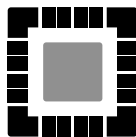


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This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Shares.



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)

**PROPOSED MAJOR AND CONNECTED TRANSACTION –
PROPOSED ACQUISITION OF A 100% EQUITY INTEREST
IN ONE ALLIANCE INVESTMENT LIMITED
HOLDING 100% EQUITY INTEREST IN A PROPERTY PROJECT
WITH GROSS FLOOR AREA OF 216,500 SQUARE METRES IN
SHANGHAI, THE PRC**

PROPOSED ACQUISITION

On 26 March 2007, Invest Gain Limited (as vendor), wholly owned by Mr. Li Song Xiao and Neo-China Investment Limited (as purchaser), a wholly-owned subsidiary of the Company entered into the Agreement pursuant to which inter alia the Purchaser conditionally agreed to acquire, and Vendor agreed to sell, 100% of the registered capital of the Holding Company (i.e. One Alliance Investment Limited) for a consideration of HK\$505,000,000.

The Consideration is to be satisfied in full by the allotment and issue of 467,592,592 Consideration Shares to the Vendor or its nominee at the issue price of HK\$1.08 each. The Consideration Shares represent approximately 6.8% of the current share capital of the Company in issue and 6.4% of the share capital as increased by the Consideration Shares.

The Purchaser will by Completion directly hold 100% of the equity interest in the Holding Company, which shall hold 100% equity interest in the Property Project. The Property Project is a property development project of a composite nature (business, office buildings and hotel apartments) located in Song Jiang District (松江區), Shanghai, the PRC.

As of the date of this announcement, the title owners of the Property Interests are the Property Owner and Shenrong. The Holding Company does not hold 100% interest of the Property Owner and 100% interest of the Property Interests. The Vendor will procure by way of Restructuring as detailed below under the section of “Conditions precedent”, that the Holding Company does so as a condition precedent to Completion.

* For identification only

IMPLICATIONS OF THE PROPOSED ACQUISITION UNDER LISTING RULES

At the date of this announcement, Mr. Li, is the sole owner of the Vendor and an executive Director and the chairman of the Board and, through the Vendor and the Sinoeagle Pacific Limited respectively, two companies wholly-owned by him, is beneficially interested in 3,635,421,390 Shares, representing approximately 52.8% of the existing issued share capital of the Company. Accordingly, Mr. Li is a connected person of the Company for the purposes of the Listing Rules. The entering into of the Agreement thus constitutes connected transaction for the Company under the Listing Rules and is subject to the approval of the Independent Shareholder by way of poll at SGM.

The Group entered into transactions with Mr. Li and/or parties connected within a 12 month period before the date of this announcement, including the Changsha Project and the Tianjin Project. The Company considers that it would be appropriate for them to be aggregated and treated as if they were one transaction. Hence, the Agreement constitutes a major transaction of the Company under the Listing Rules. For illustration purpose only, the Agreement would constitute a discloseable and connected transaction if without aggregation and determined on its own basis.

Completion of the Agreement is subject to the satisfaction of a number of conditions precedent as detailed below and may or may not be completed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

GENERAL

An independent board committee of the Company will be formed to advise the Independent Shareholders on the terms of the Agreement. First Shanghai Capital Limited, an independent financial adviser, has been appointed to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, details of the Proposed Acquisition, the recommendation of the independent board committee of the Company and the letter of advice from First Shanghai Capital Limited in respect of the Agreement and a notice convening the SGM, will be sent to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 2:30 p.m. on 23 March 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 3 April 2007.

THE PROPOSED ACQUISITION

On 26 March 2007, the Purchaser (a wholly-owned subsidiary of the Company), the Company and the Vendor entered into the Agreement.

The Agreement

Date: 26 March 2007

Parties:

Vendor: Invest Gain Limited whose sole shareholder is Mr. Li, the chairman and an executive director of the Company.

Purchaser: Neo-China Investment Limited, a wholly-owned subsidiary of the Company

Issuer: the Company as issuer of the Consideration Shares

Asset to be acquired: 100% of the registered capital of the Holding Company.

Consideration: HK\$505,000,000, which is to be satisfied in full by the allotment and issue of 467,592,592 Consideration Shares to the Vendor or its nominee at the issue price of HK\$1.08 each, which is determined after arm's length negotiations between the parties to the Agreement with reference to recent traded price of the Shares and future prospects of the Company.

The Consideration Shares represent approximately 6.8% of the current share capital of the Company in issue and 6.4 % of the share capital as increased by the Consideration Shares.

The value of Consideration Shares before the entering of the Agreement, i.e. at market value on 22 March 2007 being the last full trading day before the suspension of trading on 23 March 2007 was HK\$1.06 per Share x 467,592,592 Shares to be issued, amounting to HK\$495,648,148 in total.

The Consideration Shares will be issued credited as fully paid and shall rank pari passu in all respects with the ordinary Shares then in issue. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares. There is no restriction applicable to the subsequent sale of the Consideration Shares.

The Issue Price represents:

- (a) a premium of approximately 1.89% to the closing price per Share of HK\$1.06 as quoted on the Stock Exchange on 22 March 2007 being the Last Full Trading Day;
- (b) a premium of approximately 4.25% to the average closing price per Share of HK\$1.036 as quoted on the Stock Exchange for the last 5 trading days to and including the Last Full Trading Day;
- (c) a premium of approximately 5.99% to the average closing price per Share of HK\$1.019 as quoted on the Stock Exchange for the last 10 trading days to and including the Last Full Trading Day.
- (d) a premium of approximately 4.65% to the average closing price per Share of HK\$1.032 as quoted on the Stock Exchange for the last 30 trading days to and including the Last Full Trading Day.
- (e) a premium of approximately 284.21% over the latest audited consolidated net tangible assets per Share of approximately HK\$0.38 as at 30 April 2006.

Conditions precedent: Completion is subject to the satisfaction of the following conditions:

- (i) The Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Consideration Shares;
- (ii) the Purchaser being satisfied that the Restructuring has been completed;

- (iii) the approval of the Agreement by Independent Shareholders by poll at the SGM (including the allotment and issue of the Consideration Shares);
- (iv) the issue of a legal opinion by the PRC legal adviser to the Purchaser, in form and substance satisfactory to the Purchaser, to the effect that:
 - (a) the Holding Company is the owner of 100% interest of the registered capital of Property Owner free and clear of Encumbrances and the relevant indirect acquisition by the Purchaser of its interests in Property Owner has been approved by the relevant regulatory authorities in the PRC;
 - (b) the owners of the Property Owner have contributed their respective shares of registered capital in accordance with the relevant governmental approval, and the Holding Company is the beneficial owner holding 100% equity interest, user, occupier and developer of the Property Project and the land occupied by the Property Project free of all Encumbrances other than disclosed mortgages; and
 - (c) the Restructuring is legal under the PRC law,
- (v) For the purpose of satisfying condition (ii) above regarding the Restructuring, the Vendor and/or Mr. Li shall also procure the following before the Completion:–
 - (a) the increase of the share capital of the Property Owner and allotment of its increased shares to Rongxin in consideration of RMB175,000,000 (approximately HK\$175,000,000) thereby making Rongxin holding a part of the equity interest in the Property Owner;
 - (b) the subsequent acquisition by Rongxin of all of the remaining part of the equity interest in the Property Owner from Chengkai and Dingtong in consideration of RMB125,000,000 (approximately HK\$125,000,000) (where the Vendor and/or Mr. Li shall procure this arrangement using their own source of funds) thereby making the Holding Company and its wholly owned subsidiary Rongxin holding 100% of the equity interest in the Property Owner;
 - (c) the satisfaction and cancellation of any interest of Shenrong in the Property Project by the Vendor and/or Mr. Li (where the Vendor and/or Mr. Li shall buy out of the interest of Shenrong in the Property Project using their own source of funds) thereby making the Property Owner holding 100% equity interest in the Property Project and the Property Interests; and

- (d) the satisfaction and cancellation of a bank loan of RMB50,000,000 (approximately HK\$50,000,000) due from the Property Owner to a P.R.C. bank used as working capital by the Vendor and/or Mr. Li (where the Vendor and/or Mr. Li shall procure this arrangement by paying and satisfying the bank loan using their own source of funds and waived the loan in the book of the Property Owner) thereby on Completion the Company will not assume any liability in respect of the bank loan.

As the Vendor and Mr. Li are connected persons with a material interest in this transaction, Mr. Li, Sinoeagle Pacific Limited, the Vendor and their respective associates and parties acting in concert with them, will abstain from voting on the resolution approving the Agreement in the SGM.

If the above conditions are not fulfilled or waived by the Purchaser on or before 5:00 p.m. on the Long Stop Date (or such later date as the parties may agree), the Agreement shall cease and determine and neither party thereto shall have any claim against the other, save and except in respect of any antecedent breach of the Agreement. Conditions (i) to (v) above cannot be waived by the Vendor or the Purchaser.

Completion: Completion is to take place on the third business day (excluding a Saturday) after satisfaction of all of the above conditions or such other date as the parties may agree.

Basis for Determining the Consideration

As at 31 December 2006, the net asset value of the Property Owner is reported at RMB75,000,000 (approximately HK\$75,000,000). An adjustment is made for the events of Restructuring (including the capital injection of RMB175,000,000 (approximately HK\$175,000,000), settlement of a bank loan of the Property Owner amounting to RMB50,000,000 (approximately HK\$50,000,000) and revaluation surplus of the Property Interests of RMB205,700,000 (approximately HK\$205,700,000). As a result, the net market value of the Holding Company is at RMB505,700,000 (approximately HK\$505,700,000). An independent valuation for this purpose and will be included in the circular.

The total cost of the Property Project to the Vendor is RMB350,000,000 (approximately HK\$350,000,000) (including the capital injection of RMB175,000,000 (approximately HK\$175,000,000), settlement of a bank loan of the Property Owner amounting to RMB50,000,000 (approximately HK\$50,000,000) and the further sum for acquiring the equity interest in the Property Owner from Chengkai and Dingtong of RMB125,000,000 (approximately HK\$125,000,000). The total cost of the Property Project to the Vendor was determined and reached after arm's length negotiations between the relevant parties. The cost for the Vendor's buying out the interest currently held by Shenrong has not been determined and will be disclosed in the circular.

The Consideration of HK\$505,000,000 was determined after arm's length negotiations between the parties. The executive Directors consider that the consideration agreed is fair and reasonable, having considered that the Vendor will pay RMB350,000,000 (approximately HK\$350,000,000) for the reasons as follows:—

1. The Company did not buy directly from the parties because Mr. Li had intended to invest in the Property Project as his personal investment and there had been a long time negotiation between himself and the parties.

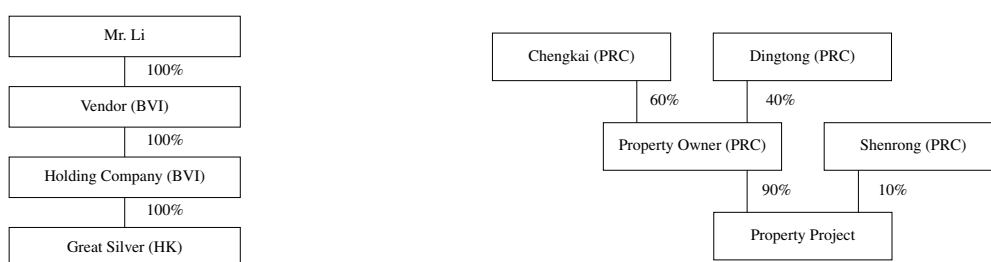
2. The Purchaser (being a wholly owned subsidiary of the Company) does not pay any premium to the Vendor over the market value of the Holding Company.
3. By this transaction, the Group will establish its presence and add into its land portfolios in Shanghai, for the first time. This transaction will not only improve its land and property portfolios substantially but also distribute the regional risks healthily. In addition, the land occupied by the Property Project is located in the Central Business District of Shanghai and a transportation hub.

The independent non-executive Directors will state their views and recommendations in the circular after obtaining the advice from independent financial adviser.

Full details of the audited net assets and of the valuation (including the valuation report) will be included in the Company's circular to its Shareholders.

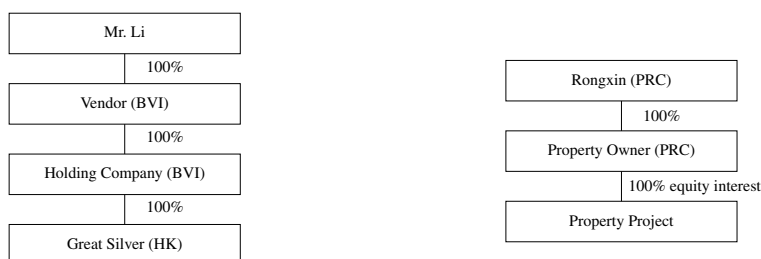
Information on the Holding Company, the Project Owner and the Property Project

The charts below set out the ownership structure of the Property Project as at the date of this Announcement:–



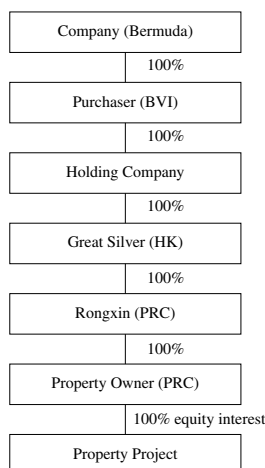
Note: None of Chengkai, Dingtong or Shenrong is connected person to the Company as defined under the Listing Rules.

The charts below set out the ownership structure of the Property Project after the Restructuring and immediately before the Completion:–



Note: Rongxin is a company incorporated in PRC unrelated to the Vendor and/or Mr. Li. Immediately before the Completion, the Vendor and/or Mr. Li shall use their own source of funds to procure that the Holding Company and its wholly owned subsidiary Rongxin holds 100% of the equity interest in the Property Owner.

The charts below set out the ownership structure of the Property Project upon the Completion:–



The Property Owner is a limited liability company incorporated in PRC. After the Restructuring, the Property Owner will have good title and 100% equity interest in the Property Interests (so far as the Company is aware) constituting the Property Project. The Property Owner and its beneficial owners are not related to the Vendor and Mr. Li.

The Property Project is a of a composite nature (including business, office buildings and hotel apartments) located at 松江區軌道交通九亭鎮1號－B地块A块及B块 (Song Jiang District Gui Dao Jiao Tong Jiu Ting Zhen No.1 – Land Lot B Sections A and B), Shanghai, the PRC.

The Property Project comprises two parcels of land with an aggregate site area of approximately 57,944 square metres. The Property Project will be developed into business, office buildings and hotel apartments with a total gross floor area about 216,500 square metres (with approximately 161,859 square metres above ground level and approximately 54,723 square metres underground construction). The Property Project is planned to be developed in two phases (i.e. Phase I and Phase II). The construction work for Phase I commenced on December 2006 and the construction work for Phase II is expected to commence in around April 2007. For Phase I, Land Use Right Certificate, Construction Land Use Planning Permit, Construction Works Planning Permit and Construction Works Commencement Permit have been obtained. For Phase II, Land Use Right Certificate and Construction Land Use Planning Permit have been obtained. Phase I and Phase II are scheduled for completion by around September 2009 and December 2009 respectively.

The Property Owner has obtained the land use rights of all of the two parcels of land in May 2005 and the total cost of acquisition of the titles was RMB253,942,300 (approximately HK\$253,942,300). The registered capital of the Property Owner is RMB75,000,000 (approximately HK\$75,000,000) and the capital amount for the development of the Property Project, excluding land costs, is expected to be RMB600,000,000 (approximately HK\$600,000,000) which will be funded by internal resources of the Company. The Property Owner was incorporated in the PRC on 30 September 2003 and the business term is 10 years with paid up capital of RMB75,000,000 (approximately HK\$75,000,000). Its business activity is being a developer of the Property project. At the date of this announcement, the Property Owner is owned by Chengkai and Dingtong, being Independent Third Parties and after the Restructuring shall be solely owned by Rongxin.

For the years ended 31 December 2006, 31 December 2005 and 31 December 2004, the audited profit or loss of Property Owner amounted to approximately RMB0.00 million (approximately HK\$0.00 million) (no taxation expenses were incurred during the years).

The audited net asset value of Property Owner as at 31 December 2006, 31 December 2005 and 31 December 2004 was RMB75.00 million (approximately HK\$75.00 million), RMB30.00 million (approximately HK\$30.00 million) and RMB30.00 million (approximately HK\$30.00 million) respectively. The audit was on the basis of Hong Kong accounting principles.

Based on the audited accounts of the Property Owner at 31 December 2006 prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), the Property Owner owed an outstanding amount to (i) Chengkai of RMB50.00 million (approximately HK\$50.00 million) which is unsecured, interest bearing and repayable in June 2007; and (ii) Beijing New Shine Investment Group Company Limited of RMB30.00 million (approximately HK\$30.00 million) which is unsecured, interest-free and repayable on demand. The amounts owed are loans from those companies to finance construction. Mr. Li, the Chairman of the Company, is the ultimate beneficial owner of Beijing New Shine Investment Group Limited.

As a condition precedent to the Completion, the bank loan of RMB50,000,000 (approximately HK\$50,000,000) due from the Property Owner to a P.R.C. bank used as working capital by the Vendor and/or Mr. Li shall be settled and cancelled by the Vendor and/or Mr. Li with their own source of funds and then waived by the Vendor and/or Mr. Li in the book of the Property Owner. On Completion the Company will not assume any liability in respect of the bank loan.

The said loan of RMB30,000,000 (approximately HK\$30,000,000) has already been settled by the Property Owner to Beijing New Shine Investment Group Limited before the entering into of the Agreement.

The Holding Company, a limited liability company incorporated in BVI and will hold the interest in the Property Owner at Completion. The ultimate sole and beneficial shareholder and director of the Holding Company is Mr. Li. The Holding Company is investment holding company and will have no business operation and assets upon Completion apart from holding the Property Owner. Upon Completion, the Holding Company and the Property Owner will become an indirectly wholly-owned subsidiary of the Company, and the effective equity interest of the Company in the Property Project will be 100%. The Holding Company is an investment holding company and has not conducted any business. Hence, no financial information of the Holding Company is available.

Upon the Completion, the Company will have an effective equity interest of 100% in Holding Company and Holding Company will become an indirect subsidiary of the Company.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a table showing the shareholding structure of the Company at the date of this announcement and immediately after Completion

Shareholders	Existing shareholding structure at the date of this announcement		Shareholding structure immediately after Completion (Note 1)	
	Number of Shares held	%	Number of Shares held	%
Invest Gain Limited (Note 2)	3,022,791,390	43.97%	3,022,791,390	41.17%
Mr. Li Song Xiao and concert parties other than Invest Gain Limited (Note 3)	<u>609,630,000</u>	<u>8.86%</u>	<u>1,077,222,592</u>	<u>14.67%</u>
	3,632,421,390	52.83%	4,100,013,982	55.84%
Public Shareholders	<u>3,242,952,650</u>	<u>47.17%</u>	<u>3,242,952,650</u>	<u>44.16%</u>
Total	<u>6,875,374,340</u>	<u>100.00%</u>	<u>7,342,966,932</u>	<u>100%</u>

Notes:

1. Assuming that no Shares will be issued and no Shares will be disposed of by Invest Gain Limited, after the date of this announcement, save for the Consideration Shares.
2. Mr. Li Song Xiao is the ultimate beneficial sole shareholder of Invest Gain Limited.
3. 600,000,000 of these Shares are held by Sinoeagle Pacific Limited, a company wholly-owned by Mr. Li Song Xiao, 9,630,000 of these Shares are held by Mr. Li personally.

REASONS FOR THE PROPOSED ACQUISITION

The Company was incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in property investment and development in the PRC. The Group has been appraising proactively various investment opportunities to explore high potential investments and attractive business opportunities in the major cities in the PRC, such as Shanghai, Beijing, Shenzhen and elsewhere. The Directors have looked into the location and valuation of the Property Project. The Company is of the view that the Proposed Acquisition represents a good opportunity for the Group to further expand its business in the property market in Shanghai, a market with which its directors are very familiar and which they perceive as an attractive area for investment and will strengthen the assets and income base of the Group.

Further, by paying for the assets to be acquired in shares rather than cash, the Company will increase its permanent capital and avoid depletion of cash reserves (and/or the costs and risks of borrowing to fund the Proposed Acquisition).

The Board considers that the Proposed Acquisition is on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned.

The independent non-executive Directors' views are subject to review in light of the advice to be received from an independent financial adviser and their views and recommendations in respect of the transaction contemplated under the Agreement will be set out in the circular to be issued by the Company to the Shareholders as required by the Listing Rules.

IMPLICATIONS OF THE PROPOSED ACQUISITION UNDER LISTING RULES

At the date of this announcement, the ultimate owner of the Vendor, Mr. Li is an executive Director and the chairman of the Board and the controlling shareholder of the Company and, through the Vendor and Sinoeagle Pacific Limited respectively, two companies wholly-owned by him, is beneficially interested in 3,632,421,390 Shares, representing approximately 52.8% of the existing issued share capital of the Company. Accordingly, Mr. Li is a connected person of the Company under the Listing Rules. The Agreement therefore constitutes a major and connected transaction for the Company under the Listing Rules and is subject to the approval of the Independent Shareholders by way of poll at the SGM. Mr. Li, the Vendor and their respective associates and parties acting in concert with them will abstain from voting on the resolutions approving the Agreement in the SGM.

The Group entered into transactions with Mr. Li and/or parties connected within a 12 month period before the date of this announcement, including the Changsha Project and the Tianjin Project. The Company considers that it would be appropriate for them to be aggregated and treated as if they were one transaction. Hence, the Agreement constitutes a major transaction of the Company under the Listing Rules. For illustration purpose only, the Agreement would constitute a discloseable and connected transaction if without aggregation and determined on its own basis.

Upon Completion (assuming no further Share will be issued by the Company from the date of this announcement until Completion), the ultimate beneficial shareholding interest of Mr. Li in the Company and parties acting in concert with him will increase from approximately 52.8% to approximately 55.8%. Mr. Li will not be obliged to make an unconditional mandatory general offer for all the issued Shares not already owned or agreed to be acquired by Mr. Li and parties acting in concert with him under Rule 26.1 of the Takeovers Code. The Company shall ensure the position as stated in this paragraph with the SFC.

Completion of the Agreement is subject to the satisfaction of a number of conditions precedent as detailed above. The Agreement may or may not be completed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

GENERAL

An independent board committee of the Company will be formed to advise the Independent Shareholders on the terms of the Agreement. First Shanghai Capital Ltd., an independent financial adviser, has been appointed to advise the independent board committee and the Independent Shareholders in this regard.

A circular containing, among other things, details of the Proposed Acquisition, the recommendation of the independent board committee of the Company and the letter of advice from First Shanghai Capital Ltd. in respect of the Agreement, and a notice convening the SGM, will be sent to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 2:30 p.m. on 23 March 2007 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 3 April 2007.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Agreement”	a sale and purchase agreement dated 26 March 2007 between the Purchaser, the Vendor and the Company (as issuer) in respect of the sale and purchase of 100% of the registered capital of the Holding Company
“associates”	the meaning ascribed to it under the Listing Rules
“Board”	board of Directors
“Chengkai”	上海城開(集團)有限公司 (Shanghai Chengkai (Holdings) Limited), a limited liability company incorporated in the PRC
“Changsha Project”	A residential and commercial property development project known as Changsha Project which consists of land in Changsha, the PRC, as detailed in the circular issued by the Company dated 31 January 2007
“Company”	Neo-China Group (Holdings) Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on Stock Exchange
“Completion”	completion of the Agreement
“Consideration”	The consideration of HK\$505,000,000 for the acquisition by the Purchaser of the entire issued share capital of the Holding Company pursuant to the Agreement
“Consideration Shares”	The new Shares to be allotted and issued by the Company to the Vendor or its nominee as consideration under the Agreement
“Dingtong”	上海鼎通置業有限公司 (Shanghai Dingtong Property Limited), a limited liability company incorporated in the PRC
“Director(s)”	director(s) of the Company
“Encumbrance”	mortgage (whether legal or equitable), charge, lien, lease, option, licence, covenant, condition, agreement or other third party right
“Great Silver”	Great Silver Investment Limited, a limited liability company incorporated in Hong Kong and wholly owned by the Holding Company
“Group”	the Company and its subsidiaries
“Holding Company”	One Alliance Investment Limited, a limited liability company incorporated in BVI
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Shareholders”	Shareholders other than those who are connected persons with a material interest in the transaction, or any person falling within rule 14A.13(1)(b)(i) to (iv) of the Listing Rules that has a material interest in the transaction and its associates
“Independent Third Party (Parties)”	a party independent of and not connected with the directors, chief executives or substantial shareholders of the Company or its subsidiaries or any of their respective associates
“Issue Price”	The issue price of HK\$1.08 per Consideration Share
“Last Full Trading Day”	22 March 2007, being the last full trading day on which the Shares were traded on the Stock Exchange prior to the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	26 July 2007
“Mr. Li”	Mr. Li Song Xiao, a Director and the chairman of the Board, being the controlling shareholder, who has a 52.8% beneficial shareholding interest in the Company at the date of this announcement
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property Interests”	2 pieces of land situated in松江區軌道交通九亭鎮1號－B地块A块及B块(Song Jiang District Gui Dao Jiao Tong Jiu Ting Zhen No.1 – Land Lot B Sections A and B) , Shanghai, the PRC
“Property Owner”	上海九久廣場投資開發有限公司 (Shanghai Jiujiu Square Investment Development Limited) a limited liability company incorporated in the PRC, now holding 90% of the Property Project and after Restructuring, holding 100% beneficial interest in the Property Project
“Property Project”	a property project named as上海九久青年城項目 (Shanghai Jiujiu Youth City Project) and situated in松江區軌道交通九亭鎮1號－B地块A块及B块 (Song Jiang District Gui Dao Jiao Tong Jiu Ting Zhen No.1 – Land Lot B Sections A and B) , Shanghai, the PRC and presently owned by Chengkai and Dingtong and after Restructuring, to be 100% beneficially owned by the Property Owner
“Proposed Acquisition”	the proposed acquisition of interests in Holding Company by the Purchaser pursuant to the terms and conditions of the Agreement
“Purchaser”	Neo-China Investment Limited, limited liability company incorporated in the BVI and wholly-owned by the Company
“Restructuring”	The restructuring of the ownership of the Property Owner before Completion so that the Holding Company will acquire 100% equity interest in the Property Owner constituting 100% equity interest in the Property Project and the satisfaction of the conditions as stated in Condition (v) of the conditions precedent

“Rongxin”	榮鑫（北京）企業管理有限公司 (Rongxin (Beijing) Enterprise Management Limited), a limited liability company incorporated in the PRC
“SGM”	The special general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the entering into of the Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenrong”	上海申茸房地產開發有限公司 (Shanghai Shenrong Land Property Development Limited) , a limited liability company incorporated in the PRC, holding 10% of the Property Project
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Tianjin Project”	A residential and commercial property development project known as Tianjin Project which consists of land in Tianjin, the PRC, as detailed in the circular issued by the Company dated 20 July 2006
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Valuer	American Appraisal China Limited, an independent property valuer
“Vendor”	Invest Gain Limited, a limited liability company incorporated in the BVI and wholly-owned by Mr. Li
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rates of RMB1.00 = HK\$1.00 and US\$1.00 = HK\$7.80 have been used for currency translation, where applicable. Such exchange rates are for the purpose of illustration only and do not constitute a representation that any amounts in US\$, HK\$ or RMB have been, could have been or may be converted at such or any other rates or at all.

Certain English translations of Chinese names or words in this announcement are included for information only, and are not official English translations of such Chinese names or words.

On behalf of the Board of
Neo-China Group (Holdings) Limited
Li Song Xiao
Chairman

Hong Kong, 3 April 2007

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

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