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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)

CONNECTED TRANSACTION ACQUISITION OF THE REMAINING 10% OF THE ISSUED SHARE CAPITAL OF 中歐城開有限公司 (ZHONGOU CHENGKAI COMPANY LIMITED)

ACQUISITION OF THE REMAINING 10% OF THE ISSUED SHARE CAPITAL OF THE PROJECT COMPANY

On 31 December 2009, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell 10% of the issued share capital of the Project Company for a consideration of RMB25 million (equivalent to approximately HK\$28 million).

The Agreement constitutes a connected transaction of the Company under 14A of the Listing Rules but is exempted from the independent shareholders' approval requirements under Rule 14A.32 of the Listing Rules as each of the percentage ratios is less than 2.5%.

SUSPENSION OF TRADING

At the request of the Company, trading on the Stock Exchange in the shares of the Company (stock code: 563) and the Convertible Bonds (stock code: 2528) was suspended with effect from 10:10 a.m. on 22 January 2008 pending the release of an announcement in respect of certain price-sensitive information. Trading in the shares and the Convertible Bonds of the Company will remain suspended.

The Company will continue to work closely with the Stock Exchange on an announcement with respect to matters which led to the Company's suspension of trading of its securities and is seeking the resumption of trading of its shares and the Bonds as soon as practicable.

* *for identification purposes only*

ACQUISITION OF THE REMAINING 10% OF THE ISSUED SHARE CAPITAL OF THE PROJECT COMPANY

Reference is made to the Company's announcement and circular dated 13 December 2007 and 4 January 2008 respectively in respect of an acquisition of 90% equity interest in the Project Company from the Previous Vendors.

As stated therein, Rongxin, the wholly-owned subsidiary of the Company, entered into an agreement and the supplemental agreement with the Previous Vendors on 11 November 2007 and 22 November 2007 respectively pursuant to which Rongxin agreed to acquire and the Previous Vendors agreed to sell 90% of the issued share capital of the Project Company for an aggregate consideration of RMB466 million. Upon completion of the above agreements on 29 November 2007 and up to the date of the Agreement, the Project Company was owned as to 10% by the Vendor and 90% by Rongxin.

On 31 December 2009, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which and subject to the terms and conditions as therein set out, the Purchaser has agreed to acquire and the Vendor has agreed to sell 10% of the issued share capital of the Project Company for a consideration of RMB25 million (equivalent to approximately HK\$28 million).

CONSIDERATION

The consideration of RMB25 million (equivalent to approximately HK\$28 million) is to be paid and/or satisfied by way of the following:

- (a) RMB5 million (equivalent to approximately HK\$5.68 million) shall be paid to the Vendor or Vendor's designated account within 3 working days upon completion of the relevant registration procedures in respect of the transfer of the 10% equity interest of the Project Company by the Vendor to the Purchaser. Such transfer shall be completed before 31 December 2009. As at the date of this announcement, the said transfer has been completed and RMB5 million (equivalent to approximately HK\$5.68 million) has been paid;
- (b) the Purchaser shall pay RMB10 million (equivalent to approximately HK\$11.36 million) to the Vendor or Vendor's designated account on 30 June 2010; and
- (c) the remaining consideration of RMB10 million (equivalent to approximately HK\$11.36 million) shall be paid to the Vendor or Vendor's designated account on 31 December 2010.

The consideration has been arrived at after arm's length negotiations between the parties to the Agreement and having made reference to the market situation in and the city development of Hebei Province, Yanjiao Economic Technology Development District of the PRC and the market values of similar properties in the relevant locations.

There is no condition precedent to be fulfilled before the completion of the Agreement.

THE PROJECT COMPANY

The Project Company, which was incorporated on 7 April 2006, is established to carry out the Property Development Project on the Land owned by it and situated at 河北省燕郊經濟技術開發區冶金路 (Hebei Province, Yanjiao Economic Technology Development District, Yejin Road), the PRC, with a usable area of 333,333 square metres.

The Land is currently vacant. The constructions works for the Property Development Project has not been commenced and the commencement date has not been fixed.

The following information is extracted from the unaudited management accounts of the Project Company for the two year ended 31 December 2009, prepared in accordance with the PRC GAAP:

	For the year ended/ As at 31 December 2008	For the year ended/ As at 31 December 2009
	<i>RMB</i>	<i>RMB</i>
Turnover	–	–
Net loss before taxation	(92,388)	(19,362)
Net loss after taxation	(92,388)	(19,362)
Net asset value	99,907,611	99,888,215
Total assets	143,203,627	143,184,231

The Project Company has been treated as a 90% subsidiary of the Company as at the date of this announcement. Upon completion of the Agreement, the Project Company will become a wholly-owned subsidiary of the Company and the Company will continue to account for the results and assets and liabilities of the Project Company on a consolidated basis.

REASONS FOR THE ACQUISITION

The Group is principally engaged in property investment and development in the PRC. Upon completion of the Agreement, the Group will have the entire ownership of the Project Company which will develop the Land into a composite mix of commercial property, hotel and residential development.

The Board (including independent non-executive directors) considers that the Agreement has been entered into on normal commercial terms in the ordinary and usual course of business of the Company and that the terms of the Agreement are fair and reasonable and entering into the Agreement is in the interests of the Company and its Shareholders as a whole.

OUTSTANDING PAYMENTS IN RELATION TO THE 2007 ACQUISITION

As at the date of the Agreement, a total balance of RMB330 million has been paid by Rongxin to the Previous Vendors and a balance of RMB136 million (equivalent to approximately HK\$154.5 million) with respect to the 2007 Acquisition remained outstanding. It was agreed on 31 December 2009 by means of a supplemental agreement that the Outstanding Balance shall be settled as follows:

1. RMB20 million (equivalent to approximately HK\$22.72 million) before 31 December 2009;
2. RMB40 million (equivalent to approximately HK\$45.44 million) before 30 June 2010;
3. RMB36 million (equivalent to approximately HK\$40.89 million) before 31 December 2010; and
4. RMB40 million (equivalent to approximately HK\$45.44 million) before 30 June 2011.

GENERAL

The Vendor is a substantial shareholder holding 10% equity interest of the Project Company, which is a non wholly-owned subsidiary of the Company as at the date of this announcement and therefore a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Accordingly, the Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules but is exempted from the independent shareholders' approval requirements under Rule 14A.32 of the Listing Rules as each of the percentage ratios is less than 2.5%.

SUSPENSION OF TRADING

At the request of the Company, trading on the Stock Exchange in the shares of the Company (stock code: 563) and the Convertible Bonds (stock code: 2528) was suspended with effect from 10:10 a.m. on 22 January 2008 pending the release of an announcement in respect of certain price-sensitive information. Trading in the shares and the Convertible Bonds of the Company will remain suspended.

The Company will continue to work closely with the Stock Exchange on an announcement with respect to matters which led to the Company's suspension of trading of its securities and is seeking the resumption of trading of its shares and the Bonds as soon as practicable.

TERMS USED IN THIS ANNOUNCEMENT

“2007 Acquisition”	the acquisition of 90% equity interest in the Project Company by Rongxin from the Previous Vendors in November 2007
“Acquisition”	the acquisition of a remaining 10% equity interest in the Project Company by the Group from the Vendor pursuant to the terms of the Agreement

“Agreement”	the agreement dated 31 December 2009 entered into between the Purchaser and the Vendor pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to sell 10% of the issued share capital of the Project Company for the Consideration
“Board”	the board of directors of the Company
“Company”	Neo-China Land Group (Holdings) Limited, a company incorporated in Bermuda and the issued shares of which are listed on the main board of the Stock Exchange
“Consideration”	the aggregate consideration of RMB25 million (equivalent to approximately HK\$28 million) for the Acquisition
“Directors”	directors of the Company for the time being
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Land	the piece of land situated at 河北省燕郊經濟技術開發區冶金路 (Hebei Province, Yanjiao Economic Technology Development District, Yejin Road), the PRC owned by the Project Company with a usable area of 333,333 square metres
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Outstanding Balance”	a balance of RMB136 million (equivalent to approximately HK\$154.5 million) with respect to the 2007 Acquisition remained outstanding as at 31 December 2009
“Previous Vendors”	the Vendor and San He
“PRC”	the People’s Republic of China
“PRC GAAP”	PRC Generally Accepted Accounting Principles
“Project Company”	中歐城開有限公司 (Zhongou Chengkai Company Limited*), a company incorporated with limited liability in the PRC
“Property Development Project”	the property development project named “河北省燕郊經濟技術開發區冶金路綜合用地項目 (Hebei Province, Yanjiao Economic Technology Development District, Yejin Road Composition Land Use Project)” to be carried out by the Project Company on the Land

“Purchaser”	北京新松置地投資顧問有限公司 (Beijing Xin Song Property Investment Consultancy Limited*), a company incorporated with limited liability in the PRC, being a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Rongxin”	榮鑫(北京)企業管理有限公司 (Rongxin (Beijing) Enterprises Management Company Limited*), a company incorporated with limited liability in the PRC, being a wholly-owned subsidiary of the Company
“San He”	三河中歐城開企業管理有限公司 (San He Zhongou Chengkai Corporate Management Company Limited*), a company incorporated with limited liability in the PRC
“Shareholder”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	施峰 (Ms. Shi Feng*)
“%”	per cent.

Sums expressed in RMB in this announcement have been translated into HK\$ at the rate of RMB1 = HK\$1.1361.

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

Hong Kong, 7 January 2010

As at the date hereof, the Board comprises Mr. Liu Yi, Ms. Niu Xiao Rong, Mr. Yuan Kun, Ms. Liu Yan, Mr. Jia Bo Wei, Ms. Bao Jing Tao and Mr. Lam Kwan Sing as executive Directors; Mr. Lai Leong as non-executive Director and Ms. Nie Mei Sheng, Mr. Zhang Qing Lin and Mr. Gao Ling as independent non-executive Directors.

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