company which was duly incorporated and is validly existing under the laws of the British Virgin Islands with limited liability and holds 95% of the entire issued share capital of Harbin Ah Ma
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Neo-China Property” or the “Vendor”	Neo-China Property Limited, a wholly-owned subsidiary of the Company which holds 40% of the equity interest in Invest Online as at the date of this announcement
“Payable Balance”	the balance of an amount payable by Neo-China Property to Sky East of RMB106 million pursuant to the terms of the 2007 Agreement and which remained outstanding as at the date of the Agreement
“PRC”	the People’s Republic of China, and for the purpose of this announcement excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Property”	Harbin Ah Mah Group Old Factory Premises* 哈爾濱亞麻集團老廠區土地, .a parcel of land located at No. 94 Minsheng Road, Xiangfang District, Harbin, Heilongjiang Province, the PRC
“Purchaser”	Rich Stone Global Limited, an Independent Third Party
“Shares”	ordinary shares of HK\$0.04 each in the share capital of the Company
“Sky East”	Sky East Resources Limited, an Independent Third Party which sold 40% of Invest Online to the Group pursuant to the 2007 Agreement and holds 20% of the equity interest in Invest Online as at the date of this announcement
“Star Platinum”	Star Platinum Limited, an Independent Third Party which holds 40% of the equity interest in Invest Online as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“2007 Agreement”	an agreement dated November 2007 entered into between Neo-China Property, Star Premium and Sky East whereby Sky East sold 40% of its equity interest in Invest Online to Neo-China Property for a total of consideration of RMB756 million (comprising RMB650 million for the 40% equity interest in Invest Online and RMB106 million for the assignment of a loan
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being
“RMB”	renminbi, the lawful currency of the PRC for the time being
“%”	per cent.

By Order of the Board of
NEO-CHINA LAND GROUP
(HOLDINGS) LIMITED
Li Song Xiao
Chairman

Hong Kong, 18 June 2009

Translation of RMB into Hong Kong dollars are based on the exchange rate of RMB0.8818 to HK\$1 for information purpose only. Such translation should not be considered as a representation that the relevant amounts, have been, could have been, or could be converted at that or any other rate or at all.

As at the date hereof, the Board comprises Mr. Li Song Xiao, Mr. Liu Yi, Ms. Niu Xiao Rong, Mr. Yuan Kun, Ms. Liu Yan, Mr. Jia Bo Wei, Ms. Bao Jing Tao and Mr. Lam Kwan Sing as executive Directors; Mr. Lai Leong as non-executive Director and Ms. Nie Mei Sheng, Mr. Zhang Qing Lin and Mr. Gao Ling as independent non-executive Directors.

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.

** for identification only*