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# **ZHONG HUA INTERNATIONAL HOLDINGS LIMITED**

# 中華國際控股有限公司

(Incorporated in Bermuda with limited liability)

MAJOR TRANSACTION

and

# **DISCLOSEABLE TRANSACTION**

Proposed disposal of 51% equity interest of Ample Dragon Limited

and

**Proposed acquisition of Consideration Units** 

Financial Adviser to Zhong Hua International Holdings Limited

H@RAY <mark>好盈</mark>

# **Hooray Capital Limited**

The board of Directors is pleased to announce that on 25th October, 2002 China Land entered into the Agreement with the Purchaser in relation to the disposal of the Sale Shares (representing 51% of the issued share capital of Ample Dragon) for a total consideration of HK\$350 million, including HK\$120 million in cash and the receiving of the Consideration Units by China Land with the valuation of no less than HK\$230 million.

The Asset Disposal constitutes a major transaction for the Company under the Listing Rules and is subject to approval by the Company's shareholders. The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules. The Company will despatch a circular to its shareholders as soon as possible containing, inter alia, details of the Asset Disposal and Acquisition, together with the notice convening a special general meeting for the Company.

Trading in the shares of the Company was suspended with the effect from 9:30 a.m. on Wednesday, 6th November, 2002 at the request of the Company pending the publication of this Announcement. Application has been made for the resumption of trading of shares of the Company with effect from 9:30a.m. on Tuesday, 12th November, 2002.

As Completion is subject to the fulfillment of a number of conditions, and hence may or may not take place, shareholders of the Company and investors are advised to exercise caution when dealing in the securities of the Company.

### THE AGREEMENT

Date

25th October, 2002

Parties

Vendor : China Land, a wholly-owned subsidiary of the Company

# Purchaser : The Purchaser

The Purchaser and its beneficial owner is independent of and not connected with the Company, the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates

The Purchaser is a private company engaged in investment holding

#### The Asset Disposal

As at the date of this announcement, Ample Dragon has 300 shares of US\$1.00 each in issue, out of which 153 shares are held by China Land and 147 shares are held by Empower.

Pursuant to the Agreement, China Land has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, being the 153 shares in Ample Dragon held by China Land. The Sale Shares represent 51% of the entire issued share capital of Ample Dragon and shall be acquired by the Purchaser at Completion.

Upon Completion, China Land will cease to own any shares or have any interest in Ample Dragon

#### Consideration and payment terms

The Consideration is payable by the Purchaser to China Land according to the following scheme:

- HK\$5 million by cash ("Initial Deposit") was paid by the Purchaser to China Land upon signing of the Agreement:
- HK\$15 million by cash ("Further Deposit") is payable by the Purchaser to China Land on the Completion Date;
- HK\$50 million by cash ("Third Instalment") is payable by the Purchaser to China Land on or before 31st July, 2003;
- HK\$50 million by cash ("Fourth Instalment") by the Purchaser to China Land on or before 31st March, 2004; and
- the balance of HK\$230 million ("Balance Consideration") by GZ Dongxun delivering vacant possession and assigning to China Land and/or its nominees the Consideration Units on or before a date falling on the first day immediately after expiration of the thirtieth month after the Completion Date ("Balance Payment Date").

Subject to the absolute discretion of China Land, the Purchaser may satisfy the Third Instalment and the Fourth Instalment by delivering vacant possession and assigning respectively the Third Instalment Substitution Units and the Fourth Instalment Substitution Units to China Land and/or its nominees in accordance with the terms of the Agreement. In the event that the Company elects to accept the Third Instalment Substitution Units for settlement of respectively the Third Instalment and/or the Fourth Instalment, the Company will comply with the Listing Rules and make proper disclosure, if required. Currently, the Group has no intention to accept Third Instalment Substitution Units and the Fourth Instalment Substitution Units for settlement of respectively the Third Instalment and the Fourth Instalment Substitution Units and the Fourth Instalment Substitution Units for settlement of respectively the Third Instalment and the Fourth Instalment Substitution Units and the Fourth Instalment Substitution Units for settlement of respectively the Third Instalment and the Fourth Instalment Substitution Units and the Fourth Instalment Substitution Units for settlement of respectively the Third Instalment and the Fourth Instalment Substitution Units and the Fourth Instalment Substitution Units for settlement of respectively the Third Instalment and the Fourth Instalment.

Under the Agreement, there is no commitment on change of board composition of the Company and its subsidiaries (other than the Ample Dragon Group) after Completion. In respect of Ample Dragon Group, the Purchaser undertakes that for the period after Completion and until the Consideration has been fully paid (unless prior written consent from China Land shall have been obtained):-

- a. All existing directors of GZ Dongxun who were appointed by China Land shall remain unchanged and the Purchaser shall not be entitled to appoint any directors to GZ Dongxun; and
- b. China Land has the right to appoint its nominees as directors of other members of Ample Dragon Group constituting not more than one-third of their respective boards of directors

Phase IV Development is expected to be completed and be in move in condition in 2005. The Company believes that it is legal to enter into the Agreement to acquire the rights and interests over the Consideration Units now.

#### Protection adjustment mechanism

In the event that the Vendor accepts the assignment of the Third Instalment Substitution Units and/or the Fourth Instalment Substitution Units as settlement of respectively the Third Instalment and/or the Fourth Instalment, the Purchaser shall produce to the Vendor the Latest Valuation Report and the Third Instalment Substitution Units and the Fourth Instalment Substitution Units shall respectively be subject to the following adjustment;

(a) In the event the Average Valuation of Phase III Development as set out in the Latest Valuation Report shall be less than HK\$7,300 per square metre, the Third Instalment Substitution Units shall be calculated as follows:

HK\$50,000,000

AV	
Where AV =	Total valuation of Phase III Development as stated in the Latest Valuation Report
	Total Gross Floor Area of

Phase III Development

In the event the Average Valuation of Phase III Development as set out in the Latest Valuation Report shall be less than HK\$7,300 per square metre, the Fourth Instalment Substitution Units which shall be calculated as follows:

HK\$50,000,000 AV

W

W

here AV =	Total valuation of Phase III Development as stated in the Latest Valuation Report
	Total Gross Floor Area of Phase III Development

## The Consideration Units shall be subject to the following adjustment:

(a) In the event the Average Valuation of Phase IV Development as set out in the Latest Valuation Report shall be less than HK\$10,000 per square

- (H) execution of a deed of property development by GZ Dongxun, HK Dongxun, Ample Dragon, Empower and the Purchaser pursuant to which the parties confirm that Empower and the Purchaser as ultimate shareholders of the Ample Dragon Group shall respectively be entitled to 49% and 51% of the saleable floor area of Phase IV Development and that the Purchaser shall enjoy a first priority to select its share of the said saleable floor area; and
- (I) the representations and warranties made by China Land set out in the Agreement remaining true and accurate in all material respects.

The Purchaser may, in its sole discretion, waive in whole or in part, any of conditions precedent (E) and (I) above or extend the period during which such conditions is to be satisfied. The relevant waiver and consent under condition precedent (E) has been obtained on 6th November, 2002.

In the event that any of the above conditions has not been fulfilled (or waived by the Purchaser) within 60 Business Days after the date of the Agreement (or such other date as the parties to the Agreement may agree in writing), the Agreement shall lapse and terminate and thereafter all rights, obligations and liabilities of all parties hereunder shall cease and terminate and no party shall have any claim against the others under the Agreement except for any antecedent breach and except that China Land shall refund the Initial Deposit to the Purchaser.

#### Completion

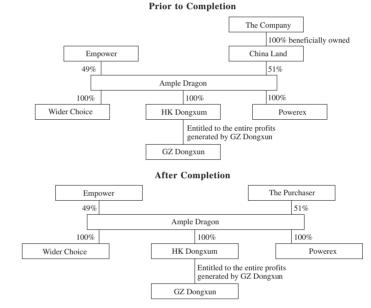
Completion will take place on the third Business Day after satisfaction of the conditions precedent set out above (or such other date as China Land and the Purchaser may agree).

The Acquisition is subject to the Completion having taken place

INFORMATION ON AMPLE DRAGON

Ample Dragon is an investment holding company whose subsidiaries are principally engaged in property development, holding, management and marketing. The wholly-owned subsidiaries of Ample Dragon include:

- (a) HK Dongxum is beneficially entitled to the entire profits generated by GZ Dongxun, which is a private limited company established under the PRC laws as a sino foreign cooperative joint venture enterprise. Pursuant to its business license (金作粤穗總字第002670號), GZ Dongxun is permitted to develop, construct, sell, lease and manage property projects constructed by GZ Dongxun at/on the Land. Since its incorporation, GZ Dongxun has been undertaking the GZ Property Project involving the construction and management of composite residential buildings, clubhouse and commercial podiums constructed or to be constructed on and to form part of the Land;
- (b) Powerex, engaging in the activity of holding and investment of the Commercial Podium; and
- (c) Wider Choice, engaging in the activity of selling of properties of the GZ Property Project in the PRC.
- The following charts illustrate the shareholding structure of Ample Dragon before and after Completion.



Ample Dragon is entitled to the entire profits generated by GZ Dongxun. The GZ Property Project contains 4 phases of residential units and car parking spaces, the Commercial Podium and the Clubhouse. Phase I Development and Phase II Development of the GZ Property Project has been completed and some of the residential units and car parking spaces of Phase I Development and Phase II Development were sold to the public. The construction of the superstructure of Phase III Development was completed in late 2001 and it is expected that the residential units of Phase III Development will be available in move-in condition in the end of 2002. Over 55% of the residential units of Phase III Development has not commenced. The estimated value of the property interests held by Ample Dragon Group is approximately HK\$809 million (subject to valuation to be conducted by the Valuer). Therefore, the Group's 51% interest in such value is approximately HK\$413 million.

The proforma unaudited consolidated net profit of Ample Dragon Group before and after taxation for the year ended 31st December, 2000 was approximately HK\$268,701,000 and HK\$258,947,000 respectively, which included an inter-group account of approximately HK\$258,401,000 with other companies within the Group. There was no effect to the consolidated net profit of the Company for the year ended 31st December, 2000.

The unaudited consolidated net profit of Ample Dragon Group before and after taxation for the year ended 31st December, 2001 were approximately HK\$51,106,000 and HK\$36,885,000 respectively, which also included the waiver of a balance of an inter-group account of approximately HK\$14,133,000 due to a former jointly-controlled entity of the Group. There was no effect to the consolidated net profit of the Company for the year ended 31st December, 2001

metre, the Consideration Units shall be calculated as follows:

#### HK\$230,000,000

AV

Where AV = Total valuation of Phase IV Development as stated in the Latest Valuation Report Total Gross Floor Area of Phase IV Development

In the event that Average Valuation of Phase III Development and Phase IV Development is more than HK\$7,300 and HK\$10,000 per square meter, respectively, there will be no changes made to the Third Instalment Substitution Units, Fourth Instalment Substitution Units or Consideration Units, as the case maybe.

Based on the historical selling prices of the residential units of the GZ Property Project and information from independent sources, the estimated open market value ("OMV") of the aggregate of the remaining portion of Phase III Development and Phase IV Development is HK\$510,400,000, of which (i) HK\$410,400,000 being the OMV of Phase III Development with a total gross floor area of approximately 55,774 square meter, representing an average OMV per square meter of HK\$7,358; and (ii) HK\$100 million being the OMV of Phase IV Development, which construction had not been commenced.

### **Default in payment**

Without prejudice to any other rights or remedies of China Land, if the Purchaser shall fail to satisfy payment of the Third Instalment or the Fourth Instalment or the Balance Consideration on or before respectively 31st July, 2003, 31st March, 2004 and the Balance Payment Date,

(A) China Land shall forthwith be entitled to forfeit the following sums paid by the Purchaser:

- a) in respect of the Third Instalment, the Initial Deposit and the Further Deposit;
- b) in respect of the Fourth Instalment, the Initial Deposit, the Further Deposit and the Third Instalment; and
- c) in respect of the Balance Consideration, the Initial Deposit, the Further Deposit, the Third Instalment and the Fourth Instalment;

#### and

(B) China Land shall, be entitled to exercise the option to purchase the Option Shares/Sale Shares from the Purchaser at the price of HK\$1.00 within the Option Period in accordance with the terms of the Option Deed. As the Purchaser is obliged to satisfy the Balance Consideration by the Consideration Units, if the Consideration Units are not yet completed by the Balance Payment Date, the Purchaser will be in default of payment of the Balance Consideration and China Land will be entitled to the aforesaid remedies for such default.

The Consideration was determined through arm's length negotiations having regard to 51% of the consolidated net asset value of the Ample Dragon Group as at 31st December, 2001 of approximately HK\$335 million.

For reference purposes, the Consideration represents a premium of approximately 4% to China Land's share of 51% of the consolidated net asset value of Ample Dragon Group as at 31st December, 2001 and a discount of approximately 15% to the Group's 51% interests in the estimated value of the property interests of the Ample Dragon Group (subject to the valuation to be conducted by the Valuer.) Therefore, the Directors are of the opinion that the Consideration is fair and reasonable.

#### **Conditions Precedent of the Agreement**

Completion of the Asset Disposal is conditional upon fulfillment of the following conditions:

- (A) where applicable, the approval of the shareholders of the Company (excluding those shareholders required by the Listing Rules to abstain from voting on the relevant resolution(s)) being obtained in accordance with the provisions of the Listing Rules of the transaction envisaged by the performance of the obligations pursuant to the Agreement;
- (B) the Company's independent shareholders, if applicable, having approved the transactions contemplated under the Agreement at a special general meeting of the Company;
- (C) 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 Company's shareholders, the Stock Exchange 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;
- (D) clearance of all applicable disclosure and approval requirements under the Listing Rules in relation to China Land's entering into and/or performance of obligations under the Agreement having been obtained;
- (E) waiver of any pre-emptive rights and the granting of any necessary consent from existing shareholder(s) of Ample Dragon having been obtained;
- (F) the Purchaser's execution of the deed of adherence (which is specified in the Ample Dragon Shareholders Agreement) with Empower pursuant to which the Purchaser shall be bound by all the provisions of the Ample Dragon Shareholders Agreement;
- (G) China Land being satisfied with the legal opinion issued by a qualified PRC counsel confirming the validity and enforceability of the Deed of Confirmation having been satisfied. The costs for obtaining the said legal opinion shall be borne by the Purchaser;

The proforma unaudited consolidated net tangible asset value of Ample Dragon Group was approximately HK\$620 million as at 31st December, 2000 and the unaudited consolidated net tangible asset value of Ample Dragon Group was approximately HK\$657 million as at 31st December, 2001. Currently the Group has 51% interests in Ample Dragon.

The above mentioned financial information has been prepared in accordance with the accounting principles generally accepted in Hong Kong.

The revenue generated on the sale of the properties in the GZ Property Project recorded in Powerex and Wider Choice is eliminated in the level of Ample Dragon Group. Therefore, the above mentioned financial information is more informative and meaningful than that of individual companies within Ample Dragon Group.

### INFORMATION ON CONSIDERATION UNITS

The Consideration Units comprise Completed Units of Phase IV Development, which the construction has not commenced. Pursuant to the Agreement, the Purchaser is required to construct Phase IV Development according to a specific development plan. Currently, Phase III Development is pre-selling and the average transaction price of Phase III Development is approximately at HK\$10,000 per square meter. Based on the protection adjustment mechanism stated herein and the current average transaction price of Phase III Development, the estimated value of the Consideration Units is not less than HK\$230 million.

Phase IV Development is expected to be completed and be in move in condition in 2005.

## REASONS FOR ENTERING INTO THE AGREEMENT

Having considered the expected substantial amount of capital expenditure for the continual operation of the business of Ample Dragon Group, the Directors believe that it is at the best interests of the Group to enter into the Agreement in respect of the Asset Disposal. The Asset Disposal would allow the Group to free up capital for its other investments and businesses. Meanwhile, the Company will continue to engage in property development in other parts of the PRC and continue to diversify into technology related businesses.

## **USE OF PROCEEDS**

The net cash proceeds from the Asset Disposal of approximately HK\$120 million are intended to be applied as: 1) general working capital for the Group's existing businesses; 2) to finance new investments of property development in other parts of the PRC; and 3) to finance new investments of technology related businesses. Currently the Directors intend to hold the Consideration Units for investment purposes.

The Company has entered into a memorandum of understanding ("MOU") with an independent party who is independent of and not connected with any of the directors, chief executive or substantial shareholders of the Company and any of its subsidiaries, or any of their respective associates (as defined in the Listing Rules) in relation to a possible co-operation in a property investment in Hebei, the PRC on 23rd October, 2002, which will comprise low-density residential and commercial properties. The MOU is legally binding in relation to its objective but there is no penalty imposed for either party to withdraw from the relevant project at this stage. Total investment amount involved, including addition land premium, will amount to Rmb1.7 billion (equivalent to approximately HK\$1.6 billion, based on the exchange rate of HK\$1.00 = Rmb1.06). The project will be developed by 6 stages and is expected to last for 15 years. Estimated investment of the Group in the first stage will not be more than to Rmb300 million (equivalent to approximately HK\$283 million). As stated in the MOU, the Company is currently seeking legal advice and local government approvals, and studying the feasibility of the investment before finalizing any investment plan, including the size of the investment consideration. Currently no investment decision has been made.

In addition, the Group is also studying the possibility of an investment into a technology related business in the PRC. The Company is currently negotiating with relevant parties and no investment decision has been made either.

#### **INFORMATION OF THE GROUP**

The Group is principally engaged in: (i) property investment and development in the PRC; (ii) provision of online English learning services; and (iii) provision of technology consultancy services:

## Property investment and development in the PRC

The Group's remaining property investment and development business, which is mainly consisted of Gang Yu Square in Chongqing, the PRC ("Gang Yu"). Gang Yu is a 16 storey commercial building completed in 1997.

#### **Provision of English learning services**

The Group started the business in March of 2002. It covers Hong Kong and several prime cities in the PRC including Beijing, Shanghai and Guangzhou. The Group had entered into contracts with several large-scale corporate customers and subdistributors in 2002 and has been negotiating with several multinational clients in recent months. It is expected that additional revenue will be generated in the future.

# Technology consultancy services

In late 2001 and early 2002, the Group had conducted large-scale marketing campaign to promote the use of the phone banking services in Guangzhou. Service contracts with major telecommunication service providers and other companies had been obtained. The business is still in the early stage of development and the Group expects that the income from the services will increase in the future.

After the Completion, the Group will continue to engage in property investment and development in the PRC, and to diversify into technology related businesses.

## Financial information of the Group after Completion

The unaudited turnover, profit before tax and profit after tax for the 6 months ended 30th June, 2002 of the above are as follows:

(HK\$'000)	Property	English	Technology
	investment	learning	consultancy
	and development	services	services
Turnover	1,612	187	(215)
Profit/(Loss) before tax	960	(80)	
Profit/(Loss) after tax	643	(80)	Note 1 N/A

Note 1: The figure represents the share of results of a jointly controlled entity which the Group holds 35% shareholding.

The following proforma balance sheet of the Group after the Asset Disposal is prepared based on the unaudited consolidated balance sheet of the Group as at 30th June, 2002, adjusted to reflect the effects of the Asset Disposal on the date of Completion:

	HK\$'000
Non-current assets	806,653
Current assets	109,812
Current liabilities	(100,671)
Net current assets	9,141
Non-current liabilities	(113,774)
Total assets value less liabilities	702,020
	a

The Stock Exchange has also stated that they will closely monitor all future acquisitions or disposals of assets by the Group, including but not limited to the acceptance of the Third Instalment Substitution Units, and the Fourth Instalment Substitution Units, the Consideration Units as settlement of the Consideration and the exercise of the Option Deed. The Stock Exchange has indicated it has the discretion to require the Company to issue a circular to the shareholders of the Company irrespective of the size, particularly where the proposed transactions represent a departure from the principal activities of the Company. Furthermore, the Stock Exchange has the power to aggregate a series of transactions of the Group and any such transactions may result in the Group being treated as making a very substantial acquisition and as if it were a new listing applicant.

## GENERAL

The Asset Disposal constitutes a major transaction for the Company under the Listing Rules and is subject to approval by the Company's shareholders at the Company's special general meeting to be convened. The Acquisition constitues a discloseable transaction for the Company under the Listing Rules.

A circular of the Company containing, inter alia, details of the Asset Disposal and the Acquisition, together with a notice of special general meeting of the Company, will be despatched to the shareholders of the Company as soon as practicable.

#### **RESUMPTION OF TRADING IN SHARES OF COMPANY**

Trading in the shares of the Company was suspended with the effect from 9:30 a.m. on Wednesday, 6th November, 2002 at the request of the Company pending the publication of this Announcement. Application has been made for the resumption of trading of shares of the Company with effect from 9:30 a.m. on Tuesday, 12th November, 2002.

## As Completion is subject to the fulfillment of a number of conditions, and hence may or may not take place, shareholders of the Company and investors are advised to exercise caution when dealing in the securities of the Company.

# DEFINITIONS

"Acquisition"	The acceptance of the Consideration Units by China Land as part of the Consideration
"Agreement"	the conditional sale and purchase agreement dated 25th October, 2002 entered into between China Land and the Purchaser in relation to the Asset Disposal
"Ample Dragon"	Ample Dragon Limited, a company with limited liability incorporated in the British Virgin Islands and a 51% owned subsidiary of the Company before Completion
"Ample Dragon Group"	Ample Dragon and its subsidiaries
"Ample Dragon Shareholders Agreement"	the shareholders agreement dated 29th June, 2001 made between the Vendor, Empower and Ample Dragon regarding the rights and obligations of the Vendor and Empower as shareholders of Ample Dragon
"Asset Disposal"	the disposal by China Land of 51% equity interest of Ample Dragon to the Purchaser pursuant to the Agreement
"associate"	having the meaning ascribed thereto under the Listing Rules
"Average Valuation"	the total valuation of a particular phase of GZ Property Project (as determined by the Valuer) divided by the total gross floor area of that particular phase of GZ Property Project
"Business Day"	any day (other than a Saturday) on which banks in Hong Kong are generally open for business
"China Land" or "Vendor"	China Land Realty Investment (BVI) Limited, a company with limited liability incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company, being vendor to the Agreement
"Clubhouse"	A residential clubhouse located within Phase II Development. Subject to the valuation to be conducted by the Valuer, Ample Dragon Group's interests is estimated approximately at HK\$9 million
"Commercial Podium"	A commercial podium located within Phase I Development. Subject to the valuation to be conducted by the Valuer, Ample Dragon Group's interests is estimated approximately at HK\$173 million
"Company"	Zhong Hua International Holdings Limited, a company incorporated in Bermuda with limited liability, the securities of which are listed on the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Shares pursuant to the terms and subject to the conditions of the Agreement
"Completion Date"	the date of Completion
"Completed Units"	include both completed residential units and car parking spaces
"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 including but not limited to the Stock Exchange and/or elsewhere
"Consideration"	the consideration for the sale and purchase of the Sale Shares, being HK\$120 million in cash and the Consideration Units
"Consideration Units"	a total gross floor area of 23,000 square metres of Completed Units of Phase IV Development subject to adjustment (if any) in accordance with the terms of the Agreement, which has an estimated value of HK\$230 million
"Deed of Confirmation"	the deed of confirmation to be executed by GZ Dongxun pursuant to the Agreement confirming its obligations thereunder
"Directors"	the directors of the Company
"Empower"	Empower Assets Limited, a company with limited liability incorporated in the British Virgin Islands
"Fourth Instalment Substitution Units"	a total gross floor area of 6,849 square metres of Completed Units of Phase III Development subject to adjustment (if any) in accordance with the terms of the Agreement
"Group"	the Company and its subsidiaries
"GZ Dongxun"	Guangzhou Dongxun 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
"GZ Property Project"	means the property development project known as Guangzhou Hai Zhu Peninsula Garden (廣州海珠半島花園) involving the construction and management of composite residential buildings, clubhouse and commercial podiums constructed or to be constructed on and to form part of the Land. GZ Property Project comprises the Commercial Podium, the Clubhouse and four residential phases and the terms "Phase I Development", "Phase II Development" and "Phase IV Development" shall have the same meanings as defined hereto
"HK\$"	Hong Kong dollar(s), the lawful currency in Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Land"	Lot Nos. 543, 545, 547 and 549 of Bin Jiang Dong Road, Guangzhou, the PRC, the registered owner of which is

"Land"	Lot Nos. 543, 545, 547 and 549 of Bin Jiang Dong Road, Guangzhou, the PRC, the registered owner of which is GZ Dongxun
"Latest Valuation Report"	shall have the following meanings:
	(1) in so far as determination of Third Instalment Substitution Units is concerned, shall be the valuation report prepared by the Valuer as at 30th April, 2003;
	(2) in so far as determination of the Fourth Instalment Substitution Units is concerned, it shall be the valuation report prepared by the Valuer as at 31st December, 2003; and
	(3) in so far as determination of the Consideration Units is concerned, it shall be the valuation report prepared by the Valuer as at a date no more than 3 months before the Balance Payment Date
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Option Deed"	the option deed to be entered into between China Land and the Purchaser at Completion, pursuant to which the Purchaser shall grant to China Land or its nominee(s)/designate(s) the option to purchase the Option Shares/Sale Shares within the Option Period and subject to the terms therein
"Option Period"	a period commencing from 31st July, 2003 until expiration of 12 (twelve) calendar months after the Balance Payment Date
"Phase I Development"	Phase I development of GZ Property Project which comprises three residential buildings and underground private car-parking spaces. The construction of Phase I Development has been completed. Subject to the valuation to be conducted by the Valuer, Ample Dragon Group's interests is estimated approximately at HK\$49 million
"Phase II Development"	Phase II development of GZ Property Project which comprises three residential buildings and underground private car-parking spaces. The construction of Phase II Development has been completed. Subject to the valuation to be conducted by the Valuer, Ample Dragon Group's interests is estimated approximately at HK\$67 million
"Phase III Development"	Phase III development of GZ Property Project which comprises 531 residential units and 750 underground private car-parking spaces. As at the date of this announcement, Phase III Development is still under construction. Subject to the valuation to be conducted by the Valuer, Ample Dragon Group's interests is estimated approximately at HK\$410.4 million
"Phase IV Development"	Phase IV development of GZ Property Project which will comprise three residential buildings and underground private car-parking spaces. As at the date of this announcement, the site for Phase IV Development is vacant. Subject to the valuation to be conducted by the Valuer, Ample Dragon Group's interests is estimated approximately at HK\$100 million at current stage of development
"Powerex"	Powerex Investment Limited, a limited company incorporated under the laws of Hong Kong
"PRC"	The People's Republic of China
"Purchaser"	Guangdong Properties Investment Ltd., a company incorporated in the British Virgin Islands with limited liability which is and together with its ultimate beneficial owner are independent of and not connected to the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates
"Rmb"	Renminbi, the lawful currency in the PRC
"Sale Shares" or "Option Shares"	153 shares in Ample Dragon, which are held by China Land before Completion
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Third Instalment Substitution Units"	a total gross floor area of 6,849 square metres of Completed Units of Phase III Development subject to adjustment (if any) in accordance with the terms of the Agreement
"Valuer"	Chesterton Petty Ltd.
"Wider Choice"	Wider Choice Investments Limited, a company with limited liability incorporated in the British Virgin Islands
<i>"%</i> "	Per cent.

By order of the board of Zhong Hua International Holdings Limited Ho Tsam Hung Chairman

## Hong Kong, 11th November, 2002

Please also refer to the published version of this announcement in China Daily and Hong Kong Economic Times.