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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Neo-China Group (Holdings) Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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NEO-CHINA GROUP

中新集團

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

**中新集團（控股）有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 563)**

**PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY,  
AND  
PROPOSED GRANTING OF GENERAL MANDATES TO REPURCHASE SHARES  
OF THE COMPANY AND TO ISSUE NEW SHARES OF THE COMPANY,  
AND  
PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE EXISTING  
SHARE OPTION SCHEME OF THE COMPANY,  
AND  
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS OF THE COMPANY,  
AND  
NOTICE OF THE ANNUAL GENERAL MEETING OF THE COMPANY**

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A notice convening an annual general meeting of Neo-China Group (Holdings) Limited to be held at Unit 1908-9, 19th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong on Monday, 25 September 2006 at 10:00 a.m. is set out on pages 21 to 26 of this circular. A form of proxy for use at the annual general meeting is also enclosed. Such form of proxy is also published on the website of The Stock Exchange of Hong Kong Limited ([www.hkex.com.hk](http://www.hkex.com.hk)).

If you are not able to attend the annual general meeting, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Share Registrar of the Company in Hong Kong, Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the annual general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting if they so wish.

\* for identification purposes only

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## **RESPONSIBILITY STATEMENT**

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This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Annual General Meeting”	an annual general meeting of the Company to be held at Unit 1908-9, 19th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong on Monday, 25 September 2006 at 10:00 am, to consider and, if appropriate, approve the resolutions contained in the notice of the meeting which is set out on pages 21 to 26 of this circular, or any adjournment thereof;
“Board”	the board of Directors;
“Buyback Mandate”	as defined in paragraph 3(a) of the Letter from the Board;
“CG Code”	The Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules;
“Company”	Neo-China Group (Holdings) Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Current Bye-laws”	the current bye-laws of the Company with the latest amendments made on 12 September 2005;
“Director(s)”	the director(s) of the Company;
“Existing Scheme Mandate Limit”	the maximum number of Shares which may be issued upon exercise of all options granted/to be granted under the Existing Share Option Scheme, being 10% of the issued share capital of the Company as at 12 December 2002, the date of passing of the ordinary resolution by the Shareholders in the Company’s special general meeting held on 12 December 2002 for adoption of the Existing Share Option Scheme;
“Existing Share Option Scheme”	the existing share option scheme adopted by the Company in its special general meeting held on 12 December 2002;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

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## DEFINITIONS

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“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Invested Entity”	any entity in which any member of the Group holds any equity interest;
“Issuance Mandate”	as defined in paragraph 3(b) of the Letter from the Board;
“Latest Practicable Date”	28 August 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Participants”	any employees (whether full time or part time) or directors (including independent non-executive directors) of the Company, any of its subsidiaries or any Invested Entity; any suppliers and customers of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to the Group or any Invested Entity and any shareholders or holders of any securities of any member of the Group or any Invested Entity;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Codes on Takeovers and Mergers issued by the Securities and Futures Commission in Hong Kong.

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## LETTER FROM THE BOARD

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NEO-CHINA GROUP

中新集團

### NEO-CHINA GROUP (HOLDINGS) LIMITED

中新集團(控股)有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock code: 563)

*Executive Directors:*

Mr Li Song Xiao (*Chairman*)  
Mr Liu Yi  
Ms Niu Xiao Rong  
Mr Yuan Kun  
Ms Liu Yan

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent Non-executive Directors:*

Ms Nie Mei Sheng  
Mr Wang Shiyong  
Mr Zheng Kuan

*Principal Place of Business:*

Unit 1908-9, 19th Floor  
Office Tower, Convention Plaza  
No. 1 Harbour Road  
Wanchai  
Hong Kong

31 August 2006

*To the shareholders*

Dear Sir/Madam,

**PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY,  
AND  
PROPOSED GRANTING OF GENERAL MANDATES TO REPURCHASE SHARES  
OF THE COMPANY AND TO ISSUE NEW SHARES OF THE COMPANY,  
AND  
PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE EXISTING  
SHARE OPTION SCHEME OF THE COMPANY,  
AND  
PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS OF THE COMPANY,  
AND  
NOTICE OF THE ANNUAL GENERAL MEETING OF THE COMPANY**

#### **1. INTRODUCTION**

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for (i) the amendments to the Current Bye-laws; (ii) the granting of the Buyback Mandate to the Directors; (iii) the granting of the Issuance Mandate to the Directors; (iv) the extension of the Issuance Mandate by adding to it the nominal amount of the issued Shares repurchased by the Company under the Buyback Mandate; (v) the refreshment of the Existing Scheme Mandate Limit; and (vi) the re-election of the retiring Directors.

\* for identification purposes only

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## LETTER FROM THE BOARD

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### 2. PROPOSED AMENDMENTS TO THE CURRENT BYE-LAWS

On 1 March 2006, Appendix 3 of the Listing Rules (which sets out the provisions with which the articles of association or bye-laws of a listed issuer must conform) was amended by allowing a listed issuer to remove its director by ordinary resolution instead of special resolution (provided that this does not violate the law applicable to the issuer). To bring the constitution of the Company in compliance with the amended provision of Appendix 3 of the Listing Rules and certain provisions of Chapter 13 and the CG Code, the Directors propose to seek approval from the Shareholders at the Annual General Meeting on the amendments of the Current Bye-laws. These amendments are summarized below:

- (I) For complying with Rule 13.39(5) of the Listing Rules and the code provision E.2 of the CG Code, Bye-law 68 of the Current Bye-laws is proposed to be amended to provide that the voting figures on a poll shall be disclosed if such disclosure is required by the rules of the Stock Exchange.
- (II) For complying with paragraph 4(3) of Appendix 3 of the Listing Rules, Bye-law 86 (4) of the Current Bye-laws is proposed to be amended to the effect that a Director may be removed by an ordinary resolution rather than a special resolution in a general meeting.

The proposed amendments to the Current Bye-laws are stated in the proposed special resolution contained in item 4 of the notice convening the Annual General Meeting as set out on pages 21 to 26 of this circular. A copy of the Current Bye-laws will be available for inspection at the Company's principal place of business in Hong Kong at Unit 1908-9, 19th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong during normal business hours from the date hereof up to and including the date of the Annual General Meeting.

### 3. PROPOSED GRANTING OF THE BUYBACK AND ISSUANCE MANDATES

At the annual general meeting of the Company held on 12 September 2005, general mandates were granted to the Directors to exercise the powers of the Company to repurchase Shares and to issue new Shares respectively. Such mandates will lapse at the conclusion of the Annual General Meeting.

Ordinary resolutions will be proposed at the Annual General Meeting to approve the granting of new general mandates to the Directors:

- (a) to purchase Shares on the Stock Exchange of an aggregate nominal amount of up to 10% of the total nominal amount of the issued share capital of the Company on the date of passing of such resolution (the "Buyback Mandate");

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## LETTER FROM THE BOARD

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- (b) to allot, issue or deal with Shares of an aggregate nominal amount of up to 20% of the total nominal amount of the share capital of the Company in issue on the date of passing of such resolution (the “Issuance Mandate”); and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of the Shares repurchased by the Company pursuant to and in accordance with the Buyback Mandate.

The Buyback Mandate and the Issuance Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the Annual General Meeting or any earlier date as referred to in the proposed ordinary resolutions contained in items 5 and 6 of the notice of the Annual General Meeting as set out on pages 21 to 26 of this circular. With reference to the Buyback Mandate and the Issuance Mandate, the Directors wish to state that they have no immediate plan to repurchase any Shares or issue any new Shares pursuant thereto.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Buyback Mandate. The explanatory statement as required by the Listing Rules in connection with the Buyback Mandate is set out in Appendix I to this circular.

#### **4. PROPOSED REFRESHMENT OF THE SCHEME MANDATE LIMIT OF THE EXISTING SHARE OPTION SCHEME AND ITS REASON**

Pursuant to the special general meeting of the Company held on 12 December 2002, the Existing Share Option Scheme was adopted. The purpose of the Existing Share Option Scheme is to provide Participants with the opportunity to acquire equity interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and the Shareholders as a whole.

Pursuant to Chapter 17 of the Listing Rules, the total number of securities which may be issued upon exercise of all options to be granted under a share option scheme and any other schemes of a listed issuer must not in aggregate exceed 10% of the relevant class of securities of the listed issuer in issue as at the date of approval of the scheme. The listed issuer may seek approval by its shareholders in general meeting for “refreshing” the 10% limit under the scheme. However, the total number of securities which may be issued upon exercise of all options to be granted under all of the schemes of the listed issuer under the limit as “refreshed” must not exceed 10% of the relevant class of securities in issue as at the date of approval of the refreshed limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as “refreshed”. The Listing Rules also provide that the limit on the number of securities



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## LETTER FROM THE BOARD

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which may be issued upon exercise of all outstanding options granted and yet to be exercised under the scheme and any other schemes must not exceed 30% of the relevant class of securities of the listed issuer in issue from time to time.

On the date of adoption of the Existing Share Option Scheme, the Existing Scheme Mandate Limit was approved. Pursuant to the Existing Scheme Mandate Limit, the Directors may grant options not exceeding 87,594,064 Shares. As at the Latest Practicable Date, options carrying the rights to subscribe for 86,000,000 Shares have been granted to the directors and employees of the Group and none of such options has been exercised. Accordingly, the Directors can only grant further options carrying the rights to subscribe for 1,594,064 Shares under the Existing Scheme Mandate Limit.

The Directors consider that the Company should refresh the Existing Scheme Mandate Limit so that the Company could have more flexibility to provide incentives to the Participants by way of granting share options to them. If the refreshment of the Existing Scheme Mandate Limit is approved at the Annual General Meeting, based on the 5,722,374,340 Shares in issue as at the Latest Practicable Date and assuming that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting, the Company will be allowed under the “refreshed limit” to grant options carrying the rights to subscribe for up to a total of 572,237,434 Shares, representing 10% of the issued share capital of the Company as at the Annual General Meeting. As no Shareholder has interest in the proposed refreshment of the Existing Scheme Mandate Limit, none of the Shareholders is required to abstain from voting at the Annual General Meeting.

Apart from the Existing Share Option Scheme, the Company has no other share option scheme currently in force. The following table shows the details of the share options granted/exercised/lapsed/outstanding under the Existing Share Option Scheme up to the Latest Practicable Date:

<b>Class of participants</b>	<b>Number of options granted</b>	<b>Number of options exercised</b>	<b>Number of options lapsed</b>	<b>Number of options outstanding</b>
Directors	43,000,000	Nil	Nil	43,000,000
Employees of the Group	43,000,000	Nil	Nil	43,000,000
	<u>86,000,000</u>	<u>Nil</u>	<u>Nil</u>	<u>86,000,000</u>

None of the grantees has been granted with options which exceed the limit of 1% of the issued share capital of the Company in the 12 months period up to and including the respective dates of grant as set out in Rule 17.03(4) of the Listing Rules.

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## LETTER FROM THE BOARD

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If the refreshment of the Existing Scheme Mandate Limit is approved at the Annual General Meeting, the existing outstanding options of the Company and the options to be granted under the “refreshed limit” will not exceed 30% of the issued share capital of the Company.

The Directors consider that the refreshment of the Existing Scheme Mandate Limit is in the interests of the Group and the Shareholders as a whole because it enables the Company to reward and motivate its employees and other Participants under the Existing Share Option Scheme.

The refreshment of the Existing Scheme Mandate Limit is conditional upon:

- (i) the passing of an ordinary resolution at the Annual General Meeting to approve the said refreshment; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in any new Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the options that may be granted under the refreshed limit of the Existing Share Option Scheme up to 10% of the issued share capital of the Company as at the date of passing of the relevant ordinary resolution at the Annual General Meeting.

Application will be made to the Listing Committee of the Stock Exchange for granting the listing of, and permission to deal in any new Shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the options that may be granted under the refreshed limit of the Existing Share Option Scheme up to 10% of the issued share capital of the Company as at the date of passing of the relevant ordinary resolution at the Annual General Meeting. A copy of the Existing Share Option Scheme will be available for inspection at the Company’s principal place of business in Hong Kong at Unit 1908-9, 19th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong during normal business hours from the date hereof up to and including the date of the Annual General Meeting.

### **5. PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS**

Pursuant to the Current Bye-laws, Mr Yuan Kun, Ms Liu Yan, Mr Liu Yi and Mr Zheng Kuan shall retire from office at the Annual General Meeting and, being eligible, offer themselves for re-election at the said meeting.

Under Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any director(s) proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders’ approval at that relevant general meeting. The requisite details of the above four retiring Directors are set out in Appendix III to this circular.

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## LETTER FROM THE BOARD

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### 6. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 21 to 26 of this circular. At the Annual General Meeting, resolutions will be proposed to approve, inter alia, the amendments to the Current Bye-laws, the granting of the Buyback Mandate and the Issuance Mandate, the extension of the Issuance Mandate by the addition thereto of the nominal amount of Shares repurchased pursuant to the Buyback Mandate, the refreshment of the Existing Scheme Mandate Limit and the re-election of the retiring Directors.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Share Registrar of the Company in Hong Kong, Secretaries Limited, at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish.

### 7. RECOMMENDATION

The Directors consider that the proposed amendments to the Current Bye-laws, the granting of the Buyback Mandate, the granting/extension of the Issuance Mandate, the refreshment of the Existing Scheme Mandate Limit and the re-election of the retiring Directors are in the best interests of the Company, the Group and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

### 8. GENERAL INFORMATION

Your attention is drawn to the additional information set out in Appendix I (Explanatory Statement on the Buyback Mandate), Appendix II (Procedure by which the Shareholders may demand a poll at a general meeting pursuant to the Current Bye-laws) and Appendix III (Details of the Retiring Directors proposed to be re-elected at the Annual General Meeting) to this circular.

Yours faithfully,  
By Order of the Board  
**Li Song Xiao**  
*Chairman of the Board*

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## **APPENDIX I      EXPLANATORY STATEMENT ON THE BUYBACK MANDATE**

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*The following is an explanatory statement required by the Listing Rules to be sent to the Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the Annual General Meeting in relation to the granting of the Buyback Mandate.*

### **1. REASONS FOR BUYBACK OF SHARES**

The Directors believe that the granting of the Buyback Mandate is in the interests of the Company and the Shareholders.

Repurchases of Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share. The Directors are seeking the granting of the Buyback Mandate to give the Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

### **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 5,722,374,340 Shares.

Subject to the passing of the ordinary resolution set out in the item 5 of the notice of the Annual General Meeting in respect of the granting of the Buyback Mandate and on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting, the Directors would be authorised under the Buyback Mandate to repurchase an aggregate nominal amount of the Shares up to HK\$5,722,374.34 (equivalent to 572,237,434 Shares), representing 10% of the aggregate nominal amount of the Shares in issue as at the date of the Annual General Meeting, during the period in which the Buyback Mandate remains in force.

### **3. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and bye-laws, the laws of Bermuda and/or any other applicable laws.

The Company is empowered by its memorandum of association and the Current Bye-laws to repurchase Shares. The laws of Bermuda provide that the amount of capital paid in connection with a share repurchase by a company may only be paid out of either the capital paid up on the relevant shares, or out of the funds of the company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for such purpose. The amount of premium payable on repurchase may only be paid out of the funds of the company which would otherwise be available for dividend or distribution or out of the share premium account of the company before the shares are repurchased.

#### **4.      IMPACT OF REPURCHASES**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 30 April 2006) in the event that the Buyback Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Buyback Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

#### **5.      TAKEOVERS CODE**

If, on the exercise of the power to repurchase Shares pursuant to the Buyback Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

As at the Latest Practicable Date, Mr Li Song Xiao (the Chairman of the Board) was interested in 3,551,651,390 Shares, representing approximately 62.07% of the total issued share capital of the Company. Out of these Shares, 3,542,021,390 Shares (being approximately 61.90% of the total issued share capital of the Company) were held by Invest Gain Limited, the Company's substantial shareholder which is wholly-owned by Mr Li Song Xiao. On the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting, in the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the relevant ordinary resolution to be proposed at the Annual General Meeting, the interest of Mr Li Song Xiao in the issued Shares would be increased to approximately 68.96% of the total issued share capital of the Company. The Directors are not aware of any consequences which will arise under the Takeovers Code as a result of any repurchases to be made under the Buyback Mandate.

#### **6.      GENERAL**

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Buyback Mandate is approved by the Shareholders.

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**APPENDIX I      EXPLANATORY STATEMENT ON THE BUYBACK MANDATE**

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The Company has not been notified by any connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Buyback Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases of Shares pursuant to the Buyback Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

**7. MARKET PRICES OF SHARES**

The highest and lowest prices per Share at which the Shares have traded on the Stock Exchange during each of the following previous months were as follows:

<b>Month</b>	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2005</b>		
August	0.620	0.500
September	0.670	0.570
October	0.650	0.550
November	0.620	0.560
December	0.800	0.610
<b>2006</b>		
January	0.890	0.720
February	1.000	0.790
March	1.090	0.830
April	1.290	0.910
May	1.240	0.770
June	0.870	0.495
July	0.770	0.550
August (up to the Latest Practicable Date)	0.690	0.560

**8. REPURCHASES OF SHARES MADE BY THE COMPANY**

No repurchase of Shares has been made by the Company during the previous six months (whether on the Stock Exchange or otherwise).

*The following paragraphs set out the procedure by which the Shareholders may demand a poll at a general meeting of the Company (including the Annual General Meeting) pursuant to the Current Bye-laws.*

According to Bye-law 66(1) of the Current Bye-laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (a) the chairman of such meeting; or
- (b) at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

In addition, in compliance with the Listing Rules, any vote of shareholders at a general meeting will be taken on a poll where:

- (i) the chairman of the general meeting and/or the directors individually or collectively hold proxies in respect of shares representing 5% or more of the total voting rights at the general meeting, and the meeting votes, on a show of hands, in the opposite manner to that instructed in those proxies unless it is apparent from the total proxies held that a vote taken on a poll will not reverse the vote taken on a show of hands;
- (ii) the meeting is to approve connected transactions;
- (iii) the meeting is to approve transactions that are subject to independent shareholders' approval pursuant to the Listing Rules;

- (iv) the meeting is to approve the granting of options to a substantial shareholder or an independent non-executive director of the issuer, or any of their respective associates, as required under the Listing Rules; or
- (v) the meeting is to approve any other transactions in which a shareholder has a material interest and is therefore required to abstain from voting at the general meeting.



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**APPENDIX III                      DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE  
RE-ELECTED AT THE ANNUAL GENERAL MEETING**

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*Pursuant to the Listing Rules, the details of the Directors who will retire at the Annual General Meeting according to the Current Bye-laws and will be proposed to be re-elected at the Annual General Meeting are provided below.*

**(1) Mr Liu Yi**

***Position and Experience***

Mr Liu Yi (“Mr Liu”), aged 53, joined the Group in 2003. He is an executive Director and the Chief Executive Officer of the Company. Other than the above-mentioned, Mr Liu does not hold any position in the Company or in any member of the Group. Mr Liu, who graduated from the Department of Biology, Peking University in 1981 and obtained the EMBA degree from Guanghua School of Management, Peking University in 2004, holds the title of Senior Engineer. He has been the general manager for several major state-owned enterprises in The People’s Republic of China, and has over 22 years of experience in senior corporate management. Mr Liu has successful experience in overall strategic planning, management and business development.

Mr Liu has not held any other directorships in listed public companies in the last three years.

***Length of service***

Mr Liu has not been appointed for any fixed term but is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Current Bye-laws.

***Relationships***

As far as the Directors are aware, Mr Liu does not have any relationships with any other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

***Interests in Shares***

As far as the Directors are aware, as at the Latest Practicable Date, Mr Liu held beneficially 16,000,000 share options granted by the Company, which entitle him to subscribe for 16,000,000 Shares during the specified option periods.

Save as disclosed above, Mr Liu was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

***Director's emoluments***

There is no service contract between Mr Liu and the Company. Mr Liu currently receives an annual director's fee of HK\$1,250,000, which is determined by the Board by reference to his performance, experience, time commitment and responsibilities as well as the prevailing market conditions.

***Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders***

There is no information which is discloseable nor is/was Mr Liu involved in any of the matters required to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Mr Liu that need to be brought to the attention of the Shareholders.

**(2) Mr Yuan Kun**

***Position and Experience***

Mr Yuan Kun ("Mr Yuan"), aged 32, joined the Group in 2005. He is an executive Director and the financial controller of the Company. Other than the above-mentioned, Mr Yuan does not hold any position in the Company or in any member of the Group. Mr Yuan holds an accounting degree and has over 9 years of experience in the fields of finance and investment.

Mr Yuan has not held any other directorships in listed public companies in the last three years.

***Length of service***

Mr Yuan has not been appointed for any fixed term but is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Current Bye-laws.

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## APPENDIX III                      DETAILS OF THE RETIRING DIRECTORS PROPOSED TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

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### *Relationships*

As far as the Directors are aware, Mr Yuan does not have any relationships with any other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

### *Interests in Shares*

As far as the Directors are aware, as at the Latest Practicable Date, Mr Yuan held beneficially 8,000,000 share options granted by the Company, which entitle him to subscribe for 8,000,000 Shares during the specified option periods.

Save as disclosed above, Mr Yuan was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

### *Director's emoluments*

There is no service contract between Mr Yuan and the Company. Mr Yuan currently receives an annual director's fee of HK\$721,000, which is determined by the Board by reference to his performance, experience, time commitment and responsibilities as well as the prevailing market conditions.

### *Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders*

There is no information which is discloseable nor is/was Mr Yuan involved in any of the matters required to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Mr Yuan that need to be brought to the attention of the Shareholders.

## **(3) Ms Liu Yan**

### *Position and Experience*

Ms Liu Yan ("Ms Liu"), aged 35, joined the Group in 2004. She is an executive Director and other than that, she does not hold any position in the Company or in any member of the Group. Ms Liu has over 6 years of experience in the property industry in The People's Republic of China. Ms Liu graduated from Guanghai School of Management, Peking University in 2006. Prior to the appointment of an executive Director, Ms Liu was a deputy general manager of the sales department of Beijing Jin Ma Wen Hua Yuan Properties Development Co., Ltd., a subsidiary of the Company.

Ms Liu has not held any other directorships in listed public companies in the last three years.

***Length of service***

Ms Liu has not been appointed for any fixed term but is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Current Bye-laws.

***Relationships***

Ms Liu is the sister-in-law of Mr Li Song Xiao (the Chairman of the Board and the controlling Shareholder).

Save as disclosed above, Ms Liu does not have any relationships with any other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

***Interests in Shares***

As far as the Directors are aware, as at the Latest Practicable Date, Ms Liu was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

***Director's emoluments***

There is no service contract between Ms Liu and the Company. Currently, Ms Liu does not receive any director's fee or emoluments from the Company.

***Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders***

There is no information which is discloseable nor is/was Ms Liu involved in any of the matters required to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Ms Liu that need to be brought to the attention of the Shareholders.

**(4) Mr Zheng Kuan*****Position and Experience***

Mr Zheng Kuan (“Mr Zheng”), aged 33, joined the Group in 2003. He is an independent non-executive Director and other than that, he does not hold any position in the Company or in any member of the Group. Mr Zheng has extensive experience in investment banking area. He has worked for China Economic Development Trustee Investment Security Company. Mr Zheng currently is the deputy general manager of the investment banking division of Hai Tong Securities Limited.

Mr Zheng has not held any other directorships in listed public companies in the last three years.

***Length of service***

Mr Zheng has not been appointed for any fixed term but is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Current Bye-laws.

***Relationships***

As far as the Directors are aware, Mr Zheng does not have any relationships with any other Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Company.

***Interests in Shares***

As far as the Directors are aware, as at the Latest Practicable Date, Mr Zheng was not interested or deemed to be interested in any shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

***Director’s emoluments***

There is no service contract between Mr Zheng and the Company. Currently, Mr Zheng does not receive any director’s fee or emoluments from the Company.

*Information that needs to be disclosed and matters that need to be brought to the attention of the Shareholders*

There is no information which is discloseable nor is/was Mr Zheng involved in any of the matters required to be disclosed pursuant to any of the requirements under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules and there are no other matters concerning Mr Zheng that need to be brought to the attention of the Shareholders.

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## NOTICE OF THE ANNUAL GENERAL MEETING

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NEO-CHINA GROUP

中新集團

### NEO-CHINA GROUP (HOLDINGS) LIMITED

中新集團（控股）有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 563)**

**NOTICE IS HEREBY GIVEN** that an Annual General Meeting of Neo-China Group (Holdings) Limited (the “Company”) will be held at Unit 1908-9, 19th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong on Monday, 25 September 2006 at 10:00 am for the following purposes:–

1. To receive and consider the audited consolidated financial statements of the Company and the reports of the Directors and Auditors for the year ended 30 April 2006;
2. To re-elect Directors, to fix the maximum number of Directors, to authorise the Board of Directors to appoint additional Directors not exceeding the maximum number determined and to authorise the Board of Directors to fix the respective Directors’ remuneration;
3. To appoint Auditors and to authorise the Board of Directors to fix their remuneration;
4. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as a special resolution:

“**THAT** the Bye-laws of the Company be and are hereby amended in the following manner:

- (a) By deleting the existing Bye-law 68 in its entirety and substituting therefor the following new Bye-law 68:

‘68 If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Company shall only be required to disclose the voting figures on a poll if such disclosure is required by the rules of the Designated Stock Exchange.’; and

\* *for identification purposes only*

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## NOTICE OF THE ANNUAL GENERAL MEETING

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- (b) By deleting the existing Bye-law 86(4) in its entirety and substituting therefor the following new Bye-law 86(4):

‘86(4) Subject to any provision to the contrary in these Bye-laws, the Members may, at any general meeting convened and held in accordance with these Bye-laws, by ordinary resolution remove a Director at any time before the expiration of his period of office notwithstanding anything in these Bye-laws or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement) provided that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director not less than fourteen (14) days before the meeting and at such meeting such Director shall be entitled to be heard on the motion for his removal.’;

5. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to purchase its shares, subject to and in accordance with the applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total nominal amount of shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meeting; and



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## NOTICE OF THE ANNUAL GENERAL MEETING

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(iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held.”;

6. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

(a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with authorised and unissued shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;

(b) the approval in paragraph (a) above shall authorise the Directors to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to:

(i) a Rights Issue (as defined below);

(ii) the exercise of options under a share option scheme of the Company;  
and

(iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-laws of the Company,

shall not exceed 20% of the aggregate nominal amount of the issued share capital of the Company on the date of the passing of this resolution and the said approval shall be limited accordingly; and

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## NOTICE OF THE ANNUAL GENERAL MEETING

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(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the revocation or variation of the authority given under this resolution by ordinary resolution passed by the Company’s shareholders in general meeting; and
- (iii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held; and

“Rights Issue” means an offer of shares open for a period fixed by the Directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange).”;

7. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** conditional upon the passing of the resolutions set out in items 5 and 6 of the notice convening this meeting (the “Notice”), the general mandate referred to in the resolution set out in item 6 of the Notice be and is hereby extended by the addition to the aggregate nominal amount of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of shares purchased by the Company pursuant to the mandate referred to in the resolution set out in item 5 of the Notice, provided that such amount shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution.”; and

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## NOTICE OF THE ANNUAL GENERAL MEETING

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8. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the shares to be issued upon exercise of any options to be granted under the Refreshed Limit (as defined below) pursuant to the share option scheme of the Company (“Share Option Scheme”) adopted by the shareholders of the Company in the Company’s special general meeting held on 12 December 2002, the existing scheme mandate limit under the Share Option Scheme be refreshed so that the aggregate nominal amount of share capital of the Company to be allotted and issued upon exercise of any options to be granted under the Share Option Scheme (excluding options previously granted, outstanding, cancelled, lapsed or exercised under the Share Option Scheme) shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution (“Refreshed Limit”) and that the Directors of the Company be and are hereby authorised to grant options up to the Refreshed Limit and to exercise all the powers of the Company to allot, issue and deal with shares of the Company pursuant to the exercise of such options.”.

By order of the Board  
**Li Song Xiao**  
*Chairman of the Board*

Hong Kong, 31 August 2006

*Notes:*

1. Any Member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a Member of the Company. A Member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Share Registrar of the Company in Hong Kong, Secretaries Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a Member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

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## **NOTICE OF THE ANNUAL GENERAL MEETING**

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3. Concerning the special resolution set out in item 4 of the above notice, approval is being sought to amend the Company's Bye-laws in order to comply with Chapter 13, Appendix 3 and Appendix 14 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The details of the amendments are set out in the Company's circular dated 31 August 2006.
  
4. In relation to the ordinary resolutions set out in items 5, 6 and 7 of the above notice, the Directors wish to state that they have no immediate plan to issue any new shares or repurchase any existing shares of the Company.
  
5. In respect of the ordinary resolution set out in item 8 of the above notice, approval is being sought to refresh the scheme mandate limit of the Company's existing share option scheme to give more flexibility to the Directors to grant options to eligible participants under the said share option scheme.