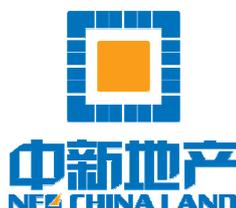


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**NEO-CHINA LAND GROUP (HOLDINGS) LIMITED**

**中新地產集團(控股)有限公司**

*(incorporated in Bermuda with limited liability)*

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

**DISCLOSEABLE TRANSACTION**

**DISPOSAL OF THE ENTIRE EQUITY INTEREST IN**

**北京國銳民合投資有限公司**

**(Beijing Guo Rui Min He Investment Company Limited\*)**

**THE AGREEMENT**

On 31 July 2009, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser whereby it was agreed that the Vendor shall sell and the Purchaser shall purchase 100% of the equity interest in Guo Rui for a consideration of RMB1,031 million (equivalent to approximately HK\$1,175 million).

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 (stock code: 563) 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 the Bonds as soon as practicable.

## **BACKGROUND**

On 17 July 2009, the Vendor entered into the Framework Agreement with the Purchaser in relation to the proposed disposal by the Vendor to the Purchaser of 100% of the equity interest in Guo Rui at a proposed consideration of RMB1,150 million (equivalent to approximately HK\$1,311 million).

Pursuant to the terms of the Framework Agreement, the Purchaser paid to the Vendor RMB200 million (equivalent to approximately HK\$228 million) as earnest payment and transferred RMB950 million (equivalent to approximately HK\$1,083 million) to a bank account which was jointly managed by the parties to the Framework Agreement. Upon signing of the Framework Agreement, the Purchaser commenced due diligence review on Guo Rui, Jun He and the Project.

As at the date of entering into the Agreement, the Purchaser has completed the due diligence on Guo Rui, Jun He and the Project.

The Framework Agreement was effective up to 31 July 2009. The parties to the Framework Agreement were required to enter into a formal agreement with respect to the said transaction on or before 31 July 2009. In the event that no formal agreement was entered into by 31 July 2009, the Framework Agreement would automatically be terminated and have no further effect and the Vendor would have the right to sell the interest in Guo Rui to any other parties while the Purchaser would be required to return the earnest payment and the RMB950 million which was kept in the jointly managed account on or before 5 August 2009.

## **THE AGREEMENT**

**Date:** 31 July 2009

**Parties:**

Beijing Zhong Xin Wo Ke\*, being the Vendor, a wholly-owned subsidiary of the Company, the legal and beneficial owner of the entire equity interest in Guo Rui as at the date of this announcement; and

Shenzhen City Hua Fu Yi Investment Company Limited\*, being the Purchaser, a PRC company which is principally involved in the business of property development and will hold 100% of the equity interest in Guo Rui 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 and its ultimate beneficial owners are Independent Third Parties.

### **The asset to be disposed**

Pursuant to the Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase 100% of the equity interest in Guo Rui.

### **Consideration**

The aggregate consideration for the Disposal is RMB1,031 million (equivalent to approximately HK\$1,175 million).

Within 3 business days after signing of the Agreement, the Vendor shall apply to the Industrial and Commercial Business Registration Bureau (工商登記局) for the registration of the Share Transfer of Guo Rui.

Upon completion of the necessary registration of the Share Transfer of Guo Rui, the parties should simultaneously complete the following:

- (1) close and dissolve the bank account which was jointly managed by the parties to the Framework Agreement;
- (2) out of the earnest payment of RMB200 million which was previously paid by the Purchaser to the Vendor pursuant to the terms of the Framework Agreement, RMB160 million (equivalent to approximately HK\$182 million) shall be treated as settlement of part of the consideration;
- (3) the Purchaser shall, through Jun He, pay RMB871.05 million (equivalent to approximately HK\$993 million), which shall include the remaining balance of the earnest payment of RMB40 million (equivalent to approximately HK\$45.6 million), to the Vendor or its designated account; and
- (4) the Vendor shall transfer the revised business registration and the company chop of Guo Rui and Jun He to the Purchaser.

The handover of the Project shall take place within 5 business days after the completion of the above.

Based on the audited financial statements of Guo Rui for the year ended 31 December 2008 prepared under the PRC GAAP, the net asset value of Guo Rui as at 31 December 2008 amounted to approximately RMB10.0 million (equivalent to approximately HK\$11.4 million).

The following information is extracted from the audited financial statements of Guo Rui for the two years ended 31 December 2008:

	For the year ended/As at 31 December 2008 <i>RMB</i>	For the year ended/As at 31 December 2007 <i>RMB</i>
Turnover	185,000	Nil
Net profit / (loss) before taxation	42,926	(1,181)
Net profit / (loss) after taxation	23,704	(1,187)
Net asset value	9,999,378	9,975,674

Based on the audited financial statements of Jun He for the year ended 31 December 2008 prepared under the PRC GAAP, the net asset value of Jun He as at 31 December 2008 amounted to approximately RMB136.1 million (equivalent to approximately HK\$155.1 million).

The following information is extracted from the audited financial statements of Jun He for the two years ended 31 December 2008:

	For the year ended/As at 31 December 2008 <i>RMB</i>	For the year ended/As at 31 December 2007 <i>RMB</i>
Turnover	Nil	1,975,218
Net (loss) before taxation	(4,016,682)	(14,005,956)
Net (loss) after taxation	(4,016,682)	(13,629,906)
Net asset value	136,085,563	140,102,245

### **Breach of the Agreement**

Pursuant to the Agreement, if the Vendor fails to apply for the registration of the Share Transfer of Guo Rui in the Industrial and Commercial Business Registration, the Vendor shall be liable for a penalty amount of 0.03% of the Consideration per day.

Pursuant to the Agreement, if the Purchaser fails to cancel the bank account which was jointly managed by both parties pursuant to the Framework Agreement, the Purchaser shall be liable for a penalty amount of 0.03% of the Consideration per day.

## **Completion**

There is no condition precedent with respect of the completion of the Agreement. The agreement has been duly completed as at the date of announcement.

## **INFORMATION ON GUO RUI AND JUN HE**

Guo Rui, a company incorporated and existing under the laws of the PRC with limited liability and a wholly-owned subsidiary of the company, holds 55.95% of the entire registered capital of Jun He. The registered capital of Guo Rui is RMB10 million (equivalent to approximately HK\$11.4 million), all of which has been paid up.

Save for its investment in Jun He, Guo Rui does not have any other business operations and/or significant assets.

Jun He, a company duly incorporated and existing under the laws of the PRC with limited liability is owned as to 55.95% by Guo Rui and 44.05% by an Independent Third Party. The registered capital of Jun He is RMB168 million (equivalent to approximately HK\$192 million), all of which has been paid up.

Jun He has been granted the right to develop the Project. The Project involved is 自由小鎮 (Freedom Little County\*), a property development project at 北京市通州區梨園地區(Beijing City Tong Zhou Qu Li Yuan District\*), Beijing, PRC, a location which is easily accessible by various transportation and is about 15 minutes drive from the Beijing Capital International Airport or the central commercial district of Beijing City. The site occupies an area of 253,043 square meters and has a gross construction area of approximately 800,000 square meters. Under the present plan, it is to be developed into a composite development including commercial and residential buildings and ancillary facilities and will be completed by two phases. Phase 1 of the said development is scheduled to be completed before the end of 2010.

## **REASONS FOR THE DISPOSAL**

The Group is principally involved in the business of property investment and development in the 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 inflow of approximately RMB1,031 million (equivalent to approximately HK\$1,175 million 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 interests 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 Guo Rui and Jun He.

It is estimated that, upon completion of the Disposal, a gain on Disposal of approximately HK\$117 million will be recorded, which is based on the carrying cost of the investment in Guo Rui of approximately HK\$1,020 million minus the Disposal aggregate consideration of RMB1,031 million (equivalent to approximately HK\$1,175 million) and PRC tax charge of about RMB38 million (equivalent to approximately HK\$43 million). Such gain 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 (stock code: 563) 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 the Bonds as soon as practicable.

## 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 31 July 2009
“Beijing Zhong Xin Wo Ke” or “Vendor”	北京中新沃克建築裝飾工程有限公司 Beijing Zhong Xin Wo Ke Construction Decoration Engineering Company Limited*, being the Vendor, a wholly-owned subsidiary of the Company holding 100% of the equity interest in Guo Rui as at the date of this announcement.
“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
“Consideration”	the consideration of RMB1,031 million (equivalent to approximately HK\$1,175 million) for the Disposal pursuant to the terms of the Agreement
“Directors”	the directors of the Company
“Disposal”	the disposal by the Vendor of 100% of the equity interest in Guo Rui upon the terms and conditions of the Agreement
“Framework Agreement”	an agreement dated 17 July 2009 entered into between the Purchaser and the Vendor in relation to the proposed disposal by the Vendor to the Purchaser of 100% of the equity interest in Guo Rui at a proposed consideration of RMB1,150 million (equivalent to approximately HK\$1,311 million)
“Group”	the Company and its subsidiaries
“Guo Rui”	北京國銳民合投資有限公司(Beijing Guo Rui Min He Investment Company Limited*), a company incorporated and existing under the laws of the PRC with limited liability and a wholly-owned subsidiary of the company and holds 56% of the entire issued share capital of Jun He
“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)
“Jun He”	北京君合百年房地產開發有限公司(Beijing Jun He Bai Nian Property Development Company Limited*), a company duly incorporated and existing under the laws of the PRC with limited liability

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“Project”	自由小鎮(Freedom Little County*), a property development project at 北京市通州區梨園地區(Beijing City Tong Zhou Qu Li Yuan District*), Beijing, PRC
“Purchaser”	深圳市華富溢投資有限公司 (Shenzhen City Hua Fu Yi Investment Company Limited*), an Independent Third Party
“Share Transfer”	the transfer of 100% of the equity interest in Guo Rui from the Vendor to the Purchaser
“Shares”	ordinary shares of HK\$0.04 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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, 11 August 2009

*Translation of RMB into Hong Kong dollars are based on the exchange rate of HK\$1.14 to RMB1 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*