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

**中新地產集團(控股)有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Shares – Stock Code: 563; Convertible bonds due 2011 – Stock Code: 2528)**

### **DISCLOSEABLE TRANSACTION: DISPOSAL OF INTERESTS IN STAR PROFIT GROUP**

#### **THE SALE AND PURCHASE AGREEMENT**

On 1 December 2009, the Company entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Purchaser has agreed to acquire and the Company has agreed to sell the Sale Shares, representing the entire issued share capital of Star Profit Group for a total consideration of HK\$1,120 million or its equivalent in RMB.

The consideration for the sale and purchase of the Sale Shares is to be satisfied by the Purchaser in the following manner:

- (a) HK\$280 million or its RMB equivalent is payable by the Purchaser to the Company on or before the First Instalment Date.
- (b) HK\$280 million or its RMB equivalent is payable by the Purchaser to the Company within thirty days of the transfer of the Sale Shares to the Purchaser.
- (c) the remaining HK\$560 million or its RMB equivalent is payable by the Purchaser to the Company within sixty days of the transfer of the Sale Shares to the Purchaser.

The Company has received payment of the First Instalment on 8 December 2009 and has procured the transfer of the Sale Shares to the Purchaser in accordance with the Sale and Purchase Agreement.

#### **GENERAL**

The applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25% and the Disposal thus constitutes a discloseable transaction of the Company under the Listing Rules.

\* For identification purposes only

## **SALE AND PURCHASE AGREEMENT**

**Date:** 1 December 2009

**Parties:** (1) Vendor: Company

(2) Purchaser: 上海宏盟房地產發展有限公司

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a PRC incorporated company engaged in the development of property in the PRC and the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

### **Assets to be disposed of:**

The assets to be disposed of are the Sale Shares, being the entire issued share capital of Star Profit Group which directly holds 100% of the issued share capital of Profit Kingsway Limited, which directly holds 100% of the registered capital of Tianjin Xin Run.

### **Consideration:**

The consideration for the sale and purchase of the Sale Shares is HK\$1,120 million or its equivalent in RMB which is to be satisfied by the Purchaser in the following manner:

- (a) HK\$280 million or its RMB equivalent is payable by the Purchaser to the Company on or before the First Instalment Date.
- (b) HK\$280 million or its RMB equivalent is payable by the Purchaser to the Company within thirty days of the completion of the transfer of the Sale Shares to the Purchaser.
- (c) the remaining HK\$560 million or its RMB equivalent is payable by the Purchaser to the Company within sixty days of the completion of the transfer of the Sale Shares to the Purchaser.

The Consideration and the terms of the Sale and Purchase Agreement were arrived at after arm's length negotiations between the Company and the Purchaser based on normal commercial terms.

### **Completion:**

The Company has received the First Instalment on 8 December 2009 and has procured the transfer of the Sale Shares to the Purchaser in accordance with the Sale and Purchase Agreement.

Pursuant to the Sale and Purchase Agreement, after the transfer of the Sale Shares to the Purchaser but before the Completion Date, the Purchaser shall charge the Sale Shares in favour of the Company to secure payment of the consideration and such charge shall only be released on the Completion Date.

**Breach and termination:**

- (1) In the event that the Purchaser fails to pay the Consideration within thirty working days from the date such payment is due under the Sale and Purchase Agreement, a daily interest rate of 0.03% shall thereafter be payable by the Purchaser to the Company on such outstanding amount of the Consideration.
- (2) In the event that the Purchaser fails to pay the Consideration for sixty working days or more from the date such payment is due under the Sale and Purchase Agreement, the Company may terminate the Sale and Purchase Agreement. Upon such termination, Purchaser shall transfer the Sale Shares to the Company and the Company shall return all payments received from the Purchaser under the Sale and Purchase Agreement.

**INFORMATION ON THE TARGET GROUP**

Star Profit Group is an indirect wholly-owned subsidiary of the Company and is incorporated under the laws of the British Virgin Islands. Star Profit Group is principally an investment holding company which holds the entire issued share capital of Profit Kingsway.

Profit Kingsway is a company incorporated under the laws of Hong Kong. Profit Kingsway is principally an investment holding company which holds the entire issued share capital of Tianjin Xin Run.

Tianjin Xin Run is a company established in the PRC with a registered capital of RMB 240 million, all of which has been paid up. Tianjin Xin Run is currently engaged in property investment, property development and sale of property.

Tianjian Xin Run currently owns the land use right of the site situated at Laocheng Xiang Area, Nankai District, Tianjin, in the PRC with a total gross construction area of approximately 294,038 square metres of which approximately 216,000 square metres is to be developed into residential building, approximately 33,238 square metres is to be developed into commercial building and 44,800 square metres is to be developed into office building.

**FINANCIAL INFORMATION ON THE TARGET GROUP**

The following information is based on the consolidated financial statements of the Target Group for the financial years ended 31 December 2007 and 31 December 2008:

	<b>Year ended</b>	
	<b>31 December</b>	
	<b>2008</b>	2007
	<b>RMB'000</b>	<b>RMB'000</b>
Turnover	<b>0</b>	0
Profit/(Loss) before taxation	<b>32,699</b>	(1,038)
Profit/(Loss) after taxation	<b>24,524</b>	(1,038)

The net asset value of the Target Group as at 31 December 2008 was approximately RMB262 million.

## FINANCIAL INFORMATION OF TIANJIN XIN RUN

The following information is based on the audited financial statements of Tianjin Xin Run for the two financial years ended 31 December 2007 and 31 December 2008:

	For the year ended	
	31 December	
	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	0	0
Profit/(Loss) before taxation	32,699	(1,038)
Profit/(Loss) after taxation	24,524	(1,038)

The net asset value of Tianjin Xin Run as at 31 December 2008 was approximately RMB262 million.

## REASONS FOR THE DISPOSAL

The Group is principally involved in the business of property investment and development in the PRC.

The Disposal enables the Company to (i) re-allocate all its resources and the management focus to its remaining business for more efficient management, (ii) realize additional cash inflow of approximately HK\$1,120 million for the Group's working capital, existing operation and/or future property development. The terms of the Agreement were arrived at after arm's length negotiations and on normal commercial terms. The Directors consider that the terms of the Agreement are fair and reasonable and entering into the Agreement is in the best interests of the Company and its Shareholders as a whole.

## FINANCIAL EFFECT OF THE DISPOSAL

Upon completion of the Disposal, the Group will cease to have any interest in the Target Group.

It is estimated that, upon completion of the Disposal, a gain on disposal of approximately HK\$20 million will be recorded, which is based on the carrying cost of the investment in the Target Group of approximately HK\$1,100 million minus the Consideration of HK\$1,120 million. Such gain on disposal will be reflected in the consolidated financial statements of the Group for the coming financial year.

The proceeds of the Disposal will be applied towards the general working capital of the Group.

## LISTING RULES IMPLICATION

The applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25% and the Disposal thus constitutes a discloseable transaction of the Company under the Listing Rules.

## DEFINITIONS

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

“Board”	the board of Directors
“Company”	Neo-China Land Group (Holdings) Limited, a company incorporated in Bermuda and the issued shares of which are listed on the main board of the Stock Exchange
“Completion Date”	the date on which the Consideration is fully paid by the Purchaser to the Company in accordance with the Sale and Purchase Agreement
“Consideration”	the aggregate amount of HK\$1,120,000,000 payable by the Purchaser to the Company under the Sale and Purchase Agreement
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Shares by the Company as contemplated under the Sale and Purchase Agreement
“First Instalment”	the amount of HK\$280,000,000 payable by the Purchaser to the Company on or before the First Instalment Date
“First Instalment Date”	9 December 2009
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Profit Kingsway”	Profit Kingsway Limited, a wholly-owned subsidiary of Star Profit Group and an indirect wholly-owned subsidiary of the Company
“Purchaser”	上海宏盟房地產發展有限公司, a company established in the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 1 December 2009 and entered into between the Purchaser and the Company in relation to the sale and purchase of the Sale Shares
“Sale Shares”	the 1 share of US\$1 in the issued share capital of Star Profit Group, representing the entire issued share capital of Star Profit Group
“Star Profit Group”	Star Profit Group Limited, an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Star Profit Group, Profit Kingsway and Tianjin Xin Run
“Tianjin Xin Run”	天津新潤房地產開發有限公司, a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of Profit Kingsway
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of PRC
“US\$”	United States dollars, the lawful currency of the United States of America

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

Hong Kong, 8 December 2009

At the date of this announcement, the directors of the Company are:

*Executive Directors*

Mr. Liu Yi (*Chairman*)

Ms. Niu Xiao Rong

Mr. Yuan Kun

Ms. Liu Yan

Mr. Jia Bo Wei

Ms. Bao Jing Tao

Mr. Lam Kwan Sing

*Non-Executive Director*

Mr. Lai Leong (*Vice chairman*)

*Independent Non-Executive Directors*

Ms. Nie Mei Sheng

Mr. Gao Ling

Mr. Zhang Qing Lin

*This announcement is made by the order of the Board, of which the Directors individually and jointly accept responsibility for the accuracy of the information contained in this announcement.*