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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

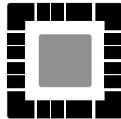
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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or otherwise transferred** all your securities in Neo-China Land Group (Holdings) Limited, you should at once hand this circular to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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**中新集团**  
NEO CHINA GROUP

**NEO-CHINA LAND GROUP (HOLDINGS) LIMITED**  
**中新地產集團（控股）有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 563)**

**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF 90% EQUITY INTEREST IN**  
**中歐城開有限公司**  
**(ZHONGOU CHENGKAI COMPANY LIMITED)**

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## DEFINITIONS

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

“Acquisition”	the acquisition of 90% equity interest in the Project Company pursuant to the Agreement as amended by the Supplemental Agreement
“Agreement”	the agreement for transfer of the equity interest in the Project Company entered into between Party A, Party B and Party C as vendors and Rongxin as purchaser dated 11 November 2007
“Board”	the board of Directors
“Company”	Neo-China Land Group (Holdings) Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“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
“Latest Practicable Date”	28 December 2007 being the latest practicable date for ascertaining certain information for inclusion in this circular
“Party A”	施峰 (Shi Feng)
“Party B”	譚大德 (Tan Dade)
“Party C”	林萬平 (Lin Wanping)

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## DEFINITIONS

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“PRC”	the People’s Republic of China
“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
“RMB”	Reminbi, the lawful currency of 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
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shares”	ordinary shares of HK\$0.04 each in the issued share capital of the Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Supplemental Agreement”	the supplemental agreement to the Agreement entered into between Party A, Party B, Party C, San He and Rongxin dated 22 November 2007
“Vendors”	Party A and San He collectively
“%”	per cent.

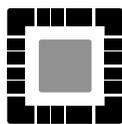
*In this circular, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.04 has been used for currency translation, where applicable. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$ or RMB have been, could have been or may be converted at such or any other rates or at all.*

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

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## LETTER FROM THE BOARD

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**中新集團**  
NEO CHINA GROUP

### **NEO-CHINA LAND GROUP (HOLDINGS) LIMITED** **中新地產集團（控股）有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 563)**

***Board of Directors***

***Executive Directors:***

Mr. Li Song Xiao (*Chairman*)

Mr. Liu Yi

Ms. Niu Xiao Rong

Mr. Yuan Kun

Ms. Liu Yan

***Independent Non-executive Directors:***

Ms. Nie Mei Sheng

Mr. Zhang Qing Lin

Mr. Gao Ling

***Registered Office***

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

***Principal Place of Business***

Units 1908-09, 19th Floor,

Office Tower, Convention Plaza,

No.1 Harbour Road, Wanchai,

Hong Kong

4 January 2008

*To the Shareholders of the Company*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION**  
**ACQUISITION OF 90% EQUITY INTEREST IN**  
**中歐城開有限公司**  
**(ZHONGOU CHENGKAI COMPANY LIMITED)**

**INTRODUCTION**

In an announcement dated 13 December 2007, the Company announced that the Company's wholly-owned subsidiaries, Rongxin entered into the Agreement and the Supplemental Agreement respectively on 11 and 22 November 2007. Pursuant to the Agreement as amended by the Supplemental Agreement, Rongxin shall acquire 90% equity interest in the Project Company.

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## LETTER FROM THE BOARD

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The entering into of the Agreement and the Supplemental Agreement constituted a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules.

The purpose of this circular is to give you further information regarding the Acquisition and the other information of the Group.

### **SUMMARY OF THE AGREEMENT AS AMENDED BY THE SUPPLEMENTAL AGREEMENT:-**

Date of Agreement: 11 November 2007

Date of Supplemental Agreement: 22 November 2007

Parties to the Agreement: Party A: 施峰 (Shi Feng)  
Party B: 譚大德 (Tan Dade)  
Party C: 林萬平 (Lin Wanping)  
Party D: Rongxin

Parties to the Supplemental Agreement: Party A, Party B, Party C, San He and Rongxin

Rongxin is a wholly owned subsidiary of the Company. The principal activities of Rongxin are investment holding and/or investment in, or development of, land and real estate in the PRC.

San He is a company incorporated with limited liability in the PRC and its principal activity is to provide corporate management consultancy service. The equity interest of San He is held by Party A as to 31.12%, Party B as to 34.44% and Party C as to 34.44%.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors and the ultimate beneficial owners of San He are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

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## LETTER FROM THE BOARD

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Subject matter:

The Project Company was incorporated on 7 April 2006 as a company with limited liability in the PRC with a registered capital of RMB100,000,000, of which RMB63,000,000 has been paid up. The equity interest of the Project Company is held as to 10% by Party A and 90% by San He. The Project Company is carrying out the Property Development Project on the Land owned by it 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 use right permit of the Land has been granted to the Project Company and which will expire on 21 June 2056. The land use right owned by the Project Company is freely transferrable on the condition that not less than 25% of the total development of the Property Development Project (in terms of the development costs or the developed areas) has been completed. The Project Company obtained the construction planning permit for the Property Development Project on 6 July 2006. The Property Development Project is a composite mix of commercial property, hotel and residential development. 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.

Based on the latest management account of the Project Company which was prepared according to the generally accepted accounting principles in the PRC, as at 30 September 2007, the value of total assets of the Project Company was RMB104,752,239. The said value of total assets represents, inter alia, the capitalized costs for the acquisition of the Land and the related expenses. There was no profit (both before and after taxation and extraordinary items) attributable to the Project Company for the two financial years immediately preceding the Acquisition and there was no revenue for two financial years immediately preceding the Acquisition.

The Project Company is still in the early stage of the Property Development Project and has not generated any revenue and profit. Neither the Company nor the Project Company has made any further capital commitment on the Property Development Project. Apart from the consideration of RMB466,000,000, the Company preliminarily intends to invest RMB2 billion for the Property Development Project.

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## LETTER FROM THE BOARD

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Condition Precedent: The Vendors have undertaken to amend certain planning conditions in respect of the Property Development Project so that the total saleable construction area will be not less than 1,000,000 square metres and the residential saleable construction area will be not less than 600,000 square metres and to obtain the approval for the revised planning conditions from 燕郊經濟技術開發區規劃建設局 (Planning Construction Bureau of Yanjiao Economic Technology Development District) within 1 month from the date of the Agreement.

However, since the Vendors cannot satisfy the aforesaid condition precedent by the deadline, Rongxin will only acquire San He's 90% equity interest in the Project Company for a reduced total consideration of RMB466,000,000. The transfer of the 90% equity interest in the Project Company shall be completed within 30 working days from the end of the Chinese lunar new year holiday of 2008. There is no other condition precedent to be fulfilled.

Payment of Consideration: The consideration of RMB466,000,000 will be satisfied in the following manner:–

- (i) RMB300,000,000 shall be paid by Rongxin in cash into the account jointly held by the Vendors and Rongxin within 1 month from the date of the Agreement. As an interim arrangement against the installment payment, the said RMB300,000,000 shall be released to the Vendors upon the completion of the relevant registration procedures for the transfer of 70% equity interest of the Project Company by San He to Rongxin. If Rongxin is not satisfied with the result of the due diligence conducted on the Project Company, the said RMB300,000,000 shall be returned to Rongxin without interest and the 70% equity interest will be transferred back to the Vendors. As at the Latest Practicable Date, Rongxin is still conducting the due diligence, which shall be completed before the second installment payment of RMB50,000,000.
- (ii) Rongxin shall pay RMB50,000,000 to San He by 9 January 2008.

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## LETTER FROM THE BOARD

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- (iii) The remaining consideration of RMB116,000,000 shall be paid upon the completion of all the registration procedures for the transfer of the remaining 20% equity interest of the Project Company by San He to Rongxin. Such transfer shall be completed within 30 working days from the end of the Chinese lunar new year holiday of 2008.

The reduced total consideration of RMB466,000,000 will all be paid to San He. The Directors consider that the substantial reduction in the total consideration is fair and reasonable. Since the construction areas allowed for the Property Development Project as presently approved is only about 433,333 square metres, which is much less than that under the proposed revised planning conditions of not less than 1,000,000 square metres, there will be a material reduction in the potential profitability of the Property Development Project. Therefore, the substantial reduction in the consideration not only represents the value of the 10% equity interest of the Project Company, but also reflects (i) the material reduction in the potential profitability of the Property Development Project when the condition precedent cannot be fulfilled; and (ii) the fact that only 90% of the equity interest of the Project Company will be acquired and therefore the Project Company will not become a wholly-owned subsidiary of the Company upon completion of the Acquisition. Rongxin will still proceed with the Acquisition even though the condition precedent had not been fulfilled by the deadline, since the total consideration is now substantially reduced to only RMB466,000,000, the Board considers that the Property Development Project is still of a good profitability potential for the reduced total consideration.

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## LETTER FROM THE BOARD

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The consideration has been arrived at after arm's length negotiations between the parties to the Agreement. In determining the consideration, the Board has made several inspections to the Land and also studied and compared the values of similar properties in Yanjiao, Hebei Province in the PRC in order to make its own assessment on the value and potential profitability of the Property Development Project. 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, the Board is of the view that although the total assets of the Project Company was only RMB104,752,239 as at 30 September 2007 whilst the consideration for the Acquisition is RMB466,000,000, the terms of Agreement are still fair and reasonable and in the interests of the Company and its Shareholders as a whole, since the Board considers that the value of the total assets of the Project Company of RMB104,752,239 does not fully reflect the potential profitability of the Project Development Project. Based on the Board's own assessment, the value and potential profitability of the Property Development Project should well worth the agreed consideration of RMB466,000,000.

No independent property valuation has been or will be prepared for assessing the value of the Land, as the Directors of the Company consider that they are able to make a sound commercial judgment on the value of the Land with their substantial experience in property development business in the PRC. In particular, Mr. Li Song Xiao, the chairman of the Board, has more than 20 years' experience in property development business in the PRC and is currently the vice-chairman of the Housing Industry Association of All China Federation of Industry Commerce and the assistant head of the Consolidate Development Committee of the Research Committee of Real Estate and Accommodation in the PRC.

Upon completion of the Acquisition, 90% of the equity interest in the Project Company will be held by the Company and it shall therefore become a non-wholly owned subsidiary of the Company.

The Company confirms that there is no other acquisition or transactions in relation to the Vendors and/or their ultimate beneficial owners which shall be aggregated with the Acquisition in accordance with Rule 14.22 of the Listing Rules.

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## LETTER FROM THE BOARD

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### REASONS FOR THE ACQUISITION

The Group is principally engaged in property investment and development in the PRC. As part of its strategy, the Group has been constantly appraising investment opportunities in high-potential investments and attractive businesses in major cities in the PRC. The Board is of the view that the Acquisition is a good opportunity for the Group to further expand its business in the property market in Hebei Province, Yanjiao Economic Technology Development District, the PRC.

After exercise of due care and diligence, the Board considers that the terms and conditions of the Agreement as amended by the Supplemental Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

### FINANCIAL EFFECTS OF THE ACQUISITION

On the basis that according to the Project Company's management account of 30 September 2007 and the Company's latest audited consolidated accounts for the year ended 30 April 2007, (i) the value of total assets of the Project Company was RMB104,752,239 (equivalent to approximately HK\$108,942,329), which is only about 0.77% of the Company's consolidated total assets of HK\$14,144,131,000; (ii) the value of the total liabilities of the Project Company was RMB38,752,240 (equivalent to approximately HK\$40,302,330), which is only about 0.47% of the Company's consolidated total liabilities of HK\$8,632,580,000; and (iii) the Project Company has not yet made any profit (both before and after taxation and extraordinary items) or generated any revenue for the two financial years immediately preceding the Acquisition, the Board considers that the Acquisition will not have any material effect on the Group's assets, liabilities or earnings.

### FURTHER INFORMATION

Your attention is drawn to the general information set out in the Appendix to this circular.

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

**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular 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 contained herein misleading.

**DISCLOSURE OF INTERESTS****Interests of Directors**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered into the register required to be kept under section 352 of the SFO were as follows:–

**(1) Issued Share of the Company**

Name of Director	Long/ short position	Capacity	No. of Shares	Percentage of issued share capital
Li Song Xiao	long	Interest in corporation	1,061,376,995	
		Beneficial owner	<u>2,407,500</u>	1,063,784,495 <i>(Note)</i>
Liu Yan	long	Beneficial owner	800,000	0.05%
Niu Xiao Rong	long	Beneficial owner	1,375,000	0.07%

*Note:* Mr. Li Song Xiao was deemed to be interested in 911,376,995 Shares and 150,000,000 Shares in the Company by virtue of his 100% interest in Invest Gain Limited and Sinoeagle Pacific Limited respectively. Mr. Li is also a director of Invest Gain Limited and Sinoeagle Pacific Limited. These 2,407,500 Shares are held directly by Mr. Li himself.

(2) *Options outstanding under the share option scheme of the Company*

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of underlying shares in respect of share option granted</b>	<b>Percentage of the underlying shares over the Company's issued share capital</b>
Li Song Xiao	Beneficial owner	750,000	0.04%
Liu Yan	Beneficial owner	10,700,000	0.55%
Liu Yi	Beneficial owner	10,000,000	0.51%
Niu Xiao Rong	Beneficial owner	8,625,000	0.44%
Yuan Kun	Beneficial owner	6,000,000	0.30%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered into the register required to be kept under section 352 of the SFO.

## SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group:

## (1) Long/short positions in the issued Shares of the Company

Name of substantial shareholder	Long/short position	Capacity	No. of Shares	Percentage of issued share capital	
Invest Gain Limited	Long	Beneficial owner (note a)	911,376,995	46.85%	
Sinoeagle Pacific Limited	Long	Beneficial owner (note b)	150,000,000	7.71%	
Ms. Liu Hui	Long	Spouse (note c)	1,063,784,495	54.68%	
Deutsche Bank Aktiengesellschaft	Long	Beneficial owner	69,851,987		
	Long	Person having a security interest in shares	<u>89,699,534</u>	159,551,521	8.20%
	Short	Beneficial owner	11,003,500		
	Short	Person having a security interest in shares	<u>28,901,798</u>	39,905,298	2.05%

## Notes:

- (a) These Shares held by Invest Gain Limited which were beneficially owned by Mr. Li Song Xiao. Such interest was also disclosed as the interest of Mr. Li Song Xiao in the above section headed "Interests of Directors".
- (b) These Shares held by Sinoeagle Pacific Limited which were beneficially owned by Mr. Li Song Xiao. Such interest was also disclosed as the interest of Mr. Li Song Xiao in the above section headed "Interests of Directors".
- (c) Ms. Liu Hui is deemed to be interested in 1,063,784,495 ordinary Shares of the Company, being the interests held beneficially by her spouse, Mr. Li Song Xiao.

(2) Long positions in the underlying Shares of the Company – physically settled unlisted equity derivatives

Name of substantial shareholder	Capacity	No. of Shares	Percentage of issued share capital
Liu Hui	Interest of spouse ( <i>note</i> )	750,000	0.04%

*Note:* Ms. Liu Hui was deemed to be interested in 750,000 share options of the Company owed by her spouse, Mr. Li Song Xiao, pursuant to Part XV of the SFO. Such interest was also disclosed as the interest of Mr. Li Song Xiao in the above section headed “Interests of Directors”.

Save as disclosed, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director) had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

#### SERVICE CONTRACTS

None of the Directors has entered (or proposed to enter) into, with any member of the Group, any service agreement which does not expire or is not terminable within one year without payment of compensation (other than statutory compensation).

#### COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his/her respective associates were considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those businesses to which the Directors and his/her associates were appointed to represent the interests of the Company and/or the Group.

#### LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors or the Company to be pending or threatened by or against any member of the Group.

**GENERAL**

- (a) The English text of this circular shall prevail over the Chinese text.
- (b) The secretary of the Company is Ms. Chan Yim Kum who is a member of the Institute of Chartered Secretaries and Administration of the United Kingdom, the Hong Kong Institute of Company Secretaries and the Taxation Institute of Hong Kong. Ms. Chan holds a bachelor's degree (honours) in business administration from the United Kingdom and a master's degree in professional accountancy from Hong Kong.
- (c) The registered office of the Company is at 6 Front Street, Hamilton HM12, Bermuda and its principal place of business is at Units 1908-09, 19th Floor, Office Tower, Convention Plaza, No.1 Harbour Road, Wanchai, Hong Kong.