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**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)**

## **ANNOUNCEMENT**

The Board would like to inform shareholders of the Company that on 30 October 2009, Chengdu Zhongtai issued a Writ of Summons in the High Court of the Hong Kong Special Administrative Region against the Company in relation to the Default Claiming for an amount of RMB70,000,000, liquidated damage and interest associated therewith.

Reference is made to the Company's announcements of 27 June 2008, 21 April 2009 and 4 May 2009 and circular of 18 July 2008. As stated therein, the Company and Chengdu Zhongtai entered into the January 2007 Agreement pursuant to which the Company and Chengdu Zhongtai agreed to form the Project Company to jointly develop the L and and on 1 June 2008, the Company exercised its right under the January 2007 Agreement and purchased from Chengdu Zhongtai its 30% equity interest and the related shareholder's loan in the Project Company at a total consideration of approximately RMB486,000,000 (comprising an aggregate consideration of RMB160,000,000 for 30% of the equity interest in the Project Company and RMB326,000,000 for the balance of the Chengdu Zhongtai's shareholder's loan to the Project Company).

The Project Company is a company incorporated and existing under the laws of the RC with limited liability, with total registered capital of RMB200,000,000 was formed for the purpose of developing the L and into a composite development including commercial and residential buildings and ancillary facilities with total gross floor area of approximately 700,000 square metre.

As stated in the Company's announcement of 21 April 2008, relying on the legal opinion given to the Group by its legal advisers in the RC, Zhongtai instituted legal proceedings in the RC against Chengdu Zhongtai for the purpose of obtaining a confirming order from the Middle People's Court.

As stated in the Company's announcement of 4 May 2009, on or about 23 April 2009, it brought the mediation of the Middle People's Court, Zhongzhi and Chengdu Zhongtai, under the auspices of the Middle People's Court, entered into a civil mediation agreement dated 23 April 2009 in full and final settlement of all disputes between them, inter alia, the following terms:

1. the consideration for transferring 30% of the equity interest in the Project Company shall be revised downward from RMB160,000,000 to RMB120,000,000 and the consideration for the related shareholder's loan shall be unchanged;
  2. upon signing of the settlement agreement by both parties to the legal proceedings (note 1), Zhongzhi shall, in full and final discharge of its obligations to pay to Chengdu Zhongtai the said sum of RMB120,000,000 by way of paying into the Middle People's Court the above agreed consideration of RMB120,000,000 by the following instalment payments:
    - (a) RMB60,000,000 shall be paid on 24 April 2009, and
    - (b) the remaining balance of RMB60,000,000 shall be paid within one year from the date of entering into the settlement agreement by way of the following two equal half yearly instalment payments:-
      - (i) RMB30,000,000 shall be paid into court as aforesaid before 23 October 2009, and
      - (ii) RMB30,000,000 shall be paid into court as aforesaid before 22 April 2010
- (Notes:*
1. *The settlement agreement was signed by Zhongzhi and Chengdu Zhongtai on 24 April 2009;*
  2. *RMB60,000,000 was paid to the Middle People's Court on 24 April 2009; and*
  3. *RMB30,000,000 was paid to the Middle People's Court on 23 October 2009.)*
3. the Project Company shall guarantee the payment of the second instalment of RMB60,000,000 by Zhongzhi to the Middle People's Court;
  4. in the event that Zhongzhi shall fail to pay any of the instalments set out above, Chengdu Zhongtai has the right to apply for an order to mandatorily enforce the payment of the outstanding balance remaining unpaid;
  5. Zhongzhi, the Project Company and Chengdu Zhongtai shall cooperate and coordinate with each other with a view to completing all such necessary preparatory and other works by 26 April 2009 for full fulfilment of the necessary procedures and legal documentation so as to enable Chengdu Zhongtai to make all such applications at the latest by 27 April 2009 for obtaining all the necessary consents and approvals with respect to the said share transfer (note). Chengdu Zhongtai shall only be entitled to apply to the Middle People's Court for the release of the payment of the first instalment of RMB60,000,000 upon successful completion of the transfer of the 30% shares as aforesaid in the light of all the requirements and laws applicable thereto and thereof;

*Note: The necessary consents and approvals with respect to the said share transfer were obtained on 4 May 2009.*

6. each party shall be responsible for its own costs of and incidental to the legal proceedings herein, including the institution of any counterclaim and the withdrawal thereof; and
7. settlement of the court fees shall be the responsibility of Chengdu Zhongtai.

On 30 October 2009, Chengdu Zhongtai issued a Writ of Summons in the High Court of the Hong Kong Special Administrative Region against the Company being High Court Action No. 2196 of 2009. The Indorsement of Claim indorsed on the Writ of Summons is as follows:

- “1. On or about 1 June 2008, the Plaintiff and 中置（北京）企業管理有限公司 (the “Principal Debtor”) entered a Share Transfer Agreement ( 股權轉讓協議) by which the Defendant is one of the joint and several guarantors (the “Share Transfer Agreement”);
2. By the terms of the Share Transfer Agreement, the Principal Debtor agrees among others, to pay a sum of RMB160,000,000 to the Plaintiff being the consideration for the transfer of the Plaintiff’s shares in a company named 成都中新錦泰房地產開發有限公司 to the Principal Debtor and the payment should be made on or before 31 December 2008 (the “Payment Obligation”);
3. By a supplemental Share Transfer Agreement dated 15 June 2008 (the “Guarantee”), the Defendant irrevocably and unconditionally guarantees the performance of all obligations by the Principal Debtor of all obligations by the Principal Debtor under the Share Transfer Agreement to the Plaintiff;
4. The Principal Debtor defaulted in performing and/or fully discharging the Payment Obligation in accordance with the terms and conditions of the Share Transfer Agreement; and
5. The Plaintiff is entitled to and claims for payment of the following sums from the Defendant pursuant to the Share Transfer Agreement and the Guarantee:
  - (a) outstanding consideration in the sum of RMB70,000,000;
  - (b) liquidated damage pursuant to clause 4 of the Share Transfer Agreement; and
  - (c) interest pursuant to clause 9 of the Share Transfer Agreement.

AND THE PLAINTIFF CLAIMS AGAINST THE DEFENDANT FOR: -

- (i) Outstanding Sum of RMB70,000,000;
- (ii) Damages pursuant to paragraph 5 above;
- (iii) Interest;
- (iv) Costs; and
- (v) Further and/or other relief as the court thinks fit.

Dated the 30<sup>th</sup> day of October 2009”

The Company is of the view that the Alleged Claims are based on unreasonable and invalid grounds and are therefore unfounded. It is seeking legal advice with respect to the Writ of Summons and intends to defend the Alleged Claims resolutely.

The Company also confirms that the court litigation above referred to is not materially affected and will not materially affect the Group's financial position and operations. Further announcement(s) will be made by the Company in respect thereof, in compliance with the requirements of the Listing Rules.

#### TERMS USED IN THIS ANNOUNCEMENT

“Alleged Claims”	claims as set out in the Writ of Summons filed by Chengdu Zhongtai against the Company on 30 October 2009
“Board”	the board of directors of the Company
“Chengdu Zhongtai” or “Plaintiff”	成都中泰交通建設發展有限公司 (Chengdu Zhongtai Communication Construction Development Company Limited), a company which holds 30% equity interest in the Project Company
“Company” or “Defendant”	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
“Default”	the alleged default by Chengdu Zhongtai in performing the Payment Obligation (as defined in the Writ of Summons) in accordance with the terms and conditions of the Share Transfer Agreement (as defined in the Writ of Summons)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“January 2007 Agreement”	the agreement dated 3 January 2007 entered into between the Company and Chengdu Zhongtai pursuant to which the Company and Chengdu Zhongtai agreed to form the Project Company

“June 2008 Agreement”	the agreement dated 1 June 2008 entered into between the Company and Chengdu Zhongtai pursuant to which the Company exercised its right under the January 2007 Agreement and purchased from Chengdu Zhongtai its 30% equity interest in the Project Company for the Consideration
“Land”	2 pieces of land situated at 溫江新城區(Wen Jiang Xincheng District) in Chengdu City, RC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“RC”	the People’s Republic of China
“Project Company”	成都中新錦泰房地產開發有限公司 (Zhong Xin Jin Tai Property Development Company Limited), a company which was duly incorporated and is existing under the laws of the RC with limited liability and owned as to 70% by the Company and 30% by Chengdu Zhongtai, formed for the purpose of developing the Land into a composite development including commercial and residential buildings and ancillary facilities with total gross floor area of approximately 700,000 square meters
“RMB”	Renminbi, the lawful currency of the RC
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Zhongtai”	Zhongtai (Beijing) Enterprise Management Company Limited* (中置(北京)企業管理有限公司), a wholly-owned subsidiary of the Company

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

Hong Kong, 6 November 2009

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

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

*\* for identification purposes only*