
IMPORTANT

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Zhong Hua Land Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



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

PROPOSED ACQUISITION OF 100% EQUITY INTEREST OF I-ACTION AGENTS LIMITED AND DISPOSAL OF 49% INTERESTS OF AMPLE DRAGON LIMITED AND PROPOSED CHANGE OF COMPANY NAME

A notice convening a special general meeting (“SGM”) of Zhong Hua Land Holdings Limited to be held at Victoriana Room, 4th Floor, Hotel Furama Hong Kong, 1 Connaught Road Central, Central, Hong Kong at 11:45 a.m. on Friday, 22nd June, 2001 is set out on page 37 of this circular. A form of proxy for use at the SGM is also enclosed. Whether or not you are intending to attend and vote at the SGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM. Completion and return of the form of proxy will not preclude you from subsequently attending and voting in person at the SGM should you so wish.

31st May, 2001

* For identification purposes only

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

“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
“Ample Dragon group”	Ample Dragon and its subsidiaries
“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
“Chesterton Petty”	Chesterton Petty Ltd., an independent valuer
“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)
“Consideration Shares”	such amount of shares of US\$1.00 each to be issued and credited as fully paid valued for the purpose of Completion at HK\$320,000,000 which shall constitute 49% of the enlarged share capital of Ample Dragon upon Completion

DEFINITIONS

“Cooperation Agreement”	the cooperation agreement dated 28th 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
“Directors”	directors of the Company, including independent non-executive directors of the Company
“Disposal”	deemed disposal by CLRI of 49% of the Ample Dragon group by the issue of the Consideration Shares
“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 dated 30th May, 2001 to be entered into between Shi Lian and Fei Yue
“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
“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)
“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
“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 in the British Virgin Islands with limited liability, the entire issued share capital of which is legally and beneficially owned by Empower

DEFINITIONS

“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
“Latest Practicable Date”	30th May, 2001, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“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
“Sallmanns” or “Valuer”	Sallmanns (Far East) Limited, an independent chartered valuer appointed by the Company
“SDI Ordinance”	the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong)
“Shi Lian”	世聯匯通信息科技有限公司, a wholly foreign owned enterprise established under the PRC laws and as a wholly-owned subsidiary of Cyber Union
“US\$”	United States dollars, the lawful currency of the United States of America
“Valuation Report”	the valuation report prepared by the Valuer in respect of the market value of Shi Lian which assumes all conditions precedent to the Agreement has been satisfied as at 31st March, 2001
“Wider Choice”	Wider Choice Investments Limited, a limited company incorporated under the laws of British Virgin Islands

LETTER FROM THE BOARD



ZHONG HUA LAND HOLDINGS LIMITED

中華置業地產控股有限公司*

(Incorporated in Bermuda with limited liability)

Executive Directors:

HO Tsam Hung (*Chairman*)
HO Pak Hung (*Deputy Chairman*)
HO Kam Hung (*Managing Director*)
LAM Ling Tak

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Non-Executive Directors:

TSAO Kwang Yung, Peter #
KWOK Lam Kwong, Larry #
CHAN Chiu Kwok, Charles #

*Head office and principal
place of business:*

Suite 3302-04, 33rd Floor
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Independent non-executive directors

31st May, 2001

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

PROPOSED ACQUISITION OF 100% EQUITY INTEREST OF I-ACTION AGENTS LIMITED AND DISPOSAL OF 49% INTERESTS OF AMPLE DRAGON LIMITED AND PROPOSED CHANGE OF COMPANY NAME

INTRODUCTION

On 6th April, 2001, CLRI, a wholly-owned subsidiary of the Company, conditionally entered into an agreement 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.

* *For identification purposes only*

LETTER FROM THE BOARD

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. Such issue and allotment constitute a deemed disposal of 49% of Ample Dragon's group interests. 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. This circular sets out the information required under the Listing Rules, including but not limited to, the valuation report of property interests held by Ample Dragon group and business valuation report of Shi Lian.

AGREEMENT DATED 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).

LETTER FROM THE BOARD

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 circular.

Cyber Union, a limited company incorporated in Hong Kong on 19th May, 2000 and a wholly-owned subsidiary of B2B. The principal business of Cyber Union is its investment holding in Shi Lian. 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. As stated in the Company’s announcement dated 23rd May, 2001, the business licence of Shi Lian dated 10th May, 2001 was issued on 22nd May, 2001 and Shi Lian has since commenced business.

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.

LETTER FROM THE BOARD

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 has, after Shi Lian had been duly established, appointed Shi Lian as Fei Yue's exclusive consultant for provision of technology consultancy services on 30th May, 2001. Prior to Completion and following the establishment of Shi Lian, Shi Lian has entered into the Exclusive Technology Consultancy Agreement with Fei Yue on 30th May, 2001 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.

Pursuant to the Exclusive Technology Consultancy Agreement entered into between Fei Yue and Shi Lian, Fei Yue appoints 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 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. through the operation of a call centre which is currently being set up and will commence operation in June 2001.

LETTER FROM THE BOARD

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;

LETTER FROM THE BOARD

- (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 the 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 (this condition has been satisfied by the valuation report by the Valuer set out in Appendix I hereto); 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.

LETTER FROM THE BOARD

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., the Vendor 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

As stated in the valuation report by the Valuer set out in Appendix I hereto, the market value of Shi Lian was reasonably stated as HK\$918,000,000 as at 31st March, 2001. Accordingly, no cash adjustment will be made.

In the event that the NAV of the Ample Dragon group as at 31st December, 2000 as stated in the proforma unaudited NAV statement as at 31st December, 2000 and 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, Certified Public Accountants

Ernst & Young, Certified Public Accountants, have certified on 25th May, 2001 that the proforma unaudited NAV of the Ample Dragon group as at 31st December, 2000 was HK\$620,000,000. The difference between HK\$652,300,000 and the proforma unaudited NAV of the Ample Dragon group as at 31st December, 2000 is therefore less than 5% of HK\$652,300,000. Accordingly, CLRI is not required to pay any cash sum to Empower.

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 (which is confirmed by the valuation report of the Valuer as set out in Appendix I hereto, as aforesaid) and the proforma unaudited NAV of Ample Dragon group as at 31st December, 1999 of HK\$652,300,000 (such NAV as at 31st December, 2000 has since been certified by Ernst & Young, Certified Public Accountants, at HK\$620,000,000, as aforesaid). 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.

LETTER FROM THE BOARD

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 only considered revenue streams from payment transactions. In consideration of Shi Lian services, Fei Yue will pay 95% of its total revenue to Shi Lian pursuant to a confirmation letter dated 4th April, 2001 between Fei Yue and Shi Lian. 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 is set out in Appendix I to this 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 proforma unaudited NAV of Ample Dragon group was HK\$652,300,000 as at 31st December, 1999 whereas the proforma unaudited profit before tax of 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 Dongxun, the legal and beneficial owner of 100% equity interest in GZ Dongxun 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 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 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 Ample Dragon group was approximately HK\$750,000,000 as valued by Chesterton Petty Limited, an independent valuer, as at 15th March, 2001 in its valuation report set out in Appendix II hereto. The disposal of 49% interest in Ample Dragon group as consideration for the Acquisition represents approximately 13% discount on the market value of the property interests held by Ample Dragon group.

LETTER FROM THE BOARD

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.

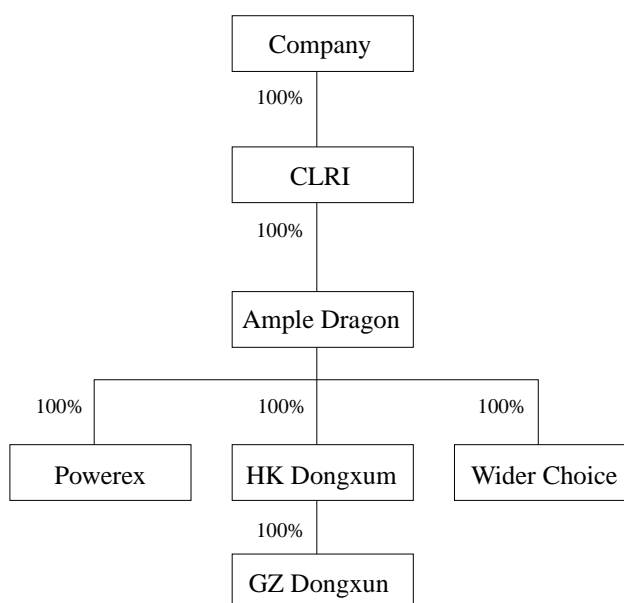
The Directors consider that the Company would benefit from this exclusive opportunity to participate in the consumer services market in Guangdong Province and that the Acquisition would widen the business scope of the Group and to provide the Group with additional source of revenue, which would serve to enhance the earnings of the Group. 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 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 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 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.

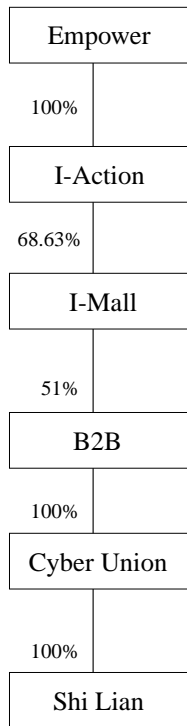
SHAREHOLDING STRUCTURE BEFORE AND AFTER THE ACQUISITION AND DISPOSAL

Shareholding Structure of the Company before Completion of the Acquisition and the Disposal

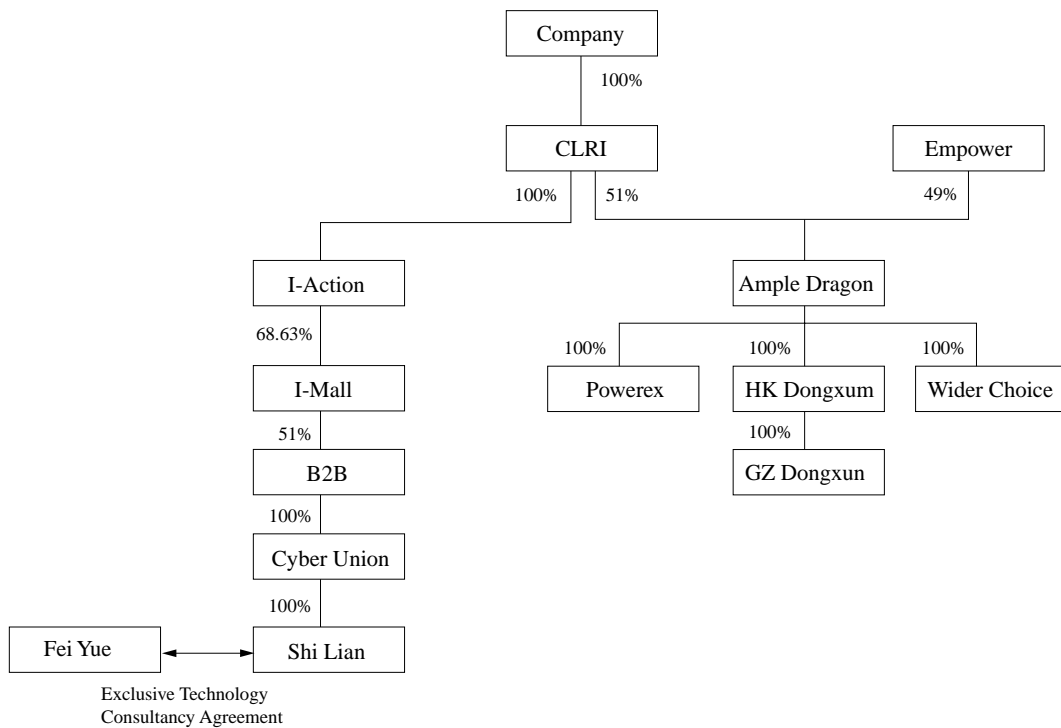


LETTER FROM THE BOARD

Shareholding Structure of Empower before Completion of the Acquisition



Shareholding Structure of the Company after the Acquisition and the Disposal



LETTER FROM THE BOARD

GENERAL

The Acquisition and the Disposal contemplated under the Agreement constitute a “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.

PROPOSED CHANGE OF COMPANY NAME

The Directors of the Company propose that, subject to the approval of the Registrar of Companies in Bermuda and the passing of the special resolution of the Company, the Company name be changed to “ZHONG HUA INTERNATIONAL HOLDINGS LIMITED” and “中華國際控股有限公司” in Chinese to reflect the current business expansion programme adopted by the Company.

The special resolution approving the change of name shall be considered in a special general meeting to be held immediately after the Company’s annual general meeting on Friday, 22nd June, 2001 at 11:45 a.m. An announcement will be made when the change of name of the Company becomes effective and unconditional.

The shares of the Company are listed on the Stock Exchange. The change of name of the Company will not affect the rights of the shareholders of the Company. All existing share certificates in issue bearing the existing name of the Company will, after the change of name, continue to be evidence of title to the shares of the Company and will be valid for trading, settlement and delivery for the same number of shares in the new name of the Company. As such, there will be no arrangement for exchange of share certificates. Once the change of name becomes effective, any issue of share certificate of the Company will be issued in the new name of the Company.

SPECIAL GENERAL MEETING

Notice of the Special General Meeting is set out on page 37 of this circular. At the Special General Meeting, resolution will be proposed to approve the proposed change of Company name.

A form of proxy for use at the Special General Meeting is enclosed herein. Whether or not you intend to attend the Special General Meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the Special General Meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude you from attending and voting in person if you so wish.

ADDITIONAL INFORMATION

Your attention is drawn to the further information contained in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board
ZHONG HUA LAND HOLDINGS LIMITED
HO Tsam Hung
Chairman



CHARTERED SURVEYOR, PROPERTY CONSULTANTS
LAND, BUILDING, PLANT & MACHINERY VALUERS
FINANCIAL AND INTANGIBLE ASSET VALUERS

15th Floor, Trinity House
165-171 Wanchai Road
Wanchai
Hong Kong

31st May, 2001

The Directors
Zhong Hua Land Holdings Limited
Suites 3302-3304
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Dear Sirs,

In accordance with your instructions we have undertaken a valuation to determine an independent opinion of the market value of a 100 per cent. equity interest in a company proposed to be formed with the name of 世聯匯通信息科技有限公司 (“Shi Lian”) as at 31st March, 2001 (the “Valuation Date”). This letter summarises the principal conclusions of our detailed valuation dated 31st May, 2001.

This valuation is our independent opinion of the market value (subject to certain assumptions) of a 100 per cent. equity interest in Shi Lian as at the Valuation Date for a discloseable transaction enacted by Zhong Hua Land Holdings Limited.

Our valuation has been carried out on a market value basis. 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 this instance, we have been instructed to prepare our valuation subject to a number of assumptions which are described in the following paragraphs.

Shi Lian is proposed to be a wholly foreign owned enterprise established in accordance with PRC laws. Shi Lian will enter into an agreement (the “Exclusive Technology Consultancy Agreement”) with 廣州市飛躍信息技術開發有限公司 (“Fei Yue”), in which Fei Yue will appoint Shi Lian as the exclusive consultant for provision of technical consultancy services. For the purposes of this valuation, we are instructed to assume that these events had already taken place as at the Valuation Date. We

understand that the Company has now been formed and a business license dated 10th May, 2001 was issued on 22nd May, 2001. We further understand that the Exclusive Technology Consultancy Agreement was signed on 30th May, 2001.

As at the Valuation Date, Fei Yue is a PRC domestic enterprise established under the PRC laws and was incorporated on 28th March, 2000. Fei Yue is permitted to provide call centre services in Guangdong Province excluding Shenzhen for 廣東省銀行卡網絡服務中心 (“GNET”). GNET is the only authorised inter bank card clearing organisation in Guangdong Province excluding Shenzhen and has over 20 members. Pursuant to an agreement signed with GNET on 28th September, 2000 (“Cooperation Agreement”), Fei Yue is authorised to be the exclusive call centre operator for all members of GNET for an operation period of 15 years, starting from 28th September, 2000. We are instructed to assume that the Cooperation Agreement is legally enforceable.

Fei Yue is setting up the call centre currently which will commence operation in June 2001. The call centre will enable the bank customers of the members of GNET to enjoy services such as paying their utility service bills, purchasing air tickets and purchasing lottery tickets by phone. Fei Yue will charge the respective service providers and vendor a percentage on each payment made through the phone payment system as a transaction fee. Pursuant to a confirmation letter dated 4th April, 2001 between Fei Yue and Shi Lian, Fei Yue will, in turn, pay 95% of its total revenue to Shi Lian in exchange for the technical consultancy services provided Shi Lian.

As advised by Shi Lian, Fei Yue has not signed any contracts with the utility service providers as at the Valuation Date. However, due to the exclusive right of Fei Yue in providing phone payment service for GNET, the utility service providers have to cooperate with Fei Yue in order to provide the phone payment gateway for the public in Guangdong Province excluding Shenzhen. The discount rate reflects the fact that no contracts have been signed and we believe that this fact will have minimal impact on the growth of the business due to the exclusive nature of the arrangement with GNET.

In performing this valuation, we have reviewed financial information, project documents and other pertinent data relating to Shi Lian and its operations. We believe such information to be reliable and legitimate. We have also made relevant inquiries and obtained further information as considered necessary for the purpose of this valuation.

The valuation of Shi Lian requires consideration of all pertinent factors affecting the operation of the business and its ability to generate future investment returns. The factors considered in this valuation included, but were not limited to, the following:

- the nature of the business and the history of the operation from its inception;
- the financial condition of the business;
- the economic outlook in general and the specific economic environment for the business;
- projected operating results;
- the operational contracts and agreements in relation to the business;

- the potential of the business and industrial outlook;
- comparative advantages and disadvantages of the business and industry;
- market-derived investment return of entities engaged in similar lines of business; and
- the financial and business risk of the enterprise including the continuity of income and the projected future results.

In assessing the market value of Shi Lian, we have 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. We have estimated Shi Lian's future cash flow for 14.5 years which is the remaining period of the Cooperation Agreement. An indication of value has been developed by discounting projected net future cashflows available for shareholders to their present worth at market derived rates of return which, in our opinion, are appropriate for the risks of the business.

In arriving at our assessed value, we have only considered revenue streams from payment transactions. Further, we have only considered related expenses such as labour costs, marketing expenses, management costs and tax. We have 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 value of Shi Lian, we have made the following key assumptions:

- We have estimated the future cash flow for 14.5 years, we therefore assume that the projected business and operation could be achieved with the effort of Shi Lian's management.
- In order to support the growth potential of the business and maintain a competitive edge, additional manpower, equipment and facilities are necessary to be employed. For the valuation exercise, we assume that all proposed facilities and equipment will work properly and will be sufficient for future expansion.
- We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions which will adversely affect Shi Lian.
- Operational and contractual terms bound by contracts and agreements are legally enforceable and will be honoured.
- Shi Lian's competitive advantages and disadvantages do not change significantly during the operating period.
- We have assumed the accuracy of information provided and relied to a considerable extent on such information in arriving at our opinion of value.

We have assumed that Shi Lian will be granted a tax exemption whereby income tax will be exempted for two years starting from the first profitable year and halved for the following three years. The first profitable year of Shi Lian is expected to be in year 2001.

In determining our adopted discount rate of 34 per cent. for Shi Lian, we have taken into account a number of factors including the current market condition and the underlying risk inherent in the business, such as start-up risk, liquidity risk, exchange risk and credit risks, etc.

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and consideration of such matters are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Shi Lian and Sallmanns.

Based on our investigation and analysis, it is our opinion that as at 31st March, 2001, the market value of a 100 per cent equity interest in Shi Lian, subject to certain assumptions, is reasonably stated by the amount of HK\$918 million (HONG KONG DOLLARS NINE HUNDRED AND EIGHTEEN MILLION ONLY).

Yours faithfully,
For and on behalf of
SALLMANNS (FAR EAST) LIMITED
Brett A. Shadbolt
ASA AHKIV MIPMV SCV
Managing Director

* *Note:* Brett A. Shadbolt has over 14 years experience in the valuation of business in Hong Kong, the PRC and the Asia Pacific region.

The following is the text of a letter, summary of values and valuation certificate issued by Chesterton Petty Limited, an independent property valuer, prepared for the purpose of incorporation in the Circular, in connection with its valuation of the property interest held by the Group as at 15 March 2001.



Chesterton Petty Ltd
16/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

31st May, 2001

The Board of Directors
Zhong Hua Land Holdings Limited
c/o Suites 3302-3304
33rd Floor
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Dear Sirs

In accordance with your instructions to value the property interests held by Ample Dragon Limited (the “Company”) or its subsidiaries (hereinafter together referred to as the “Group”) in the People’s Republic of China (the “PRC”), we confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market values of these property interests as at 15 March 2001 (the “date of valuation”).

Our valuation is our opinion of the open market value which we would define as intended to mean “the best price at which the sale of an interest in a property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- a) a willing seller;
- b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;

- c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- d) that no account is taken of any additional bid by a purchaser with a special interest; and
- e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion”.

In addition, our valuation has been made on the assumption that the owner sells those property interests on the open market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase values of those property interests. Furthermore, no account has been taken of any option or right of pre-emption concerning or affecting the sale of those property interests and no forced sale situation in any manner is assumed in our valuation.

We have valued those property interests in Group I and Group II, except Property No. 2 of Group I, by reference to sales evidence as available on the market and where appropriate on the basis of capitalization of the net income shown on the documents handed to us by the Company. We have allowed for outgoings, and where appropriate, made provisions for reversionary income potential.

For Property No. 2, due to the specific purpose for which the property was constructed, there is no readily identifiable market comparable, and the building cannot be valued on the basis of direct comparison. It has therefore been valued on the basis of depreciated replacement cost. We would define “Depreciated Replacement Cost” to be our opinion of the land value in its existing use and an estimate of the new replacement costs of building, including fees and finance charges, from which deductions are then made to allow for age, condition and functional obsolescence. This approach generally provides the most reliable indication of value for the property in the absence of a known market based on comparable sales.

In valuing the property interest in Group III which is held under development, we have valued it on the basis that the property interest will be developed and completed in accordance with the development proposals provided to us. We have assumed that the approvals for the proposals have been obtained. In arriving at our opinion of value, we have valued it by making reference to comparable transactions in the locality and have also taken into account the construction costs that will be expended to complete the development to reflect the quality of the completed development.

We have been provided with copies of extracts of title documents relating to the property interests. However, we have not inspected the original documents to verify the ownership or to verify any amendments, which may not appear on the copies handed to us. In the course of our valuation, we have relied to a considerable extent on the information given by the Group and its legal advisers on PRC law, 廣東立得律師事務所 (Leeda Law Firm), regarding the titles and other legal matters relating to the property, and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, letting, development scheme, site and floor area and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore only approximations. We

have not been able to carry out on-site measurements to verify the correctness of the site and floor areas of those property interests. We have assumed that the site and floor areas shown on the documents handed to us are correct.

We have inspected the exteriors and, where possible, the interior of the property interests included in the attached valuation certificate. However, we have not carried out investigations on site to determine the suitability of the ground conditions and the services etc for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that these property interests are free from rot, infestation or any other structural defects.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that these property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Unless otherwise stated, all monetary amounts stated are in Hong Kong Dollars. The exchange rate adopted in our valuation is HK\$1 = RMB1.06, and there has been no significant fluctuation in the exchange rates for RMB against Hong Kong Dollars between that and the date of this letter.

We enclosed herewith our summary of values and valuation certificate.

Yours faithfully
For and on behalf of
Chesteron Petty Limited
Freddie Ling
Chartered Estate Surveyor
MRICS AHKIS RPS(GP)
Divisional Director

Note: Freddie Ling, M.R.I.C.S., A.H.K.I.S., R.P.S.(GP), has been a qualified valuer since 1989 and has about 16 years' experience in the valuation of properties in Hong Kong and has extensive experience in the valuation of properties in the People's Republic of China.

SUMMARY OF VALUES

Property	Capital value in existing state as at 15 March 2001 <i>HK\$</i>	Interest attributable to the Group %	Capital value in existing state attributable to the Group as at 15 March 2001 <i>HK\$</i>
Group I — Property interests held by the Group for investment in the PRC			
1. Portion of the Commercial Podium of Phase I of Guangzhou Hai Zhu Peninsula Garden Binjiang Dong Road, Haizhu District Guangzhou, Guangdong Province, the PRC	HK\$209,400,000	100%	HK\$209,400,000
2. The Clubhouse in Phase II of Guangzhou Hai Zhu Peninsula Garden Binjiang Dong Road, Haizhu District Guangzhou, Guangdong Province, the PRC	HK\$9,700,000	100%	HK\$9,700,000
Sub-total:	<u>HK\$219,100,000</u>		<u>HK\$219,100,000</u>
Group II — Property interests held by the Group for sale in the PRC			
3. The remaining unsold residential units and underground car parking spaces of Phase I of Guangzhou Hai Zhu Peninsula Garden Binjiang Dong Road, Haizhu District Guangdong, Guangdong Province, the PRC	HK\$48,100,000	100%	HK\$48,100,000
4. The remaining unsold residential units and underground car parking spaces of Phase II of Guangzhou Hai Zhu Peninsula Garden Binjiang Dong Road, Haizhu District Guangdong, Guangdong Province, the PRC	HK\$65,000,000	100%	HK\$65,000,000
Sub-total:	<u>HK\$113,100,000</u>		<u>HK\$113,100,000</u>
Group III — Property interest under construction and held by the Group for future sale in the PRC			
5. Remaining Portion of Phase III and Phase IV of Guangzhou Hai Zhu Peninsula Garden Binjiang Dong Road, Haizhu District Guangzhou, Guangdong Province, the PRC	HK\$418,900,000	100%	HK\$418,900,000
Grand Total:	<u>HK\$751,100,000</u>		<u>HK\$751,100,000</u>

VALUATION CERTIFICATE

Group I — Property interests held by the Group for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 March 2001
1. Portion of the Commercial Podium of Phase I of Guangzhou Hai Zhu Peninsula Garden Binjiang Dong Road Haizhu District Guangzhou Guangdong Province The PRC	Guangzhou Hai Zhu Peninsula Garden (hereinafter referred to as the “Development”) is a mass commercial/residential development, constructed on a parcel of land with a site area of approximately 25,424.48 sq. m. (273,667 sq. ft.) located at the middle portion of the coastal area amid Haizhu District in Guangzhou. The property comprises the unsold portion of a 3-storey commercial podium plus one basement car park underneath of Phase I of the Development completed in 1996. The total gross floor area of the property is approximately 15,167.59 sq. m. (163,264 sq. ft.). The property is held under the land use rights for a term of 70 years for residential uses, 40 years for commercial uses and 50 years for others uses (please see note 1-6).	Portion of the property is let under two tenancies for terms of 1 and 5 years respectively, with the latest expiry date on January 2003 yielding a total monthly rental income of about RMB325,236 exclusive of management fees.	HK\$209,400,000 (100% interest attributable to the Group: HK\$209,400,000)

Notes:

- (1) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1993)字第特008號 issued by Guangzhou Municipal People’s Government on 1 November 1993, the land use rights for portion of the Development, comprising a site area of approximately 6,252 sq. m., is held by 廣州市東迅房地產發展有限公司 (Guangzhou Dongxun Real estate Development Company Limited, referred hereinafter to as “Party A”) for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (2) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1995)字第特016號 issued by Guangzhou Municipal People’s Government on 4 August 1995, the land use rights for portion of the Development, comprising a site area of approximately 3,190 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (3) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1995)字第特017號 issued by Guangzhou Municipal People’s Government on 4 September 1995, the land use rights for portion of the Development, comprising a site area of approximately 3,518 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (4) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1995)字第特018號 issued by Guangzhou Municipal People’s Government on 4 September 1995, the land use rights for portion of the Development, comprising a site area of approximately 3,423 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (5) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1997)字第特021號 issued by Guangzhou Municipal People’s Government on 12 September 1997, the land use rights for portion of the Development, comprising a site area of approximately 2,953 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.

- (6) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1997)字第特022號 issued by Guangzhou Municipal People's Government on 12 September 1997, the land use rights for portion of the Development, comprising a site area of approximately 6,088.48 sq. m., is held by in Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (7) Pursuant to a Contract for Grant of State-owned Land Use Rights (the "Contract") entered into between Guangzhou Land Administrative Bureau and Party A on 28 May 1993. Guangzhou Land Administrative Bureau agreed to grant the land use rights of the land to Party A. The Content contains, inter-alia, the following salient conditions:—
- | | | | |
|-------|------------------|---|--|
| (i) | Site area | : | 35,000 sq. m. |
| (ii) | Use | : | Sport facilities, commercial/residential composite buildings and swimming pool |
| (iii) | Land use term | : | 70 years (for residential use);
40 years (for commercial use); and
50 years (for others use), all commencing from 1 November 1993. |
| (iv) | Plot ratio | : | 5.48 |
| (v) | Gross floor area | : | 161,000 (commercial / residential uses)
25,000 (sports facilities)
6,090 (commercial facilities) |
| (vi) | Maximum height | : | 30-storeys |
| (vii) | Land grant fee | : | RMB69,668,480 |
- (8) Pursuant to three Real Estate Title Certificates 穗房地證字第0409195, 0409196及0409197號 issued by Guangzhou Municipal State Land and Property Administration Bureau on 21 August 1998, the title to the property is vested in Party A for commercial uses.
- (9) Pursuant to Business Licence (Registration No. 企作粵穗總字第002670號) issued by 廣州市工商行政管理局 (Guangzhou City Administration Bureau of Industry and Commerce) dated 5 April 2001, Party A was incorporated with registered capital of HK\$184,130,000 with a term of operation commencing from 2 March 1993 to 2 March 2005.
- (10) The property is currently subject to a mortgage agreement (Ref No. GDK47764010120000043) entered into between 中國銀行廣州市海珠支行 The Bank of China Guangzhou City Haizhu Sub-branch (referred hereinafter to as the "Mortgagee") and Party A (the "Mortgagor") dated 30 September 2000. The agreement contains, inter alia, the following information:
- | | | | |
|-------|---|---|--|
| (i) | Mortgaged area | : | Portion of Levels 1, 2 and 3 with a GFA 4,446.27 sq.m. in the Commercial Portion of Nos. 37,45 and 53 Binjang Dong Road. |
| (ii) | Mortgage loan | : | RMB30,000,000. |
| (iii) | Mortgage term | : | Eleven months commencing from 17 August 2000 to 17 August 2005. |
| (iv) | During the efficacy of this mortgage agreement, Party A should serve at least a 30 day's prior notice to the Mortgagee on any change of form of operation such as contract, lease, merge or annex, joint venture, spin-off, affiliation, or reform of stock structure. Party A can only proceed and execute the act on such reform upon obtaining the written approval to the relevant reform agreement from Party B. | | |
- (11) The property is currently subject to a mortgage agreement 2000穗建一房貸032號 entered into between 中國建設銀行廣州第一支行 The China Construction Bank Guangzhou City First Sub-branch (referred hereinafter to as the "Mortgagee") and Party A (the "Mortgagor") dated 7 December 2000. The agreement contains, inter alia, the following information:
- | | | | |
|-------|---|---|---|
| (i) | Mortgaged area | : | 4,219.70 sq.m. in the Commercial portion located at Nos. 31-53 Binjang Dong Road. |
| (ii) | Mortgage loan | : | RMB35,000,000. |
| (iii) | Mortgage term | : | Commencing from year 2000 to year 2003. |
| (iv) | During the efficacy of this mortgage agreement, Party A should serve at least a 30 day's prior notice to the Mortgagee on any change of form of operation such as contract, lease, merge or annex, joint venture, spin-off, affiliation, or reform of stock structure. Party A can only proceed and execute the act on such reform upon obtaining the written approval to the relevant reform agreement from Party B. | | |
- (12) The property is currently subject to a mortgage agreement entered into between 中國農業銀行廣州市穗西支行 The Agricultural Bank of China Guangzhou City Suixi Sub-branch (referred hereinafter to as the "Mortgagee") and Party A (the "Mortgagor") dated 28 September 1998. The agreement contains, inter alia, the following information:
- | | | | |
|-------|---|---|--|
| (i) | Mortgaged gross floor area | : | Portion of 1,250 sq.m. of Commercial portion on Level 1 in Nos. 37, 45 and 53 of Binjang Dong Road |
| (ii) | Mortgage loan | : | RMB15,930,250. |
| (iii) | Mortgage term | : | Commencing from 1 October 1998 to 30 September 2001. |
| (iv) | During the efficacy of this mortgage agreement, Party A should serve at least a 30 day's prior notice to the Mortgagee on any change of form of operation such as contract, lease, merge or annex, joint venture, spin-off, affiliation, or reform of stock structure. Party A can only proceed and execute the act on such reform upon obtaining the written approval to the relevant reform agreement from Party B. | | |

- (13) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
1. Pursuant to three Real Estate Title Certificates (referred to in Note 8 above), the title to the property with a total gross floor area of 15,167.59 sq. m. is vested in Party A.
 2. The land use rights of the property with a total site area of approximately 25,424.48 sq. m. are held by Party A for a term of 70 years for residential uses; 40 years for commercial uses; and 50 years for other uses, all commencing from the issuance dates of the correspondant Land Use Right Certificates (please see note 1 to 6).
 3. During the term of the land use rights, Party A is entitled to transfer, mortgage or lease the title to the property. However upon transfer, mortgage or lease the property, Party A needs to settle relevant land appreciation tax, mortgage tax and leasing management tax.
 4. The land grant fee stipulated under the Land Use Rights Grant Contract (referred to in Note 7 above) has been paid.
 5. Due to increase in construction area in the commercial portion, Party A is required to settle a premium RMB3,456,149 and this amount has been fully settled.
- (14) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:
- | | | |
|-----|--|-----|
| (a) | Real Estate Title Certificate | Yes |
| (b) | State-owned Land Use Right Certificate | Yes |
| (c) | Business Licence | Yes |
| (d) | Mortgage Agreement | Yes |

APPENDIX II
**VALUATION REPORT OF PROPERTY INTERESTS
HELD BY AMPLE DRAGON GROUP**

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 March 2001
2. The Clubhouse in Phase II of Guangzhou Hai Zhu Peninsula Garden Binjiang Dong Road Haizhu District Guangzhou Guangdong Province The PRC	Guangzhou Hai Zhu Peninsula Garden (hereinafter referred to as the “Development”) is a mass commercial/ residential development, constructed on a parcel of land with a site area of approximately 25,424.48 sq. m. (273,667 sq. ft.) located at the middle portion of the coastal area amid Haizhu District in Guangzhou. The property comprises the recreational area in the podium of Phase II of the Development completed in late 1997. An array of facilities is available for residents in the property including fitness centre, children’s playroom, sauna room, function room, table tennis, billiard room, restaurant, beauty salon and outdoor swimming pool, etc. The gross floor area of the property is approximately 2,076.11 sq. m. (22,347 sq. ft.). The property is held under the land use rights for a term of 70 years for residential uses, 40 years for commercial uses and 50 years for others uses.	The property is operated as a club house.	HK\$9,700,000 (100% interest attributable to the Group: HK\$9,700,000)

Notes:

- (1) Pursuant to the State-owned Land Use Right Certificate 穗府國用 (1993) 字第特008號 issued by Guangzhou Municipal People’s Government on 1 November 1993, the land use rights for portion of the Development, comprising a site area of approximately 6,252 sq. m., is held by 廣州市東迅房地產發展有限公司 (Guangzhou Dongxun Real estate Development Company Limited, referred hereinafter to as “Party A”) for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (2) Pursuant to the State-owned Land Use Right Certificate 穗府國用 (1995) 字第特016號 issued by Guangzhou Municipal People’s Government on 4 August 1995, the land use rights for portion of the Development, comprising a site area of approximately 3,190 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (3) Pursuant to the State-owned Land Use Right Certificate 穗府國用 (1995) 字第特017號 issued by Guangzhou Municipal People’s Government on 4 September 1995, the land use rights for portion of the Development, comprising a site area of approximately 3,518 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (4) Pursuant to the State-owned Land Use Right Certificate 穗府國用 (1995) 字第特018號 issued by Guangzhou Municipal People’s Government on 4 September 1995, the land use rights for portion of the Development, comprising a site area of approximately 3,423 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.

- (5) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1997)字第特021號 issued by Guangzhou Municipal People's Government on 12 September 1997, the land use rights for portion of the Development, comprising a site area of approximately 2,953 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (6) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1997)字第特022號 issued by Guangzhou Municipal People's Government on 12 September 1997, the land use rights for portion of the Development, comprising a site area of approximately 6,088.48 sq. m., is held by in Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (7) Pursuant to a Contract for Grant of State-owned Land Use Rights (the "Contract") entered into between Guangzhou Land Administrative Bureau and Party A on 28 May 1993. Guangzhou Land Administrative Bureau agreed to grant the land use rights of the land to Party A. The Content contains, inter-alia, the following salient conditions:—
- | | | | |
|-------|------------------|---|--|
| (i) | Site area | : | 35,000 sq. m. |
| (ii) | Use | : | Sport facilities, commercial/residential composite buildings and swimming pool |
| (iii) | Land use term | : | 70 years (for residential use);
40 years (for commercial use); and
50 years (for others use), all commencing from 1 November 1993. |
| (iv) | Plot ratio | : | 5.48 |
| (v) | Gross floor area | : | 161,000 (commercial / residential uses)
25,000 (sports facilities)
6,090 (commercial facilities) |
| (vi) | Maximum height | : | 30-storeys |
| (vii) | Land grant fee | : | RMB69,668,480 |
- (8) Pursuant to a Real Estate Title Certificate 穗房地證字第0483301號 issued by Guangzhou Municipal State Land and Property Administrative Bureau in 26 May 1999, the title to the property with a total gross floor area of approximately 2,076.11 sq. m., is vested in Party A.
- (9) Pursuant to Business Licence (Registration No. 企作粵穗總字第002670號) issued by 廣州市工商行政管理局 (Guangzhou City Administration Bureau of Industry and Commerce) dated 5 April 2001, Party A was incorporated with registered capital of HK\$184,130,000 with a term of operation commencing from 2 March 1993 to 2 March 2005.
- (10) The property is currently subject to a mortgage agreement 深發穗營業抵字第 990045 號 entered into between 深圳發展銀行廣州分行 Shenzhen Development Bank Guangzhou Branch (referred hereinafter to as the "Mortgagee") and Party A (the "Mortgagor") dated 23 December 1999. The agreement contains, inter alia, the following information:
- | | | | |
|-------|---|---|--|
| (i) | Mortgaged area | : | Level 1 and mezzanine floor, the Clubhouse with a total GFA of 2,109 sq.m. and 102 car-parking spaces in District A of Basement Level 2 in Phase II Development. |
| (ii) | Mortgage loan | : | RMB28,000,000. |
| (iii) | Mortgage term | : | Two years commencing from 23 December 1999 to 23 December 2001. |
| (iv) | During the efficacy of this mortgage agreement, Party A should serve at least a 30 day's prior notice to the Mortgagee on any change of form of operation such as contract, lease, merge or annex, joint venture, spin-off, affiliation, or reform of stock structure. Party A can only proceed and execute the act on such reform upon obtaining the written approval to the relevant reform agreement from Party B. | | |
- (11) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- Pursuant to three Real Estate Title Certificates (referred to in Note 8 above), the title to the property with a total gross floor area of 2,076.11 sq. m. is vested in Party A.
 - The land use rights of the property with a total site area of approximately 25,424.48 sq. m. are held by Party A for a term of 70 years for residential uses; 40 years for commercial uses; and 50 years for other uses, all commencing from the issuance dates of the correspondant Land Use Right Certificates (please see note 1-6).
 - During the term of the land use rights, Party A is entitled to transfer, mortgage or lease the title to the property. However upon transfer, mortgage or lease the property, Party A needs to settle relevant land appreciation tax, mortgage tax and leasing management tax.
 - The land grant fee stipulated under the Land Use Rights Grant Contract (referred to in Note 7 above) has been paid.
 - Due to increase in construction area in the commercial portion, Party A is required to settle a premium of RMB3,456,149 and this amount has been fully settled.

(12) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:

- | | | |
|-----|--|-----|
| (a) | Real Estate Title Certificate | Yes |
| (b) | State-owned Land Use Right Certificate | Yes |
| (c) | Business Licence | Yes |
| (d) | Mortgage Agreement | Yes |

Group II - Property interests held by the Group for sale in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 March 2001
3. The remaining unsold residential units and underground car parking spaces of Phase I of Guangzhou Hai Zhu Peninsula Garden Binjiang Dong Road Haizhu District Guangzhou Guangdong Province The PRC	Guangzhou Hai Zhu Peninsula Garden (hereinafter referred to as the "Development") is a mass commercial/residential development, constructed on a parcel of land with a site area of approximately 25,424.48 sq. m. (273,667 sq. ft.) located at the middle portion of the coastal area amid Haizhu District in Guangzhou. The property comprises 47 unsold residential units in three 28-storey residential towers erected on a 3-storey commercial podium plus a car-parking basement underneath (together known as Phase I of the Development, which was completed in 1996). It also includes 93 private car parking spaces with a total gross floor area of approximately 4,912.50 sq. m. in the basement level. The residential units have a total gross floor area of approximately 4,850.38 sq. m. (49,303 sq. ft.). The property is held under the land use rights for a term of 70 years for residential uses, 40 years for commercial uses and 50 years for others uses.	The property is vacant.	HK\$48,100,000 (100% interest attributable to the Group: HK\$48,100,000)

Notes:

- (1) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1993)字第特008號 issued by Guangzhou Municipal People's Government on 1 November 1993, the land use rights for portion of the Development, comprising a site area of approximately 6,252 sq. m., is held by 廣州市東迅房地產發展有限公司 (Guangzhou Dongxun Real estate Development Company Limited, referred hereinafter to as "Party A") for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (2) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1995)字第特016號 issued by Guangzhou Municipal People's Government on 4 August 1995, the land use rights for portion of the Development, comprising a site area of approximately 3,190 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (3) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1995)字第特017號 issued by Guangzhou Municipal People's Government on 4 September 1995, the land use rights for portion of the Development, comprising a site area of approximately 3,518 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.

- (4) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1995)字第特018號 issued by Guangzhou Municipal People's Government on 4 September 1995, the land use rights for portion of the Development, comprising a site area of approximately 3,423 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (5) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1997)字第特021號 issued by Guangzhou Municipal People's Government on 12 September 1997, the land use rights for portion of the Development, comprising a site area of approximately 2,953 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (6) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1997)字第特022號 issued by Guangzhou Municipal People's Government on 12 September 1997, the land use rights for portion of the Development, comprising a site area of approximately 6,088.48 sq. m., is held by in Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (7) Pursuant to a Contract for Grant of State-owned Land Use Rights (the "Contract") entered into between Guangzhou Land Administrative Bureau and Party A on 28 May 1993. Guangzhou Land Administrative Bureau agreed to grant the land use rights of the land to Party A. The Content contains, inter-alia, the following salient conditions:—
- | | | | |
|-------|------------------|---|--|
| (i) | Site area | : | 35,000 sq. m. |
| (ii) | Use | : | Sport facilities, commercial/residential composite buildings and swimming pool |
| (iii) | Land use term | : | 70 years (for residential use);
40 years (for commercial use); and
50 years (for others use), all commencing from 1 November 1993. |
| (iv) | Plot ratio | : | 5.48 |
| (v) | Gross floor area | : | 161,000 (commercial / residential uses)
25,000 (sports facilities)
6,090 (commercial facilities) |
| (vi) | Maximum height | : | 30-storeys |
| (vii) | Land grant fee | : | RMB69,668,480 |
- (8) Pursuant to a Guangzhou Municipal Real Property Ownership Certificate 廣州市房地產權屬證明書0029045號 issued by Guangzhou Municipal State Land and Property Administrative Bureau dated 11 September 1996, the title to the property vested in Party A.
- (9) Pursuant to Business Licence (Registration No. 企作粵穗總字第002670號) issued by 廣州市工商行政管理局 (Guangzhou City Administration Bureau of Industry and Commerce) dated 5 April 2001, Party A was incorporated with registered capital of HK\$184,130,000 with a term of operation commencing from 2 March 1993 to 2 March 2005.
- (10) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- Pursuant to the Guangzhou Municipal Real Property Ownership Certificate (referred to in Note 8 above), the title to the property is vested in Party A.
 - The land use rights of the property with a total site area of approximately 25,424.48 sq. m. are held by Party A for a term of 70 years for residential uses; 40 years for commercial uses; and 50 years for other uses, all commencing from the issuance dates of the correspondant Land Use Right Certificates (please see note 1 to 6).
 - During the term of the land use rights, Party A is entitled to transfer, mortgage or lease the title to the property. However upon transfer, mortgage or lease the property, Party A needs to settle relevant land appreciation tax, mortgage tax and leasing management tax.
 - The land grant fee stipulated under the Land Use Rights Grant Contract (referred to in Note 7 above) has been paid.
 - Due to increase in construction area in the commercial portion, Party A is required to settle a premium of RMB3,456,149 and this amount has been fully settled.
- (11) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:
- | | | |
|-----|--|-----|
| (a) | Real Estate Title Certificate | Yes |
| (b) | State-owned Land Use Right Certificate | Yes |
| (c) | Business Licence | Yes |

APPENDIX II
**VALUATION REPORT OF PROPERTY INTERESTS
HELD BY AMPLE DRAGON GROUP**

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 March 2001
4. The remaining unsold residential units and underground car parking spaces of Phase II of Guangzhou Hai Zhu Peninsula Garden Binjiang Dong Road Haizhu District Guangdong Guangdong Province The PRC	Guangzhou Hai Zhu Peninsula Garden (hereinafter referred to as the “Development”) is a mass commercial/residential development, constructed on a parcel of land with a site area of approximately 25,424.48 sq. m. (273,667 sq. ft.) located at the middle portion of the coastal area amid Haizhu District in Guangzhou. The property comprises 10 residential units in three 39-storey residential towers erected over a 2-storey club house podium plus one basement level underneath (together known as Phase II of the Development), completed in late 1997. It also includes 265 private car-parking spaces with a total gross floor area of approximately 13,550.50 sq. m. in the basement level. The residential units have a total gross floor area of approximately 1,368.9727 sq. m. (14,736 sq. ft.). The property is held under the land use rights for a term of 70 years for residential uses, 40 years for commercial uses and 50 years for others uses.	The property is vacant	HK\$65,000,000 (100% interest attributable to the Group: HK\$65,000,000)

Notes:

- (1) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1993)字第特008號 issued by Guangzhou Municipal People’s Government on 1 November 1993, the land use rights for portion of the Development, comprising a site area of approximately 6,252 sq. m., is held by 廣州市東迅房地產發展有限公司 (Guangzhou Dongxun Real estate Development Company Limited, referred hereinafter to as “Party A”) for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (2) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1995)字第特016號 issued by Guangzhou Municipal People’s Government on 4 August 1995, the land use rights for portion of the Development, comprising a site area of approximately 3,190 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (3) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1995)字第特017號 issued by Guangzhou Municipal People’s Government on 4 September 1995, the land use rights for portion of the Development, comprising a site area of approximately 3,518 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (4) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1995)字第特018號 issued by Guangzhou Municipal People’s Government on 4 September 1995, the land use rights for portion of the Development, comprising a site area of approximately 3,423 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.

- (5) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1997)字第特021號 issued by Guangzhou Municipal People's Government on 12 September 1997, the land use rights for portion of the Development, comprising a site area of approximately 2,953 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (6) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1997)字第特022號 issued by Guangzhou Municipal People's Government on 12 September 1997, the land use rights for portion of the Development, comprising a site area of approximately 6,088.48 sq. m., is held by in Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (7) Pursuant to a Contract for Grant of State-owned Land Use Rights (the "Contract") entered into between Guangzhou Land Administrative Bureau and Party A on 28 May 1993. Guangzhou Land Administrative Bureau agreed to grant the land use rights of the land to Party A. The Content contains, inter-alia, the following salient conditions:—
- | | | | |
|-------|------------------|---|--|
| (i) | Site area | : | 35,000 sq. m. |
| (ii) | Use | : | Sport facilities, commercial/residential composite buildings and swimming pool |
| (iii) | Land use term | : | 70 years (for residential use);
40 years (for commercial use); and
50 years (for others use), all commencing from 1 November 1993. |
| (iv) | Plot ratio | : | 5.48 |
| (v) | Gross floor area | : | 161,000 (commercial / residential uses)
25,000 (sports facilities)
6,090 (commercial facilities) |
| (vi) | Maximum height | : | 30-storeys |
| (vii) | Land grant fee | : | RMB69,668,480 |
- (8) Pursuant to the Guangzhou Municipal Real Property Ownership Certificate 廣州市房地產權屬證明書102086號 issued by Guangzhou Municipal State Land and Property Administrative Bureau dated March 1999, the title to the property is vested in Party A.
- (9) Pursuant to Business Licence (Registration No. 企作粵穗總字第002670號) issued by 廣州市工商行政管理局 (Guangzhou City Administration Bureau of Industry and Commerce) dated 5 April 2001, Party A was incorporated with registered capital of HK\$184,130,000 with a term of operation commencing from 2 March 1993 to 2 March 2005.
- (10) The property is currently subject to a mortgage agreement 深發穗營業抵字第 990045 號 entered into between 深圳發展銀行廣州分行 Shenzhen Development Bank Guangzhou Branch (referred hereinafter to as the "Mortgagee") and Party A (the "Mortgagor") dated 23 December 1999. The agreement contains, inter alia, the following information:
- | | | | |
|-------|---|---|--|
| (i) | Mortgaged area | : | Level 1 and mezzanine floor, the Clubhouse with a total GFA of 2,109 sq.m. and 102 car-parking spaces in District A of Basement Level 2 in Phase II Development. |
| (ii) | Mortgage loan | : | RMB28,000,000. |
| (iii) | Mortgage term | : | Two years commencing from 23 December 1999 to 23 December 2001. |
| (iv) | During the efficacy of this mortgage agreement, Party A should serve at least a 30 day's prior notice to the Mortgagee on any change of form of operation such as contract, lease, merge or annex, joint venture, spin-off, affiliation, or reform of stock structure. Party A can only proceed and execute the act on such reform upon obtaining the written approval to the relevant reform agreement from Party B. | | |
- (11) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
- Pursuant to the Guangzhou Municipal Real Property Ownership Certificate (referred to in Note 8 above), the title to the property is vested in Party A.
 - The land use rights of the property with a total site area of approximately 25,424.48 sq. m. are held by Party A for a term of 70 years for residential uses; 40 years for commercial uses; and 50 years for other uses, all commencing from the issuance dates of the correspondent Land Use Right Certificates (please see note 1 to 6).
 - During the term of the land use rights, Party A is entitled to transfer, mortgage or lease the title to the property. However upon transfer, mortgage or lease the property, Party A needs to settle relevant land appreciation tax, mortgage tax and leasing management tax.
 - The land grant fee stipulated under the Land Use Rights Grant Contract (referred to in Note 7 above) has been paid.
 - Due to increase in construction area in the commercial portion, Party A is required to settle a premium of RMB3,456,149 and this amount has been fully settled.
- (12) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:
- | | | |
|-----|--|-----|
| (a) | Real Estate Title Certificate | Yes |
| (b) | State-owned Land Use Right Certificate | Yes |
| (c) | Business Licence | Yes |

Group III - Property interest under construction and held for future sale in the PRC

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 15 March 2001																																				
5. Remaining Portion of Phase III and Phase IV of Guangzhou Hai Zhu Peninsula Garden Binjiang Dong Road Haizhu District Guangzhou Guangdong Province The PRC	<p>Guangzhou Hai Zhu Peninsula Garden (hereinafter referred to as the "Development") is a mass commercial/residential development, constructed on a parcel of land with a site area of approximately 25,424.48 sq. m. (273,667 sq. ft.) located at the middle portion of the coastal area amid Haizhu District in Guangzhou.</p> <p>The property comprises two level sites for constructing Phase III and IV development. The site for Phase III development is contiguous to existing Phase II of Guangzhou Hai Zhu Peninsula Garden and the site for Phase IV development is adjacent to Phase I of Guangzhou Hai Zhu Peninsula Garden.</p> <p>Phase III development comprises 542 residential units and 393 underground private car-parking spaces, which is scheduled to completed at the end of 2001.</p> <p>Details of the planned accommodation for Phase III development are as follows:—</p> <p>Phase III</p> <table border="1"> <thead> <tr> <th style="text-align: left;">Use</th> <th colspan="2" style="text-align: center;">Gross floor area (Approximate)</th> </tr> <tr> <td></td> <th style="text-align: center;">(sq. m.)</th> <th style="text-align: center;">(sq. ft.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">68,704.73</td> <td style="text-align: right;">739,538</td> </tr> <tr> <td>Basement Car park</td> <td style="text-align: right;">25,000.00</td> <td style="text-align: right;">269,100</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">93,704.73</td> <td style="text-align: right;">1,008,638</td> </tr> </tbody> </table> <p>Phase IV development will comprise 450 residential units, a 3-storey commercial podium and 113 underground private car parking spaces.</p> <p>Details of the planned Phase IV development's accommodation are as follows:—</p> <p>Phase IV</p> <table border="1"> <thead> <tr> <th style="text-align: left;">Use</th> <th colspan="2" style="text-align: center;">Gross floor area (Approximate)</th> </tr> <tr> <td></td> <th style="text-align: center;">(sq. m.)</th> <th style="text-align: center;">(sq. ft.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">40,121.40</td> <td style="text-align: right;">431,867</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">16,678.00</td> <td style="text-align: right;">179,522</td> </tr> <tr> <td>Basement Car park</td> <td style="text-align: right;">4,073.00</td> <td style="text-align: right;">43,841</td> </tr> <tr> <td>Others (clubhouse and ancillary facilities)</td> <td style="text-align: right;">9,500.00</td> <td style="text-align: right;">102,258</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">70,372.40</td> <td style="text-align: right;">757,488</td> </tr> </tbody> </table> <p>The property comprises the remaining unsold portion of Phase III with various residential units with a total gross floor area of approximately 48,077.13 sq. m. (517,502 sq. ft.) and 393 private car parking spaces and the whole Phase IV.</p> <p>The property is held under the land use rights for a term of 70 years for residential uses, 40 years for commercial uses and 50 years for others uses.</p>	Use	Gross floor area (Approximate)			(sq. m.)	(sq. ft.)	Residential	68,704.73	739,538	Basement Car park	25,000.00	269,100	Total	93,704.73	1,008,638	Use	Gross floor area (Approximate)			(sq. m.)	(sq. ft.)	Residential	40,121.40	431,867	Commercial	16,678.00	179,522	Basement Car park	4,073.00	43,841	Others (clubhouse and ancillary facilities)	9,500.00	102,258	Total	70,372.40	757,488	Phase III of the property is under construction and is scheduled to be completed at the end of 2001. The site for Phase IV development is vacant.	HK\$418,900,000 (100% interest attributable to the Group: HK\$418,900,000)
Use	Gross floor area (Approximate)																																						
	(sq. m.)	(sq. ft.)																																					
Residential	68,704.73	739,538																																					
Basement Car park	25,000.00	269,100																																					
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Others (clubhouse and ancillary facilities)	9,500.00	102,258																																					
Total	70,372.40	757,488																																					

Notes:

- (1) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1993)字第特008號 issued by Guangzhou Municipal People's Government on 1 November 1993, the land use rights for portion of the Development, comprising a site area of approximately 6,252 sq. m., is held by 廣州市東迅房地產發展有限公司 (Guangzhou Dongxun Real estate Development Company Limited, referred hereinafter to as "Party A") for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (2) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1995)字第特016號 issued by Guangzhou Municipal People's Government on 4 August 1995, the land use rights for portion of the Development, comprising a site area of approximately 3,190 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (3) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1995)字第特017號 issued by Guangzhou Municipal People's Government on 4 September 1995, the land use rights for portion of the Development, comprising a site area of approximately 3,518 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (4) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1995)字第特018號 issued by Guangzhou Municipal People's Government on 4 September 1995, the land use rights for portion of the Development, comprising a site area of approximately 3,423 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (5) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1997)字第特021號 issued by Guangzhou Municipal People's Government on 12 September 1997, the land use rights for portion of the Development, comprising a site area of approximately 2,953 sq. m., is held by Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (6) Pursuant to the State-owned Land Use Right Certificate 穗府國用(1997)字第特022號 issued by Guangzhou Municipal People's Government on 12 September 1997, the land use rights for portion of the Development, comprising a site area of approximately 6,088.48 sq. m., is held by in Party A for a term of 70 years for residential uses; 40 years for commercial uses and 50 years for other uses commencing from the issuance date of this Certificate, for commercial/residential uses.
- (7) Pursuant to a Contract for Grant of State-owned Land Use Rights (the "Contract") entered into between Guangzhou Land Administrative Bureau and Party A on 28 May 1993. Guangzhou Land Administrative Bureau agreed to grant the land use rights of the land to Party A. The Content contains, inter-alia, the following salient conditions:—
- | | | | |
|-------|------------------|---|--|
| (i) | Site area | : | 35,000 sq. m. |
| (ii) | Use | : | Sport facilities, commercial/residential composite buildings and swimming pool |
| (iii) | Land use term | : | 70 years (for residential use);
40 years (for commercial use); and
50 years (for others use), all commencing from 1 November 1993. |
| (iv) | Plot ratio | : | 5.48 |
| (v) | Gross floor area | : | 161,000 (commercial / residential uses)
25,000 (sports facilities)
6,090 (commercial facilities) |
| (vi) | Maximum height | : | 30-storeys |
| (vii) | Land grant fee | : | RMB69,668,480 |
- (8) Pursuant to the Pre-sell Permit 穗房預字第19980289號 issued by 廣州市土地局管理局 Guangzhou Municipal State Land and Property Administration Bureau dated 20 February 2001, Block A (also known as 勝景閣) of Phase III development with a total gross floor area of approximately 29,380 sq. m. (394 units) is allowed to be pre-sell in the local and foreign markets.
- Pursuant to the Pre-sell Permit 穗房預字第19950286號 issued by 廣州市土地局管理局 Guangzhou Municipal State Land and Property Administration Bureau dated 20 February 2001, Block B (also known as 御景閣) of Phase III development with a total gross floor area of approximately 29,380 sq. m. (394 units) is allowed to be pre-sell in the local and foreign markets.
- Pursuant to the Pre-sell Permit 穗房預字第19950211號 issued by 廣州市土地局管理局 Guangzhou Municipal State Land and Property Administration Bureau dated 20 February 2001, Block C (also known as 龍景閣) of Phase III development with a total gross floor area of approximately 29,380 sq. m. (394 units) is allowed to be pre-sell in the local and foreign markets.

- (9) We have been advised by Zhong Hua Land Holdings Limited, the ultimate holding company of the Company, the construction cost expended on Phase III development is RMB344,500,000. In the course of our valuation, we have taken into account such construction costs.
- (10) Pursuant to Business Licence (Registration No. 企作粵穗總字第002670號) issued by 廣州市工商行政管理局 (Guangzhou City Administration Bureau of Industry and Commerce) dated 5 April 2001, Party A was incorporated with registered capital of HK\$184,130,000 with a term of operation commencing from 2 March 1993 to 2 March 2005.
- (11) We have excluded the pre-sell units in Phase III with a total gross floor area of approximately 20,627.60 sq. m. in our valuation.
- (12) The property is currently subject to a mortgage agreement 2000 穗建一房貸020號 entered into between 中國建設銀行廣州第一支行 The China Construction Bank Guangzhou City First Sub-branch (referred hereinafter to as the "Mortgagee") and Party A (the "Mortgagor") dated 21 September 2000. The agreement contains, inter alia, the following information:
- (i) Mortgaged area : 134 car-parking spaces in Basement Level 1 (portion) of Phase III.
 - (ii) Mortgage loan : RMB18,500,000.
 - (iii) Mortgage term : Commencing from year 2000 to year 2005.
 - (iv) During the efficacy of this mortgage agreement, Party A should serve at least a 30 day's prior notice to the Mortgagee on any change of form of operation such as contract, lease, merge or annex, joint venture, spin-off, affiliation, or reform of stock structure. Party A can only proceed and execute the act on such reform upon obtaining the written approval to the relevant reform agreement from Party B.
13. The property is currently subject to a mortgage agreement (Ref No. 99年信字第063號) entered into between 中國工商銀行廣州市第二支行 Industrial and Commercial Bank of China Guangzhou City Second Sub-branch (referred hereinafter to as the "Mortgagee") and Party A (the "Mortgagor") dated 19 January 2000. The agreement contains, inter alia, the following information:
- (i) Mortgaged area : Land use rights with a site area of approximately 1,688.5 sq m of Block A (also known as 御景閣) in Phase III development, Nos. 543-549 Binjiang Dong Road
 - (ii) Mortgage loan : RMB78,000,000
 - (iii) Mortgage term : Three years commencing form 23 January 2000 to 22 January 2003.
 - (iv) During the efficacy of this mortgage agreement, Party A should serve at least a 30 day's prior notice to the Mortgagee on any change of form of operation such as contract, lease, merge or annex, joint venture, spin-off, affiliation, or reform of stock structure. Party A can only proceed and execute the act on such reform upon obtaining the written approval to the relevant reform agreement from Party B.
- | | |
|--|------------------|
| Due date for the first installment of the loan RMB20,000,000: | 10 June 2001 |
| Due date for the second installment of the loan RMB20,000,000: | 10 December 2001 |
| Due date for the third installment of the loan RMB38,000,000: | 18 February 2002 |
- (14) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter alia, the following information:
1. Pursuant to three Pre-sell Permits (referred to in Notes 8 above), Party A is entitled to pre-sell the property.
 2. The land use rights of the property with a total site area of approximately 25,424.48 sq. m. are held by Party A for a term of 70 years for residential uses; 40 years for commercial uses; and 50 years for other uses, all commencing from the issuance dates of the correspondant Land Use Right Certificates (please see note 1 to 6).
 3. During the term of the land use rights, Party A is entitled to transfer, mortgage or lease the title to the property. However upon transfer, mortgage or lease the property, Party A needs to settle relevant land appreciation tax, mortgage tax and leasing management tax.
 4. The land grant fee stipulated under the Land Use Rights Grant Contract (referred to in Note 7 above) has been paid.
 5. Due to increase in construction area in the commercial portion, Party A is required to settle a premium of RMB3,456,149 and this amount has been fully settled.
- (15) The status of the title and grant of major approvals and licences in accordance with the information provided by the Group is as follows:
- | | |
|--|-----|
| (a) Real Estate Title Certificate | Yes |
| (b) State-owned Land Use Right Certificate | Yes |
| (c) Business Licence | Yes |
| (d) Mortgage Agreement | Yes |

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company collectively and individually accept full responsibility for the accuracy of the information contained in this circular in so far as it relates to the Company and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading in so far as it relates to the Company.

2. DISCLOSURE OF INTERESTS**(a) Interests of directors**

As at the Latest Practicable Date, the interests of the directors and chief executive and their respective associates of the Company in the equity or debt securities of the Company and its associated corporation (within the meaning of the SDI Ordinance) which are required to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests which they are taken or deemed to have under section 31 or Part I of the Schedule to the SDI Ordinance) or which are required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange were as follows:

(i) Shares in the Company

Company concerned	Name of Director	Nature of interests	Number of Shares
The Company	HO Tsam Hung	Corporate (Note 1)	54,000,000
	HO Pak Hung	Corporate (Note 2)	54,000,000
	HO Kam Hung	Corporate (Note 3)	54,000,000
	LAM Ling Tak	Corporate (Note 4)	19,147,676

Notes:

- (1) 54,000,000 shares were beneficially held by Ho Tsam Hung through Morgan Estate Assets Limited.
- (2) 54,000,000 shares were beneficially held by Ho Pak Hung through On Tai Profits Limited.
- (3) 54,000,000 shares were beneficially held by Ho Kam Hung through Morcambe Corporation.
- (4) 19,147,676 shares were beneficially held by Lam Ling Tak through Tasman Treasure Profits Limited.

(ii) Shares in associated corporations of the Company

At the Latest Practical Date, the following directors of the Company had interests in the number of non-voting deferred shares in the Company's subsidiaries:

(aa) Interests in the number of non-voting deferred shares of Powerex Investment Limited

Name of Director	Personal interests	Corporate interests	Total
Ho Tsam Hung	91	9,997 *	10,088
Ho Pak Hung	91	9,997 *	10,088
Ho Kam Hung	91	9,997 *	10,088
Lam Ling Tak	27	9,997 *	10,024

* These non-voting deferred shares were held by Smart Hero Investment Limited, whose entire issued share capital of 10,000,000 shares were held by Shun Fat (Holdings) Limited ("Shun Fat") as to 9,986,667 shares, Ho Tsam Hung as to 3,334 shares and Ho Pak Hung, Ho Kam Hung and Lam Ling Tak as to 3,333 shares each. Shun Fat was held equally by Ho Tsam Hung, Ho Pak Hung, Ho Kam Hung and Lam Ling Tak.

(bb) Interests in the number of non-voting deferred shares of Dongxum Real Estate Development Company Limited

Name of Director	Personal interests	Total
Ho Tsam Hung	91	91
Ho Pak Hung	91	91
Ho Kam Hung	91	91
Lam Ling Tak	27	27

(cc) Interests in the number of non-voting deferred shares of Smart Hero (Holdings) Limited

Name of Director	Personal interests	Total
Ho Tsam Hung	91	91
Ho Pak Hung	91	91
Ho Kam Hung	91	91
Lam Ling Tak	27	27

- (dd) Interests in the number of non-voting deferred shares of China Land Realty Investment Limited

Name of Director	Personal interests	Total
Ho Tsam Hung	91	91
Ho Pak Hung	91	91
Ho Kam Hung	91	91
Lam Ling Tak	27	27

Save as disclosed herein:

- (i) none of the directors or the chief executive of the Company has an interest in any Shares in or debentures of the Company or any associated corporation (within the meaning of the SDI Ordinance) which is required to be notified to the Company and the Stock Exchange pursuant to section 28 of the SDI Ordinance (including interests which he is taken or deemed to have under section 31 or Part I of the Schedule to the SDI Ordinance) or which is required, pursuant to section 29 of the SDI Ordinance, to be entered in the register referred to therein or which is required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange;
- (ii) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group taken as a whole; and;
- (iii) none of the Directors has any direct or indirect interest in any assets which have been, since 31st December, 2000 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

Mr. Kwok Lam Kwong, Larry, an independent non-executive Director, is also a partner of Kwok & Yih (in association with Andersen Legal), the legal adviser to the Company on the proposed Acquisition and Disposal and proposed change of Company name as described in this circular, which firm will be receiving normal professional fees for services rendered in connection therewith.

(b) Interests of substantial shareholders

As at the Latest Practicable Date, the following interests of 10% or more of the share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 16(1) of the SDI Ordinance:

Name of substantial shareholder	Number of Shares	Percentage of issued share capital
High Rank Enterprises Limited	228,000,000	38.25%

According to the register of interests kept by the Company under Section 16(1) of the SDI Ordinance and so far as is known to the directors of the Company other than the interests disclosed herein, there are no other persons (other than a director or chief executive of the Company) who, as at the Latest Practicable Date were, directly or indirectly, beneficially interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the group or in any options in respect of such capital.

3. MATERIAL ADVERSE CHANGES

Save as disclosed in this circular, there has been no material adverse change in the financial or trading position or prospects of the Group since 31st December, 2000, the date to which the latest audited financial statements of the Group were made up.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the directors of the Company had entered into any service contracts with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation (other than statutory compensation)).

5. CONSENT

Each of Sallmanns and Chesterton Petty has given and has not withdrawn its written consent to the issue of this circular with the inclusion hereof its letter and the references to its name, as the case may be, in the form and context in which they respectively appears.

Each of Sallmanns and Chesterton Petty is not interested beneficially in the share capital of any member of the Group nor has any right to subscribe or to nominate persons to subscribe for securities in any member of the Group.

6. LITIGATION

There is no litigation or claim of material importance known to the directors of the Company to be pending or threatened against any member of the Group.

7. MISCELLANEOUS

- (a) The secretary of the Company is Ms. Carrie Bernadette Ho. Ms. Ho is a member of both the Hong Kong Society of Accountants and the Australian Society of Certified Practising Accountants.
- (b) The branch share registrar and transfer office of the Company in Hong Kong is Tengis Limited, 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong.
- (c) The English text of this circular shall prevail over the Chinese text.

NOTICE OF SPECIAL GENERAL MEETING



ZHONG HUA LAND HOLDINGS LIMITED

中華置業地產控股有限公司*

(Incorporated in Bermuda with limited liability)

NOTICE IS HEREBY GIVEN THAT a special general meeting of Zhong Hua Land Holdings Limited (the “Company”) will be held at Victoriana Room, 4th Floor, Hotel Furama Hong Kong, 1 Connaught Road Central, Central, Hong Kong at 11:45 a.m. on Friday, 22nd June, 2001 for the purpose of considering and, if thought fit, passing the following resolution with or without amendments:

SPECIAL RESOLUTION

“**THAT**, subject to the approval of the Registrar of Companies in Bermuda, the name of the Company be changed to “Zhong Hua International Holdings Limited” and “中華國際控股有限公司” in Chinese; and the directors of the Company be and are hereby authorised to do all such acts and things and execute all documents they consider necessary or expedient to give effect to the change of name.”

By Order of the Board
Carrie Ho
Company Secretary

Hong Kong, 23rd May, 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. A copy of the above notice was set out in the Company’s announcement dated 23rd May, 2001.

** For identification purposes only*