



**合生創展集團有限公司**  
**HOPSON DEVELOPMENT HOLDINGS LIMITED**  
*(incorporated in Bermuda with limited liability)*

website: <http://www.irasia.com/listco/hk/hopson>

**2001 ANNUAL RESULTS ANNOUNCEMENT**

**FINANCIAL HIGHLIGHTS**  
*(Year ended 31st December, 2001)*

- Turnover was HK\$1,170,871,000
- Profit attributable to shareholders amounted to HK\$120,965,000
  - Earnings per share were HK 12 cents
- A final dividend of HK 2 cents per share was proposed

**BUSINESS REVIEW**

*Market Overview*

- Despite the economic slowdown followed by the "911 tragedy" that affected every industry on a global basis, China was able to sustain encouraging economic growth, the momentum of which continues with the nation's accession into the World Trade Organization ("WTO"). In 2001, China achieved a 7.3% increase in GDP growth, one of the highest in the world.
- Guangzhou achieved a GDP growth of 13% and its citizens' average disposable income also increased at a rate of 7% which was ranked the first among major cities. In 2001, property sales in Guangzhou reached 11.88 million sq. m., of which approximately 8.1 million sq. m. were new properties. Approved pre-sales areas amounted to 7.95 million sq.m., continuing to reflect restraint in market supply with approved floor areas less than transacted areas.

*Sales Performance*

- For the most part of the year, sales activities focused on existing projects like Regal Court, Huajing New City and Gallopade Park. Pre-sales of the Group's major new projects such as Pleasant View Garden, Gallopade Park South Court and Huanan New City, along with Regal Riviera, were launched later the year. In aggregate, approximately 2,384 residential units with total gross floor area of approximately 285,803 sq.m. were successfully sold.
- Gallopade Park was rated as "Top 30 Famous Property Projects in China" and the Company was also elected as the "Top 20 Well-known Brandnames of Property Developers in China". These awards clearly demonstrated market recognition of the high quality of our products and services.

*Prospect*

- With China's full entrance into WTO and the impetus brought by the hosting of the 2008 Olympic Games in Beijing, the outlook for China's property market is more attractive than ever, particularly in major cities. The trend of property ownership has entrenched into an impregnable position in today's living in China.
- In January 2002, the Group moved its first step out of Guangzhou and announced its participation in four sizable projects in Beijing and Tianjin with a total investment cost amounting to approximately HK\$820 million, which is intended to be financed by internal resources, on-going proceeds and bank borrowings. Full details of these projects were set out in a circular dated 31st January, 2002 to the shareholders of the Company.
- The Group will continue with its successful strategy of focused development and enhancement of quality large-scale and multi-facility residential projects.

**FINAL RESULTS**

The Board of Directors of Hopson Development Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December, 2001 together with comparative figures for the previous year as follows:

	Note	2001 HK\$'000	2000 HK\$'000
Turnover	1&5	1,170,871	1,198,378
Cost of sales		(782,664)	(829,788)
Gross profit		388,207	368,590
Selling and marketing expenses		(126,181)	(91,353)
General and administrative expenses		(57,080)	(44,095)
Profit from operations		204,946	233,142
Interest income		4,288	7,939
Interest expenses	6	(5,938)	(698)
Share of profit of a jointly controlled entity		12,584	-
Profit before taxation	2	215,880	240,383
Taxation	3	(90,891)	(86,195)
Profit after taxation but before minority interests		124,989	154,188
Minority interests		(4,024)	6,676
Profit attributable to shareholders		120,965	160,864
Retained profit, beginning of year		635,133	519,560
Transfer to general reserve fund		(7,342)	(5,291)
Dividends		(30,050)	(40,000)
Retained profit, end of year		718,706	635,133
Earnings per share	4		
- Basic		HK 12 cents	HK 16 cents
- Diluted		HK 12 cents	HK 16 cents

*Notes:*

- (1) **Turnover**  
 Turnover (net of applicable business tax) consists of (1) pre-sales of properties under development for sale under legally-binding agreements which is recognised by reference to the stage of completion of the properties, with the profit recognised restricted to the amount of instalments received, (2) sales of completed properties held for sale which is recognised when a legally-binding agreement has been executed, with the profit recognised restricted to the amount of instalments received, (3) rental income which is recognised on a straight-line basis over the period of the relevant leases and (4) property management fees which are recognised when the service is rendered.

(2) **Profit before taxation**  
 Profit before taxation is determined after charging the following items:

	2001 HK\$'000	2000 HK\$'000
Depreciation of properties and equipment	3,355	2,717
Amortisation of goodwill	1,647	-

(3) **Taxation**  
 Taxation consists of:

	2001 HK\$'000	2000 HK\$'000
<i>Company and subsidiaries</i>		
Current taxation -		
Hong Kong profits tax	1,060	-
Mainland China enterprise income tax		
- current year	75,565	61,594
- over-provision in prior years	-	(21,149)
Mainland China land appreciation tax	8,926	27
Deferred taxation -		
Mainland China enterprise income tax		
- current year	1,187	24,574
- under-provision in prior years	-	21,149
	86,738	86,195
<i>Jointly controlled entity</i>		
Current taxation -		
Mainland China enterprise income tax	4,153	-
	90,891	86,195

Hong Kong profits tax is provided at the rate of 16% (2000 - 16%) on the estimated assessable profit arising in or derived from Hong Kong. Overseas taxation is provided at the applicable rates prevailing in the countries in which the group companies operate. Mainland China enterprise income tax is provided at a rate of 33% (2000 - 33%). Mainland China land appreciation tax is provided at a rate of 1% on the sales of related properties.

(4) **Earnings per share**  
 The calculation of basic earnings per share is based on the audited consolidated profit attributable to shareholders of approximately HK\$120,965,000 (2000: HK\$160,864,000) and the weighted average number of approximately 1,000,630,000 shares (2000: 1,000,000,000 shares) in issue during the year.

The calculation of diluted earnings per share is based on the audited consolidated profit attributable to shareholders of approximately HK\$120,965,000 (2000: HK\$160,864,000) and the diluted weighted average number of approximately 1,001,100,000 shares (2000: 1,000,483,000 shares) in issue after adjusting for the effect of all dilutive potential shares.

(5) **Segment information**  
 The Group operated predominantly in one geographical area, namely, Guangzhou, Mainland China and in three business segments, property development, property investment and property management. An analysis of the Group's results by business segment is as follows:

	2001 HK\$'000	2000 HK\$'000
Turnover		
Property development	1,143,381	1,187,056
Property investment	2,896	4,762
Property management	24,594	6,560
	1,170,871	1,198,378
Profit (Loss) attributable to shareholders		
Property development	125,658	160,044
Property investment	1,746	2,871
Property management	(6,439)	(2,051)
	120,965	160,864

(6) **Interest on borrowings**

	2001 HK\$'000	2000 HK\$'000
Interest on bank loans	71,896	41,764
Less:		
Interest capitalised as part of the cost of properties under development	(65,958)	(41,066)
	5,938	698

(7) **Adoption of new/revised Statements of Standard Accounting Practice**  
 Effective from the year ended 31st December, 2001, the Group has adopted, for the first time, a number of new/revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants. The adoption of these new/revised SSAPs had no significant impact on the Group's financial statements, except that dividends proposed or declared after the balance sheet date in respect of the financial year ended on the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed as a separate component of shareholders' equity on the face of the balance sheet. This change in accounting policy has been applied retrospectively as a prior year adjustment. The 2000 comparative figures presented herein have incorporated the effect of adjustments, where applicable, resulting from the adoption of the new/revised SSAPs.

Details relating to the adoption of the new/revised SSAPs will be disclosed in the Group's financial statements.

(8) **Reserves and proposed dividends**

a. **Movements of reserves are:**

	2001				2000	
	Share premium HK\$'000	General reserve fund HK\$'000	Investment property revaluation reserve HK\$'000	Cumulative translation adjustments HK\$'000	Total HK\$'000	Total HK\$'000
Beginning of year	617,692	23,382	748,342	700	1,390,116	1,060,070
Exercise of share options	1,160	-	-	-	1,160	-
Share issuance expenses	(3)	-	-	-	(3)	-
Surplus on revaluation of investment properties, net of Mainland China land appreciation tax	-	-	10,524	-	10,524	323,785
Transfer from retained profit	-	7,342	-	-	7,342	5,291
Translation adjustments	-	-	-	5,799	5,799	970
End of year	618,849	30,724	758,866	6,499	1,414,938	1,390,116

b. Movements of proposed dividends are:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Beginning of year	–	–
– as previously reported	–	–
– prior year adjustment ( <i>see Note 7</i> )	30,000	50,000
As restated	30,000	50,000
Proposed dividends		
– interim dividend	10,010	10,000
– final dividend	20,040	30,000
Dividends paid	(40,010)	(60,000)
End of year	<u>20,040</u>	<u>30,000</u>

## DIVIDENDS

The Board of Directors has recommended a final dividend of HK 2 cents (2000: HK 3 cents) per share. This, together with the interim dividend of HK 1 cent (2000: HK 1 cent) per share, will give a total dividend of HK 3 cents (2000: HK 4 cents) per share for the year ended 31st December, 2001.

The final dividend will be paid on Tuesday, 18th June, 2002 to shareholders whose names appear on the register of members of the Company on Monday, 27th May, 2002 subject to the approval of shareholders at the Annual General Meeting to be held on Monday, 27th May, 2002.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### Performance

The operating results of the 2001 financial year reflected the state of the market we competed and the effects of management actions we took. It was a challenging year for the Group financially. The Group's profit attributable to shareholders declined 25% to HK\$120.9 million (2000: HK\$160.8 million), largely due to the significant, albeit necessary, increase in operating expenses. Earnings per share fell by 25% to HK\$0.12 in 2001 (2000: HK\$0.16).

#### Revenue

New projects such as Gallopade Park South Court, Huanan New City and Pleasant View Garden were put into the market in late 2001. This had an impact on revenue. Turnover marginally declined 2% to HK\$1,171 million (2000: HK\$1,198 million). This, however, took no account of the turnover amounting to HK\$91.7 million from a jointly controlled entity in which the Group has a 40% interest.

Throughout the year, the Group carried out its operating activities predominantly in Guangzhou, China, and in three business segments, namely property development, property investment and property management.

#### Direct Costs

Prudent controls over costs, yet without compromising on quality, enhanced the gross profit margin by 2.4% and reduced the cost- to-turnover ratio from 69.2% in 2000 to 66.8% in 2001.

#### Operating Expenses

Market competition continuously required greater resources on sales-promotions, particularly for new projects. As a result, selling and marketing expenses grew by 38%, or HK\$34.9 million, to HK\$126.2 million (2000: HK\$91.3 million). The sale performance achieved enabled the Group to maintain a leading position in the Guangzhou property market.

General and administrative expenses rose to HK\$57.1 million, an increase of 29%, or HK\$13.0 million, over the previous year. Following the full operation of new projects, more staff were recruited. The increase by 37% in staff numbers led to a significant rise in staff costs and staff-related and business expenditures.

Control on spending has always been tight and the vigour will continue to run the Group's businesses as efficiently and cost-effectively as possible.

### Financial Position

As at 31st December, 2001, total assets of the Group amounted to HK\$5,627 million whilst total liabilities (excluding minority interests) were HK\$3,193 million, representing an increase of HK\$1,143 million and HK\$1,021 million respectively over the previous year. The increase in total assets mainly reflected the effects of additional investments made in property projects under development whereas the increase in total liabilities was primarily caused by greater borrowings and larger payables.

### Liquidity and Borrowings

As at 31st December, 2001, the Group had cash and short-term bank deposits amounting to HK\$474 million, of which HK\$110 million were pledged as collateral for the Group's banking facilities. Total borrowings stood at HK\$1,583 million, representing an increase of 60% or HK\$590 million following investment in new development projects.

The Group's outstanding bank loans and borrowings at 31st December, 2001, being secured and denominated in Renminbi, were repayable as follows:

	Million HK\$	
Within 1 year	915.8	65.5%
After 1 year but within 2 years	311.2	22.3%
After 2 years but within 3 years	171.4	12.2%

The Group's net borrowing levels increased by HK\$447 million to HK\$1,109 million at 31st December, 2001.

Gearing, measured by net borrowings as a percentage of shareholders' equity, increased from 30.7% last year to 49.2% this year and yet remained within the debt capacity of the Group. Profit from operations for the year under review covered 3.0 times of the net interest expenses before capitalisation, as compared to 6.9 times for the previous year.

### Charges on Assets

As at 31st December, 2001, certain assets of the Group with an aggregate carrying value of HK\$2,044 million (2000: HK\$1,261 million) were pledged to secure bank loan facilities used by subsidiaries, a jointly controlled entity and a related company.

### Contingent Liabilities

As at 31st December, 2001, the Group provided guarantees to banks for:

- mortgage facilities granted to the buyers of the Group's properties amounted to HK\$288 million (2000: HK\$1,315 million); and
- loan borrowed by an associate amounted to HK\$10 million (2000: HK\$11 million).

In addition, the Group had contingent liabilities of approximately HK\$38 million (2000 – Nil) in respect of its obligation to Mainland China land appreciation tax, details of which will be disclosed in the Group's financial statements.

### Capital Commitments

With the advent of new development projects, the Group's capital commitments in respect of land and property construction costs, which were authorised and contracted for, rose to HK\$2,072 million at 31st December, 2001 (2000: HK\$202 million). It is expected that where pre-sales are in progress, proceeds generated together with appropriate bank borrowings will be sufficient to fund these capital expenditure needs by stages.

### FOREIGN EXCHANGE FLUCTUATIONS

The Group earns revenue and incurs costs and expenses mainly in Renminbi. The Group experienced no significant foreign exchange

movement and the directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollars and Renminbi in the foreseeable future.

## EMPLOYEES

As at 31st December, 2001 the Group, excluding its associate and jointly controlled entity, employed a total of 1,529 (2000: 1,115) staff, the great majority of which representing 1,507 in number were employed in Mainland China.

The Group continued to structure remuneration packages for employees with reference to pay trends, market conditions and individual performances. Training and development programmes were provided on an ongoing basis. A share option scheme was established by the Company and since its adoption on 4th April, 1998, 5 million option shares were granted.

## CODE OF BEST PRACTICE

In the opinion of the directors, the Company had complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year, except that the independent non-executive directors of the Company are not appointed for specific terms. However, all directors except the Chairman and the Managing Director are subject to retirement by rotation at annual general meetings of the Company in accordance with the Company's bye-laws. In the opinion of the directors, this meets the objective of the Code.

## PURCHASE, REDEMPTION AND SALE OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year.

## AUDIT COMMITTEE

The Company has set up an audit committee comprising Mr. Yuen Pak Yiu, Philip, Mr. Lee Tsung Hei, David and Mr. Wong Shing Kay, Oliver, independent non-executive directors of the Company. The primary duties of the audit committee are to review and supervise the internal control system and financial reporting process of the Group. The audit committee met with management and auditors of the Company to discuss the Group's internal control procedures and financial reporting matters during the year ended 31st December, 2001.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 17th May, 2002 to Monday, 27th May, 2002, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Central Registration Hong Kong Limited, Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Thursday, 16th May, 2002.

## PUBLICATION OF DETAILED RESULTS ANNOUNCEMENT

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the Stock Exchange of Hong Kong Limited's website in due course.

By Order of the Board  
**Chu Mang Yee**  
*Chairman*

Hong Kong, 18th April, 2002

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Hopson Development Holdings Limited (the "Company") will be held at Salon II, The Ritz-Carlton, 3 Connaught Road, Central, Hong Kong on 27th May, 2002 (Monday) at 9:30 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements of the Company and its subsidiaries and the reports of the directors and auditors for the year ended 31st December, 2001.
2. To re-elect retiring directors and to authorise the board of directors to fix the directors' remuneration.
3. To declare a final dividend for the year ended 31st December, 2001.
4. To re-appoint auditors and to authorise the board of directors to fix their remuneration.
5. As special business to consider and, if thought fit, pass with or without modifications, the following resolutions as Ordinary Resolutions:

#### A. "THAT:

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company or securities convertible into such shares or warrants or similar rights to subscribe for any shares in the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to the shares of the Company issued as a result of a Rights Issue (as hereinafter defined) or pursuant to the exercise of options under the Share Option Scheme or similar arrangement, or any scrip dividend or similar arrangement providing for the allotment of shares of the Company in lieu of the whole or part of the dividend on the shares of the Company in accordance with the Company's Bye-laws, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly; and

- (d) for the purposes of this Resolution:

"Relevant Period" means the period from the date of passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable laws of Bermuda to be held; or
- (iii) revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting.

"Rights Issue" means an offer of shares open for a period fixed by the directors of the Company to holders of shares of the Company on the register on a fixed record date in proportion to their holdings of such shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong.)"

#### B. "THAT:

- (a) subject to paragraph (b), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to repurchase its own shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange on which the securities of the Company may be listed as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval mentioned in paragraph (a) during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this Resolution and the said approval shall be limited accordingly; and
- (c) the expression "Relevant Period" shall for the purposes of this Resolution have the same meaning as assigned to it under Ordinary Resolution 5.A. (d) of this notice."

- C. "THAT conditional upon Resolutions 5.A. and 5.B. above being passed, the aggregate nominal amount of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in Resolution 5.B. above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to Resolution 5.A. provided that the amount of share capital repurchased by the Company shall not exceed 10 per cent of the total nominal amount of the share capital of the Company in issue on the date of this Resolution."

By Order of the Board  
**Mok Wai Kun, Barbara**  
*Secretary*

18th April, 2002, Hong Kong

#### Principal office:

19th Floor, Wyndham Place  
40-44 Wyndham Street  
Central  
Hong Kong

#### Notes:

1. A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. To be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or other authority, must be deposited at the principal office of the Company at 19th Floor, Wyndham Place, 40-44 Wyndham Street, Central, Hong Kong not less than 48 hours before the time appointed for holding the said meeting.
3. A form of proxy for the meeting will be enclosed with the annual report.
4. The register of members of the Company will be closed from Friday, 17th May, 2002 to Monday, 27th May, 2002, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend to be approved at the meeting and the right to attend and vote at the meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars in Hong Kong, Central Registration Hong Kong Limited, Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Thursday, 16th May, 2002.
5. With reference to the Ordinary Resolutions sought in items 5.A. and 5.B. of this notice, the directors wish to state that they have no immediate plans to issue any new shares or to repurchase any existing shares of the Company. The explanatory statement required by the Listing Rules of the Stock Exchange in connection with the repurchase mandate will be despatched to shareholders together with the annual report.