
CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Directors") of Zhong Hua Land Holdings Limited (the "Company"), I wish to present the Annual Report of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2000.

RESULTS

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

FINAL DIVIDEND

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

CLOSURE OF REGISTER OF MEMBERS

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

CHAIRMAN'S STATEMENT

BUSINESS REVIEW

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

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

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

FINANCIAL REVIEW

Liquidity and Financial Resources

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

CHAIRMAN'S STATEMENT

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

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

Pledge of Assets

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

Contingent Liabilities

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

EMPLOYEE AND REMUNERATION POLICY

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

CHAIRMAN'S STATEMENT

POST BALANCE SHEET EVENTS

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

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

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

PROSPECTS

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

CHAIRMAN'S STATEMENT

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

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

APPRECIATION

On behalf of the Directors, I would like to express my sincere appreciation to all management executives and staff for their conscientious efforts and support in maintaining the Group's profile during the year.

On behalf of the Board

Ho Tsam Hung

Chairman

Hong Kong, 24 April 2001