

**JIUZHOU DEVELOPMENT COMPANY LTD:
THE COMPANY IS SUED FOR 26 MILLION RENMINBI**

A stand-up fight has broken out between Jiuzhou Development Company Ltd () (Code: 908, Main Board, The Stock Exchange of Hongkong Ltd) and the beneficial owner of a resort in Zhuhai, the People's Republic of China (PRC).

Zhuhai is just a short walk from the Macau Special Administrative Region (MSAR) of the PRC.

The first volley of the fight has been fired by Mr Lieu Tseng Van, the beneficial owner of the Zhuhai resort, who has sued Jiuzhou Development Company Ltd for 26 million renminbi.

Writ of Summons, Number 1645, Indorsement of Claim attached, has been lodged in the High Court of the Hongkong Special Administrative Region (HKSAR) of the PRC.

The Indorsement of Claim reads as follows:

- '(1) damages for breaches of a framework agreement () (**the "Framework Agreement"**) and an addendum to the Framework Agreement () (**the "Addendum"**) in writing dated 27 August 2008 and 10 September 2008 respectively made between the Plaintiff and the Defendant, and confidentiality undertaking signed on 8 August 2008 by the Defendant in favour of the Plaintiff;
- '(2) the deposit of RMB26,000,000 paid by the Defendant to the Plaintiff under the Framework Agreement and the Addendum be forfeited;
- '(3) the deed of charge made in writing on 10 September 2008 by, among other, the Plaintiff in favour of the Defendant be set aside;
- '(4) costs;
- '(5) interest on the sums at a rate and for a period as the Court may think fit pursuant to sections 48 and 49 of the High Court Ordinance (Cap. 4); and
- '(6) further or other relief as the Court may think fit.'

For its part, Management of Jiuzhou Development Company Ltd informed its shareholders on Monday, July 20, 2009, of the company's intention to terminate the proposed transaction to purchase 80 percent of the Zhuhai resort.

The entire official announcement stated:

'TERMINATION OF LETTER OF INTENT

<p><i>Reference is made to the announcement of the Company dated 10 September 2008 in relation to the Proposed Transaction. The Board has decided not to proceed with the Proposed Transaction and the Letter of Intent was terminated accordingly.</i></p>

*Reference is made to the announcement (“**Announcement**”) of Jiuzhou Development Company Limited (“**Company**”) dated 10 September 2008 in relation to the possible acquisition (“**Proposed Transaction**”) of 80% of the entire issued share capital of a company in Hong Kong (which owns a wholly foreign owned enterprise established in the People’s Republic of China which is principally engaged in the operation and management of a golf club, gun club, hunting area, hotel and sports training centre in Zhuhai). Terms used herein shall have the same meanings as defined in the Announcement unless defined otherwise.*

Owing to the fact that the Company could not reach a mutually satisfied agreement with the Possible Vendor on the terms of the Proposed Transaction after undertaken detailed due diligence review on the legal, financial, accounting and business aspects of the Target Company, the Board has decided not to proceed with the Proposed Transaction and the Letter of Intent was terminated accordingly. As the Possible Vendor refused to refund the earnest money to the Company, proper actions (legal or otherwise) have and will be taken to recover the earnest money previously paid to the Possible Vendor under the Letter of Intent. Further announcement(s) will be made by the Company as and when appropriate.

*By Order of the Board
Jiuzhou Development Company Limited
Huang Xin
Executive Director*

Hong Kong, 20 July 2009’

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