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中新集團
NEO CHINA GROUP

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)

(Stock Code: 563)

DISCLOSEABLE AND CONNECTED TRANSACTION

**ACQUISITION OF THE REMAINING 30% OF
THE ISSUED SHARE CAPITAL OF
成都中新錦泰房地產開發有限公司
(ZHONG XIN JIN TAI PROPERTY DEVELOPMENT
COMPANY LIMITED*)**

THE JUNE 2008 AGREEMENT

On 1 June 2008, the Company exercised its right under the January 2007 Agreement and purchased from Chengdu Zhongtai its 30% equity interest and the related shareholder’s loan in the Project Company at a total consideration of approximately RMB486 million.

The June 2008 Agreement constitutes a discloseable and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules. A circular containing, among other things, details of the June 2008 Agreement and the letters from the Independent Board Committee and the Independent Financial Adviser will be despatched to Shareholders as soon as possible.

The Company will apply to the Stock Exchange for a waiver under Rule 14A.43 of the Listing Rules from the requirement to hold a Shareholders' meeting to consider and approve the June 2008 Agreement and the transactions contemplated thereunder. The waiver will be sought on the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the June 2008 Agreement; and (ii) written approval has been obtained from Mr. Li and Invest Gain Limited (a company which is wholly and beneficially owned by Mr. Li), which as at the date of this announcement collectively hold 1,054,920,495 Shares (representing approximately 54% of the entire issued share capital of the Company), giving them the right to attend and vote in the general meeting of the Company to approve the June 2008 Agreement and the transactions contemplated thereunder.

If the written approval cannot be obtained from Mr. Li and Invest Gain Limited and/or the Stock Exchange do not grant the waiver under Rule 14A.43, a Shareholders' meeting will be held to consider and approve the June 2008 Agreement and the transactions contemplated thereunder. Further announcement will then be made by the Company as and when required.

SUSPENSION OF TRADING IN THE SHARES

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 pending the release of further announcement(s) in relation to certain further price-sensitive information.

THE JANUARY 2007 AGREEMENT

Reference is made to the Company's announcement and circular of 9 January 2007 and 31 January 2007 respectively. As stated therein, the Company and Chengdu Zhongtai entered into an agreement on 3 January 2007 pursuant to which the Company and Chengdu Zhongtai agreed to form the Project Company to jointly develop the Land.

To the best understanding, knowledge and belief, having made all reasonable enquiries, of the Directors, Chengdu Zhongtai is a company duly incorporated and existing under the laws of PRC with limited liabilities and principally involved in transport construction, management, investment and related businesses.

As a term to the January 2007 Agreement, within 24 months from the signing of the January 2007 Agreement, the Company shall purchase from Chengdu Zhongtai its 30% equity interest in the Project Company at a price which shall be equivalent to

- (a) the total capital contribution made by Chengdu Zhongtai of RMB60,000,000 (i.e. 30% of RMB200,000,000);
- (b) the balance of Chengdu Zhongtai's shareholder's loan to the Project Company, which was RMB240,000,000 then; and
- (c) an additional amount of RMB100,000,000.

THE PROJECT COMPANY

The Project Company is a company incorporated and existing under the laws of the PRC with limited liability, with total registered capital of RMB200,000,000 and owned as to 70% by the Company and 30% by Chengdu Zhongtai. It is formed for the purpose of developing the Land into a composite development including commercial and residential buildings and ancillary facilities with total gross floor area of approximately 700,000 square meters.

The following information is extracted from the audited financial statements of the Project Company for the period from 24 May 2007, the date of its incorporation, to 31 December 2007 and the unaudited management accounts of the Project Company for the five months ended 31 May 2008, both prepared in accordance with the PRC GAAP:

	For the five months ended/ As at 31 May 2008	For the period from 24 May 2007, the date of incorporation, to/As at 31 December 2007
	<i>RMB</i>	<i>RMB</i>
Turnover	–	–
Net loss before taxation	(6,133,383.75)	(2,341,890.32)
Net loss after taxation	(6,054,370.42)	(2,341,890.32)
Net asset value	191,617,050.96	197,671,421.38
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Total assets	<u>1,088,329,457.62</u>	<u>459,731,086.46</u>

THE JUNE 2008 AGREEMENT

On 1 June 2008, the Company entered into an agreement with Chengdu Zhongtai whereby the Company exercised its right under the January 2007 Agreement and purchased from Chengdu Zhongtai its 30% equity interest and the related shareholder's loan in the Project Company at a total consideration of approximately RMB486 million, which shall be paid in cash, will be financed by internal resources of the Group and shall be settled on or before 31 December 2008.

The Consideration was determined based on the following:

- (a) the total capital contribution made by Chengdu Zhongtai of RMB60,000,000 (*note 1*);
- (b) the balance of Chengdu Zhongtai's shareholder's loan to the Project Company of approximately RMB326,110,000 as at the date of the Debt Assignment Agreement (*note 2*); and
- (c) an additional amount of RMB100,000,000 (*note 3*).

Notes:

1. Same as the amount stated in the January 2007 Agreement and represents the actual amount of capital contribution made by Chengdu Zhongtai.
2. In view of the capital requirements of the Project Company and the resources available by Chengdu Zhongtai, Chengdu Zhongtai has advanced more than the expected amount of RMB240 million as stated in the January 2007 Agreement to the Project Company. The balance due from the Project Company to Chengdu Zhongtai was approximately RMB326 million at the date of entering into the Debt Assignment Agreement. As the Company has agreed to take up all of the shareholder's loan made by Chengdu Zhongtai to the Project Company as part of the terms of the Acquisition, therefore, the balance in respect to the shareholder's loan amounted to approximately RMB326 million will be included as part of the Consideration;
3. The amount of RMB100,000,000 was a guaranteed additional amount agreed in the January 2007 Agreement after arm's length negotiations between the Company and Chengdu Zhongtai after the Board made reference to the market situation in and the city development of Chengdu City and the potential increase in the market value of the properties in Chengdu City, PRC.

The Project Company has been treated as a 70% subsidiary of the Company since its formation. Upon completion of the June 2008 Agreement, the Project Company will become a wholly-owned subsidiary of the Company and the Company will continue to account for the results and assets and liabilities of the Project Company on a consolidated basis.

REASONS FOR THE ACQUISITION

The Group is principally engaged in property investment and development in the PRC. The Acquisition represents the exercise of the right of the Group to increase its equity holding in the Project Company from 70% to 100%. Upon completion of the June 2008 Agreement, the Group will have the entire ownership of the Project Company which will develop the Land into a composite development with commercial and residential buildings and ancillary facilities.

The Board considers that the June 2008 Agreement has been entered into on normal commercial terms in the ordinary and usual course of business of the Company and that the terms of the June 2008 Agreement are fair and reasonable and entering into the June 2008 Agreement is in the interests of the Company and its Shareholders as a whole. The view of the independent non-executive directors of the Company on the June 2008 Agreement will be included in the related circular to be despatched to Shareholders.

GENERAL

The June 2008 Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Chengdu Zhongtai is a substantial shareholder of the Project Company, which is a non wholly-owned subsidiary of the Company as at the date of this announcement and therefore a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Accordingly, the June 2008 Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules as the applicable percentage ratios for exemption under Rule 14.07 of the Listing Rules calculated in respect of the Acquisition exceed the threshold for exemption under Rule 14A.32 of the Listing Rules.

A circular containing, among other things, details of the June 2008 Agreement and the letters from the Independent Board Committee and the Independent Financial Adviser will be despatched to Shareholders as soon as possible.

The Company will apply to the Stock Exchange for a waiver under Rule 14A.43 of the Listing Rules from the requirement to hold a Shareholders' meeting to consider and approve the June 2008 Agreement and the transactions contemplated thereunder. The waiver will be sought on the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the June 2008 Agreement; and (ii) written approval has been obtained from Mr. Li and Invest Gain Limited, which as at the date of this announcement collectively hold 1,054,920,495 Shares (representing approximately 54% of the entire issued share capital of the Company), giving them the right to attend and vote in the general meeting of the Company to approve the June 2008 Agreement and the transactions contemplated thereunder. Invest Gain Limited is a company which is wholly and beneficially owned by Mr. Li. Therefore Mr. Li and Invest Gain Limited will be considered as a closely allied group of Shareholders under Chapter 14A of the Listing Rules.

To the best understanding, knowledge and belief, having made all reasonable enquiries, of the Directors, no Shareholder has a material interest in the Acquisition and therefore is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition. A written approval has been sought and is expected to be obtained from Mr. Li and Invest Gain Limited prior to the despatch of the circular to shareholders of the Company.

If the written approval cannot be obtained from Mr. Li and Invest Gain Limited and/or the Stock Exchange do not grant the waiver under Rule 14A.43 to the Company, a Shareholders' meeting will be held to consider and approve the June 2008 Agreement and the transactions contemplated thereunder. Further announcement will then be made by the Company as and when required.

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 pending the release of further announcement(s) in relation to certain further price-sensitive information.

TERMS USED IN THIS ANNOUNCEMENT

“Acquisition”	the acquisition of a further 30% equity interest in the Project Company by the Group from Chengdu Zhongtai pursuant to the terms of the June 2008 Agreement
“Board”	the board of directors of the Company
“Chengdu Zhongtai”	成都中泰交通建設發展有限公司 (Chengdu Zhongtai Communication Construction Development Company Limited*), a company which holds 30% of the Project Company
“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;
“Consideration”	the aggregate consideration of approximately RMB486 million for the Acquisition
“Debt Assignment Agreement”	as part of the June 2008 Agreement, the Company entered into a debt assignment agreement on 1 June 2008 with Chengdu Zhongtai whereby it was agreed that the Group will take up the shareholder’s loan of Chengdu Zhongtai to the Project Company of approximately RMB326 million
“Directors”	directors of the Company for the time being
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	independent board committee of the Company to be formed for the purpose of advising independent Shareholders as to the Acquisition and the transactions contemplated thereunder

“Independent Financial Adviser”	the independent financial adviser to the Independent Board Committee and independent Shareholders in respect of the Acquisition and the transactions contemplated thereunder
“Independent Third Party”	a third party and its ultimate beneficial owners, independent of the Company and its connected persons (as defined under the Listing Rules)
“January 2007 Agreement”	the agreement dated 3 January 2007 entered into between the Company and Chengdu Zhongtai pursuant to which the Company and Chengdu Zhongtai agreed to form the Project Company
“June 2008 Agreement”	the agreement dated 1 June 2008 entered into between the Company and Chengdu Zhongtai pursuant to which the Company exercised its right under the January 2007 Agreement and purchased from Chengdu Zhongtai its 30% equity interest in the Project Company for the Consideration
“Land	2 pieces of land situated at 溫江新城區 (Wen Jiang Xin Cheng District*) in Chengdu City, PRC which occupy total site area of approximately 228,000 square meters and are to be developed into a composite development including commercial and residential buildings and ancillary facilities with total gross floor area of approximately 700,000 square meters
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Song Xiao, Chairman of the Board, an executive Director and the controlling Shareholder
“PRC”	the People’s Republic of China
“PRC GAAP”	PRC Generally Accepted Accounting Principles

“Project Company”	成都中新錦泰房地產開發有限公司 (Zhong Xin Jin Tai Property Development Company Limited*), a company which was duly incorporated and existing under the laws of the PRC with limited liability and owned as to 70% by the Company and 30% by Chengdu Zhongtai, formed for the purpose of developing the Land into a composite development including commercial and residential buildings and ancillary facilities with total gross floor area of approximately 700,000 square meters
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	shares of HK\$0.04 each in the capital of the Company
“Shareholder”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Hong Kong, 27 June 2008

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, Mr. Lu Zhao Qun and 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, Mr. Gao Ling and Mr. Lai Man Leung 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 purposes only*