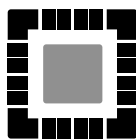


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中新集團
NEO CHINA GROUP

NEO-CHINA GROUP (HOLDINGS) LIMITED

中新集團（控股）有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 563)

DISCLOSEABLE TRANSACTIONS ANNOUNCEMENT

TWO INVESTMENT PROJECTS IN LAND DEVELOPMENT IN CHENGDU（成都），PRC

Further to the announcement of the Company dated 11th April 2006 in relation to the Cooperation Framework Agreement with the Pi Xian People's Government（郫縣人民政府）of the PRC in relation to the Cooperation Project I in Pi Xian Xi Pu Town（郫縣犀浦鎮）in Chengdu City（成都市），the Board is pleased to announce that the Company's subsidiary, namely, 中國綿世（成都）建設開發有限公司（China Mianshi (Chengdu) Construction Development Company Limited）and the Government, through its authorized entity 郫縣土地儲備中心（Pi Xian Land Reserve Centre），entered into Agreement I on 31st December 2006.

The Board is also pleased to announce that the Company and 成都中泰交通建設發展有限公司（Chengdu Zhongtai Communication Construction Development Company Limited），entered into Agreement II in respect of 2 pieces of land situated at Wen Jiang Xin Cheng District（溫江新城區）in Chengdu City（成都市）on 3rd January 2007.

Each of the transactions constitutes a discloseable transaction of the Company pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A circular in connection with the transactions will be dispatched to the shareholders of the Company as soon as practicable.

I. INVESTMENT IN LAND DEVELOPMENT IN CHENGDU WITH TOTAL SITE AREA OF APPROXIMATELY 1,400,000 SQUARE METRES

Agreement I

Date: 31st December 2006

Parties: China Mianshi, being the Company's subsidiary, and Land Reserve Centre, being an authorized entity of the Government

* For identification purpose only

Land I: Pi Xian Xi Pu Town Longzi Wanpian District (郫縣犀浦鎮龍梓萬片區) in Chengdu City (成都市) as more particularly defined in Agreement I

Consideration: Please see below

The Company acts as an investment holding company. The principal activities of its subsidiaries, including China Mianshi, are investment holding and investment in, of development, of land and real estate in the PRC.

Land Reserve Centre is an entity authorized by the Government to deal with resumption, removal, compensation, relocation and reconstruction of the lands in Pi Xian Xi Pu Town (郫縣犀浦鎮) in Chengdu City (成都市) of PRC.

By Agreement I, China Mianshi has agreed with Land Reserve Centre to jointly develop Land I. The total site area of Land I is approximately 1,400,000 square metres. Cooperation Project I will be implemented in 2 stages, the first stage of which involves approximately 1,102,000 square metres and the second stage, approximately 298,000 square metres.

Cooperation Project I involves land development, relocation and construction of city infrastructure (including water supply, drainage, road construction, electricity supply, gas supply, telecommunication set-up, optical fibers connection as well as ground leveling of Land I).

The duration of Agreement I is 30 months.

Subject to the approval of governmental authority, the intended uses of Land I include city commercial use, living and residential use, administration and office use, educational and cultural use, etc.

China Mianshi shall act as project agent/representative of a land development company, and be responsible for, amongst other things, managing and implementing the construction of city infrastructure.

Land Reserve Centre shall be responsible for, amongst other things, the lawful resumption and purchase of the land use rights in respect of Land I and the relocation arrangements. The title of the land use rights shall continue to be vested in Land Reserve Centre.

The Cooperation Project I is expected to involve an investment amount of RMB700,000,000 for the first stage, which will be contributed by China Mianshi according to the progress of the Cooperation Project I. China Mianshi has not made any other capital commitment as to the second and last stage of the Cooperation Project I. The consideration of RMB700,000,000 was agreed after arm's length negotiations between China Mianshi and Land Reserve Centre, whereby although no independent valuation was carried out for Land I, after exercise of due care and diligence, the Board has made reference to the market situation in and the city development of Chengdu City and is of the view that the terms of Agreement I including the consideration are in normal commercial terms, which are fair and reasonable and in the interest of the Company and its shareholders as a whole.

China Mianshi is entitled to investment return out of the proceeds arising from the auction sale of Land I after the development of the city infrastructure. After repayment to China Mianshi of its investment amount under Cooperation Project I, the remaining proceeds from the auction sale shall be distributed between China Mianshi and Land Reserve Centre. The auction sale is expected to be held within the duration of Agreement I, that is 30 months. It is unrealistic to estimate the gain of China Mianshi out of the disposal of Land I for the time being, as the value of Land I would adjust from time to time depending on a number of factors, including but not limited to the conditions for auction sale to be determined by China Mianshi and Land Reserve Centre and approved by the relevant governmental authority as well as the market demand at the time of disposal of Land I. The Board has made reference to the market situation in and the city development of Chengdu City and is of the view that the Cooperation Project I is beneficial and in the interest of the Company and its shareholders as a whole.

Reasons for the Transaction under Agreement I

The execution of Agreement I marks a further step towards the Company's investment in the land and property development business, in particular in the rapidly developing Chengdu of PRC.

After exercise of due care and diligence, the Directors consider the terms and conditions of Agreement I to be fair and reasonable and in the interest of the Company and its shareholders as a whole.

II. ANOTHER INVESTMENT IN LAND DEVELOPMENT IN CHENGDU WITH TOTAL GROSS FLOOR AREA OF APPROXIMATELY 700,000 SQUARE METRES

Agreement II

Date: 3rd January 2007

Parties: the Company and Chengdu Zhongtai

Land II: 2 pieces of land situated at Wen Jiang Xin Cheng District (溫江新城區) in Chengdu City (成都市) as more particularly defined in Agreement II

Consideration: Please see below

Agreement II is legally binding on the Company and Chengdu Zhongtai and no further formal agreement is required to be entered into. By Agreement II, the Company agreed with Chengdu Zhongtai to jointly develop Land II, the total gross floor area of Cooperation Project II is approximately 700,000 square metres.

Chengdu Zhongtai is a company incorporated in PRC, principally engaging in property development business.

The Company and Chengdu Zhongtai shall form a project company for the purpose of the Cooperation Project II, with registered capital of RMB200,000,000, and the Company and Chengdu Zhongtai shall respectively hold 70% and 30% of the shares in the project company.

The project company shall develop residential and commercial properties on Land II.

The Company shall contribute to the project company RMB200,000,000 of which RMB140,000,000 is for the share capital of its 70% share and RMB60,000,000 is the shareholder loan to the project company. Chengdu Zhongtai shall contribute to the project company RMB300,000,000 of which RMB60,000,000 is for the share capital for its 30% share and RMB240,000,000 is the shareholder loan to the project company.

The Company shall be solely responsible for, and Chengdu Zhongtai shall not be involved in, the operation and management of the project company.

Chengdu Zhongtai is now holding the development right of Land II and shall be responsible for, amongst other things, transferring the development right of Land II to the project company. The total land costs for Land II is RMB775,438,000 (subject to final verification by the relevant governmental authority) which shall be paid in stages. The total contribution of RMB200,000,000 made by the Company to the project company and RMB300,000,000 made by Chengdu Zhongtai to the project company shall be used by the project company for part payment of the land costs.

Within 24 months from the signing of Agreement II, the Company shall purchase (i) the 30% shares of Chengdu Zhongtai in the project company as well as (ii) the shareholder loan of RMB240,000,000 owing by the project company to Chengdu Zhongtai, at the price of RMB300,000,000 (which is equivalent to the total contribution made by Chengdu Zhongtai) with an additional price of RMB100,000,000. The total capital commitment of the Company under Agreement II is RMB300,000,000.

The guaranteed additional price of RMB100,000,000 was agreed after arm's length negotiations between the Company and Chengdu Zhongtai, whereby although no independent valuation was carried out for Land II, the Board has made reference to the market situation in and the city development of Chengdu City and considers that the value of the following would be more than RMB100,000,000:–

- (i) the increase in value of the 30% share in the project value at around the end of the 24 months' period;
- (ii) the value of the right of the Company to buy the 30% share of Chengdu Zhongtai.

After exercise of due care and diligence, the Board is of the view that the terms of Agreement II including the guaranteed additional price are in normal commercial terms, which are fair and reasonable and in the interest of the Company and its shareholders as a whole.

Reasons for the Transaction under Agreement II

The execution of Agreement II marks a further step towards the Company's investment in the land and property development business, in particular in the rapidly developing Chengdu of PRC.

After exercise of due care and diligence, the Directors consider the terms and conditions of Agreement II to be fair and reasonable and in the interest of the Company and its shareholders as a whole.

GENERAL

Each of Agreement I and Agreement II constitutes a discloseable transaction of the Company pursuant to the Listing Rules. A circular in connection with Agreement I and Agreement II will therefore be dispatched to the shareholders of the Company as soon as practicable and in any event not later than 21 days from the publication of this announcement.

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

The funding of the Company/China Mianshi under Agreement I and Agreement II are from internal sources.

The Board confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry,

- (i) the Government and Land Reserve Centre are third parties independent of the Company and of the connected persons of the Company;
- (ii) Chengdu Zhongtai and the ultimate beneficial owners of Chengdu Zhongtai are third parties independent of the Company and of the connected persons of the Company; and
- (iii) the Government/Land Reserve Centre and Chengdu Zhongtai are third parties independent of each other.

DEFINITIONS

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

“China Mianshi”	中國綿世（成都）建設開發有限公司 (China Mianshi (Chengdu) Construction Development Company Limited), being the Company's subsidiary;
“Land Reserve Centre”	郫縣土地儲備中心 (Pi Xian Land Reserve Centre), being an authorized entity of the Government;
“Chengdu Zhongtai”	成都中泰交通建設發展有限公司 (Chengdu Zhongtai Communication Construction Development Company Limited);
“Agreement I”	the Cooperation Development Agreement (合作開發協議書) entered into by China Mianshi and 郫縣土地儲備中心 on 31st December 2006;
“Agreement II”	the Cooperation Framework Agreement (合作開發協議書) entered into by the Company and Chengdu Zhongtai on 3rd January 2007;
“Board”	the board of Directors;
“Company”	Neo-China Group (Holdings) Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange;

“Cooperation Project I”	the cooperation project in Pi Xian Xi Pu Town (郫縣犀浦鎮) in Chengdu City (成都市) contemplated under Agreement I;
“Cooperation Project II”	the cooperation project in Wen Jiang Xin Cheng District (溫江新城區) in Chengdu City (成都市) contemplated under Agreement II;
“Directors”	the directors of the Company;
“Government”	Pi Xian People’s Government (郫縣人民政府) of the PRC;
“Group”	the Company and its subsidiaries;
“Land I”	Pi Xian Xi Pu Town Longzi Wanpian District (郫縣犀浦鎮龍梓萬片區) in Chengdu City (成都市) as more particularly defined in Agreement I;
“Land II”	2 pieces of land situated at Wen Jiang Xin Cheng District (溫江新城區) in Chengdu City (成都市) as more particularly defined in Agreement II;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	The People’s Republic of China;
“RMB”	Reminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

The board of Directors individually and jointly accepts responsibility for the accuracy of this announcement.

By Order of the Board of
Neo-China Group (Holdings) Limited
Li Song Xiao
Chairman

Hong Kong, 9th January 2007

As at the date of this announcement, the board of directors of the Company comprises Mr. Li Song Xiao as chairman, Mr. Liu Yi, Ms. Niu Xiao Rong, Mr. Yuan Kun, Ms. Liu Yan as executive directors; Ms. Nie Mei Sheng, Mr. Wang Shiyong and Mr. Zhang Qing Lin as independent non-executive directors.

Please also refer to the published version of this announcement in The Standard.