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

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中新地产
NEO CHINA LAND

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 AND CONNECTED TRANSACTION

DISPOSAL OF AN ADDITIONAL 40% EQUITY INTEREST IN

天津市億嘉合置業有限公司

(TIANJIN CITY YI JIA HE ZHI YE COMPANY LIMITED*)

A letter from the Board is set out on pages 4 to 14 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 15 of this circular. A letter from GF Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 28 of this circular.

* *for identification purposes only*

15 July 2009

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions have the following meanings:

“Announcement”	the announcement of the Company dated 25 June 2009 in relation to the Disposal
“April 2008 Agreement”	an agreement entered into among the Company, Wukuang, Zhongzhi, Lixing and the Project Company whereby Zhongzhi agreed, inter alia, to sell and transfer 20% of the registered capital of the Project Company to Wukuang at a consideration of RMB800 million (approximately HK\$907 million)
“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
“Cooperation Agreements”	the Master Agreement as amended by the First Supplemental Agreement and the Second Supplemental Agreement
“Directors”	directors of the Company for the time being
“Disposal”	the disposal of an additional 40% equity interest in the Project Company by the Group to Wukuang pursuant to the terms of the June 2009 Agreement
“First Supplemental Agreement”	the first supplemental agreement dated 29 November 2007 entered into among the Company, Wukuang and the Project Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	independent board committee of the Company to be formed for the purpose of advising independent Shareholders as to the June 2009 Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “GF Capital”	GF Capital (Hong Kong) Limited, the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the June 2009 Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholders which are not required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal and the transactions contemplated thereunder, being all Shareholders

DEFINITIONS

“June 2009 Agreement”	an agreement entered into among the Company, Wukuang, Zhongzhi, Lixing and the Project Company whereby it was agreed, inter alia, that Wukuang shall increase its equity interest in the Project Company to 60% for an aggregate consideration of RMB1,160 million (approximately HK\$1,315 million)
“Land”	the piece of land situated at 天津北辰區宜興埠舊村 (Tianjin Beichen Qu Yi Xing Bu Jiu Chun*), PRC, with a gross construction area of approximately 2,040,000 square meters
“Latest Practicable Date”	13 July 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information set out in the circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lixing”	上海雅閣麗星裝飾有限公司 (Shanghai Yage Lixing Zhongzhi Company Limited*), a company which was duly incorporated and is existing with limited liability under the laws of PRC
“Master Agreement”	a master agreement dated 27 November 2007 entered into among the Company, Wukuang and the Project Company
“Mr. Li”	Mr. Li Song Xiao, Chairman of the Board, an executive Director and the controlling Shareholder
“Pledged Shares”	pledging of each of the shareholding, which aggregate to 40% of the equity interest, in the Project Company by Lixing and Zhongzhi to Wukuang as security in accordance with the terms of the Third Supplemental Agreement
“PRC”	the People’s Republic of China
“Project”	the property development project in respect of the Land
“Project Company”	天津市億嘉合置業有限公司 (Tianjin City Yi Jia He Zhi Ye Company Limited*), a company which was duly incorporated and is existing with limited liability under the laws of PRC
“Project Land”	the land lot nos. 7 and 8 with a gross construction area of 800,000 square meters comprised in the Land
“RMB”	Renminbi, the lawful currency of the PRC
“Savills”	Savills valuation and Professional Services Limited

DEFINITIONS

“Second Supplemental Agreement”	the second supplemental agreement dated 28 April 2008 entered into among the Company, Wukuang, the Project Company, Zhongzhi and Lixing for cooperation in property development of the Project in Tianjin, the PRC and the disposal of 20% of the entire equity interest in the Project Company
“Shareholders”	the holders of the Shares
“Shares”	Shares of HK\$0.04 each in the capital of the Company
“Share Transfer”	the transfer of the 40% equity interest in the Project Company from the Group to Wukuang
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Supplemental Agreement”	the third supplemental agreement dated 10 June 2009 entered into among the Company, Wukuang, the Project Company, Zhongzhi and Lixing for cooperation in property development of the Project in Tianjin, the PRC
“Wukuang”	五礦置業公司 (Wukuang Zhiye Company*), a company which was duly incorporated and is existing under the laws of PRC
“Zhongzhi”	中置(北京)企業管理有限公司 (Zhongzhi (Beijing) Enterprise Management Company Limited*), a wholly-owned subsidiary of the Company
“%”	per cent

* *for identification purposes only*



中新地產
NEO CHINA LAND

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)

Executive Directors:

Mr. Li Song Xiao (*Chairman*)
Mr. Liu Yi
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

Independent Non-Executive Directors:

Ms. Nie Mei Sheng
Mr. Zhang Qing Lin
Mr. Gao Ling

Registered office:

Clarendon House
Church Street
Hamilton HM11
Bermuda

Head Office and Principal Place of

Business in Hong Kong
Unit 1908-09, 19th Floor
Office Tower, Convention Plaza
No. 1 Harbour Road
Wanchai
Hong Kong

15 July 2009

To Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

DISPOSAL OF AN ADDITIONAL 40% EQUITY INTEREST IN
天津市億嘉合置業有限公司
(TIANJIN CITY YI JIA HE ZHI YE COMPANY LIMITED*)

INTRODUCTION

Reference is made to the Announcement. On 10 June 2009, the Company, Wukuang, Zhongzhi, Lixing and the Project Company entered into (a) the June 2009 Agreement whereby it was agreed, inter alia, that Wukuang shall increase its equity interest in the

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Project Company to 60% and the aggregate consideration of which shall be RMB1,160 million (approximately HK\$1,315 million); and (b) the Third Supplemental Agreement in respect of the terms of cooperation by the relevant parties associated with the development of the Project. As RMB800 million (approximately HK\$907 million) was paid under the Second Supplemental Agreement, therefore the balance of the consideration payable under the June 2009 Agreement is RMB360 million (approximately HK\$408 million).

The purpose of this circular is to provide you with further details of the June 2009 Agreement, the Third Supplemental Agreement and the transaction contemplated thereunder and other information in compliance with the requirements of the Listing Rules.

BACKGROUND

Reference is made to the Company's announcement and circular of 30 May 2008 and 20 June 2008 respectively in relation to the Company entering into the Cooperation Agreements, which consisted of the Master Agreement as amended by the First Supplemental Agreement and the Second Supplemental Agreement, with Wukuang and others for the cooperation in the development of the Project in Tianjin, the PRC and the disposal of 20% of the equity interest in the Project Company by the Group to Wukuang.

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

Each of Zhongzhi and Lixing is a wholly-owned subsidiary of the Company. The principal activities of Zhongzhi and Lixing are investment holding.

Wukuang is a property development company in the PRC, the principal activities of which include the development and the management of property in the PRC.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, save for its 20% equity interest in the Project Company, Wukuang and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

THE JUNE 2009 AGREEMENT

On 10 June 2009, the Company, Wukuang, Zhongzhi, Lixing and the Project Company entered into the June 2009 Agreement whereby the following were agreed:

1. Wukuang shall purchase an additional 40% of the equity interest in the Project Company and immediately after completion of the Share Transfer, Wukuang shall hold 60% of the equity interest in the Project Company and the remaining 40% shall be held by (a) Lixing as to 30%; and (b) Zhongzhi as to 10% respectively;
2. the aggregate consideration for 60% of the equity interest in the Project Company shall be RMB1,160 million (approximately HK\$1,315 million), of which RMB800 million (approximately HK\$907 million) was paid and settled pursuant to the

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terms of the Second Supplemental Agreement. The remaining balance of RMB360 million (approximately HK\$408 million) shall be paid by Wukuang to Lixing within 15 working days upon signing of the June 2009 Agreement; and

3. on the date of signing of the June 2009 Agreement, the relevant parties shall have completed the signing of all relevant necessary documents in relation to the Share Transfer and within 5 working days upon signing of the June 2009 Agreement, the relevant parties shall have completed the necessary registrations with respect to the Share Transfer.

The aggregate consideration for 60% of the equity interest in the Project Company has been arrived at after arm's length negotiations between the parties to the June 2009 Agreement with reference to the market situation in and the city development of Tianjin of the PRC and the market value of similar properties in the relevant locations.

Upon completion of the Disposal, the Group (through Lixing and Zhongzhi) will continue to have a 40% equity interest in the Project Company and will account for its interest in the Project Company on an equity basis as the Project Company will no longer be a subsidiary of the Company.

THE PROJECT COMPANY

The Project Company is a company established in the PRC with a registered capital of RMB38 million (approximately HK\$43 million). The Project Company is currently engaged in property development in Tianjin, the PRC. The Project Company currently owns the development right of the Land situated at 天津北辰區宜興埠舊村 (Tianjin Beichen Qu Yi Xing Bu Jiu Chun*), the PRC with a gross construction area of approximately 2,040,000 square meters.

The following information is extracted from the audited financial statements of the Project Company for the two years ended 31 December 2008, both prepared in accordance with the generally accepted accounting principles of the PRC:

	For the year ended/ As at 31 December 2008 RMB	For the year ended/ As at 31 December 2007 RMB
Turnover	0	0
Net loss before taxation	(258,822)	(66,731)
Net loss after taxation	(258,822)	(66,731)
Net asset value	<u>63,161,448</u>	<u>63,447,269</u>
Total assets	<u><u>1,799,776,891</u></u>	<u><u>790,692,018</u></u>

LETTER FROM THE BOARD

Based on the unaudited management accounts of the Project Company for the five months ended 31 May 2009, the unaudited net asset of the Project Company as at 31 May 2009 was approximately RMB64 million (approximately HK\$73 million).

With reference to the carrying value of the Group in the Project Company and taking into account the consideration of RMB360 million (approximately HK\$408 million), the gain from the Disposal is expected to be approximately RMB17 million (approximately HK\$20 million) after netting off the relevant possible tax charges and expenses.

The Group intends to apply the sale proceeds from the Disposal for use as additional general working capital.

THE THIRD SUPPLEMENTAL AGREEMENT

Also on 10 June 2009, Wukuang, Zhongzhi, Lixing and the Project Company entered into the Third Supplemental Agreement whereby the following material terms in respect of the cooperation by the relevant parties for the development of the Project were agreed upon:

Material Terms of the Third Supplemental Agreement:

A. With respect to the share of lots within the Land and the share of profit with respect to the Project Land:

1. Wukuang, Lixing and Zhongzhi agreed to transfer Lot No. 3 of the Land, which has a gross construction area of approximately 410,000 square meters, to Wukuang and Wukuang will be solely responsible for the development of the said lot;
2. Wukuang, Lixing and Zhongzhi unanimously agreed to have the following terms with respect to the development and the sharing of profit of the Project:
 - (a) out of the total construction area of 2,040,000 square meters, Wukuang shall have the sole ownership of the right to develop, handle and share the profit derived from Lot Nos. 3, 7 and 8 which have a total gross construction area of approximately 1,210,000 square meters while Lixing and Zhongzhi shall give up their right to develop, handle and share the profit derived from the above lots;
 - (b) Lixing and Zhongzhi shall have the sole ownership of the right to develop, handle and share the profit derived from the Land other than Lot Nos. 3, 7 and 8;
 - (c) Wukuang, the Company and any related parties shall cease to establish the new project company in accordance with the terms of the Cooperation Agreements, and will not be sharing the profit derived from the development of the Project Land at the ratio of 85:15.

LETTER FROM THE BOARD

Accordingly, the terms relating to the “new project company” and any matters related thereto as set out in the Cooperation Agreements will cease to have any further effect; and

- (d) in the event that the registered capital of the Project Company and/or the four project companies that the Project Company will be invested in is not paid up, the Company and its related parties shall be responsible for paying up the remaining balance of the registered capital of the above companies;
3. Lixing shall continue to carry out its responsibilities under the Cooperation Agreements, which shall include demolition and re-settlement and obtaining planning, land clearance of the Project Land. After taking over the operation of the Project Company by Wukuang, Lixing shall continue to carry out the above responsibilities on the condition that its work will not affect the development of the Project Land. Wukuang has the right to raise requisitions with respect to the progress of the demolition and re-settlement of the Project Land; and
4. Wukuang, Lixing and Zhongzhi shall have the right to share their profits in accordance with the terms of a shareholders’ agreement.

(Note: A shareholders’ meeting of the Project Company was held on 10 June 2009 and the basis of sharing the profits of the Project Land as set out above was agreed upon at the same meeting.)

B. With respect to the contributed amount to the Project Land by Wukuang, the advancement by shareholders’ funds and the terms of payment:

1. Wukuang is responsible for contributing a total amount of funds of RMB1,584 million (approximately HK\$1,796 million) for the Project Land. The Company, Wukuang, the Project Company, Zhongzhi and Lixing acknowledged that Wukuang has already paid RMB640 million and a balance of RMB944 million remains outstanding. Wukuang has also confirmed that the contributed funds of RMB1,584 million will be treated as a shareholder’s loan by the Project Company;
2. the funds contribution by Wukuang for the Project Land shall be paid as follows:
 - (a) apart from the amount paid by Wukuang to the Project Company of RMB640 million, the remaining amount that is required to be paid for the demolition and re-settlement expenses of the Project Land shall be RMB944 million. If any excess amount is required, Lixing shall be responsible for the payment of such an excess amount and the Company shall ensure that the said responsibility is carried out by Lixing while Wukuang will not be responsible for any of such an excess amount; and

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- (b) Wukuang shall pay its contributed amount as follows:
- (i) Wukuang shall contribute the remaining balance of RMB944 million in accordance with the progress of the Project; and
 - (ii) the Project Company will only be responsible for the debts incurred by Lixing, Zhongzhi and any of the Company's related companies up to 31 March 2009 and will not be responsible for any debts incurred by any of these companies after 31 March 2009. With respect to any payments incurred by Lixing, Zhongzhi and any of the Company's related companies in relation to demolition and re-settlement of the Project Land from 31 March 2009 to the date of completing the Share Transfer (the "Incurred Amount"), the Project Company will review and confirm whether it will take up any of the Incurred Amount and the Project Company shall settle the Incurred Amount at its discretion after taking into account the progress of the demolition and re-settlement of the Project Land, its cashflow position and the progress of the development of Lot Nos. 3, 7 and 8.

C. With respect to any agreements entered into by the relevant parties prior to the Third Supplemental Agreement concerning the rights and responsibilities of the relevant parties

1. upon completion of the Share Transfer, Lixing shall take up all of the rights, responsibilities and duties of the Company, Lixing and Zhongzhi under the Cooperation Agreements, including but not limited to the compensation, costs and expenses relating to demolition and re-settlement, land clearance and obtaining government approvals of the Project Land;
2. the Company, Lixing and Zhongzhi agreed to continue being responsible for the relevant matters with respect to the Project and liaising and coordinating with the relevant governmental authorities in Tianjin City and Beichen District (including monitoring the control over costs, the progress of the demolition and re-settlement, obtaining the land use rights for Lots Nos. 3, 7 and 8 and the relevant approvals and completing the necessary procedures in relation the development of the Project); and
3. in the event that there is any change in the shareholding of the Project, the affected outgoing shareholder shall provide complete and full disclosure to the new shareholder of the Project of all relevant matters and legal documents (including the minutes of the shareholders' meetings), and the agreed terms of cooperation among the parties with respect to the Project. The rights and responsibilities of the affected outgoing shareholder shall be taken up by the new shareholder.

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D. With respect to the arrangement of protecting the rights and benefits of Wukuang:

Lixing and Zhongzhi agree to pledge each of their respective shareholdings, which amount to an aggregate of 40% of the equity interest, in the Project Company to Wukuang as security for any possible breach of the responsibilities of the Company, the Project Company, Lixing and Zhongzhi under this agreement. In the event that any of the Company, the Project Company, Lixing and Zhongzhi or any combination of these parties is in breach of any of the responsibilities as agreed under this agreement, Wukuang has the right to use the Pledged Shares as security and can exercise its right over the Pledged Shares in accordance with the relevant laws and regulations.

During the period of pledging the Pledged Shares to Wukuang, all shareholder's rights of Zhongzhi and the rights and benefits of developing the Land, excluding Lot Nos. 3, 7 and 8, shall not be affected.

The procedures relevant to pledging the Pledged Shares and the Share Transfer shall be taken care of and be effective simultaneously and Wukuang shall at the same time settle the payment of RMB360 million pertaining to the Share Transfer in accordance with the terms of the June 2009 Agreement.

E. With respect to the rights of Wukuang in transferring its ownership of Lot Nos. 3, 7 and 8 of the Project or continuing its ownership of 60% of the Project Company as well as any tax responsibilities

1. When Lot Nos. 3, 7 and 8 (or any of them) has satisfied the conditions for transfer, Wukuang has the right to transfer these lots (or any of them) to a nominee project company of Wukuang. Lixing and Zhongzhi shall vote for the resolution approving the said transfer in the shareholders' meeting convened to approve the transfer and shall assist Wukuang in completing the necessary procedures with respect to the transfer. All relevant tax charges in respect of the transfer of Lot Nos. 3, 7 and/or 8 shall be borne by Lixing.

Upon completion of the transfer of Lot Nos. 3, 7 and 8 to the nominee project company of Wukuang, Wukuang shall transfer its 60% equity interest in the Project Company to Lixing. All tax charges associated with the said transfer shall be borne by Lixing.

The price for transferring Lot Nos. 3, 7 and 8 shall be deducted from the amount of the shareholder's loan contributed by Wukuang to the Project Company in corresponding to their respective transfer price. Any difference which is in excess of the transfer price shall be paid out of the consideration paid by Wukuang on the transfer of the 60% equity interest in the Project Company (note). The aggregate price for transferring Lot Nos. 3, 7 and 8 shall not exceed the total amount of the shareholder's loan and consideration paid with respect to the equity interest in the Project Company as set out above. Upon completion of the above land and share transfer, Wukuang and

LETTER FROM THE BOARD

its nominee project company shall cease to have any relationship with respect to shareholding, debts and liabilities with the Project Company, Lixing and Zhongzhi.

(Note: The amount represented RMB1,160 million (approximately HK\$1,315 million) in accordance with the terms of the June 2009 Agreement. Based on the Company's understanding, save for the above amount, there is no further amount to be received or paid by Wukuang and/or the Group with respect to this particular term of the Third Supplemental Agreement.)

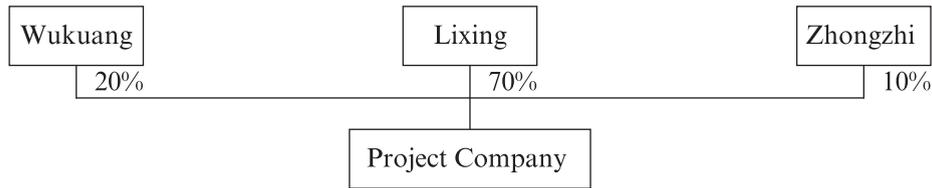
2. If, prior to completion of the demolition and re-settlement of the Project Land, Lixing wishes to transfer the land lots which it has the development right to a designated company, it shall be required to obtain unanimous consent from all the other shareholders of the Project Company and take up all tax related charges with respect to the said transfer. If, upon completion of the demolition and re-settlement and related matters of the Project Land and the relevant land lots have satisfied the conditions for transfer, Lixing has the right to transfer the said land lots to a designated company. Wukuang and the Project Company shall give their unanimous consent to the said transfer. The tax charges associated with the said transfer shall be borne by Lixing. If Lixing and Zhongzhi transfer and have completed the transfer of the development right and benefit on the Land other than Lot Nos. 3, 7 and 8 to their designated company, they shall return the 40% equity interest in the Project Company to Wukuang. All tax charges associated with the said transfer shall be borne by Lixing. Upon completion thereof, Lixing and Zhongzhi shall cease to have any relationship with respect to shareholding, debts and liabilities with the Project Company and Wukuang.

The Third Supplemental Agreement serves mainly to change the rights and responsibilities of each of the shareholders of the Project Company in accordance with their respective proportionate interests in the Project Company. Upon completion of the June 2009 Agreement, Wukuang, being the controlling shareholder of the Project Company, will take over the operations of the Project Company and at the same time, it will have the sole ownership of the right to develop, handle and share the profit derived from Lot Nos. 3, 7 and 8 which have a total gross construction area of approximately 1,210,000 square meters (representing approximately 59% of the total construction area of the Land of 2,040,000 square meters) while Lixing and Zhongzhi shall have the sole ownership of the right to develop, handle and share the profit derived from the Land other than Lot Nos. 3, 7 and 8. Save for the above changes, the other major terms of the Third Supplemental Agreement are basically in line with the terms of the Cooperation Agreements.

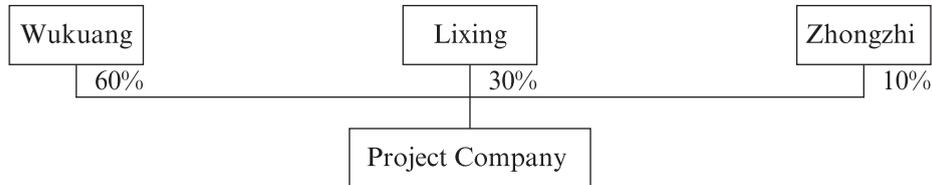
LETTER FROM THE BOARD

SHAREHOLDING AND OWNERSHIP OF LOTS OF THE PROJECT COMPANY

Shareholding of the Project Company before completion of the Disposal:



Shareholding of the Project Company after completion of the Disposal:



Upon completion of the Disposal, Wukuang shall have the sole ownership of the right to develop, handle and share the profit derived from Lot Nos. 3, 7 and 8 which have a total gross construction area of approximately 1,210,000 square meters (representing approximately 59% of the total construction area of the Land of 2,040,000 square meters) while Lixing and Zhongzhi shall have the sole ownership of the right to develop, handle and share the profit derived from the Land other than Lot Nos. 3, 7 and 8. Details of the ownership of the lots are as follows:

	<i>Square meters</i>
Total area of the Land	<u><u>2,042,800</u></u>
Lots of Wukuang:	
Lot No. 3	408,900
Lot No. 7	278,200
Lot No. 8	<u>523,900</u>
Total of Lot Nos. 3, 7 and 8	<u><u>1,211,000</u></u>
Lots of the Group	<u><u>831,800</u></u>

LETTER FROM THE BOARD

REASONS FOR THE DISPOSAL

The Group is principally involved in the business of property investment and development in the PRC. The terms of the Cooperation Arrangements and the Third Supplemental Agreement enabled the Group to further its property investment and development business with relatively low capital commitment. The Disposal allows the Group to realize part of its investment in the Project, which will bring a cash inflow of approximately RMB360 million (approximately HK\$408 million) as the Group's additional working capital, and to further enhance its partnership arrangement with Wukuang in the development of the Project.

The Board (excluding the independent non-executive Directors whose view is set out in the letter from the Independent Board Committee) considers that the terms and conditions of the June 2009 Agreement, including the consideration thereof, are on normal commercial terms which are fair and reasonable and the entering into of the June 2009 Agreement is in the interests of the Company and its Shareholders as a whole.

LISTING RULES' IMPLICATION AND SHAREHOLDERS' WRITTEN APPROVAL

Wukuang holds 20% of the entire equity interest in and is a substantial shareholder of the Project Company, which is a non-wholly owned subsidiary of the Company, and therefore is a connected person of the Company under the Listing Rules. As the relevant percentage ratios calculated under Chapter 14 of the Listing Rules in relation to the June 2009 Agreement are over 5% but less than 25%, entering into the June 2009 Agreement constitutes a discloseable and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Company has applied to the Stock Exchange for a waiver under Rule 14A.43 of the Listing Rules from the requirement to hold a Shareholders' meeting to consider and approve the June 2009 Agreement and the transactions contemplated thereunder. The waiver will be sought on the basis that (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the June 2009 Agreement; and (ii) written approval has been obtained from Mr. Li and his wholly-owned subsidiary, namely Invest Gain Limited, which as at the Latest Practicable Date collectively hold 1,054,920,495 Shares (representing approximately 54% of the entire issued share capital of the Company), giving them the right to attend and vote in the general meeting of the Company to approve the June 2009 Agreement and the transactions contemplated thereunder. Invest Gain Limited is a company wholly and beneficially owned by Mr. Li. Therefore, Mr. Li and Invest Gain Limited will be considered as a closely allied group of Shareholders under Chapter 14A of the Listing Rules.

To the best understanding, knowledge and belief, having made all necessary enquiries, of the Directors, no Shareholder has a material interest in the June 2009 Agreement and therefore is required to abstain from voting if the Company were to convene a general meeting for the approval of the June 2009 Agreement.

LETTER FROM THE BOARD

The written approval from Mr. Li and Invest Gain Limited has been obtained by the Company. Pursuant to its letter dated 6 July 2009, the Stock Exchange has granted the waiver under Rule 14A.43 to the Company.

RECOMMENDATION

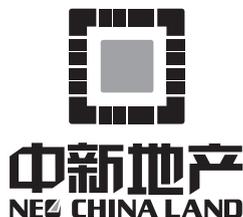
GF Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the June 2009 Agreement and the transactions contemplated thereunder. The Board (including the Independent Board Committee, having taken into account the advice of GF Capital), considers that the terms of the June 2009 Agreement are fair and reasonable and entering into the June 2009 Agreement is in the interests of the Company and its Shareholders as a whole.

FURTHER INFORMATION

Your attention is drawn to the further information contained in the appendices to this circular.

By order of the Board
NEO-CHINA LAND GROUP (HOLDINGS) LIMITED
Li Song Xiao
Chairman

* *for identification purposes only*

**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)

15 July 2009

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION**ACQUISITION OF AN ADDITIONAL 40% EQUITY INTEREST IN****天津市億嘉合置業有限公司****(TIANJIN CITY YI JIA HE ZHI YE COMPANY LIMITED*)**

We refer to the circular of the Company dated 15 July 2009 (the “Circular”) of which this letter forms part. Unless the context specifies otherwise, capitalized terms used herein have the same meaning as those defined in the Circular.

We have been appointed by the Board to advise the Independent Shareholders as to whether the terms of the June 2009 Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and entering the June 2009 Agreement is in the interests of the Company and its Shareholders as a whole. GF Capital has been appointed as the independent financial adviser to advise us and you in this respect.

Having taken into account the principal reasons and factors considered by and the advice of GF Capital as set out in its letter of advice to us and you on pages 16 to 28 of the Circular, we are of the opinion that the terms of the June 2009 Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and entering into the June 2009 Agreement is in the interests of the Company and its Shareholders as a whole.

Yours faithfully,
Independent Board Committee of
Neo-China Land Group (Holdings) Limited
Ms. Nie Mei Sheng, Mr. Zhang Qing Lin and Mr. Gao Ling
Independent Non-executive Directors

* *for identification purposes only*

The following is the text of a letter of advice from GF Capital, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in connection with the Disposal.



Suites 2301–5 & 2313, COSCO Tower
183 Queen's Road Central
Hong Kong

15 July 2009

*To the Independent Board Committee
and Independent Shareholders*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

DISPOSAL OF AN ADDITIONAL 40% OF THE EQUITY INTEREST IN 天津市億嘉合置業有限公司 (TIANJIN CITY YI JIA HE ZHI YE COMPANY LIMITED*)

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the connected transaction in relation to the terms of the June 2009 Agreement, particulars of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular of the Company dated 15 July 2009 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

As disclosed in the announcement of the Company dated 25 June 2009, on 10 June 2009, the Company, Wukuang, Zhongzhi, Lixing and the Project Company entered into (a) the June 2009 Agreement whereby it was agreed, inter alia, that Wukuang shall increase its equity interest in the Project Company to 60% and the aggregate consideration of which shall be RMB1,160 million (approximately HK\$1,315 million); and (b) the Third Supplemental Agreement in respect of the terms of cooperation by the relevant parties associated with the development of the Project. As RMB800 million was paid under the Second Supplemental Agreement, therefore the balance of the consideration payable under the June 2009 Agreement is RMB360 million (approximately HK\$408 million).

Wukuang holds 20% of the entire equity interest in and is a substantial shareholder of the Project Company, which is a non-wholly owned subsidiary of the Company, and therefore is a connected person of the Company under the Listing Rules. As the relevant percentage ratios calculated under Chapter 14 of the Listing Rules in relation to the June 2009 Agreement are over 5% but less than 25%, entering into the June 2009 Agreement

constitutes a discloseable and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules and is subject to the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, comprising all the independent non-executive directors of the Company, namely Ms. Nie Mei Sheng, Mr. Zhang Qing Lin and Mr. Gao Ling, has been established to give advice to Shareholders in relation to the Share Acquisition Agreements.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the June 2009 Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and are on normal commercial terms and whether entering into of the June 2009 Agreement is in the ordinary and usual course of business of the Company and in the interests of the Company and its Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information, statements, opinions and representations provided to us by the Company, its representatives and the directors of the Company for which they are solely and wholly responsible and we have assumed that all such information, statements, opinions and representations contained or referred to in the Circular were true, accurate and complete at the time they were made and continue to be true, accurate and complete at the date of the Circular. We have assumed that all statements of belief, opinion and intention made by the Company, its representatives and the directors of the Company as set out in the Circular were reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company that no material facts have been omitted from the information provided and referred to in the Circular. The directors of the Company have confirmed that they have provided us with all currently available information and documents which are available under present circumstances to enable us to reach an informed view and we have relied on the accuracy of such information and the information contained in the Circular to provide a reasonable basis of our opinions.

Our review and analyses were based upon the information provided by the Company which include, among others, (i) the June 2009 Agreement; (ii) the annual report of the Company for the year ended 30 April 2008; (iii) the interim report of the Company for the six months ended 31 October 2008 and (iv) the independent valuation report of the Land issued by Savills Valuation and Professional Services Limited (the "Valuer") dated 15 July 2009 (the "Valuation Report"). We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide us with a reasonable basis for our opinion. We have no reason to suspect that any material facts or information which are known to the Company, its representatives and the directors of the Company have been omitted or withheld from the information supplied or opinions expressed in the Circular nor to doubt the truth, accuracy and completeness of the information, facts, and representations provided, or the reasonableness of the opinions and representations expressed by the Company, its representatives and the directors of the Company. We have not, however, carried out any independent verification on the information provided to us by

the Company, its representatives and the directors of the Company, nor have we conducted an independent in-depth investigation into the business affairs, assets and liabilities, and the prospects of the Company and the Project Company.

Our opinion is necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations and opinions made available to us as of, the Latest Practicable Date. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion offered to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

1. Information on the Group

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

Review of financial performance of the Group

Based on the information set out in the 2008 annual report and interim report of the Company, the financial information of the Company is summarized as follows:

	For the year ended 30 April		For the six months ended
	2007	2008	31 October
	(Audited)	(Audited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000
Turnover	2,779,845	5,029,260	57,802
Gross profit	542,229	968,686	19,470
Profit/(Loss) attributable to equity holders of the Company	833,319	1,550,486	(271,426)
	As at 30 April		As at
	2007	2008	31 October
	(Audited)	(Audited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000
Total current assets	12,155,330	21,765,899	23,841,829
Total non-current assets	1,988,801	5,797,625	4,942,746
Total assets	14,144,131	27,563,524	28,784,575
Total current liabilities	4,531,157	10,717,293	12,879,844
Total non-current liabilities	4,101,423	7,766,908	7,445,524
Total liabilities	8,632,580	18,484,201	20,325,368
Net assets	5,511,551	9,079,323	8,459,207

For the year ended 30 April 2008, the Group recorded a turnover of approximately HK\$5.03 billion, representing an increase of approximately 80.9% over 2007. Profit attributable to Shareholders amounted to HK\$1.55 billion, representing an increase of approximately 86.1% over 2007. However, during the six months ended 31 October 2008, the Group recorded a turnover of HK\$57.8 million, representing a decrease of approximately 94.4% as compared to the same period in 2007. The drop in turnover was mainly due to the macro-control policies and austerity measures implemented on the real estate market by the PRC Government as well as the material downturn in global financial markets which has resulted in tightened monetary policy in the PRC and worldwide. The sentiment of the PRC real estate market has been adversely affected and become stagnant. As a result of the impact of the earthquake that occurred in Sichuan, the PRC, in May 2008, completion of the construction/development of the Group's several projects in the PRC had to be delayed resulting in the Group generating substantially less sales for the six months ended 31 October 2008 as compared to the six months ended 31 October 2007. In addition, we note that as disclosed in the 2008 interim report of the Company, as at 31 October 2008, the Group had cash and bank balance of approximately HK\$2,522 million with net assets totaling to HK\$8,459 million and current ratio at approximately 1.85. The net debt of the Group as at 31 October 2008 amounted to HK\$6,585 million with the Group's gearing ratio to be of 77.8% at 31 October 2008 calculated as net debt over total equity of HK\$8,459 million.

We also note from the 2008 interim report of the Company that the Group has about 16 projects which comprise a gross floor area of 14,771,360 sq.m. or a saleable gross floor area of 12,848,246 sq.m., including completed property developments with a saleable gross floor area of 1,938,262 sq.m., property under development with a planned saleable gross floor area of 2,223,342 sq.m., and properties held for future development with a planned saleable gross floor area of 8,686,642 sq.m..

On 8 May 2009, the Company issued a profit warning announcement which stated that the Group may record a substantial decline in its revenue and profits with respect to its results for the year ended 30 April 2009 as compared to its results for the year ended 30 April 2008. It further stated that the material downturn in the global financial markets had continuously been giving an adverse effect to the market sentiment of the PRC property market and slowed down the development of the Group's projects as well as the sales of its property units, resultantly giving a negative impact to the operating results of the Group for the year ended 30 April 2009.

On 11 May 2009, the Company announced, among other things, that the Company shall, at the option of the holder of the HK\$1,340,000,000 zero coupon convertible bonds due 2011 issued by the Company (the "Bonds"), redeem all of that holder's Bonds at the price of HK\$6,300 for each HK\$10,000 principal amount of the Bonds. We note that as at the date of that announcement, there was HK\$917,010,000 Bonds outstanding. Accordingly the amount required for the full redemption is expected to be HK\$577,716,300.

In summary, we note that (i) the Group's gearing ratio is high as at 31 October 2008; (ii) most of the land bank of the Group are properties under development and properties held for future development which require further investment from the Group before they can generate cash inflow; (iii) the Group's operating results for the year ended 30 April 2009 is expected to be not satisfactory; and (iv) approximately

HK\$578 million cash will be required for the full redemption of the Bond. As a result we are of the view that the Disposal would (i) provide additional cash for the Group's working capital; and (ii) reduce the Group's capital commitment on the Project. Further analysis on these view are set out in the sections "4. Terms of the Disposal" and "5. Reasons for the Disposal" below.

2. Background of the Disposal

Reference is made to the Company's announcement and circular of 30 May 2008 and 20 June 2008 respectively in relation to the Company entering into the Cooperation Agreements, which consisted of the Master Agreement as amended by the First Supplemental Agreement and the Second Supplemental Agreement, with Wukuang and others for the cooperation in the development of the Project in Tianjin, the PRC and the disposal of 20% of the equity interest in the Project Company by the Group to Wukuang.

On 10 June 2009, the Company, Wukuang, Zhongzhi, Lixing and the Project Company entered into the June 2009 Agreement whereby the following were agreed:

1. Wukuang shall purchase an additional 40% of the equity interest in the Project Company and immediately after completion of the Share Transfer, Wukuang shall hold 60% of the equity interest in the Project Company and the remaining 40% shall be held by (a) Lixing as to 30%; and (b) Zhongzhi as to 10% respectively;
2. the aggregate consideration for 60% of the equity interest in the Project Company shall be RMB1,160 million (approximately HK\$1,315 million), of which RMB800 million (approximately HK\$907 million) was paid and settled pursuant to the terms of the Second Supplemental Agreement. The remaining balance of RMB360 million (approximately HK\$408 million) shall be paid by Wukuang to Lixing within 15 working days upon signing of the June 2009 Agreement; and
3. on the date of signing of the June 2009 Agreement, the relevant parties shall have completed the signing of all relevant necessary documents in relation to the Share Transfer and within 5 working days upon signing of the June 2009 Agreement, the relevant parties shall have completed the necessary registrations with respect to the Share Transfer.

Also on 10 June 2009, Wukuang, Zhongzhi, Lixing and the Project Company entered into the Third Supplemental Agreement whereby certain terms in respect of the cooperation by the relevant parties for the development of the Project were agreed. Details of which please refer to the section "THE THIRD SUPPLEMENTAL AGREEMENT" in the Letter from the Board.

3. Information on the Project Company

The Project Company is a company established in the PRC with a registered capital of RMB38 million (approximately HK\$43 million). The Project Company is currently engaged in property development in Tianjin, the PRC. The Project Company currently owns the development right of the Land situated at 天津北辰區宜興埠舊村 (Tianjin Beichen Qu Yi Xing Bu Jiu Chun*), the PRC with a gross construction area of approximately 2,040,000 square meters. As at the Latest Practicable Date, the Project Company was owned as to 20% by Wukuang, 70% by Lixing and 10% by Zhongzhi.

Based on the information set out in the latest audited report and management account which are prepared based on the generally accepted accounting principals of the PRC, the financial information of the Target Company is summarized as follows:

	For the year ended 31 December	
	2007	2008
	(Audited) <i>RMB'000</i>	(Audited) <i>RMB'000</i>
Turnover	0	0
Gross profit	0	0
Profit/(Loss) attributable to equity holders	(67)	(259)
	As at 31 December	
	2007	2008
	(Audited) <i>RMB'000</i>	(Audited) <i>RMB'000</i>
Total current assets	739,690	1,748,569
Total non-current assets	51,002	51,207
Total assets	790,692	1,799,776
Total current liabilities	727,245	1,736,615
Total non-current liabilities	0	0
Total liabilities	727,245	1,736,615
Net assets	63,447	63,161

4. Terms of the Disposal

Pursuant to the terms of the June 2009 Agreement, Lixing, a wholly-owned subsidiary of the Company, will dispose of 40% interest in the Project Company. Together with the disposal of 20% interest in the Project Company pursuant to the April 2008 Agreement, the Group will have disposed of in aggregate 60% interest in the Project Company for an aggregate consideration of RMB1,160 million.

Based on the Directors' representation and the audited accounts of the Project Company as prepared under the generally accepted accounting principles of the PRC for the year ended 31 December 2008, the audited net asset value of the Project Company and the carrying value of the Land as at 31 December 2008 were approximately RMB63 million and approximately RMB990 million respectively.

The value of the Land as shown in the Valuation Report was approximately RMB1,760 million as at 31 May 2009, Taking into account of the fair value of the Land, the adjusted net asset value of the Project Company as at 31 December 2008 shall be approximately RMB833 million (after adjusting for RMB770 million, being the difference of the valued amount of the Land and its carrying cost in the accounts of the Project Company). 40% thereof shall be equivalent to approximately RMB333 million. Accordingly the consideration of RMB360 million for the disposal of additional 40% interest in the Project Company represents a premium of 8% over the 40% adjusted net asset value of the Project Company (i.e. RMB333 million). In addition, as discussed in the following

paragraph in relation to the Third Supplemental Agreement, we note that Wukuang will take up its responsibilities under the Third Supplemental Agreement by contributing the development fund which is beneficial to the overall development of the Project. Therefore we are of the view that the consideration of RMB360 million for the disposal of additional 40% interest in the Project Company is fair and reasonable and on normal commercial terms.

We note that on 10 June 2009, Wukuang, Zhongzhi, Lixing and the Project Company entered into the Third Supplemental Agreement whereby certain material terms in respect of the cooperation by the relevant parties for the development of the Project were agreed. Based on the Director's representation, we understand that the principal objective for entering into of the Third Supplemental Agreement is to amend the Cooperation Agreements in accordance with the proposed change in the respective equity interests of the relevant parties in the Project Company after the entering into of the June 2009 Agreement. Due to the proposed change of control over the Project Company from Lixing and Zhongzhi to Wukuang, the terms of the Third Supplemental Agreement shall reflect the changes of rights and responsibilities in the Project Company among these parties. Set out below are the material terms of the Third Supplemental Agreement extracted from the Letter of the Board and our opinions on them:

- A. *With respect to the share of lots within the Land and the share of profit with respect to the Project Land:*
1. Wukuang, Lixing and Zhongzhi agreed to transfer Lot No. 3 of the Land, which has a gross construction area of approximately 410,000 square meters, to Wukuang and Wukuang will be solely responsible for the development of the said lot;
 2. Wukuang, Lixing and Zhongzhi unanimously agreed to have the following terms with respect to the development and the sharing of profit of the Project:
 - (a) out of the total construction area of 2,040,000 square meters, Wukuang shall have the sole ownership of the right to develop, handle and share the profit derived from Lot Nos. 3, 7 and 8 which have a total gross construction area of approximately 1,210,000 square meters while Lixing and Zhongzhi shall give up their right to develop, handle and share the profit derived from the above lots;
 - (b) Lixing and Zhongzhi shall have the sole ownership of the right to develop, handle and share the profit derived from the Land other than Lot Nos. 3, 7 and 8;
 - (c) Wukuang, the Company and any related parties shall cease to establish the new project company in accordance with the terms of the Cooperation Agreements, and will not be sharing the profit derived from the development of the Project Land at the ratio of 85:15. Accordingly, the terms relating to the "new project company" and any matters related thereto as set out in the Cooperation Agreements will cease to have any further effect; and

- (d) in the event that the registered capital of the Project Company and/or the four project companies that the Project Company will be invested in is not paid up, the Company and its related parties shall be responsible for paying up the remaining balance of the registered capital of the above companies;
3. Lixing shall continue to carry out its responsibilities under the Cooperation Agreements, which shall include demolition and re-settlement and obtaining planning, land clearance of the Project Land. After taking over the operation of the Project Company by Wukuang, Lixing shall continue to carry out the above responsibilities on the condition that its work will not affect the development of the Project Land. Wukuang has the right to raise requisitions with respect to the progress of the demolition and re-settlement of the Project Land; and
4. Wukuang, Lixing and Zhongzhi shall have the right to share their profits in accordance with the terms of a shareholders' agreement.

We note that under this profit sharing arrangement, Wukuang shall have the sole ownership of the right to develop, handle and share the profit derived from Lot Nos. 3, 7 and 8 while Lixing and Zhongzhi shall have the sole ownership of the right to develop, handle and share the profit derived from the Land other than Lot Nos. 3, 7 and 8. We understand from the Company and the valuer that save for the size, Lot Nos. 3, 7 and 8 have no material difference with other Lots and thus it is reasonable to presume the value per square meter is the same over the Land. Lot Nos. 3, 7 and 8's total gross construction area of approximately 1,210,000 square meters represents approximately 59.3% of the Land's total construction area of 2,040,000 square meters. As the Project Company will be owned as to 60% by Wukuang and 40% by Lixing and Zhongzhi upon completion of the Disposal, we are of the view that this profit sharing arrangement is fair and is in line with the principal objective of the June 2009 Agreement for the change in rights in the Project Company among all relevant parties.

B. With respect to the contributed amount to the Project Land by Wukuang, the advancement by shareholders' funds and the terms of payment:

1. Wukuang is responsible for contributing a total amount of funds of RMB1,584 million (approximately HK\$1,796 million) for the Project Land. The Company, Wukuang, the Project Company, Zhongzhi and Lixing acknowledged that Wukuang has already paid RMB640 million and a balance of RMB944 million remains outstanding. Wukuang has also confirmed that the contributed funds of RMB1,584 million will be treated as a shareholder's loan by the Project Company;
2. the funds contribution by Wukuang for the Project Land shall be paid as follows:
 - (a) apart from the amount paid by Wukuang to the Project Company of RMB640 million, the remaining amount that is required to be paid for the demolition and re-settlement expenses of the Project Land shall be RMB944 million. If any excess amount is required, Lixing shall be

responsible for the payment of such an excess amount and the Company shall ensure that the said responsibility is carried out by Lixing while Wukuang will not be responsible for any of such an excess amount; and

- (b) Wukuang shall pay its contributed amount as follows:
- (i) Wukuang shall contribute the remaining balance of RMB944 million in accordance with the progress of the Project; and
 - (ii) the Project Company will only be responsible for the debts incurred by Lixing, Zhongzhi and any of the Company's related companies up to 31 March 2009 and will not be responsible for any debts incurred by any of these companies after 31 March 2009. With respect to any payments incurred by Lixing, Zhongzhi and any of the Company's related companies in relation to demolition and re-settlement of the Project Land from 31 March 2009 to the date of completing the Share Transfer (the "Incurred Amount"), the Project Company will review and confirm whether it will take up any of the Incurred Amount and the Project Company shall settle the Incurred Amount at its discretion after taking into account the progress of the demolition and re-settlement of the Project Land, its cashflow position and the progress of the development of Lot Nos. 3, 7 and 8.

We note that under this capital contribution arrangement, Wukuang is responsible for contributing a total amount of funds of RMB1,584 million which will be treated as a shareholder's loan by the Project Company. As discussed in the section "1. Information on the Group" above, the Group's pressure with respect to the fund requirements is relatively high at present. We understand from the Company that the contribution amount of RMB1,584 million by Wukuang is expected to be sufficient for the demolition and re-settlement expenses of the Project Land and thus the Group will not be required to bear such expenses. We are of the view that the fund contributed by Wukuang can accelerate the progress of the demolition and re-settlement and is favourable to the overall development of the Project. It can greatly relieve the fund pressure of the Group and enable the Group to reserve its working capital on other projects. We are also of the view that the fund contribution by Wukuang is favourable to the Group and is in line with the principal objective of the June 2009 Agreement for the change in responsibilities in the Project Company among all relevant parties.

C. With respect to any agreements entered into by the relevant parties prior to the Third Supplemental Agreement concerning the rights and responsibilities of the relevant parties:

1. upon completion of the Share Transfer, Lixing shall take up all of the rights, responsibilities and duties of the Company, Lixing and Zhongzhi under the Cooperation Agreements, including but not limited to the compensation, costs and expenses relating to demolition and re-settlement, land clearance and obtaining government approvals of the Project Land;

2. the Company, Lixing and Zhongzhi agreed to continue being responsible for the relevant matters with respect to the Project and liaising and coordinating with the relevant governmental authorities in Tianjin City and Beichen District (including monitoring the control over costs, the progress of the demolition and re-settlement, obtaining the land use rights for Lots Nos. 3, 7 and 8 and the relevant approvals and completing the necessary procedures in relation the development of the Project); and
3. in the event that there is any change in the shareholding of the Project, the affected outgoing shareholder shall provide complete and full disclosure to the new shareholder of the Project of all relevant matters and legal documents (including the minutes of the shareholders' meetings), and the agreed terms of cooperation among the parties with respect to the Project. The rights and responsibilities of the affected outgoing shareholder shall be taken up by the new shareholder.

We are of the view that as Wukuang has been responsible for contributing the fund for the development of the Project, it is reasonable for the Company, Lixing and Zhongzhi, which belong to the same Group, to be responsible for undertaking the preliminary development works of the Project including demolition and re-settlement and obtaining planning approval and land clearance. Shareholders should note that such division of responsibilities had already been agreed in the Cooperation Agreements. The Third Supplemental Agreement simply redefine and clarify the responsibilities of all relevant parties upon the proposed change of control over the Project Company pursuant to the June 2009 Agreement.

D. With respect to the arrangement of protecting the rights and benefits of Wukuang:

Lixing and Zhongzhi agree to pledge each of their respective shareholdings, which amount to an aggregate of 40% of the equity interest, in the Project Company to Wukuang as security for any possible breach of the responsibilities of the Company, the Project Company, Lixing and Zhongzhi under this agreement. In the event that any of the Company, the Project Company, Lixing and Zhongzhi or any combination of these parties is in breach of any of the responsibilities as agreed under this agreement, Wukuang has the right to use the Pledged Shares as security and can exercise its right over the Pledged Shares in accordance with the relevant laws and regulations.

During the period of pledging the Pledged Shares to Wukuang, all shareholder's rights of Zhongzhi and the rights and benefits of developing the Land, excluding Lot Nos. 3, 7 and 8, shall not be affected.

The procedures relevant to pledging the Pledged Shares and the Share Transfer shall be taken care of and be effective simultaneously and Wukuang shall at the same time settle the payment of RMB360 million pertaining to the Share Transfer in accordance with the terms of the June 2009 Agreement.

We are of the view that as Wukuang has been responsible for contributing the fund for the development of the Project, it is reasonable for Wukuang to request the Company, Lixing and Zhongzhi to faithfully take up their responsibilities under the Third Supplemental Agreement. As the shareholder's rights will not be affected during

the period of pledging the Pledged Shares, we consider that this arrangement is acceptable and is in line with the principal objective of the June 2009 Agreement for the change in responsibilities in the Project Company among all relevant parties.

E. With respect to the rights of Wukuang in transferring its ownership of Lot Nos. 3, 7 and 8 of the Project or continuing its ownership of 60% of the Project Company as well as any tax responsibilities:

1. When Lot Nos. 3, 7 and 8 (or any of them) has satisfied the conditions for transfer, Wukuang has the right to transfer these lots (or any of them) to a nominee project company of Wukuang. Lixing and Zhongzhi shall vote for the resolution approving the said transfer in the shareholders' meeting convened to approve the transfer and shall assist Wukuang in completing the necessary procedures with respect to the transfer. All relevant tax charges in respect of the transfer of Lot Nos. 3, 7 and/or 8 shall be borne by Lixing.

Upon completion of the transfer of Lot Nos. 3, 7 and 8 to the nominee project company of Wukuang, Wukuang shall transfer its 60% equity interest in the Project Company to Lixing. All tax charges associated with the said transfer shall be borne by Lixing.

The price for transferring Lot Nos. 3, 7 and 8 shall be deducted from the amount of the shareholder's loan contributed by Wukuang to the Project Company in corresponding to their respective transfer price. Any difference which is in excess of the transfer price shall be paid out of the consideration paid by Wukuang on the transfer of the 60% equity interest in the Project Company (note). The aggregate price for transferring Lot Nos. 3, 7 and 8 shall not exceed the total amount of the shareholder's loan and consideration paid with respect to the equity interest in the Project Company as set out above. Upon completion of the above land and share transfer, Wukuang and its nominee project company shall cease to have any relationship with respect to shareholding, debts and liabilities with the Project Company, Lixing and Zhongzhi.

2. If, prior to completion of the demolition and re-settlement of the Project Land, Lixing wishes to transfer the land lots which it has the development right to a designated company, it shall be required to obtain unanimous consent from all the other shareholders of the Project Company and take up all tax related charges with respect to the said transfer. If, upon completion of the demolition and re-settlement and related matters of the Project Land and the relevant land lots have satisfied the conditions for transfer, Lixing has the right to transfer the said land lots to a designated company. Wukuang and the Project Company shall give their unanimous consent to the said transfer. The tax charges associated with the said transfer shall be borne by Lixing. If Lixing and Zhongzhi transfer and have completed the transfer of the development right and benefit on the Land other than Lot Nos. 3, 7 and 8 to their designated company, they shall return the 40% equity interest in the Project Company to Wukuang. All tax charges associated with the said transfer shall be borne by Lixing. Upon completion thereof, Lixing and Zhongzhi shall cease to have any relationship with respect to shareholding, debts and liabilities with the Project Company and Wukuang.

We are of the view that these terms provide an equal opportunity for both the Group and Wukuang to own the portions of Land which it entitled to derive profit under the profit sharing arrangement as discussed above. Accordingly we consider that they are fair to all relevant parties and in line with the principal objective of the June 2009 Agreement for the change in rights in the Project Company among all relevant parties.

In conclusion, we are of the view that it is fair and reasonable for the Group to enter into the Third Supplemental Agreement, the terms thereof relieve the Group's fund pressure with respect to the fund requirement on the Project and provide reasonable amendments to the Cooperation Agreements to reflect the proposed changes of rights and responsibilities in the Project Company among the relevant parties upon completion of the Disposal. Taking into account the benefits of the Third Supplemental Agreement to the Group, we are of the view that the terms of the June 2009 Agreement are fair and reasonable and are in the interests of the Company and Shareholders as a whole.

5. Reasons for the Disposal

As disclosed in the Letter from the Board, the Group is principally involved in the business of property investment and development in the PRC. The Disposal allows the Group to realize part of its investment in the Project, which will bring a cash inflow of approximately RMB360 million (or approximately HK\$408 million) as the Group's additional working capital, and will further enhance its partnership arrangement with Wukuang in the development of the Project.

The Board (excluding the independent non-executive Directors whose view is set out in the Letter from the Independent Board Committee) considers that the terms and conditions of the June 2009 Agreement, including the consideration thereof, are on normal commercial terms which are fair and reasonable and entering into the June 2009 Agreement is in the interests of the Company and its Shareholders as a whole.

As stated in the 2008 interim report of the Company, the Group has been focusing on, among other things, adjusting its present land portfolio, and speeding up its cash flow by flexible sales strategies, so as to enhance its defense capability against risks in the current volatile economic situation.

We are of the view that the Disposal aligns with the business strategy of the Group which is to enhance its defense capability against risks by adjusting its present land portfolio. As discussed under the section "1. Information on the Group" above, most of the land bank of the Group are properties under development and properties held for future development. The entering into of the June 2009 Agreement and the Third Supplemental Agreement would reduce the Group's capital commitment on the Project and provide additional cash for general working capital, and possibly the development of other projects. Accordingly we concur with the view of the Directors that the June 2009 Agreement has been entered into on normal commercial terms in the ordinary and usual course of business of the Company and the terms of the June 2009 Agreement are fair and reasonable and in the interests of Shareholders as a whole.

6. Financial effects of the Disposal

The financial effects of the Disposal on the Group are summarized as follows:

Earnings

After the Disposal, the Project Company will cease to be a subsidiary of the Company. Its results will no longer be consolidated with the results of the Company. With reference to the carrying value of the Group in the Project Company and taking into account the consideration of RMB360 million, the Group is expected to record a gain from the Disposal of approximately RMB17 million after netting off the possible relevant tax charges and expenses.

Liquidity and financial resources

According to the June 2009 Agreement, the consideration amounting to RMB360 million will be payable to Lixing in cash. Accordingly the Group's cash flow position shall be improved accordingly.

Based on the above analysis, it appears that the Disposal will have a positive impact on the financial performance and position of the Group. Accordingly we are of the view that the Disposal is in the interests of the Company and its Shareholders as a whole.

CONCLUSIONS

Having considered the principal factors and reasons discussed above, we are of the view that the June 2009 Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Company and the terms of the June 2009 Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise Shareholders to vote in favour of the resolution approving the Disposal; and (ii) the Independent Shareholders to vote in favour of the resolutions approving the Disposal if a meeting of the Independent Shareholders has to be convened.

For and on behalf of
GF Capital (Hong Kong) Limited
Dino Ng

Managing Director and Co-Head of Corporate Finance

* *for identification purposes only*

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular and received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with the valuation as at 31 May 2009 of the property for the purpose of disposal.



Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA Licence: C-023750
savills.com

The Directors
Neo-China Land Group (Holdings) Limited
Units 1908–09, 19th Floor
Office Tower, Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

15 July 2009

Dear Sirs,

RE: A PARCEL OF LAND LOCATED AT SOUTH TO PU JI HE DONG AND WEST TO WAI HUAN BEI ROAD, YIXINGBU TOWN, BEICHEN DISTRICT, TIANJIN, THE PEOPLE'S REPUBLIC OF CHINA (天津市北辰區宜興埠鎮普濟河東道以南外環北路以西) (THE "PROPERTY")

In accordance with the instructions from Neo-China Land Group (Holdings) Limited (the "Company") for us to value the property held by Tianjin City Yi Jia He Zhi Ye Company Limited (天津市億嘉合置業有限公司) (the "Project Company") located in the People's Republic of China (the "PRC"), we confirm that we have carried out an inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the property as at 31 May 2009 ("date of valuation") for incorporation in a public circular.

Our valuation of the property is our opinion of its market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion”.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

We have valued the property on the basis that it will be developed and completed in accordance with the development proposal provided to us by the Company. We have also assumed that all consents, approvals and licences from relevant government authorities for the development proposal of the property have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the relevant markets and have also taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development.

We have been shown copies of title documents relating to the property, such as State-owned Land Use Rights Grant Contract, etc. However, we have not inspected the original documents to verify the ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. We have relied to a very considerable extent on the information given by the Company and its PRC legal adviser, Guantao Law Firm, on the title to the property. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, development proposal, estimated completion date, demolition and resettlement fee, particulars of occupancy, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided by the Company to us and are therefore only approximations. We have not been able to carry out on-site measurements to verify the site and floor areas of the property and have assumed that the site and floor areas shown on the documents provided to us are correct. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

We have inspected the property. In the course of our valuation, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

In valuing the property, we have had regard to the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the Valuation Standards on Properties (First Edition January 2005) published by the Hong Kong Institute of Surveyors.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Charles C K Chan
MSc FRICS FHKIS MCI Arb RPS (GP)
Managing Director

Note: Charles C K Chan, *MSc, FRICS, FHKIS, MCI Arb, RPS (GP)*, is a qualified valuer and has about 24 years' experience in the valuation of properties in Hong Kong and has about 19 years' experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property held by the Project Company for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2009																								
A parcel of land located at South to Pu Ji He Dong and West to Wai Huan Bei Road, Yixingbu Town, Beichen District, Tianjin, PRC	<p>The property comprises a parcel of land with a site area of approximately 1,115,476.40 sq.m. (12,006,988 sq.ft.).</p> <p>According to the latest development proposal provided, the property will be developed into a residential and commercial development with ancillary facilities in six phases. Upon completion, the property will provide a total gross floor area of approximately 2,042,750 sq.m. (21,988,161 sq.ft.), the breakdown of which is as follows:</p> <table border="1"> <thead> <tr> <th>Use</th> <th colspan="2">Approximate gross floor area</th> </tr> <tr> <td></td> <th>sq.m.</th> <th>sq.ft.</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>1,591,410</td> <td>17,129,937</td> </tr> <tr> <td>Commercial</td> <td>275,040</td> <td>2,960,531</td> </tr> <tr> <td>Ancillary facilities</td> <td>102,900</td> <td>1,107,616</td> </tr> <tr> <td>Utility facilities</td> <td>44,100</td> <td>474,692</td> </tr> <tr> <td>Education</td> <td><u>29,300</u></td> <td><u>315,385</u></td> </tr> <tr> <td>Total</td> <td><u>2,042,750</u></td> <td><u>21,988,161</u></td> </tr> </tbody> </table>	Use	Approximate gross floor area			sq.m.	sq.ft.	Residential	1,591,410	17,129,937	Commercial	275,040	2,960,531	Ancillary facilities	102,900	1,107,616	Utility facilities	44,100	474,692	Education	<u>29,300</u>	<u>315,385</u>	Total	<u>2,042,750</u>	<u>21,988,161</u>	<p>Currently, there are some old and small bungalows erected on the site.</p> <p>As advised by the Company, demolition of such structures commenced in 2007. During our inspection, demolition works of portion of the site were completed.</p>	RMB1,760,000,000
Use	Approximate gross floor area																										
	sq.m.	sq.ft.																									
Residential	1,591,410	17,129,937																									
Commercial	275,040	2,960,531																									
Ancillary facilities	102,900	1,107,616																									
Utility facilities	44,100	474,692																									
Education	<u>29,300</u>	<u>315,385</u>																									
Total	<u>2,042,750</u>	<u>21,988,161</u>																									

As advised by the Company, the whole development is scheduled for completion in 2018.

The land use rights of the property have been granted for three respective terms of 70, 50 and 40 years for residential, office and commercial uses. (Please see note (1))

Notes:

- (1) Pursuant to State-owned Land Use Rights Grant Contract (the "Grant Contract") entered into between Tianjin Planning and Land Resources Bureau ("Party A") and the Project Company on 18 October 2004, Party A agreed to grant the land use rights of a parcel of land with a site area of approximately 1,115,476.40 sq.m. to the Project Company for a land grant fee of RMB82,273,670 for terms of 70, 50 and 40 years for residential, office and commercial uses, respectively. As advised by the Company, the said land grant fee has been fully settled.

Pursuant to the Supplementary Agreement to the Grant Contract entered into between Party A and the Project Company on 14 November 2007, the supplementary agreed terms for the land are as follows:

- a) Total gross floor area : 2,042,750 sq.m. (among 1,664,810 sq.m. for residential use and 377,940 sq.m. for commercial and office uses)
- b) Land grant fee : RMB152,534,884
- c) Development period : Commencement of construction works should be started in one year after entering into this agreement. The property should be completed in 6 years after the date of commencement.

As advised by the Company, the said additional land grant fee has been fully paid as at the date of valuation.

- (2) Pursuant to the Housing Demolition Contract (房屋拆遷委托合同) entered into between the Project Company and 天津市辰苑物業管理有限責任公司, the agreed terms for demolition and resettlement are as follows:

- a) Total demolition gross floor area : 1,110,000 sq.m. (810,000 sq.m. for residential use and 300,000 sq.m. for non-residential use)
- b) Demolition commencement date : 15 May 2007
- c) Demolition and resettlement fee : RMB4,391,782,512

- (3) Pursuant to the Construction Land Planning Permit No. 2005 Jin Di Zheng Zi 0004 issued by Tianjin Planning Bureau on 6 January 2005, the site with an area of 1,115,476.40 sq.m. of the property was permitted for construction use.

- (4) As advised by the Company, the expended demolition and resettlement fee was RMB887,983,352 while the outstanding resettlement fee to be expended as at the date of valuation was RMB3,503,799,160. We have taken into account the aforesaid amounts in undertaking our valuation accordingly.

- (5) We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, Guantao Law Firm, which contains, inter alia, the following information:

- (i) The Project Company has entered into a state-owned land grant contract with Tianjin Planning and Land Resources Bureau and has been granted with the land use rights of the property for terms of 70, 50 and 40 years upon obtaining the state-owned land use certificate for residential, office and commercial uses, respectively;
- (ii) The state-owned land grant contract is legal and valid and the land grant fee was fully settled;
- (iii) There shall be no legal impediment for the Project Company to process the state-owned land use certificate upon the completion of implementation the terms stipulated in the state-owned land use rights grant contract by the Project Company and the land condition is suitable for delivery;
- (iv) The Project Company is entitled to transfer, lease, mortgage the land use rights of the property or use for other economic activities as long as the invested amount of the property reaches 25% of the total investment amount of the development (excluding land premium);
- (v) Construction Land Planning Permit and Construction Project Planning Permits for portion of the land of the property have been obtained and the planning is in compliance with the requirement of city planning and permitted for processing the land resumption procedures; and
- (vi) Pursuant to the 房屋拆遷許可證 (Housing Demolition Permit), the Project Company is entitled to proceed demolition and the demolition period is from 28 April 2007 to 27 April 2008. According to 《天津市實施〈城市房屋拆遷管理條例〉細則》 (the Implementation Details of City Housing Demolition Management Clause of Tianjin) and advised by the Project Company, there shall be no legal impediment for the Project Company to apply and extend the demolition period.

1. 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 herein misleading.

2. DISCLOSURE OF INTERESTS

(a) 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 Securities and Futures Ordinance (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 (the “Model Code”) and which were required to be entered into the register required to be kept under section 352 of the SFO were as follows:

(i) Long position in the ordinary shares of the Company

Name of Director	Capacity	No. of shares interested in	Approximate percentage of the Company’s issued share capital
Mr. Li	Interest in corporation <i>(note)</i>	1,051,762,995	
	Beneficial owner	<u>3,157,500</u>	
		<u>1,054,920,495</u>	54.21
Liu Yan	Beneficial owner	800,000	0.04
Niu Xiao Rong	Beneficial owner	1,375,000	0.07

Note:

Mr. Li was deemed to be interested in 1,051,762,995 Shares which were held by Invest Gain Limited.

(ii) *Long position in the underlying shares of the Company-physically settled unlisted equity derivatives*

Name of Director	Capacity	No. of share options outstanding	Approximate percentage of the Company's issued share capital
Mr. Li	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	0.31
Jia Bo Wei	Beneficial owner	2,500,000	0.13
Bao Jing Tao	Beneficial owner	250,000	0.01

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.

(b) Interests of 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 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:

(i) Long/short positions in the ordinary shares of the Company

Name of substantial Shareholder	Long/ short position	Capacity	No. of Shares interested in	Approximate percentage of the Company's issued share capital
Invest Gain Limited <i>(note (a))</i>	Long	Beneficial Owner	1,051,762,995	54.05
Liu Hui <i>(note (b))</i>	Long	Beneficial owner and Interest in spouse	1,054,920,495	54.21
Deutsche Bank Aktiengesellschaft	Long	Beneficial owner and person having a security interest in shares	113,821,616	5.85
	Short	Beneficial owner and person having a security interest in shares	48,095,651	2.47

Notes:

- (a) These Shares held by Invest Gain Limited were beneficially owned by Mr. Li. Such interest was also disclosed as the interest of Mr. Li in the section headed "Interests of Directors" above.
- (b) Ms. Liu Hui, the spouse of Mr. Li, was deemed to be interested in 1,054,920,495 ordinary Shares, being the interest held by Mr. Li.

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 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.

3. DIRECTORS' SERVICE CONTRACTS

None of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware of, no Directors or their respective associates had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Company.

5. LITIGATION

As at the Latest Practicable Date, no member of the Company was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Company.

6. DIRECTORS' INTEREST IN CONTRACTS

As at the Latest Practicable Date, none of the Directors

- (a) has any direct or indirect interest in any assets which have been, since 30 April 2008, the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (b) has any material interest in any contract or arrangement which is significant in relation to the business of the Group.

7. MATERIAL CHANGES

Reference is made to the Company's profit warning announcement of 8 May 2009. As noted therein, the Group may record a substantial decline in its revenue and profits with respect to its results for the year ended 30 April 2009 as compared to its results for the year ended 30 April 2008.

Save for the above information, the Directors confirm that there were no other matters which might cause or have caused any material adverse changes in the financial or trading position of the Group since 30 April 2008, the date to which the latest published audited accounts of the Group have been made up that should be brought to the attention of Shareholders.

8. EXPERTS AND CONSENT

The following are the qualifications of the experts whose reports are contained in this circular:

Name	Qualification
GF Capital	a corporation licensed to perform type 6 (advising on corporate finance) regulated activity under the SFO
Savills	independent property valuer

Each of GF Capital and Savills has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and report and the reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of GF Capital and Savills did not have any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of GF Capital and Savills did not have any direct or indirect interest in the Agreement and any assets which has been, since 30 April 2008 (the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during the normal business hours at the principal place of business in Hong Kong of the Company at Unit 1908–9, 19th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong from the date of this circular and up to and including 31 July 2009:

- (a) the Corporation Agreements;
- (b) the April 2008 Agreement;
- (c) the June 2009 Agreement;
- (d) the written consent referred to in the paragraph headed “Expert and consent” in this appendix;
- (e) the letter from the Independent Board Committee dated 15 July 2009;
- (f) the letter of advice from GF Capital, the Independent Financial Adviser, dated 15 July 2009; and
- (g) the valuation report on the Land.