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(Incorporated in Hong Kong with limited liability)

(Stock Code: 363)



**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)

NOVEL GOOD LIMITED

穎佳有限公司

(Incorporated in the British Virgin Islands with limited liability)

JOINT ANNOUNCEMENT

**(1) TERMINATION OF AGREEMENT FOR DISPOSAL OF
INTEREST IN QI AO ISLAND PROJECT BY
NEO-CHINA LAND GROUP (HOLDINGS) LIMITED**

AND

**(2) AMENDMENT AND WAIVER OF CERTAIN TERMS OF THE AGREEMENTS
FOR THE
POSSIBLE ACQUISITION OF SHARES IN NEO-CHINA LAND GROUP
(HOLDINGS) LIMITED
BY NOVEL GOOD LIMITED, A WHOLLY-OWNED SUBSIDIARY OF
SHANGHAI INDUSTRIAL HOLDINGS LIMITED, AND
THE POSSIBLE SUBSCRIPTION OF SHARES IN NEO-CHINA LAND GROUP
(HOLDINGS) LIMITED BY NOVEL GOOD LIMITED**

in connection with

**POSSIBLE MANDATORY CONDITIONAL CASH OFFER
BY UBS AG, HONG KONG BRANCH AND
NOMURA INTERNATIONAL (HONG KONG) LIMITED
FOR AND ON BEHALF OF NOVEL GOOD LIMITED**

**FOR ALL OF THE ISSUED SHARES IN, AND ALL OF THE
OUTSTANDING CONVERTIBLE BONDS AND WARRANTS OF,
NEO-CHINA LAND GROUP (HOLDINGS) LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY OR
AGREED TO BE ACQUIRED OR SUBSCRIBED BY NOVEL GOOD
LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)
AND FOR THE CANCELLATION OF OUTSTANDING SHARE OPTIONS
OF
NEO-CHINA LAND GROUP (HOLDINGS) LIMITED**

**JOINT FINANCIAL ADVISERS TO SHANGHAI INDUSTRIAL
HOLDINGS LIMITED AND NOVEL GOOD LIMITED**



NOMURA

On 19 January 2010, Neo-China, Novel Good and SIH announced (the "**Previous Announcement**"), amongst other things, that: (1) Novel Good (a wholly-owned subsidiary of SIH), the Vendor and Mr. Li had entered into the Sale and Purchase Agreement; (2) Novel Good and Neo-China had entered into the Subscription Agreement; and (3) Turbo Wise, an entity wholly owned by Mr. Li, and Neo-China had entered into the Qi Ao Agreement, pursuant to which, amongst other things, Neo-China had conditionally agreed to sell to Turbo Wise Neo-China's entire interest in the Qi Ao Island Project. Unless the context otherwise requires, terms used in this announcement shall have the same meanings as defined in the Previous Announcement.

The Qi Ao Agreement was terminated on 11 May 2010 by an agreement between Neo-China and Turbo Wise (the "**Termination Agreement**"). In light of the Termination Agreement, Neo-China, Novel Good, the Vendor and Mr. Li entered into a supplemental agreement on the same date (the "**Supplemental Agreement**") mainly to supplement, amend and waive certain terms and conditions of the Sale and Purchase Agreement and the Subscription Agreement that relate to the Qi Ao Agreement.

Save as supplemented, amended and waived by the Supplemental Agreement, the Subscription Agreement and the Sale and Purchase Agreement remain in full force and effect.

A circular for the SIH major transaction was despatched to the shareholders of SIH on 30 April 2010. A supplemental circular for this transaction which will contain the details of the Supplemental Agreement will be despatched to the shareholders of SIH in accordance with the relevant requirements of the Listing Rules.

SUSPENSION OF TRADING OF NEO-CHINA SHARES AND THE CONVERTIBLE BONDS

Trading in the Neo-China Shares and the Convertible Bonds on the Main Board of the Stock Exchange was suspended with effect from 10:10 a.m. on 22 January 2008 at the request of Neo-China pending the release of an announcement in respect of certain price sensitive information. Trading of the Neo-China Shares and the Convertible Bonds will continue to be suspended until further notice.

WARNING

The Offers will only be made if Completion takes place. Completion is subject to, as applicable, satisfaction and/or waiver of the conditions, including subjective conditions, contained in the Sale and Purchase Agreement and the Subscription Agreement, and on the receipt of certain consents. Accordingly, the Offers may or may not be made or implemented. The issue of this announcement does not in any way imply that the Offers will be made. The SIH Shareholders, the Neo-China Shareholders, the CB Holders, the Warrant Holders, the Option Holders and potential investors should exercise extreme caution when dealing in the relevant securities. A further announcement will be issued if the Offers are made or implemented.

On 19 January 2010, Neo-China, Novel Good and SIH announced (the "**Previous Announcement**"), amongst other things, that : (1) Novel Good (a wholly-owned subsidiary of SIH), the Vendor and Mr. Li had entered into the Sale and Purchase Agreement; (2) Novel Good and Neo-China had entered into the Subscription Agreement; and (3) Turbo Wise, an entity wholly owned by Mr. Li, and Neo-China had entered into the Qi Ao Agreement, pursuant to which, amongst other things, Neo-China had conditionally agreed to sell to Turbo Wise Neo-China's entire interest in the Qi Ao Island Project. Unless the context otherwise requires, terms used in this announcement shall have the same meanings as defined in the Previous Announcement.

The Qi Ao Agreement was terminated on 11 May 2010 by an agreement between Neo-China and Turbo Wise (the "**Termination Agreement**").

In light of the Termination Agreement, Neo-China, Novel Good, the Vendor and Mr. Li entered into a supplemental agreement on the same date (the "**Supplemental Agreement**") mainly to supplement, amend and waive certain terms and conditions of the Sale and Purchase Agreement and the Subscription Agreement that relate to the Qi Ao Agreement. In particular, pursuant to the Supplemental Agreement, Completion will no longer be conditional on:

- (a) the Qi Ao Agreement having been approved by the independent shareholders of Neo-China;
- (b) the Qi Ao Agreement having become unconditional; and
- (c) obtaining the consents relating to the Qi Ao Agreement.

Save as supplemented, amended and waived by the Supplemental Agreement, the Subscription Agreement and the Sale and Purchase Agreement remain in full force and effect.

REASONS FOR AND BENEFITS OF THE TERMINATION AGREEMENT AND THE SUPPLEMENTAL AGREEMENT

It has become apparent to the parties that if the Qi Ao Agreement remains in force there may be long delays in obtaining the various approvals necessary to complete the Sale and Purchase Agreement and the Subscription Agreement, raising the possibility that neither will be completed and that the suspension of trading in Neo-China securities might be prolonged. In view of the foregoing, the parties entered into the Termination Agreement and the Supplemental Agreement in order to facilitate the transactions.

The directors of SIH (including the independent non-executive directors of SIH) consider that the Supplemental Agreement was entered into on an arm's length basis and on normal commercial terms, and maintain the view that the Acquisition and the Subscription (as supplemented and amended by the Supplemental Agreement) and the Offers are fair and reasonable and are in the interest of SIH and the shareholders of SIH taken as a whole.

The directors of Neo-China (including the independent non-executive directors of Neo-China) consider that the Termination Agreement and the Supplemental Agreement are on an arm's length basis and on normal commercial terms and fair and reasonable and are in the interest of Neo-China and Neo-China Shareholders taken as a whole.

LISTING RULES AND TAKEOVERS CODE IMPLICATIONS

SIH

The Acquisition and the Subscription (as supplemented and amended by the Supplemental Agreement) and the Offers together remain as a major transaction for SIH and are subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

To the best of the SIH Directors' knowledge, information and belief, no SIH Shareholder is required to abstain from voting if SIH were to convene a general meeting. Accordingly, the Acquisition and the Subscription (as supplemented and amended by the Supplemental Agreement) and the Offers have been approved by written shareholders' approval in accordance with Rule 14.44 of the Listing Rules. No shareholders' meeting of SIH will be convened to consider the Acquisition and the Subscription (as supplemented and amended by the Supplemental Agreement). SIH's controlling shareholder, Shanghai Industrial Investment (Holdings) Company Limited, which owns 561,776,371 ordinary shares in SIH, representing approximately 52.03% of the issued share capital of SIH as at the date of this announcement, has granted its approval to SIH of the Acquisition and the Subscription (as supplemented and amended by the Supplemental Agreement) and the Offers as required under the Listing Rules.

The Qi Ao Agreement deferred payment terms, constituted a connected transaction for Neo-China falling within Chapter 14A of the Listing Rules as well as a "special deal" falling within Rule 25 of the Takeovers Code. It was therefore subject to the approval of the Independent Neo-China Shareholders in general meeting.

As the Qi Ao Agreement has been terminated no such approval will now be required.

CIRCULARS

A circular for the SIH major transaction was despatched to the shareholders of SIH on 30 April 2010. A supplemental circular for this transaction which will contain the details of the Supplemental Agreement will be despatched to the shareholders of SIH in accordance with the relevant requirements of the Listing Rules.

As the Subscription Agreement constitutes a connected transaction of Neo-China under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules, a circular will be despatched to the shareholders of Neo-China in accordance with the Listing Rules.

SUSPENSION OF TRADING OF NEO-CHINA SHARES AND THE CONVERTIBLE BONDS

Trading in the Neo-China Shares and the Convertible Bonds on the Main Board of the Stock Exchange was suspended with effect from 10:10 a.m. on 22 January 2008 at the request of Neo-China pending the release of an announcement in respect of certain price sensitive information. Trading of the Neo-China Shares and the Convertible Bonds will continue to be suspended until further notice.

WARNING

The Offers will only be made if Completion takes place. Completion is subject to, as applicable, satisfaction and/or waiver of the conditions, including subjective conditions, contained in the Sale and Purchase Agreement and the Subscription Agreement, and on the receipt of certain consents. Accordingly, the Offers may or may not be made or implemented. The issue of this announcement does not in any way imply that the Offers will be made. The SIH Shareholders, the Neo-China Shareholders, the CB Holders, the Warrant Holders, the Option Holders and potential investors should exercise extreme caution when dealing in the relevant securities. A further announcement will be issued if the Offers are made or implemented.

By order of the board of
**SHANGHAI INDUSTRIAL
HOLDINGS LIMITED**
Leung Lin Cheong
Company Secretary

By order of the board of
**NEO-CHINA LAND GROUP
(HOLDINGS) LIMITED**
Liu Yi
Chairman

By order of the board of
NOVEL GOOD LIMITED
Zhou Jie
Director

Hong Kong, 11 May 2010

As at the date of this announcement, the board of directors of SIH is comprised of:

Executive directors:

*Mr. Teng Yi Long, Mr. Cai Yu Tian, Mr. Lu Ming Fang, Mr. Zhou Jie, Mr. Qian Shi Zheng,
Mr. Zhou Jun and Mr. Qian Yi*

Independent non-executive directors:

Dr. Lo Ka Shui, Prof. Woo Chia-Wei and Mr. Leung Pak To, Francis

As at the date of this announcement, the board of directors of Novel Good is comprised of:

Mr. Cai Yu Tian, Mr. Zhou Jie, Mr. Qian Shi Zheng and Mr. Zhou Jun.

As at the date of this announcement, the Neo-China Board is comprised of:

Executive directors:

*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*

Non-executive director:

Mr. Lai Leong

Independent non-executive directors:

Ms. Nie Mei Sheng and Mr. Gao Ling

The directors of SIH jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that in relation to Mr. Li, the Vendor, Turbo Wise and the Neo-China Group) and confirms, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts relating to the SIH Group not contained in this announcement the omission of which would make any statement in this announcement (other than that in relation to Mr. Li, the Vendor, Turbo Wise and the Neo-China Group) misleading.

The directors of Novel Good jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that in relation to Mr. Li, the Vendor, Turbo Wise and the Neo-China Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts relating to Novel Good not contained in this announcement the omission of which would make any statement in this announcement (other than that in relation to Mr. Li, the Vendor, Turbo Wise and the Neo-China Group) misleading.

The directors of Neo-China jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that in relation to Mr. Li, the Vendor, Turbo Wise and the SIH Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts relating to the Neo-China Group not contained in this announcement (other than that in relation to Mr. Li, the Vendor, Turbo Wise and the SIH Group) the omission of which would make any statement in this announcement misleading.

Mr. Li, for himself and as the sole director of the Vendor and Turbo Wise, accepts full responsibility for the accuracy of the information contained in this announcement which only relates to himself, the Vendor and Turbo Wise, and confirms, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this announcement by himself, the Vendor or Turbo Wise have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement relating to himself, the Vendor or Turbo Wise in this announcement misleading.

** For identification only*