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ZHONG HUA LAND HOLDINGS LIMITED
中華置業地產控股有限公司

(Incorporated in Bermuda with limited liability)

DISCLOSEABLE TRANSACTION

On 6th April, 2001, CLRI, a wholly-owned subsidiary of the Company, conditionally agreed to purchase from Empower 100% shareholding in I-Action, at a consideration of HK\$320,000,000 (subject to cash adjustment). The principal business of I-Action is its investment holding in I-Mall. Prior to Completion, Shi Lian, an indirect subsidiary of I-Mall, will enter into the Exclusive Technology Consultancy Agreement with Fei Yue pursuant to which Shi Lian will receive technology consultancy fees from Fei Yue.

The directors believe that the Acquisition will enhance the earning base of the Group in the long term from the technology consultancy fees received.

The Consideration is arrived at after arm's length negotiations and will be satisfied by the issue and allotment to Empower and/or its nominee(s) of such number of ordinary shares of US\$1.00 each credited as fully paid valued for this purpose at HK\$320,000,000 which shall constitute 49% of the enlarged issued share capital of Ample Dragon upon Completion subject to cash adjustment ("Consideration Shares"). Such issue and allotment constitute a deemed disposal of 49% of Ample Dragon's group interests ("Disposal"). Ample Dragon is currently a wholly-owned subsidiary of CLRI. Empower and its ultimate and beneficial owners are not connected with the Company, its directors, chief executive or substantial shareholders, any of its subsidiaries or their respective associates (as defined in the Listing Rules).

The Acquisition and the Disposal constitute discloseable transactions under Chapter 14 of the Listing Rules. A circular giving the information required under the Listing Rules, including but not limited to, the valuation reports of property interests held by the Ample Dragon group and Shi Lian, will be despatched to shareholders for information shortly.

AGREEMENT DATE

6th April, 2001

PARTIES

Vendor: Empower, beneficially owned by independent third parties who are not connected with the Company, its directors, chief executive or substantial shareholders, any of its subsidiaries or their respective associates (as defined in the Listing Rules)

Purchaser: CLRI

THE ACQUISITION

Pursuant to the Agreement, Empower agreed to sell and CLRI agreed to purchase one share of US\$1.00 representing the entire share capital of I-Action.

INFORMATION ON I-ACTION

I-Action is the legal and beneficial owner of 68.63% of the entire issued share capital of I-Mall, which is legally and beneficially entitled to 51% of the entire issued share capital of B2B. The remaining 31.37% of the issued share capital of I-Mall is legally and beneficially owned as to 19.60% by Sky Rank Inc., and as to 11.77% by Technocrat Technology Limited. Both Sky Rank Inc. and Technocrat Technology Limited are independent third parties not connected with the Company, its directors, chief executive or substantial shareholders, any of its subsidiaries or their respective associates (as defined in the Listing Rules).

The remaining 49% of the issued share capital of B2B is legally and beneficially owned in the following shareholdings by the following companies:

Name of Shareholders	Shareholding (%)	Date of Incorporation
a. Guangzhou Industries Limited	9.975%	2nd August, 2000
b. Mainland Overseas Finance Limited	9.975%	11th August, 2000
c. Catch-up Technology Limited	7.525%	11th August, 2000
d. Supersonic Technology Limited	4%	18th January, 2000
e. Moneynet International Limited	4%	2nd July, 1999
f. Power King Technology Limited	4%	18th January, 2000
g. Quick Step Holdings Limited	4%	18th January, 2000

h. Homa Finance Limited	4%	6th January, 2000
i. Tocsin Securities Limited	1.525%	9th September, 1999

(collectively, " 9 BVI Companies")

Other than being shareholders holding a total of 49% shareholdings in B2B, the 9 BVI Companies have no shareholdings/equity relationship among them and/or between them and the Company, I-Mall, I-Action, its respective directors, chief executive or substantial shareholders, any of its respective subsidiaries or their respective associates (as defined in the Listing Rules).

I-Action shall make capital injection in the amount of US\$1,428,000 in I-Mall within 365 days from 28th March, 2001, the funding of which shall be provided by internal resources of the Group. Other than the aforesaid capital commitment by I-Action, the Group has no further capital commitment upon Completion.

Since I-Action was incorporated on 2nd January, 2001, no audited accounts are available as at the date of this announcement.

Cyber Union, a limited company incorporated in Hong Kong on 19th May, 2000 and a wholly-owned subsidiary of B2B, currently has no business operation but is in the course of setting up Shi Lian, a wholly foreign owned enterprise in accordance with the PRC laws. The principal business of Cyber Union will be its investment holding in Shi Lian once Shi Lian shall have been established in or about end of May 2001. Pursuant to an approval letter dated 4th April, 2001 issued by the relevant PRC authority, the scope of business operations of Shi Lian includes, among other things, development of computer software and communication network technologies and provision of consultancy services for such technologies. It is expected that the business licence of Shi Lian will be issued in or about end of May 2001. Shi Lian will commence business as soon as its business licence is issued and further announcement will be made.

Fei Yue is a PRC domestic enterprise established under the PRC laws which is permitted to carry on the business of technology development and computer network system integration pursuant to the terms of its business licence. Prior to signing of the Agreement, Fei Yue entered into the Cooperation Agreement with GNET pursuant to which the parties agreed to cooperate in the operation and management of a phone payment project in Guangdong Province excluding Shenzhen for a term of fifteen years commencing from 28th September, 2000.

GNET was formed with the consent of the People's Bank of China and the approval by 廣東省人民政府編制委員會 (Guangdong People's Government Establishment

Commission). GNET is a financial network service organisation which set up provincial inter-bank ATM/POS computer network system in Guangdong Province excluding Shenzhen. The cooperation between Fei Yue and GNET is that Fei Yue will rely on the said computer network system to set up and develop call centres and data management system for the effective and efficient provision of phone banking payment services in Guangdong Province excluding Shenzhen.

Pursuant to a series of negotiation between Cyber Union and Fei Yue, Fei Yue will, as soon as practicable after Shi Lian shall have been duly established, appoint Shi Lian as Fei Yue's exclusive consultant for provision of technology consultancy services. It is expected that Shi Lian will be incorporated in or about end of May 2001. Prior to Completion and upon the establishment of Shi Lian, Shi Lian will enter into the Exclusive Technology Consultancy Agreement with Fei Yue for a term of fifteen years commencing from the date of signing of the Exclusive Technology Consultancy Agreement. In view of the appointment of Shi Lian and in order to fully make use of Shi Lian's expertise in software technology, Fei Yue will also procure (on a best endeavours basis) GNET to extend the cooperation for a further term of one year for the mutual benefits of Fei Yue and GNET. Further announcement regarding the Exclusive Technology Consultancy Agreement will be made as and when appropriate.

Pursuant to the Exclusive Technology Consultancy Agreement to be entered into between Fei Yue and Shi Lian, Fei Yue will appoint Shi Lian as its exclusive technology consultant for the development, maintenance and improvement of all of its inter-bank payment systems and Fei Yue's services include improvement of the inter-bank phone payment system and conducting research and development on provision of other value-added services by utilising the ATM/POS network. The appointment of Shi Lian is exclusive in the sense that Fei Yue is not allowed to appoint or instruct other technology consultants for the provision of the said services throughout the term of the Exclusive Technology Consultancy Agreement other than Shi Lian. Shi Lian will recruit local employees who are experts in computer software technology to provide such services. Under the Exclusive Technology Consultancy Agreement, in consideration of Shi Lian's services, Fei Yue will pay technology consultancy fees to Shi Lian throughout the term of the Exclusive Technology Consultancy Agreement and such fees are to be mutually agreed by Shi Lian and Fei Yue on a project-to-project basis. The directors expect that such fees will not be less than HK\$400,000,000 per annum on average for the next five years.

Since it is provided in the Cooperation Agreement made between Fei Yue and GNET that GNET shall not during the fifteen years' term engage in similar forms of business cooperation with any other entities or organisations, the cooperation between Fei Yue and GNET is therefore exclusive in nature. Under the Exclusive Technology Consultancy Agreement, it has also been agreed between Shi Lian and Fei Yue that Shi Lian will be

appointed as the exclusive technology consultant for a term of fifteen years from the date of the Exclusive Technology Consultancy Agreement during which term, Fei Yue shall not be allowed to appoint other technology consultants providing similar types of technology consultancy services as Shi Lian.

Fei Yue has advised the directors that it is Fei Yue's initial plan to negotiate and contract with various public utility companies operating inside Guangdong Province excluding Shenzhen to serve as their telephone bill payment service provider, the services will then be extended to other areas by the addition of other merchants for the payment of other items such as airline tickets, television shopping etc.

The directors consider that the major advantage offered by the services to be provided by Fei Yue over the existing phone payment services operating in Guangdong is its convenience and versatility whereby customers can settle all their payment requirements by debiting a single centralized bank account. All of the other existing payment services require the customer to open an account at the merchant's banker, thus, if there are several bills to be settled such as electricity, gas, water charges etc., the customer may be required to operate several bank accounts simultaneously and have to make several calls to complete the payment exercise. With the payment gateway of GNET and the call centre services provided by Fei Yue, fund transfer can be effected from a single account operated by the customer to the various merchants, eliminating the cumbersome process of depositing fund physically at several banks.

In light of the above, the directors envisage that Shi Lian will assist Fei Yue to, among other things, establish the call centre and install a secured payment confirmation gateway with GNET. The convenience and versatility offered by the secured payment confirmation gateway will attract and encourage consumers to use such payment services. Due to Shi Lian's exclusive appointment as Fei Yue's technology consultant for a term of fifteen years commencing from the date of the Exclusive Technology Consultancy Agreement, Shi Lian will greatly benefit from Fei Yue if the phone payment system is widely used by consumers. The directors expect that Shi Lian will receive consultancy fees of not less than HK\$400,000,000 per annum on average for the next five years from Shi Lian's provision of consultancy services to Fei Yue. The directors are of the view that the consideration and the terms and conditions of the Exclusive Technology Consultancy Agreement are fair and reasonable.

CONDITIONS PRECEDENT TO THE AGREEMENT

Completion will be conditional upon, among others,:

- (a) all Consents (if any) which are required for the entering into and/or the performance of obligations under the Agreement by the parties having been obtained, including, without limitation, the Consents (if required) of the shareholders of the Purchaser and such Consents (if any) remaining in full force and effect and there being no statement, notification to revoke or not to renew the same having been received/obtained;
- (b) Shi Lian having been duly established by Cyber Union;
- (c) Shi Lian having entered into the Exclusive Technology Consultancy Agreement with Fei Yue;
- (d) CLRI being satisfied at its absolute discretion with the results of the legal and financial due diligence exercise carried out on I-Action group and the Proposed Business Operations;
- (e) CLRI having obtained a legal opinion (in form and substance satisfactory to CLRI) from a legal adviser in the PRC qualified to advise on PRC laws and practice, confirming, including but without limitation, the following issues:
 - (i) Fei Yue and Shi Lian are validly established and constituted in accordance with PRC laws;
 - (ii) GNET is validly established and constituted in accordance with PRC laws and the execution by GNET and Fei Yue of the Cooperation Agreement is valid and binding on Fei Yue and GNET, and the parties thereto have complied with all requisite Consents, requirements and approvals pursuant to the articles of association of the each of parties thereto, the relevant laws and regulations of the PRC;
 - (iii) the Exclusive Technology Consultancy Agreement is valid and binding, and the parties thereto have complied with all requisite Consents, requirements and approvals pursuant to the articles of association of the each of parties thereto, the relevant laws and regulations of the PRC;
 - (iv) the legality of all interest and rights of Shi Lian contemplated under the Exclusive Technology Consultancy Agreement;
- (f) CLRI having received the following:-

- (i) a valuation report to the satisfaction of CLRI to be prepared by the Valuer, once all the conditions precedent contained in the Agreement shall have been fulfilled, confirming the market value of Shi Lian is not less than HK\$918,000,000 as at 31st March, 2001 ("Valuation Report"); and
- (ii) legal opinions from a legal adviser in the British Virgin Islands acceptable to CLRI confirming that under the laws of the British Virgin Islands I-Action has full power, authority and legal right to enter into and engage in the transactions contemplated in the Agreement and on such matters as CLRI may request.

If the conditions have not been satisfied or waived by CLRI within 60 Business Days after signing of the Agreement which is 9th July, 2001 (or such later date as CLRI alone shall think fit), the Agreement shall terminate and in such event, the party who fails to fulfil the conditions shall be responsible to reimburse all reasonable out-of-pocket expenses and legal costs incurred in connection with the Agreement to the other party.

CONSIDERATION

The total consideration for the Acquisition is HK\$320,000,000 (subject to adjustment) which shall be satisfied by the issue and allotment to Empower and/or its nominee(s) the Consideration Shares credited as fully paid which shall constitute 49% of the enlarged issued share capital of Ample Dragon upon Completion subject to cash adjustment.

In the event that the market value of Shi Lian as at 31st March, 2001 as stated in the Valuation Report shall be less than HK\$918,000,000.00 by more than 5 per cent., Empower shall pay a cash sum to CLRI upon Completion which sum shall be calculated as follows:-

$$35\% \times \left\{ \text{HK\$}320,000,000.00 \times \left[1 - \frac{A - (B - 5\% \text{ of } A)}{A} \right] \right\}$$

A = HK\$918,000,000.00 (being the estimated market value of Shi Lian which forms the basis in arriving the Consideration)

B = the difference between HK\$918,000,000.00 and the actual market value of Shi Lian as at 31st March, 2001

In the event that the NAV of the Ample Dragon group as at 31st December, 2000 as stated in the proforma audited NAV statement as at 31st December, 2000 of the Ample Dragon

group shall be less than HK\$652,300,000.00 by 5 per cent. or more, CLRI shall pay a cash sum to Empower upon Completion which sum shall be calculated as follows:-

$$68.63\% \times 51\% \times \left\{ \text{HK\$}320,000,000.00 \times \left[1 - \frac{C - (D - 5\% \text{ of } C)}{C} \right] \right\}$$

C = HK\$652,300,000.00 (being the estimated NAV of the Ample Dragon group as at 31st December, 1999 which forms the basis in calculating the number of the Consideration Shares)

D = the difference between HK\$652,300,000.00 and the actual NAV of the Ample Dragon group as at 31st December, 2000 as certified by Ernst & Young

The Consideration for the Acquisition is arrived at after arm's length negotiations, which is determined with reference to the equivalent value of 35% interests attributable to I-Action group based on the estimated market value of Shi Lian of HK\$918,000,000 and the unaudited proforma NAV of the Ample Dragon group as at 31st December, 1999 of HK\$652,300,000. The directors consider that the Consideration payable for the Acquisition and the terms and conditions of the Agreement are fair and reasonable.

The Valuer carried out the valuation of Shi Lian as at 31st March, 2001 on a market value basis using the capital asset pricing model, assuming that all conditions precedent contained in the Agreement are fulfilled on 31st March, 2001. Market value is defined as the estimated amount for which an asset 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.

In assessing the market value of Shi Lian, the Valuer has adopted the income approach technique known as the discounted cash flow method. Under the discounted cash flow method, value depends on the present worth of the future economic benefits to be derived from payment transaction revenue. Shi Lian's future cash flow for 14.5 years which is the remaining term of the Cooperation Agreement has been estimated. An indication of value has been developed by discounting projected net future cashflows available for shareholders to their present value at market derived rates of return which, in the Valuer's opinion, are appropriate for the risks of the business.

In arriving at the assessed value, the Valuer has only considered revenue streams from payment transactions. They have only considered related expenses such as labour costs, marketing expenses, management costs and tax. The Valuer has not made provision for

non-operating cash flow items such as interest income, exchange rate gain/loss, etc in the valuation model. In determining the adopted discount rate of 34% for Shi Lian, the Valuer has taken into account of a number of factors including the current market condition and the underlying risks inherent in the business, such as start-up risk, liquidity risk, exchange risk and credit risks, etc. Full text of the valuation report of Shi Lian will be provided in the circular.

COMPLETION

Completion shall take place on the third Business Day after the Agreement has become unconditional.

INFORMATION ON AMPLE DRAGON

The Purchaser is the legal and beneficial owner of the entire issued share capital of Ample Dragon. The unaudited proforma NAV of the Ample Dragon group was HK\$652,300,000 as at 31st December, 1999 whereas the unaudited proforma profit before tax of the Ample Dragon group for the year ended 31st December, 1999 was approximately HK\$12,265,000. The principal business of Ample Dragon is investment holding in its wholly-owned subsidiaries as follows:

- (a) HK Dongxum, the legal and beneficial owner of 100% equity interest in GZ Dongxum which is a limited company established under the PRC laws as a sino foreign cooperative joint venture enterprise. Pursuant to its business licence (企作粵穗總副字第002670號) (Qi Zuo Yue Sui Zong Fu Zi Di 002670 Hao), GZ Dongxum is permitted to develop, construct, sell, lease and manage property projects constructed by GZ Dongxum at/on the Land. Since its incorporation, GZ Dongxum has been undertaking development project involving the construction and management of composite residential buildings constructed or to be constructed on and to form part of the Land;
- (b) Powerex, engaging in the activity of holding and investment of properties in the PRC; and
- (c) Wider Choice, engaging in the activity of selling of properties in the PRC.

The market value of property interests held by the Ample Dragon group was approximately HK\$750,000,000 as valued by Chesterton Petty Limited, an independent valuer, as at 15th March, 2001. The disposal of 49% interest in the Ample Dragon group as consideration for the Acquisition represents approximately 15% discount on the market value of the property interests held by the Ample Dragon group.

REASONS FOR THE ACQUISITION AND DISPOSAL

The current principal business of the Company is investment holding and its subsidiaries are principally engaged in property development and investment in the PRC.

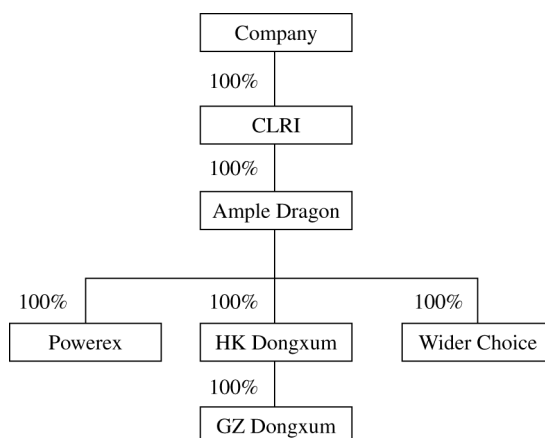
The directors consider that the Company would benefit from this exclusive opportunity to participate in the consumer services market in Guangdong Province and that the Acquisition would widen the business scope of the Group and to provide the Group with additional source of revenue. The directors are also of the view that the consumer market of the PRC will be stimulated upon China's accession to the World Trade Organisation in the near future. The directors consider the disposal of 49% interest in the Ample Dragon group as consideration for the Acquisition will be beneficial to the Group such that the Group can capitalise on this exclusive investment opportunity in the PRC.

It is the directors' future intention to hold I-Action as one of the Company's principal businesses. The Group will recruit qualified persons to manage the business operations of the I-Action group. The directors consider that the climate for PRC's property development market had not improved to the extent hoped for in anticipation of the PRC's entry to the World Trade Organisation, thus, the directors will continue to evaluate attractive investment opportunities to further diversify the business of the Group.

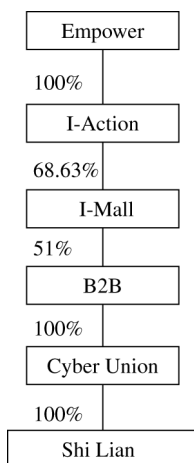
The directors currently have no intention to further dispose of its shareholding in Ample Dragon. There is no potential investment under negotiation by the Group.

SHAREHOLDING STRUCTURE BEFORE AND AFTER THE ACQUISITION AND DISPOSAL

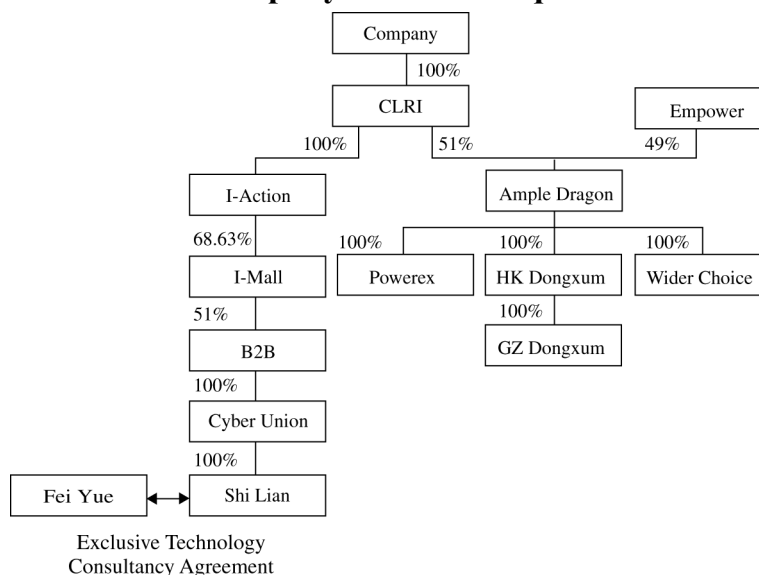
Shareholding Structure of the Company before Completion of the Acquisition



Shareholding Structure of Empower before Completion of the Acquisition



Shareholding Structure of the Company after the Acquisition and Disposal



GENERAL

The Acquisition and the Disposal contemplated under the Agreement constitute "Discloseable Transactions" for the purposes of Chapter 14 of the Listing Rules. The Acquisition under the Agreement will be funded through internal resources of the Group. A circular containing information regarding the Acquisition and the Disposal and giving the information required under the Listing Rules including but not limited to, the valuation reports of the property interests held by the Ample Dragon group and Shi Lian, will be despatched to shareholders of the Company for information within 21 days of publication of this announcement.

TERMS USED IN THIS ANNOUNCEMENT

"Acquisition"	the acquisition of 100% shareholding in I-Action from Empower
"Agreement"	conditional agreement for the Acquisition dated 6th April, 2001
"Ample Dragon"	Ample Dragon Limited, a limited company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company before Completion
"B2B"	B2B Market Investments Limited, a company with limited liability incorporated in the British Virgin Islands on 2nd January, 2001
"Business Day"	any day (other than Saturdays) on which banks in Hong Kong are generally open for business
"CLRI"	China Land Realty Investment (BVI) Limited, a limited company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company, being the Purchaser to the Agreement
"Company"	Zhong Hua Land Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the main board of HKSE
"Completion"	completion of the Acquisition
"Consents"	includes any licence, consent, approval, authorisation, permission, waiver, order, confirmation or exemption issued by and/or obtained from the relevant government departments in the PRC and/or Hong Kong and/or elsewhere
"Consideration"	the consideration for the Acquisition which is HK\$320,000,000 (subject to cash adjustment)
"Cooperation Agreement"	the cooperation agreement dated 28 September, 2000 entered into between Fei Yue and GNET regarding

the operation and management of a phone payment project

"Cyber Union"

Cyber Union Enterprise Limited

"Empower"

Empower Assets Limited, a company with limited liability incorporated in the British Virgin Islands, being the Vendor to the Agreement

"Exclusive Technology
Consultancy Agreement"

the exclusive technology consultancy agreement which is to be entered into between Shi Lian and Fei Yue

"Group"

the Company and its subsidiaries

"GZ Dongxum"

Guangzhou Dongxum Real Estate Development Company Limited (廣州市東迅房地產發展有限公司), a limited company established under the PRC laws as a sino foreign cooperative joint venture enterprise

"HK Dongxum"

Dongxum Real Estate Development Company Limited, a limited company incorporated in Hong Kong

"HK\$"

Hong Kong dollars, the lawful currency of Hong Kong

"HKSE"

The Stock Exchange of Hong Kong Limited

"I-Action"

I-Action Agents Limited, a company incorporated under the laws of the British Virgin Islands, the entire issued share capital of which is legally and beneficially owned by Empower

"I-Mall"

I-Mall Investments Limited, a company with limited liability incorporated in the British Virgin Islands on 2nd January, 2001, 68.63% of which is owned by I-Action

"Land"	Lot Nos.543, 545, 547 and 549 of Bin Jiang Dong Lu, Guangzhou, the PRC, the registered owner of which is GZ Dongxum
"Listing Rules"	the Rules Governing the Listing of Securities on HKSE
"NAV"	the amount by which the aggregate amount of assets of Ample Dragon group exceeds the aggregate amount of all liabilities of Ample Dragon group
"Powerex"	Powerex Investment Limited, a limited company incorporated under the laws of Hong Kong
"Proposed Business Operations"	through investment holding in I-Mall, B2B, Cyber Union and Shi Lian, I-Action group's business is the development of computer software and communication network technologies and provision of such technologies consultancy services
"PRC or China"	the People's Republic of China, excluding Hong Kong
"US\$"	United States dollars, the lawful currency of the United States of America
"Valuer"	Sallmanns (Far East) Limited, an independent chartered valuer appointed by CLRI
"Wider Choice"	Wider Choice Investments Limited, a limited company incorporated under the laws of British Virgin Islands
"Fei Yue"	廣州市飛躍信息技術開發有限公司, a PRC domestic enterprise established under the PRC laws
"Shi Lian"	世聯匯通科技有限公司, a wholly foreign owned enterprise which is in the course of being established under the PRC laws and as a wholly-owned subsidiary of Cyber Union

"GNET"

廣東省銀行卡網絡服務中心, a corporation formed with the consent of the People's Bank of China and the approval by 廣東省人民政府編制委員會 (Guangdong People's Government Establishment Commission)

By Order of the Board
Zhong Hua Land Holdings Limited
Ho Tsam Hung
Chairman

Hong Kong, 10th April, 2001

* *For identification only*

Please also refer to the published version of this announcement in the i-Mail.