



# ZHONG HUA LAND HOLDINGS LIMITED

## 中華置業地產控股有限公司

(Incorporated in Bermuda with limited liability)

### FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2000

#### RESULTS

	Notes	2000 HK\$'000	1999 HK\$'000
TURNOVER	1	177,795	147,970
Cost of sales		(75,048)	(88,351)
Gross profit		102,747	59,619
Other revenue		2,947	15,316
Selling and distribution costs		(22,041)	(6,086)
Administrative expenses		(25,530)	(49,631)
Other operating expenses		(33,445)	(5,888)
PROFIT FROM OPERATING ACTIVITIES	2	24,678	13,330
Finance costs	3	(3,037)	(541)
PROFIT BEFORE TAX		21,641	12,789
Tax	4	(11,513)	(10,571)
PROFIT BEFORE MINORITY INTERESTS		10,128	2,218
Minority interests		—	(38)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		10,128	2,180
Dividends	5	11,920	16,688
EARNINGS PER SHARE — Basic	6	HK1.7 cents	HK0.4 cents

#### Notes:

##### 1. Turnover and segmental information

Turnover represents the aggregate of the gross amounts of proceeds from the sale and pre-sale of properties, adjusted to reflect the stage of construction, to the extent that they were not previously recognised, and gross rental income, after elimination of all significant intra-group transactions, less any applicable turnover taxes.

An analysis of the Group's turnover and contribution to profit before tax by operating activity is as follows:

	Turnover		Contribution to profit before tax	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
By operating activity:				
Sale and pre-sale of properties	170,327	139,869	95,279	51,518
Property investment	7,468	8,101	7,468	8,101
	<u>177,795</u>	<u>147,970</u>	<u>102,747</u>	<u>59,619</u>
Other revenue:				
Sale and pre-sale of properties	—	—	2,942	805
Property investment	—	—	5	14,511
			<u>2,947</u>	<u>15,316</u>
Expenses:				
Selling and distribution costs:				
Sale and pre-sale of properties	—	—	(22,041)	(6,086)
Administrative expenses:				
Sale and pre-sale of properties	—	—	(24,301)	(49,237)
Property investment	—	—	(1,229)	(404)
			<u>(25,530)</u>	<u>(49,631)</u>
Other operating expenses:				
Sale and pre-sale of properties	—	—	(28,043)	—
Property investment	—	—	—	(432)
Investment holding	—	—	(5,402)	(5,456)
			<u>(33,445)</u>	<u>(5,888)</u>
Finance costs:				
Sale and pre-sale of properties	—	—	(2,176)	(541)
Property investment	—	—	(861)	—
			<u>(3,037)</u>	<u>(541)</u>
Profit before tax			<u>21,641</u>	<u>12,789</u>

The Group's turnover and contribution to profit before tax were principally derived from operations in Mainland China and, accordingly, an analysis of such activities by geographical area of operations is not shown.

##### 2. Profit from operating activities

The Group's profit from operating activities is arrived at after charging:

	2000 HK\$'000	1999 HK\$'000
Cost of inventories sold	75,048	88,351
Depreciation	2,168	1,881
and after crediting:		
Gross rental income from investment properties	7,468	8,101
Less: Outgoings	—	—
Net rental income	7,468	8,101
Exchange gains/(losses), net	1,863	(10,149)
Interest income	1,911	5,267

##### 3. Finance costs

	2000 HK\$'000	1999 HK\$'000
Interest expense on bank loans and overdrafts wholly repayable within five years	13,469	6,566
Less: Interest capitalised	(10,432)	(6,025)
	<u>3,037</u>	<u>541</u>

##### 4. Tax

	2000 HK\$'000	1999 HK\$'000
Provision for the year	—	207
Hong Kong	11,513	10,364
Elsewhere	—	—
	<u>11,513</u>	<u>10,571</u>

No provision for Hong Kong profits tax has been made as the Group has not generated any taxable profits in Hong Kong during the year. Hong Kong profits tax has been provided at the rate of 16% on the estimated assessable profits arising in Hong Kong in prior year.

Mainland China tax has been calculated on the taxable income of subsidiaries operating in Mainland China at the applicable rates. No provision for deferred tax has been made in respect of accelerated capital allowances as the directors of the Company (the "Directors") consider that a liability is not expected to crystallise in the foreseeable future. The revaluation of the Group's investment properties does not constitute a timing difference and, consequently, the amount of potential deferred tax thereon has not been quantified.

##### 5. Dividends

	2000 HK\$'000	1999 HK\$'000
Interim paid:		
HK0.8 cents (1999: HK1.2 cents) per share	4,768	7,152
Final proposed:		
HK1.2 cents (1999: HK1.6 cents) per share	7,152	9,536
	<u>11,920</u>	<u>16,688</u>

The distribution of dividends for the current and prior years were made out of the Company's contributed surplus. A proposed final dividend of HK1.2 cents per share, in total approximately HK\$7,152,000 (1999: HK\$9,536,000), has been included in these financial statements.

##### 6. Earnings per share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year ended 31 December 2000 of HK\$10,128,000 (1999: HK\$2,180,000) and the weighted average of 596,003,345 shares (1999: 595,606,496 shares) in issue during the year. Fully diluted earnings per share is not shown as there is no diluting effect during 2000 and 1999.

##### FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK1.2 cents per share in respect of the year to the shareholders whose names appear on the Register of Members of the Company on 22 June 2001.

##### CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be temporarily closed from Wednesday, 20 June 2001 to Friday, 22 June 2001, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend and for attendance at the Company's annual general meeting to be held on Friday, 22 June 2001, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited at 4th Floor Hutchison House, 10 Harcourt Road, Central, Hong Kong for registration not later than 4:00 p.m. on Thursday, 19 June 2001.

##### RESULTS

The Group recorded a turnover of HK\$177,795,000, net profit from ordinary activities attributable to shareholders of HK\$10,128,000 and basic earning per share of HK\$0.017, for the year ended 31 December 2000. These figures represent increases of approximately 20%, 365% and 325% respectively when compare to a turnover of HK\$147,970,000, net profit from ordinary activities attributable to shareholders of HK\$2,180,000 and basic earning per share of HK\$0.004 for the year ended 31 December 1999.

##### BUSINESS REVIEW

The Group's turnover mainly comprised pre-sale of Phase III of the residential units currently under construction and sale of completed units of Phases I and II of Haizhu Peninsula Garden in Guangzhou, Mainland China together with rental income generated from the commercial podiums located in Guangzhou and Chongqing.

The improved results of the Group for the year were mainly attributable to the satisfactory pre-sale of Phase III of Haizhu Peninsula Garden. It is anticipated that the construction of the superstructure of Phase III of Haizhu Peninsula Garden will be completed towards the end of year 2001 and therefore it is expected that turnover for the Group will increase significantly for year 2001. On the other hand, the Directors consider that the climate for Mainland China's property development market had not improved to the extent hoped for in anticipation of the Mainland China's entry to the World Trade Organisation, thus, the Directors adopted the strategy of diversification into other business areas with a view to widen the business scope and to provide the Group with additional source of revenue.

On 1 December 2000, the Group acquired 100% equity interest in Ever Brian Inc. ("Ever Brian") for a cash consideration of HK\$35,000,000. The principal activity of Ever Brian is the provision of an exclusive agency service for GlobalEnglish, an online English learning services, for areas covering the region of Mainland China including Hong Kong and Macau. The English learning services provided by GlobalEnglish will be in great demand for trainings to be undertaken by hotels, banks and travel agency services in Mainland China upon China's accession to the World Trade Organisation and it is anticipated that Ever Brian will become an additional source of revenue for the Group in the near future.

##### FINANCIAL REVIEW

###### Liquidity and Financial Resources

The Group generally finances its business with internally generated cash flows and banking facilities. Cash and bank balances for the Group as at 31 December 2000 amounted to HK\$8,491,000 (1999: HK\$22,346,000) while interest-bearing bank loans and borrowings for the Group amounted to HK\$187,334,000 (1999: HK\$119,466,000). The Directors anticipated that the cash and bank balances of the Group would improve as a result of the satisfactory sale and pre-sale of the Group's properties during 2001.

The Group's gearing ratio as at 31 December 2000 was 0.41 (1999: 0.37), calculated based on the Group's total debts of HK\$568,779,000 (1999: HK\$482,518,000) over total assets of HK\$1,393,558,000 (1999: HK\$1,305,148,000).

The Group had limited exposure to foreign exchange rate fluctuations as most of its transactions, including borrowings, were mainly conducted in Hong Kong dollars or Renminbi and the exchange rates of these currencies were relatively stable in 2000.

###### Pledge of Assets

The Group had bank loan facilities amounting to HK\$197,639,000 (1999: HK\$125,036,000) of which approximately HK\$187,334,000 (1999: HK\$119,466,000) had been utilized at the balance sheet date. The bank loans are secured by certain of the Group's investment properties, properties under development and completed properties for sales.

###### Contingent Liabilities

As at 31 December 2000, guarantees given for mortgage loans granted by banks to certain purchasers of the Group's properties amounted to HK\$242,383,000 (1999: HK\$202,979,000).

###### Employee and Remuneration Policy

The Group employed approximately 92 full time staff in Hong Kong and Mainland China as at 31 December 2000. Employees are remunerated according to the nature of their job and market trend, with built-in merit components incorporated in the annual increment to reward and motivate individual performance. In Mainland China, the Group provides staff welfare and bonuses to its employees in accordance with the prevailing labour law. In Hong Kong, other staff benefits include medical schemes, mandatory provident fund schemes and employee share option scheme.

###### SUBSEQUENT EVENTS

Subsequent to the balance sheet date on 6 April 2001, the Group entered into a conditional agreement for the acquisition of 100% equity interest in I-Action Agents Limited ("I-Action") for a consideration of HK\$320,000,000 (subject to cash adjustment). Such consideration is to be satisfied by the disposal of the Group's 49% interest in Ample Dragon Limited ("Ample Dragon"). The principal activities of the wholly-owned subsidiaries of Ample Dragon are property development and investment in Mainland China.

The principal activity of an indirect subsidiary of I-Action, 世聯匯通科技有限公司 ("Shi Lian"), will be the provision of technology consultancy services exclusively for the computer network system for 廣州市飛躍信息技術開發有限公司 ("Fei Yue"). Shi Lian is in the course of being set up as a wholly foreign owned enterprise under Mainland China laws. Shi Lian will enter into an exclusive technology consultancy agreement with Fei Yue for the setting up and development of call centres and data management system for the effective and efficient provision of phone banking payment services in Guangdong Province excluding Shenzhen for a term of 15 years. Fei Yue, on the other hand, had entered into an exclusive cooperation agreement with GNET (廣州省銀行卡網絡服務中心) to cooperate in the operation and management of the phone payment project in Guangdong Province excluding Shenzhen for a term of 15 years commencing from 28 September 2000.

The acquisition of I-Action and the disposal of Ample Dragon constitute discloseable transactions pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and details of the transactions were set out in the Company's press announcement dated 11 April 2001 and a circular for the said discloseable transactions will be posted to our shareholders in due course.

## PROSPECTS

The Directors consider that the business scope of the Group will be widened upon the acquisitions of Ever Brian and I-Action which allow the Group to diversify from its property development and investment businesses and enter into the vast consumer services market in Mainland China.

Property development and investment in Mainland China will remain as one of the Group's principal activities. With the expected completion of Phase III of Haizhu Peninsula Garden towards the end of 2001, income generating from the property development business will improve significantly in the year 2001.

The Directors will continue to evaluate attractive investment opportunities to further diversify the business of the Group.

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

During the year, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any of the Company's listed securities during the year under review.

## CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Stock Exchange during the year.

## DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

The annual report of the Group for the year ended 31 December 2000 containing all information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the web site of the Stock Exchange in due course.

On behalf of the Board  
**Ho Tsam Hung**  
Chairman

Hong Kong, 24 April 2001

\* for identification purpose only

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the annual general meeting of the Company will be held at Victoriana Room, 4th Floor, Hotel Furama Hong Kong, 1 Connaught Road Central, Central, Hong Kong at 11:30 a.m. on Friday, 22 June 2001 for the following purposes:

1. to receive and consider the audited financial statements and the reports of the directors of the Company (the "Directors") and auditors of the Company (the "Auditors") for the year ended 31 December 2000.
2. To re-appoint Directors and to fix their remuneration.
3. To re-appoint Auditors and to authorize the Directors to fix their remuneration.
4. To declare a final dividend of HK1.2 cents per share for the year ended 31 December 2000.
5. As a special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

### ORDINARY RESOLUTIONS

#### A. THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Ltd. (the "Stock Exchange") or on any other stock exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose under the Hong Kong Code on Share Repurchases, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which the Company is authorized to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of this Resolution, and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earlier 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 law or the bye-laws of the Company to be held; and
  - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company.

#### B. THAT:

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares of HK\$0.10 each in the capital of the Company or securities convertible into such shares, or options, warrants or similar rights to subscribe for any shares in the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this Resolution shall authorize the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) 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) and issued by the Directors pursuant to the approval in paragraph (a) of this Resolution, otherwise than pursuant to:
  - (i) a Rights Issue (as hereinafter defined);
  - (ii) an issue of shares as scrip dividends pursuant to the bye-laws of the Company from time to time;
  - (iii) an issue of shares of the Company upon the exercise of the subscription or conversion rights under the terms or any warrants or other securities issued by the Company carrying a right to subscribe for shares of the Company; and
  - (iv) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Companyshall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of passing this Resolution, and the said approval shall be limited accordingly; and

- (d) for the purpose of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earlier 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 law or the bye-laws of the Company to be held; and
  - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company; and"Rights Issue" means the allotment issue or grant of shares pursuant to an offer of shares open for a period fixed by the Directors to holders of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors 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 recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).

- C. THAT subject to the passing of Resolutions No. 5A and No. 5B set out in the notice convening this meeting, the general mandate granted to the Directors to allot, issue and deal with additional shares pursuant to Resolution No. 5B set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company repurchased by the Company under the authority granted pursuant to Resolution No. 5A set out in the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of passing of the said Resolution.

By Order of the Board  
**Ho Tsam Hung**  
Chairman

Hong Kong, 24 April 2001

#### Notes:

1. Any member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.
2. To be valid, the proxy form together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong not less than forty-eight hours before the time appointed for holding the meeting.
3. Concerning Resolution No. 5A above, the Directors wish to state that they will exercise the powers conferred thereby to repurchase shares of the Company in circumstances which they deem appropriate for the benefits of the shareholders. The explanatory statement containing the information necessary to enable the shareholders to make an informed decision on whether to vote for or against the resolution to approve the repurchases by the Company of its own shares, as required by the Rules Governing the Listing of Securities on the Stock Exchange will be set out in a circular from the Company to be enclosed with the 2000 annual report.
4. Concerning Resolution No. 5B above, the Directors wish to state that they have no present intention of issuing any new shares of the Company other than the new shares to be issued upon the exercise of subscription rights under the existing share option scheme of the Company, if any.