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

**中新地產集團(控股)有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Shares – Stock Code: 563;**

**Convertible bonds due 2011 – Stock Code: 2528)**

### **UPDATE ON THE DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF INTERESTS IN STAR PROFIT GROUP**

**and**

### **POSSIBLE DISPOSAL OF INTEREST IN THE SALE AND PURCHASE AGREEMENT**

#### **UPDATE ON THE SALE AND PURCHASE AGREEMENT**

On 4 March 2010, the Company received the Second Instalment payable under the Sale and Purchase Agreement but the balance of the Consideration remains outstanding.

#### **AGREEMENTS WITH BEIJING HENGXIN**

The Company entered into the Transfer Agreement with Beijing Hengxin pursuant to which the Company agreed to transfer its rights and obligations under the Sale and Purchase Agreement to Beijing Hengxin. The consideration receivable by the Company for the transfer is HK\$551,940,370 or its equivalent in RMB, plus interest calculated at a daily interest rate of 0.03% on the balance of the Consideration from the date such payment is due until 12 September 2010.

The Company also entered into the Deposit Agreement with Beijing Hengxin pursuant to which Beijing Hengxin agreed to pay to the Company the Deposit as assurance for its performance under the Transfer Agreement. The Company received part of the Deposit on 9 August 2010 and the balance on 10 August 2010.

\* *For identification only*

## **GENERAL**

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

Reference is made to the Announcement in relation to the disposal of interests in Star Profit Group. Unless otherwise defined, terms defined in the Announcement are used with those defined meanings in this announcement.

## **UPDATE ON THE SALE AND PURCHASE AGREEMENT**

As mentioned in the Announcement, the Company received the First Instalment payable under the Sale and Purchase Agreement on 8 December 2009 and procured the transfer of the Sale Shares to the Purchaser's nominee in accordance with the Sale and Purchase Agreement. The Purchaser was obliged to pay to the Company the Second Instalment within thirty working days of the completion of such transfer, with the balance of the Consideration to be paid within sixty working days of the completion of such transfer.

On 4 March 2010, the Company received the Second Instalment but the balance of the Consideration remains outstanding.

## **AGREEMENTS WITH BEIJING HENGXIN**

On 9 August 2010, the Company entered into the following agreements with Beijing Hengxin:–

### **1. Transfer Agreement**

Date: 9 August 2010

Parties: (1) Party A: Company

(2) Party B: Beijing Hengxin

Pursuant to the terms of the Transfer Agreement, if the Company does not receive the balance of the Consideration from the Purchaser on or before 12 September 2010, the Company agreed to transfer its rights and obligations under the Sale and Purchase Agreement to Beijing Hengxin. The consideration receivable by the Company for the transfer is HK\$551,940,370 or its equivalent in RMB, plus interest calculated at a daily interest rate of 0.03% on the balance of the Consideration from the date such payment is due until 12 September 2010.

## **2. Deposit Agreement**

Date: 9 August 2010

Parties: (1) Party A: Company

(2) Party B: Beijing Hengxin

Pursuant to the terms of the Deposit Agreement, Beijing Hengxin agreed to pay to the Company the Deposit as assurance for its performance under the Transfer Agreement. The Company received part of the Deposit on 9 August 2010 and the balance on 10 August 2010.

If the Company receives the balance of the Consideration from the Purchaser on or before 12 September 2010 and completion of the Transfer Agreement does not take place, the Company shall notify Beijing Hengxin in writing and return to Beijing Hengxin the Deposit without interest within 3 business days.

If the Company does not receive the balance of the Consideration from the Purchaser on or before 12 September 2010, the Transfer Agreement will become effective and the Deposit will be used as part payment of the Transfer Consideration. After completion of the Transfer Agreement, if the Company does not receive any confirmation from the Purchaser, nor can the Company procure the Purchaser to agree to work with Beijing Hengxin, the Company may choose to either return the Deposit to Beijing Hengxin, or to keep the Deposit as part payment of the Transfer Consideration and transfer the Management Rights to Beijing Hengxin. The obligations of Beijing Hengxin to take up all the rights and obligations of the Company under the Sale and Purchase Agreement will be guaranteed by a party acceptable to the Company and such guarantee will not be terminated until Tianjin Xin Run ceases to exist.

The terms of the Transfer Agreement and the Deposit Agreement were arrived at after arm's length negotiations between the Company and Beijing Hengxin based on normal commercial terms.

### **REASONS FOR THE NEW ARRANGEMENTS**

As the Company has not yet received the balance of the Consideration from the Purchaser, the Company has entered into the New Arrangements to ensure that it will not be financially disadvantaged if the balance of the Consideration is not received.

### **LISTING RULES IMPLICATION**

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

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

## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 8 December 2009 in relation to the disposal of interests in Star Profit Group
“Beijing Hengxin”	北京恒信實業投資顧問有限公司, a company established in the PRC
“Deposit”	the amount of RMB483,000,000 payable by Beijing Hengxin to the Company under the Deposit Agreement
“Deposit Agreement”	the Deposit Agreement dated 9 August 2010 and entered into between the Company and Beijing Hengxin in relation to the Transfer Agreement
“Management Rights”	the management rights of the Company in respect of Tianjin Xin Run which is currently jointly controlled by the Company and the Purchaser
“New Arrangements”	the entering into the Transfer Agreement and the Deposit Agreement by the Company with Beijing Hengxin
“Transfer Agreement”	the Transfer Agreement dated 9 August 2010 and entered into between the Company and Beijing Hengxin in relation to the transfer of the rights and obligations of the Company under the Sale and Purchase Agreement to Beijing Hengxin
“Transfer Consideration”	HK\$552 million or its equivalent in RMB, plus interest calculated at a daily interest rate of 0.03% on the balance of the Consideration from the date such payment is due until 12 September 2010, payable by Beijing Hengxin to the Company under the Transfer Agreement
“Second Instalment”	HK\$280 million or its RMB equivalent payable under the Sale and Purchase Agreement by the Purchaser to the Company within thirty working days of the completion of the transfer of Sale Shares

By order of the Board  
**NEO-CHINA LAND GROUP (HOLDINGS) LIMITED**  
**Ni Jian Da**  
*Executive Director*

Hong Kong, 16 August 2010

As at the date of this announcement, the Neo-China Board comprises:

*Executive directors:*

Mr. Cai Yu Tian, Mr. Ni Jian Da, Mr. Qian Shi Zheng, Mr. Zhou Jun, Mr. Yang Biao, Mr. Chen An Min and Mr. Jia Bo Wei

*Independent non-executive directors:*

Mr. Doo Wai-Hoi, William, J.P., Dr. Wong Ying Ho, Kennedy, BBS, J.P., Mr. Fan Ren Da, Anthony and Mr. Li Ka Fai, David