

---

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

---

**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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**中新集團**  
NEO CHINA GROUP

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

**中新地產集團（控股）有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 563)**

**DISCLOSEABLE AND CONNECTED TRANSACTION**

**ACQUISITION OF THE REMAINING 30% OF  
THE ISSUED SHARE CAPITAL OF**

**成都中新錦泰房地產開發有限公司**

**(ZHONG XIN JIN TAI PROPERTY DEVELOPMENT  
COMPANY LIMITED\*)**

**Financial adviser to Neo-China Land Group (Holdings) Limited**



**HERTFORD CAPITAL LIMITED**

**萃匯融資有限公司**

**Independent financial adviser to the Independent Board Committee and  
the Independent Shareholders**



**招銀國際**

---

A letter from the Board is set out on pages 4 to 9 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on pages 10 to 11 of this circular. A letter from CMB containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 12 to 20 of this circular.

---

## CONTENTS

---

	<i>Pages</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
1. Introduction .....	4
2. The January 2007 Agreement .....	5
3. The Project Company .....	5
4. The June 2008 Agreement .....	6
5. Reasons For the Acquisition .....	7
6. Financial effects of the Acquisition .....	8
7. Listing Rules' Implication and Shareholders' Written Approval .....	8
8. Recommendation .....	9
9. Further Information .....	9
 <b>Appendix I – Letter from the Independent Board Committee</b> .....	 10
 <b>Appendix II – Letter from CMB</b> .....	 12
 <b>Appendix III – Valuation report on the Land</b> .....	 21
 <b>Appendix IV – General Information</b> .....	 33

---

## DEFINITIONS

---

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

“Acquisition”	the acquisition of a further 30% equity interest in the Project Company by the Group from Chengdu Zhongtai pursuant to the terms of the June 2008 Agreement
“Announcement”	the announcement of the Company dated 27 June 2008 in relation to the Acquisition
“Board”	the board of directors of the Company
“Chengdu Zhongtai”	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% of the Project Company
“Company”	Neo-China Land Group (Holdings) Limited, a company incorporated in Bermuda and the issued shares of which are listed on the main board of the Stock Exchange
“Consideration”	the aggregate consideration of approximately RMB486 million for the Acquisition
“Debt Assignment Agreement”	as part of the June 2008 Agreement, the Company entered into a debt assignment agreement on 1 June 2008 with Chengdu Zhongtai whereby it was agreed that the Group will take up the shareholder’s loan of Chengdu Zhongtai to the Project Company of approximately RMB326 million
“Directors”	directors of the Company for the time being
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

---

## DEFINITIONS

---

“Independent Board Committee”	independent board committee of the Company established for the purpose of advising the Independent Shareholders as to the Acquisition and the transactions contemplated thereunder, the members of which includes four independent non-executive Directors, namely Ms. Nie Mei Sheng, Mr. Zhang Qing Lin, Mr. Gao Ling and Mr. Lai Man Leung
“Independent Financial Adviser” or “CMB”	CMB International Capital Corporation Limited, the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the Acquisition 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 Acquisition and the transactions contemplated thereunder, being all the Shareholders
“Independent Third Party”	a third party and its ultimate beneficial owners, independent of the Company and its connected persons (as defined under the Listing Rules)
“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 Xin Cheng District*) in Chengdu City, PRC which occupy total site area of approximately 228,000 square meters and are to be developed into a composite development including commercial and residential buildings and ancillary facilities with total gross floor area of approximately 700,000 square meters

---

## DEFINITIONS

---

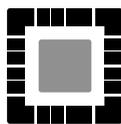
“Latest Practicable Date”	16 July 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information set out in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Li”	Mr. Li Song Xiao, Chairman of the Board, an executive Director and the controlling Shareholder
“PRC”	the People’s Republic of China
“PRC GAAP”	PRC Generally Accepted Accounting Principles
“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 existing under the laws of the PRC 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 PRC
“Savills”	Savills Valuation and Professional Services Limited, an independent firm of qualified professional valuers
“Shares”	Shares of HK\$0.04 each in the capital of the Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

\* *for identification purposes only*

---

## LETTER FROM THE BOARD

---



**中新集團**  
NEO CHINA GROUP

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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 563)**

*Executive Directors:*

Mr. Li Song Xiao (*Chairman*)  
Mr. Liu Yi  
Ms. Niu Xiao Rong  
Mr. Yuan Kun  
Ms. Liu Yan  
Ms. Bao Jing Tao  
Mr. Jia Bo Wei  
Mr. Lu Zhao Qun  
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  
Mr. Lai Man Leung

*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

18 July 2008

*To Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE AND CONNECTED TRANSACTION**

### **ACQUISITION OF THE REMAINING 30% OF THE ISSUED SHARE CAPITAL OF 成都中新錦泰房地產開發有限公司 (ZHONG XIN JIN TAI PROPERTY DEVELOPMENT COMPANY LIMITED\*)**

#### **INTRODUCTION**

Reference is made to the Announcement. 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 million.

\* *for identification purposes only*

---

## LETTER FROM THE BOARD

---

The purpose of this circular is to provide you with further details of the January 2007 Agreement and the June 2008 Agreement, the recommendation from the Independent Board Committee, the advice from CMB to the Independent Board Committee and the Independent Shareholders and the valuation report on the Land.

### THE JANUARY 2007 AGREEMENT

Reference is made to the Company's announcement and circular of 9 January 2007 and 31 January 2007 respectively. As stated therein, the Company and Chengdu Zhongtai entered into an agreement on 3 January 2007 pursuant to which the Company and Chengdu Zhongtai agreed to form the Project Company to jointly develop the Land.

To the best understanding, knowledge and belief, having made all reasonable enquiries, of the Directors, Chengdu Zhongtai is a company duly incorporated and existing under the laws of PRC with limited liabilities and principally involved in transport construction, management, investment and related businesses.

As a term to the January 2007 Agreement, within 24 months from the signing of the January 2007 Agreement, the Company shall purchase from Chengdu Zhongtai its 30% equity interest in the Project Company at a price which shall be equivalent to

- (a) the total capital contribution made by Chengdu Zhongtai of RMB60,000,000 (i.e. 30% of RMB200,000,000);
- (b) the balance of Chengdu Zhongtai's shareholder's loan to the Project Company, which was RMB240,000,000 then; and
- (c) an additional amount of RMB100,000,000.

### THE PROJECT COMPANY

The Project Company is a company incorporated and existing under the laws of the PRC with limited liability, with total registered capital of RMB200,000,000 and owned as to 70% by the Company and 30% by Chengdu Zhongtai. It is 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.

---

## LETTER FROM THE BOARD

---

The following information is extracted from the audited financial statements of the Project Company for the period from 24 May 2007, the date of its incorporation, to 31 December 2007 and the unaudited management accounts of the Project Company for the five months ended 31 May 2008, both prepared in accordance with the PRC GAAP:

	<b>For the five months ended/As at 31 May 2008</b>	<b>For the period from 24 May 2007, the date of incorporation, to/As at 31 December 2007</b>
	<i>RMB</i>	<i>RMB</i>
Turnover	–	–
Net loss before taxation	(6,133,383.75)	(2,341,890.32)
Net loss after taxation	(6,054,370.42)	(2,341,890.32)
Net asset value	191,617,050.96	197,671,421.38
Total assets	<u>1,088,329,457.62</u>	<u>459,731,086.46</u>

### THE JUNE 2008 AGREEMENT

On 1 June 2008, the Company entered into an agreement with Chengdu Zhongtai whereby 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 million, which shall be paid in cash, will be financed by internal resources of the Group and shall be settled on or before 31 December 2008.

The Consideration was determined based on the following:

- (a) the total capital contribution made by Chengdu Zhongtai of RMB60,000,000 (*note 1*);
- (b) the balance of Chengdu Zhongtai's shareholder's loan to the Project Company of approximately RMB326,110,000 as at the date of the Debt Assignment Agreement (*note 2*); and
- (c) an additional amount of RMB100,000,000 (*note 3*).

---

## LETTER FROM THE BOARD

---

*Notes:*

1. Same as the amount stated in the January 2007 Agreement and represents the actual amount of capital contribution made by Chengdu Zhongtai.
2. In view of the capital requirements of the Project Company and the resources available by Chengdu Zhongtai, Chengdu Zhongtai has advanced more than the expected amount of RMB240 million as stated in the January 2007 Agreement to the Project Company. The balance due from the Project Company to Chengdu Zhongtai was approximately RMB326 million at the date of entering into the Debt Assignment Agreement. As the Company has agreed to take up all of the shareholder's loan made by Chengdu Zhongtai to the Project Company as part of the terms of the Acquisition, therefore, the balance in respect to the shareholder's loan amounted to approximately RMB326 million will be included as part of the Consideration.
3. The amount of RMB100,000,000 was a guaranteed additional amount agreed in the January 2007 Agreement after arm's length negotiations between the Company and Chengdu Zhongtai after the Board made reference to the market situation in and the city development of Chengdu City and the potential increase in the market value of the properties in Chengdu City, PRC.

The Project Company has been treated as a 70% subsidiary of the Company since its formation. Upon completion of the June 2008 Agreement, the Project Company will become a wholly-owned subsidiary of the Company and the Company will continue to account for the results and assets and liabilities of the Project Company on a consolidated basis.

### **REASONS FOR THE ACQUISITION**

The Group is principally engaged in property investment and development in the PRC. The Acquisition represents the exercise of the right of the Group to increase its equity holding in the Project Company from 70% to 100%. Upon completion of the June 2008 Agreement, the Group will have the entire ownership of the Project Company which will develop the Land into a composite development with commercial and residential buildings and ancillary facilities.

The Board (including the Independent Board Committee), having taken into account the advice of CMB, considers that the June 2008 Agreement has been entered into on normal commercial terms in the ordinary and usual course of business of the Company and that the terms of the June 2008 Agreement are fair and reasonable and entering into the June 2008 Agreement is in the interests of the Company and its Shareholders as a whole.

---

## LETTER FROM THE BOARD

---

### FINANCIAL EFFECTS OF THE ACQUISITION

The total capital commitment of the Group in respect of the Acquisition of RMB486 million will be financed by the Group's internal resources. Save for the above said amount, the Group does not expect to assume any other material liability as a result of the Acquisition. As the Land is still in its development stage, no material effect on the earnings of the Group is expected upon completion of the Acquisition.

### LISTING RULES' IMPLICATION AND SHAREHOLDERS' WRITTEN APPROVAL

The June 2008 Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

As Chengdu Zhongtai is a substantial shareholder of the Project Company, which is a non wholly-owned subsidiary of the Company as at the Latest Practicable Date and therefore a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Accordingly, the June 2008 Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules as the applicable percentage ratios for exemption under Rule 14.07 of the Listing Rules calculated in respect of the Acquisition exceed the threshold for exemption under Rule 14A.32 of 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 2008 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 2008 Agreement; and (ii) written approval has been obtained from Mr. Li and 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 2008 Agreement and the transactions contemplated thereunder.

Invest Gain Limited is a company which is 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.

---

## LETTER FROM THE BOARD

---

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

The written approval from Mr. Li and Invest Gain Limited has been obtained by the Company. If the Stock Exchange do not grant the waiver under Rule 14A.43 to the Company, a Shareholders meeting will be held to consider and approve the June 2008 Agreement and the transactions contemplated thereunder. Further announcement will then be made by the Company as and when required.

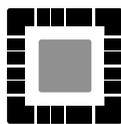
### **RECOMMENDATION**

CMB has been appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the June 2008 Agreement and the transactions contemplated thereunder. The Board (including the Independent Board Committee), having taken into account the advice of CMB, considers that the terms of the June 2008 Agreement are fair and reasonable and entering into of the June 2008 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*



**中新集團**  
NEO CHINA GROUP

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

**中新地產集團（控股）有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 563)**

18 July 2008

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION**

**ACQUISITION OF THE REMAINING 30% OF  
THE ISSUED SHARE CAPITAL OF  
成都中新錦泰房地產開發有限公司  
(ZHONG XIN JIN TAI PROPERTY DEVELOPMENT  
COMPANY LIMITED\*)**

We refer to the circular of the Company dated 18 July 2008 (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 2008 Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and entering into of the June 2008 Agreement is in the interests of the Company and its Shareholders as a whole. CMB has been appointed as the independent financial adviser to advise us and you in this respect.

\* *for identification purposes only*

Having taken into account the principal reasons and factors considered by and the advice of CMB as set out in its letter of advice to us and you on pages 12 to 20 of the Circular, we are of the opinion that the terms of the June 2008 Agreement are fair and reasonable so far as the Company and the Independent Shareholders are concerned and entering into of the June 2008 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, Mr. Gao Ling, Mr. Lai Man Leung**

*Independent Non-executive Directors*

**招银国际****CMB International Capital Corporation Limited**

18 July 2008

*To the Independent Board Committee and  
the Independent Shareholders of*  
**Neo-China Land Group (Holdings) Limited**

Dear Sirs,

**DISCLOSEABLE AND CONNECTED TRANSACTION****ACQUISITION OF THE REMAINING 30% OF  
THE ISSUED SHARE CAPITAL OF  
成都中新锦泰房地產開發有限公司  
(ZHONG XIN JIN TAI PROPERTY DEVELOPMENT  
COMPANY LIMITED\*)****INTRODUCTION**

We refer to our appointment as independent financial adviser to advise the Independent Shareholders and the Independent Board Committee with regard to the terms of the June 2008 Agreement, details of which are contained in the “Letter from the Board” (the “Letter”) of the circular to Shareholders dated 18 July 2008 (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 1 June 2008, the Company entered into an agreement with Chengdu Zhongtai whereby 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 million, which shall be paid in cash, will be financed by internal resources of the Group and shall be settled on or before 31 December 2008.

As stated in the Letter, the Project Company has been treated as a 70% subsidiary of the Company since its formation. Upon completion of the June 2008 Agreement, the Project Company will become a wholly-owned subsidiary of the Company and the Company will continue to account for the results and assets and liabilities of the Project Company on a consolidated basis.

The June 2008 Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Chengdu Zhongtai is a substantial shareholder of the Project Company, which is a non wholly-owned subsidiary of the Company as at the Latest Practicable Date and therefore a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Accordingly, the June 2008 Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

Mr. Li and 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), have given their written approval for the June 2008 Agreement and the transactions contemplated thereunder. To the best understanding, knowledge and belief, having made all reasonable enquiries, of the Directors, no Shareholder has a material interest in the Acquisition and therefore is required to abstain from voting if the Company were to convene a general meeting for the approval of the June 2008 Agreement. 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 2008 Agreement and the transactions contemplated thereunder. The written approval from Mr. Li and Invest Gain Limited has been obtained by the Company. If the Stock Exchange do not grant the waiver under Rule 14A.43 to the Company, a Shareholders' meeting will be held to consider and approve the June 2008 Agreement and the transactions contemplated thereunder. Further announcement will then be made by the Company as and when required.

As at the Latest Practicable Date, the Board comprised Mr. Li Song Xiao, Mr. Liu Yi, Ms. Niu Xiao Rong, Mr. Yuan Kun, Ms. Liu Yan, Mr. Jia Bo Wei, Mr. Lu Zhao Qun 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, Mr. Gao Ling and Mr. Lai Man Leung as independent non-executive Directors.

The Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders as to whether the terms of the June 2008 Agreement are fair and reasonable so far as the Company and Shareholders are concerned and entering into the June 2008 Agreement is in the interests of the Company and Shareholders as a whole.

In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether the terms of the June 2008 Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the terms of the June 2008 Agreement are in the interests of the Shareholders as a whole.

**BASIS AND ASSUMPTIONS OF OUR ADVICE**

In formulating our recommendation, we have relied on the information, financial information and facts supplied to us and representations expressed by the Directors and/or the management of the Company and have assumed that all such information, financial information and facts and any representations made to us, or referred to in the Circular, are true, accurate and complete as at the time they were made and as at the date of the Circular, has been properly extracted from the relevant underlying accounting records (in the case of financial information) and made after due and careful inquiry by the Company and/or the management of the Company. The Directors and/or the management of the Company have confirmed that, having made all reasonable enquiries and to the best of their knowledge and belief, all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We consider that we have reviewed all currently available information and documents which are available under the present circumstances and have performed all necessary steps as required under Rule 13.80 of the Listing Rules, including the notes thereto, to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinions. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent verification of the information nor have we conducted any form of in-depth investigation into the businesses, affairs, financial position or prospects of the Company or any of its subsidiaries.

**THE JUNE 2008 AGREEMENT****Principal factors and reasons considered**

In formulating our recommendation, we have taken into consideration the following principal factors and reasons:

**1. *Background and rationale****Business overview of the Group*

The Group is principally engaged in property investment and development in the PRC. In view of the difficult operating environment encountered by the Internet-related companies, the Group took necessary steps in year 2004 to refocus its core business by shifting its business focus from Internet-related businesses to property investment and development in the PRC. Since then the Groups' financial results

have improved significantly. As at the Latest Practicable Date, the Group has 16 major projects under development in 12 strategic cities in the PRC (namely Harbin, Shenyang, Yanjiao, Beijing, Tianjin, Xian, Chengdu, Shanghai, Chongqing, Changsha, Shenzhen and Zhuhai).

*Overview of the Project Company*

The Project Company is a company incorporated and existing under the laws of the PRC with limited liability, with total registered capital of RMB200,000,000 and owned as to 70% by the Company and 30% by Chengdu Zhongtai as at the Latest Practicable Date.

Chengdu Zhongtai is a company duly incorporated and existing under the laws of PRC with limited liabilities and principally involved in transport construction, management, investment and related businesses.

Reference is made to the Company's announcement and circular of 9 January 2007 and 31 January 2007 respectively. As stated therein, the Company and Chengdu Zhongtai entered into an agreement on 3 January 2007 pursuant to which the Company and Chengdu Zhongtai agreed to form the Project Company to jointly develop 2 pieces of land situated at 溫江新城區 (Wen Jiang Xin Cheng District\*) in Chengdu City, PRC which occupy total site area of approximately 228,000 square meters into a composite development including commercial and residential buildings and ancillary facilities with total gross floor area of approximately 700,000 square meters.

Under the January 2007 Agreement, the Company shall contribute to the Project Company RMB200,000,000 of which RMB140,000,000 is for the share capital of its 70% equity interest and RMB60,000,000 is the shareholder loan to the Project Company. Chengdu Zhongtai shall contribute to the Project Company RMB300,000,000 of which RMB60,000,000 is for the share capital for its 30% equity interest and RMB240,000,000 is the shareholder loan to the Project Company. Since its incorporation, the Project Company has been managed and operated solely by the Company.

As at the Latest Practicable Date, the development right of the Land (pursuant to a sale of the land use rights grant contract dated 26 December 2006 with 國土資源局 (Land Resources Administration Bureau)) has been transferred to the Project Company by Chengdu Zhongtai. As stated in the circular of the Company dated 31 January 2007, the cost of the Land of approximately RMB775 million shall be paid by the Project Company in stages. As advised, the said cost has been fully paid by the Project Company as at the Latest Practicable Date.

The following information is extracted from the audited financial statements of the Project Company for the period from 24 May 2007, the date of its incorporation, to 31 December 2007 and the unaudited management accounts of the Project Company for the five months ended 31 May 2008, both prepared in accordance with the PRC GAAP:

	<b>For the five months ended 31 May 2008 (Unaudited) RMB'million</b>	<b>For the period from 24 May 2007 (date of incorporation) to 31 December 2007 (Audited) RMB'million</b>
Turnover	–	–
Net loss before taxation	(6.1)	(2.3)
Net loss after taxation	(6.0)	(2.3)
Net asset value	191.6	197.7
	<hr/>	<hr/>
Total assets	<u>1,088.3</u>	<u>459.7</u>

For the five months ended 31 May 2008 and the period from 24 May 2007 (date of incorporation) to 31 December 2007, the Project Company did not generate any turnover as the land was still under developing stage. Total asset increased by approximately RMB630 million was mainly due to an increase in cash of approximately RMB150 million and stock in hand of approximately RMB500 million.

## 2. *Reasons for the June 2008 Agreement*

Pursuant to the terms of the January 2007 Agreement, the Company is required to within 24 months from the signing of the January 2007 Agreement purchase (i) the 30% shares of Chengdu Zhongtai in the Project Company as well as (ii) the shareholder loan of RMB240,000,000 owing by the Project Company to Chengdu Zhongtai, at the price of RMB300,000,000 (which is equivalent to the total contribution made by Chengdu Zhongtai) with an additional price of RMB100,000,000. Upon completion of the June 2008 Agreement, the Group will have the entire ownership of the Project Company which will develop the Land into a composite development with commercial and residential buildings and ancillary facilities.

According to the statistics as published by 成都市統計局 (Statistic Bureau of Chengdu), Chengdu's gross domestic products in 2007 amounted to approximately RMB332 billion, representing a yearly growth rate of approximately 15.3%. Investment in property development amounted to RMB90.99 billion, representing a yearly growth rate of approximately 47%.

Despite economic growth property market data as discussed above, various austerity measures have been exercised by the PRC government in recent years to maneuver the rapid growth of the PRC property market. The Directors are of the view that these measures can help regulate the real estate market so as to maintain a stable growth and well-ordered development without generating an asset bubble which may get burst under over-heated economy. In addition, as shown above, the investment relating to property development in Chengdu increased by approximately 47% in 2007, indicating that the demand for residential properties in Chengdu has not been hampered under the introduction of the austerity measures by the PRC government.

We understand that the composite development on the Land (the "Project") is mainly for residential use. The Project occupies a site area of 228,200 square meters, with total gross floor area of 775,000 square meters of which 761,501 Square meters are saleable. It contains two parcels of land, one of them is under development and will pre-sale soon. As at the Latest Practicable Date, a saleable gross floor area of 132,400 square meters is under development and the remaining 629,101 square meters is held by the Group for future development.

As advised by the Company, the earthquake in Sichuan Province, the PRC recently would inevitably affect the property market of that region in near term. However, the Directors believe that in the long run, the Sichuan earthquake will raise awareness of the property buyers towards the construction and safety standards of the properties, which is beneficial to the development of the quality property developers, such as the Group. The Directors believe that the Sichuan earthquake should have minimal impact on the Project. In addition, we have discussed with the Company that they were not aware of any material impact or effect that may have on the operation and financial status of the Project Company due to the Sichuan earthquake. We have also discussed with Savills that they were not aware of any material impact of the Sichuan earthquake to the valuation of the land.

As advised by the Company, the Project is scheduled for completion in April 2009. As stated in the 2007 interim report, management of the Company aimed to deliver more than 1 million square meters of gross floor area to the buyers in the second half of the 2008 financial year. The Company's total land bank amounted to a gross floor area of approximately 13,623,700 square meters. We consider prompt and continuous replenishment of the Group's land bank in a well-organized manner with a wide geographical presence is a key to success in securing the Group's long term growth. Based on the above, we concur with the Directors' view that the Acquisition is in line with the Group's overall business strategy and is beneficial to the development of the principal businesses of the Group. Accordingly, we are of the view that the entering into of the June 2008 Agreement is in the interest of the Company and its Shareholders as a whole.

### **3. *Terms of the June 2008 Agreement***

As stated in the Letter, the Consideration of approximately RMB486 million for the Acquisition was determined based on the following:

- (a) The total capital contribution made by Chengdu Zhongtai of RMB60,000,000 under the January 2007 Agreement;
- (b) the balance of Chengdu Zhongtai's shareholder's loan to the Project Company of approximately RMB326,110,000 as at the date of the Debt Assignment Agreement; and
- (c) an additional amount of RMB100,000,000, a guaranteed additional amount agreed in the January 2007 Agreement after arm's length negotiations between the Company and Chengdu Zhongtai after the Board made reference to the market situation in and the city development of Chengdu City and the potential increase in the market value of the properties in Chengdu City, the PRC.

We note that the audited net asset value of the Project Company was approximately RMB197.7 million as at 31 December 2007. We have reviewed the account of the Project Company and the valuation report prepare by Savills ("Valuation Report") and note that the value of the Land of RMB980 million has not been fully reflected in the audited account of the Project Company. As the Land is the principal assets of the Project Company and the reference date of the Valuation Report is more recent than the date of the audited report, we consider it necessary to consider the recent valuation of the Land when consider the

reasonableness and fairness of the Consideration. As such, the net asset value of the Project Company should be adjusted upward by approximately RMB205 million (being the difference of the appraised value and the cost of the Land of approximately RMB 775 million) to reflect such revaluation. Taking into account such revaluation, we note that the aggregate consideration of RMB300 million (being the sum of (i) RMB140 million under the January 2007 Agreement for 70% equity interested; (ii) RMB60 million under the June 2008 Agreement for the remaining 30% equity interest; and (iii) an additional amount of RMB100 million as agreed in the January 2007 Agreement) for the entire interest in the Project Company represents a discount to the adjusted net asset value of the Project Company of approximately RMB403 million.

#### **4. *Financial effects of the June 2008 Agreement***

##### *Liquidity and working capital*

As stated in the Letter, the Consideration of approximately RMB486 million, which shall be paid in cash, will be financed by internal resources of the Group. According to the 2007 interim report of the Company, the Group has cash and cash equivalents of approximately HK\$3.36 billion as at 31 October 2007. We consider the Consideration (representing approximately 16% of the cash and cash equivalents of the Group as at 31 October 2007) will not have any material adverse effect on the working capital of the Group as a whole.

##### *Earnings*

According to the 2007 annual report of the Company, the Group recorded a net profit attributable to equity holders of the Company of approximately HK\$818 million. As the land is still in its development stage, the Project Company did not generate any turnover and recorded a loss of approximately RMB2.3 million for the period from 24 May 2007 to 31 December 2007. Given (i) the continuous growth of the Chengdu's real estate market as discussed in paragraph headed "Reasons for the June 2008 Agreement" above; (ii) the Project Company's financial results will be consolidated into the Group; and (iii) the Project is still under development and the potential future prospect of the Project upon its completion in April 2009, we are of the view that the Acquisition is in line with the Group's overall business strategy and is beneficial to the development of the principal business of the Group and will contribute positively to the Group's earning.

*Net asset value*

According to the 2007 annual report of the Company for the year ended 30 April 2007, the consolidated net assets attributable to equity holders of the Company were approximately HK\$4.96 billion. According to the 2007 interim report of the Company for the six month ended 31 October 2007, the consolidated net assets attributable to equity holders of the Company were approximately HK\$6.36 billion. The unaudited net asset value of the Project Company as at 31 May 2008 was approximately RMB191.6 million (representing approximately 4% and 3% of the consolidated net asset value of the Company as at 30 April 2007 and 31 October 2007 respectively). We are of the view that the Acquisition is not expected to have any impact on the Group's net asset value immediately upon completion of the June 2008 Agreement.

**RECOMMENDATION**

Having considered the background and rationale as stated above, we consider (i) the terms of the June 2008 Agreement are fair and reasonable, based on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) the entering into of the June 2008 Agreement is in the ordinary and usual course of business of the Company and is in the interest of the Company and the Shareholders as a whole. If a special general meeting is to be held for the purpose of approving the June 2008 Agreement, we would advise the Independent Board Committee to recommend the Independent Shareholders and recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the June 2008 Agreement.

Yours faithfully,

For and on behalf of

**CMB International Capital Corporation Limited**

**Sunny Chan**

*Director*

\* *for identification purposes only*

*The following is the text of the letter, summary of values and valuation certificates received from Savills Valuation and Professional Services Limited, independent property valuer, in connection with their valuations of the property interests held by Zhong Xin Jin Tai Property Development Company Limited as at 30 April 2008 for the purpose of incorporation in this circular.*



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, 19/F  
Office Tower, Convention Plaza  
1 Harbour Road  
Wanchai  
Hong Kong

18 July 2008

Dear Sirs,

In accordance with the instructions from Neo-China Land Group (Holdings) Limited (the “Company”) for us to value the properties held by 成都中新錦泰房地產開發有限公司 (Zhong Xin Jin Tai Property Development Company Limited) (hereinafter referred to as the “Project Company”) in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of such properties as at 30 April 2008 (“date of valuation”) for incorporation in a public circular.

Our valuation of each of the properties 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.

In valuing the properties in Groups I and II which are held by the Project Company under development and for future development, we have valued such properties on the basis that they will be developed and completed in accordance with the Project Company’s latest development proposals provided to us. We have assumed that all consents, approvals and licenses from relevant government authorities for the proposals have been or will be granted without onerous conditions or delay. In arriving at our opinion of values, we have adopted the direct comparison approach by making reference to the comparable market transactions as available in the markets and also have taken into account the construction costs to be expended to reflect the quality of the completed developments.

We have been shown copies of various title documents relating to the properties, such as State-owned Land Use Certificates, Planning Permits 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.

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and its PRC legal adviser, Guantao Law Firm, regarding the titles to the properties. We have also accepted advice given to us by the Project Company on such matters as planning approvals or statutory notices, easements, tenure, development proposals, construction costs, estimated completion dates, 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 Project 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 properties 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 Project 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 exterior and where possible, the interior of the properties. In the course of our inspection, we did not note any serious defects. However, no structural survey has been made, we are therefore unable to report whether the properties are free from rot, infestation or any other defects. No tests were carried out on any of the services. We have also 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 no extraordinary expenses or delay will be incurred during the development period.

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

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Valuation Standards on Properties published by the Hong Kong Institute of Surveyors.

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

We enclose herewith our summary of values and 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.*

## SUMMARY OF VALUES

## Group I – Property held by the Project Company under development in the PRC

No.	Property	Market value in existing state as at 30 April 2008 RMB
1.	The Western Group of Phase I of Park Avenue located at Wufu Village, Yongquan Street Office, Wenjiang District, Chengdu, Sichuan Province PRC	259,000,000
	Sub-total:	<u>259,000,000</u>

## Group II – Properties held by the Project Company for future development in the PRC

2.	The Eastern Group of Phase I of Park Avenue located at Wufu Village, Yongquan Street Office, Wenjiang District, Chengdu, Sichuan Province, PRC	165,000,000
3.	Phase II of Park Avenue located at Wufu Village, Yongquan Street Office, Wenjiang District, Chengdu, Sichuan Province, PRC	556,000,000
	Sub-total:	<u>721,000,000</u>
	<b>Total:</b>	<u><u>980,000,000</u></u>

## VALUATION CERTIFICATE

## Group I – Property held by the Project Company under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2008																							
1.	The Western Group of Phase I of Park Avenue located at Wufu Village, Yongquan Street Office, Wenjiang District, Chengdu, Sichuan Province, PRC	<p>Park Avenue is planned to be developed into a large scale residential and commercial development erected on two parcels of land with a total site area of approximately 228,106.66 sq.m. (2,455,340 sq.ft.).</p> <p>The property comprises portion of Phase I of Park Avenue erected on a parcel of land with a site area of approximately 79,013.33 sq.m. (850,499 sq.ft.).</p> <p>According to the latest development proposal provided, the property will be developed into a development known as the Western Group of Phase I of Park Avenue. Upon completion, the property will provide a total gross floor area of approximately 143,023.46 sq.m. (1,539,505 sq.ft.), the breakdown of which is as follows:</p>	The property is currently under construction.	RMB259,000,000																							
		<table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="2">Approximate gross floor area</th> </tr> <tr> <th style="text-align: center;"><i>sq.m.</i></th> <th style="text-align: center;"><i>sq.ft.</i></th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">112,145.82</td> <td style="text-align: right;">1,207,138</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">7,030.97</td> <td style="text-align: right;">75,681</td> </tr> <tr> <td>Basement</td> <td></td> <td></td> </tr> <tr> <td>carpark</td> <td style="text-align: right;">17,387.30</td> <td style="text-align: right;">187,157</td> </tr> <tr> <td>Ancillary facilities</td> <td style="text-align: right;">6,459.37</td> <td style="text-align: right;">69,529</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>143,023.46</b></td> <td style="text-align: right;"><b>1,539,505</b></td> </tr> </tbody> </table>	Use	Approximate gross floor area		<i>sq.m.</i>	<i>sq.ft.</i>	Residential	112,145.82	1,207,138	Commercial	7,030.97	75,681	Basement			carpark	17,387.30	187,157	Ancillary facilities	6,459.37	69,529	<b>Total</b>	<b>143,023.46</b>	<b>1,539,505</b>		
Use	Approximate gross floor area																										
	<i>sq.m.</i>	<i>sq.ft.</i>																									
Residential	112,145.82	1,207,138																									
Commercial	7,030.97	75,681																									
Basement																											
carpark	17,387.30	187,157																									
Ancillary facilities	6,459.37	69,529																									
<b>Total</b>	<b>143,023.46</b>	<b>1,539,505</b>																									

No. Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2008
	As advised by the Company, the property is scheduled for completion in April 2009.		
	The land use rights of the property have been granted for terms expiring on 17 December 2046 and 17 December 2076 for commercial and residential uses, respectively.		

*Notes:*

(1) Pursuant to State-owned Land Use Rights Grant Contract No. [2007] Chu Rang He Tong 21 ([2007]出讓合同21號) entered into between Chengdu Wenjiang District Land Resources Bureau (“Party A”) and Chengdu Zhongtai Communication Construction Development Company Limited (“Chengdu Zhongtai”) & Leadway Pacific Limited (together referred to as “Party B”) on 16 December 2006, Party A agreed to grant the land use rights of the land with a site area of approximately 79,013.33 sq.m. to Party B at a land premium of RMB270,225,600 for terms expiring on 17 December 2046 and 17 December 2076 for commercial and residential uses, respectively.

(2) Pursuant to the Article of Association, the shareholders of the Project Company include Leadway Pacific Limited and Chengdu Zhongtai. The salient conditions as stipulated in the said document are as follows:

Period of operation	:	20 years commencing on 30 January 2007 and expiring on 29 January 2027
Total investment amount	:	RMB230,000,000
Registered capital	:	RMB200,000,000

(3) Pursuant to State-owned Land Use Certificate No. Wen Guo Yong [2007] No. 243 (溫國用[2007]第243號) issued by the People’s Government of Chengdu, Wenjiang District on 28 August 2007, the land use rights of a parcel of land with a site area of approximately 79,013.33 sq.m. have been granted to the Project Company, a 70% owned subsidiary of the Company, for terms expiring on 17 December 2046 and 17 December 2076 for commercial and residential, respectively.

(4) Pursuant to Construction Land Planning Permit No. Cheng Gui Jian [2007] No. 011 (城規建[2007]第011號) issued by Chengdu Wenjiang District Planning Administration Bureau on 14 March 2007, the site with an area of approximately 79,013.33 sq.m. is permitted for use.

(5) Pursuant to Construction Project Planning Permit No. Cheng Gui Guan [2007] No. 035 (城規管[2007]第035號) issued by Chengdu Wenjiang District Planning Administration Bureau on 4 September 2007, the approved construction scale of the property is approximately 143,023.46 sq.m..

- (6) Pursuant to Construction Work Commencement Permit No. 510123200711190101 issued by Chengdu Wenjiang District Construction Commission on 19 November 2007, the construction of the property is permitted to commence in November 2007 whereas the approved construction scale is approximately 143,023.46 sq.m..
- (7) As advised by the Company, the total construction cost expended as at the date of valuation was approximately RMB58,259,414 whereas the construction cost to be expended was approximately RMB320,058,045. Accordingly, we have taken into account the said amounts in our valuation.
- (8) The capital value of the property as if completed as of 30 April 2008 is RMB723,000,000.
- (9) 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 obtained the State-owned Land Use Certificate of the property. Accordingly, the Project Company has the rights to transfer, lease or mortgage the land use rights of the property as long as the invested amount of the property reaches 25% of the total investment amount of the development (excluding the land premium). There is no outstanding land premium payable in relation to the land use rights;
  - ii. relevant planning permits of the property have been obtained and the property has been approved for commencement of construction; and
  - iii. the Project Company has mortgaged the land use rights of the property to Industrial and Commercial Bank of China Limited.

## VALUATION CERTIFICATE

## Group II – Properties held by the Project Company for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2008
2.	The Eastern Group of Phase I of Park Avenue located at Wufu Village, Yongquan Street Office, Wenjiang District, Chengdu, Sichuan Province, PRC	<p>Park Avenue is planned to be developed into a large scale residential and commercial development erected on two parcels of land with a total site area of approximately 228,106.66 sq.m. (2,455,340 sq.ft.).</p> <p>The property comprises portion of Phase I of Park Avenue erected on a parcel of land with a site area of approximately 79,013.33 sq.m. (850,499 sq.ft.).</p> <p>According to the latest development proposal provided, the property will be developed into a development known as the Eastern Group of Phase I of Park Avenue with a total gross floor area of approximately 161,692.09 sq.m. (1,740,453 sq.ft.), the breakdown of which is as follows:</p>	The property is currently vacant.	RMB165,000,000

Use	Approximate gross floor area	
	sq.m.	sq.ft.
Residential	128,414.55	1,382,254
Commercial	4,577.71	49,274
Basement carpark	24,185.33	260,331
Ancillary facilities	4,514.50	48,594
Total	<u>161,692.09</u>	<u>1,740,453</u>

No. Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2008
	As advised by the Company, the property is scheduled for completion in 2010.		
	The land use rights of the property have been granted for terms expiring on 17 December 2046 and 17 December 2076 for commercial and residential uses, respectively.		

*Notes:*

- (1) Pursuant to State-owned Land Use Rights Grant Contract No. [2007] Chu Rang He Tong 21 ([2007] 出讓合同 21號) entered into between Chengdu Wenjiang District Land Resources Bureau (“Party A”) and Chengdu Zhongtai & Leadway Pacific Limited (together referred to as “Party B”) on 16 December 2006, Party A agreed to grant the land use rights of the land with a site area of approximately 79,013.33 sq.m. to Party B at a land premium of RMB270,225,600 for terms expiring on 17 December 2046 and 17 December 2076 for commercial and residential uses, respectively.
- (2) Pursuant to State-owned Land Use Certificate No. Wen Guo Yong [2007] No. 243 (溫國用[2007]第243號) issued by the People’s Government of Chengdu, Wenjiang District on 28 August 2007, the land use rights of the land with a site area of approximately 79,013.33 sq.m. have been granted to the Project Company, a 70% owned subsidiary of the Company, for terms expiring on 17 December 2046 and 17 December 2076 for commercial and residential & basement carpark & ancillary facilities uses, respectively.
- (3) Pursuant to Construction Land Planning Permit No. Cheng Gui Jian [2007] No. 011 (城規建[2007]第011號) issued by Chengdu Wenjiang District Planning Administration Bureau on 14 March 2007, the site with an area of approximately 79,013.33 sq.m. is permitted for use.
- (4) Pursuant to Construction Project Planning Permit No. Jian Zi Di 510115200830007 (建字第510115200830007號) issued by Chengdu Wenjiang District Planning Administration Bureau on 3 March 2008, the approved construction scale of the property is approximately 161,692.09 sq.m. (including approximately 135,161.93 sq.m. above ground and 26,530.16 sq.m. underground).

- (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 obtained the State-owned Land Use Certificate of the property. Accordingly, the Project Company has the rights to transfer, lease or mortgage the land use rights of the property as long as the invested amount of the property reaches 25% of the total investment amount of the development (excluding the land premium). There is no outstanding land premium payable in relation to the land use rights;
  - ii. relevant planning permits of the property have been obtained as stated in Note (3) and Note (4); and
  - iii. the Project Company has mortgaged the land use rights of the property to Industrial and Commercial Bank of China Limited.

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2008																		
3.	Phase II of Park Avenue located at Wufu Village, Yongquan Street Office, Wenjiang District, Chengdu, Sichuan Province, PRC	<p>Park Avenue is planned to be developed into a large scale residential and commercial development erected on two parcels of land with a total site area of approximately 228,106.66 sq.m. (2,455,340 sq.ft.).</p> <p>The property comprises a parcel of land with a site area of approximately 149,093.33 sq.m. (1,604,841 sq.ft.).</p>	The property is currently vacant.	RMB556,000,000																		
		<p>According to the latest development proposal provided, the property will be developed into a development as Phase II of Park Avenue. Upon completion, the property will provide a total gross floor area of approximately 575,500.25 sq.m. (6,194,685 sq.ft.), and the breakdown of which is as follows:</p>																				
		<table border="1"> <thead> <tr> <th data-bbox="368 1421 400 1442">Use</th> <th colspan="2" data-bbox="525 1385 641 1442">Approximate gross floor area</th> </tr> <tr> <td></td> <th data-bbox="535 1459 577 1481"><i>sq.m.</i></th> <th data-bbox="636 1459 674 1481"><i>sq.ft.</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="368 1527 455 1549">Residential</td> <td data-bbox="490 1527 577 1549">471,691.00</td> <td data-bbox="597 1527 674 1549">5,077,282</td> </tr> <tr> <td data-bbox="368 1559 455 1581">Commercial</td> <td data-bbox="490 1559 577 1581">19,660.00</td> <td data-bbox="597 1559 674 1581">211,620</td> </tr> <tr> <td data-bbox="368 1591 445 1725">Basement carpark &amp; ancillary facilities</td> <td data-bbox="490 1698 577 1725">84,149.25</td> <td data-bbox="597 1698 674 1725">905,783</td> </tr> <tr> <td data-bbox="368 1772 407 1793">Total</td> <td data-bbox="490 1772 577 1793"><u>575,500.25</u></td> <td data-bbox="597 1772 674 1793"><u>6,194,685</u></td> </tr> </tbody> </table>			Use	Approximate gross floor area			<i>sq.m.</i>	<i>sq.ft.</i>	Residential	471,691.00	5,077,282	Commercial	19,660.00	211,620	Basement carpark & ancillary facilities	84,149.25	905,783	Total	<u>575,500.25</u>	<u>6,194,685</u>
Use	Approximate gross floor area																					
	<i>sq.m.</i>	<i>sq.ft.</i>																				
Residential	471,691.00	5,077,282																				
Commercial	19,660.00	211,620																				
Basement carpark & ancillary facilities	84,149.25	905,783																				
Total	<u>575,500.25</u>	<u>6,194,685</u>																				

No. Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2008
	As advised by the Company, the property is scheduled for completion in 2012.		
	The land use rights of the property have been granted for terms expiring on 17 December 2046 and 17 December 2076 for commercial and residential uses, respectively.		

*Notes:*

- (1) Pursuant to State-owned Land Use Rights Grant Contract No. [2007] Chu Rang He Tong 22 ([2007]出讓合同22號) entered into between Chengdu Wenjiang District Land Resources Bureau (“Party A”) and Chengdu Zhongtai & Leadway Pacific Limited (together referred to as “Party B”) on 16 December 2006, Party A agreed to grant the land use rights of the land with a total site area of approximately 149,186.66 sq.m. to Party B at a land premium of RMB521,407,400 for terms expiring on 17 December 2046 and 17 December 2076 for commercial and residential uses, respectively.
- (2) Pursuant to State-owned Land Use Certificate No. Wen Guo Yong [2008] Di 25125 (溫國用[2008]第25125號) issued by the People of Government of Chengdu, Wenjiang District on 20 June 2008, the land use rights of the land with a site area of approximately 149,093.33 sq.m. have been granted to the Project Company, a 70% owned subsidiary of the Company, for two respective terms expiring on 17 December 2046 and 17 December 2076 for commercial and residential uses.
- (3) Pursuant to Construction Land Planning Permit No. Di Zi Di 510115200820045 (地字第510115200820045號) issued by Chengdu Wenjiang District Planning Administration Bureau on 6 June 2008, the site with an area of approximately 149,093.33 sq.m. is permitted for use.
- (4) 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 obtained the State-owned Land Use Certificate of the property. Accordingly, the Project Company has the rights to transfer, lease or mortgage the land use rights of the property as long as the invested amount of the property reaches 25% of the total investment amount of the development (excluding the land premium). There is no outstanding land premium payable in relation to the land use rights; and
  - ii. Construction Land Planning Permit has been obtained for the property and the property is permitted for construction.

## 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) Directors' Interests

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 ordinary shares interested	% of the Company's issued share capital
Li Song Xiao	Interest in corporations (note)	1,051,762,995	
	Beneficial owner	<u>3,157,500</u>	
		1,054,920,495	54.21
Liu Yan	Beneficial owner	800,000	0.05
Niu Xiao Rong	Beneficial owner	1,375,000	0.07

*Note:*

Li Song Xiao was deemed to be interested in 1,051,762,995 shares of the Company 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	% of the underlying shares over the Company's issued share capital
Li Song Xiao	Beneficial owner	750,000	0.04
Liu Yan	Beneficial owner	10,700,000	0.55
Liu Yi	Beneficial owner	10,000,000	0.51
Niu Xiao Rong	Beneficial owner	8,625,000	0.44
Yuan Kun	Beneficial owner	6,000,000	0.31
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) Substantial Shareholders' Interests**

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

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

Name of substantial shareholder	Long/short position	Capacity	No. of shares of the Company interested	% 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	155,399,592	7.99
	Short	Beneficial owner and person having a security interest in shares	44,914,800	2.31

*Notes:*

- (a) These shares held by Invest Gain Limited were beneficially owned by Li Song Xiao. Such interest was also disclosed as the interest of Li Song Xiao in the section headed "Directors' and Chief Executive's Interests in Shares and Underlying Shares" above.
- (b) Liu Hui was deemed to be interested in 1,051,762,995 ordinary shares of the Company, being the interest held beneficially by her spouse, Li Song Xiao.

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

### **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**

None of the Directors has any material interest in any contract or arrangement which is significant in relation to the business of the Group.

### **7. MATERIAL CHANGES**

The Directors confirm that there are no material adverse changes in the financial or trading position or prospects of the Group since 30 April 2007, the date to which the latest audited consolidated financial statements of the Company were made up.

**8. EXPERTS AND CONSENT**

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

<b>Name</b>	<b>Qualification</b>
CMB	a corporation licensed to perform type 1 (dealing in securities) and type 6 (advising on corporate finance)
Savills	independent property valuer

Each of CMB 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 CMB 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 CMB and Savills did not have any direct or indirect interest in the Agreement and any assets which has been, since 30 April 2007 (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. GENERAL**

- (a) The registered office of the Company is located at Clarendon House, Church Street, Hamilton HM11, Bermuda.
- (b) The head office of the Company is located at Unit 1908-09, 19th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Secretaries Limited, 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

- (d) As at the date of this circular, the Board comprised Mr. Li Song Xiao (Chairman and executive Director), Mr. Liu Yi (executive Director), Ms. Niu Xiao Rong (executive Director), Mr. Yuan Kun (executive Director), Ms. Liu Yan (executive Director), Ms. Bao Jing Tao (executive Director), Mr. Jia Bo Wei (executive Director), Mr. Lu Zhao Qun (executive Director), Mr. Lam Kwan Sing (executive Director), Mr. Lai Leong (non-executive Director), Ms. Nie Mei Sheng (independent non-executive Director), Mr. Zhang Qing Lin (independent non-executive Director), Mr. Gao Ling (independent non-executive Director) and Mr. Lai Man Leung (independent non-executive Director).
- (e) The Company Secretary of the Company is Mr. Szeto Chak Wah, Michael (“Mr. Szeto”). Mr. Szeto is a practicing solicitor in Hong Kong and a consultant of a firm of solicitors in Hong Kong. He is also a non-executive director of Tack Fat Group International Limited (a company whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited).
- (f) The Qualified Accountant of the Company is Mr. Cho Chun Wai, Peter (“Mr. Cho”). Mr. Cho is an associate member of Hong Kong Institute of Certified Public Accountants. He holds a master degree in corporate finance from Hong Kong Polytechnic University in 2005.
- (g) The English text of this circular shall prevail over the Chinese text.

#### **10. 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 1 August 2008:

- (i) the Agreement;
- (ii) the written consent referred to in the paragraph headed “Expert and consent” in this appendix;
- (iii) the letter from the Independent Board Committee dated 18 July 2008;
- (iv) the letter of advice from CMB, the Independent Financial Adviser, dated 18 July 2008; and
- (v) the valuation report on the Land.