

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

The Board of Directors is pleased to announce that Mr. Carmelo K. S. Lee has been appointed an independent non-executive director of the Company with effect from 21st March, 2001.

DISCLOSURE OF ADDITIONAL INFORMATION IN ACCORDANCE WITH THE LISTING RULES

Employees

There were approximately 1,011 employees in the Group as at 31st December, 2000. The Group's remuneration and benefit policies are directly linked to staff performance and market situation. In addition to competitive salaries, the Group provides attractive fringe benefits such as free medical insurance, personal accident insurance cover to its staff. On top of that, the Group has provided on-the-job training to enable staff members to improve their skills and career potential.

Audit Committee

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters including the review of the unaudited interim financial statements.

Code of Best Practice

None of the directors of the Company is aware of any information that would reasonably indicate that the Company is not or was not for any part of the accounting period covered by this interim report, in compliance with the Code of Best Practice set out in Appendix 14 of the Listing Rules.

Practice Note 19 to the Listing Rules

The Company through its subsidiaries has entered into contractual joint venture agreements and has undertaken substantial investments for development of certain infrastructure and property projects. The capital investments and advances made to the joint venture companies and associates ("the Affiliated Companies") were classified and disclosed under the headings "Interests in Jointly Controlled Entities" and "Interests in Associates" in the condensed consolidated balance sheet as at 31st December, 2000.

A proforma combined balance sheet of the Affiliated Companies as at 31st December, 2000, is presented below:

| | Combined Total HK\$ million | Funds injected by the Group HK\$ million |
|---|--------------------------------|--|
| Property, plant and equipment | 20,225 | |
| Properties for or under development | 849 | |
| Current assets | 1,270 | |
| Total assets | 22,344* | |
| Financed by: | | |
| Registered capital/share capital | 2,379 | 1,604# |
| Accumulated losses | (1,362)^ | |
| | 1,017 | |
| Non-current liabilities | | |
| – Advances from shareholders/ joint venture partners/related companies | 15,094 | 8,646# |
| – Syndicated bank loans procured by a joint venture partner | 2,311 | 2,311# |
| – Other long-term loans | 1,824 | |
| | 19,229 | |
| Current liabilities | 2,098 | 57 |
| Shareholders' fund & total liabilities | 22,344* | 12,618 |

* With the exception of the investments in the two property-development joint ventures which are immaterial, all fixed assets, including essential production facilities, will be reverted to PRC joint venture partners without compensation at the end of the joint venture co-operation period. Disclosure of the attributable interests of the Group in the assets and liabilities of the Affiliated Companies is deemed not appropriate.

^ Accumulated losses are mainly attributed to interest expenses incurred during the trial operation of the toll roads before commencement of the joint venture co-operation period.

As at 31st December, 2000, the Group had made capital contribution and advances of HK\$702 million and HK\$8,349 million respectively to the joint venture company, Guangzhou-Shenzhen-Zhuhai Superhighway Co. Ltd., which undertakes the Guangzhou-Shenzhen Superhighway project. Such advances carry interest at LIBOR+1.5% per annum. A portion of the advances amounting to HK\$2,311 million was financed by syndicated bank loans on an on-lending basis which is secured by floating charges on the assets of the joint venture company with no recourse to the Company and has been prepaid in full during January 2001. The remaining portion is unsecured, without fixed repayment terms and is repayable out of the net cash surplus from operation of the joint venture company. The Company has undertaken on a joint and several basis to provide funds to the joint venture company to meet its operating expenses.

Substantial Shareholders

Save as disclosed under the section headed "Directors' Interest in Shares", as at 31st December, 2000, the Company had not been notified by any person, not being a director of the Company, of interests in the share capital of the Company required to be recorded in the register under Section 16(1) of the Securities (Disclosure of Interests) Ordinance ("the SDI Ordinance").

Directors' Interest in Shares

As at 31st December, 2000, the beneficial interests of the directors and their associates in the shares of the Company and its associated corporations (as defined by the SDI Ordinance) were as follows:

(a) Beneficial Interests in Shares in the Company

| Directors: | Personal | Family | Corporate | Other | Total |
|-----------------------|------------|-----------------|-------------|------------|------------------|
| Gordon Ying Sheung Wu | 74,443,893 | 113,730,592(i) | 123,187,019 | 30,670,093 | 250,204,287(iii) |
| Eddie Ping Chang Ho | 17,340,000 | 246,000 | 1,980,000 | - | 19,566,000 |
| Henry Hin Moh Lee | 2,795,322 | - | - | - | 2,795,322 |
| Robert Van Jin Nien | 100,000 | - | - | - | 100,000 |
| Guy Man Guy Wu | 2,645,650 | - | - | - | 2,645,650 |
| Ivy Sau Ping Kwok Wu | 21,903,282 | 228,301,005(ii) | 61,157,217 | 30,670,093 | 250,204,287(iii) |
| Linda Lai Chuen Loke | - | 1,308,981 | - | - | 1,308,981 |
| Joachim Burger | 39,776 | - | - | - | 39,776 |
| David Yau-gay Lui | 8,537 | 6,200 | - | - | 14,737 |

Notes:

- (i) The family interests of 113,730,592 shares represent the interests of Lady Ivy Sau Ping Kwok Wu, the wife of Sir Gordon Ying Sheung Wu. This figure includes 61,157,217 shares held by the couple through corporations. Accordingly, 61,157,217 shares are duplicated in the corporate interests column. The figure of 113,730,592 shares also includes 30,670,093 shares which are held by the couple in joint name. Accordingly, 30,670,093 shares are duplicated in the other interests column.
- (ii) The family interests of 228,301,005 shares represent the interests of Sir Gordon Ying Sheung Wu, the husband of Lady Ivy Sau Ping Kwok Wu. This figure includes 61,157,217 shares held by the couple through corporations. Accordingly, 61,157,217 shares are duplicated in the corporate interests column. The figure of 228,301,005 shares also includes 30,670,093 shares which are held by the couple in joint name. Accordingly, 30,670,093 shares are duplicated in the other interests column.
- (iii) The disclosures of total interests of 250,204,287 shares made by Sir Gordon Ying Sheung Wu and Lady Ivy Sau Ping Kwok Wu are arrived at after eliminating the duplications referred to in (i) and (ii) respectively. Both disclosures relate to the same parcel of shares.

(b) Beneficial Interests in Shares in Associated Corporations

| Directors | Name of Company | Personal | Family | Corporate | Total |
|---------------------|---|----------|--------|-------------|---------|
| Eddie Ping Chang Ho | HCNH Insurance Brokers Limited | - | - | 300,000 (i) | 300,000 |
| Joachim Burger | Mega Hotels Management Limited | 297,000 | - | - | 297,000 |
| Victor Tzar Kuoi Li | Guangzhou-Shenzhen Superhighway (Holdings) Ltd. | - | - | (ii) | (ii) |

Notes:

- (i) Mr. Eddie Ping Chang Ho together with his associate beneficially owned 70% of the issued share capital of Hong Kong Insurance Agency Limited which in turn owned 300,000 ordinary shares of HCNH Insurance Brokers Limited, an associated company of the Company, representing one-third of its issued share capital.
- (ii) The 10¹/₄% Notes due 2007 for a face amount of US\$2,000,000 and the 9⁷/₈% Notes due 2004 for a face amount of US\$3,500,000 issued by Guangzhou-Shenzhen Superhighway (Holdings) Ltd. was beneficially owned by a company in which Mr. Victor Tzar Kuoi Li was entitled to exercise or control the exercise of 1/3 or more of the voting power at its general meeting.
- (iii) Certain directors held shares in certain subsidiaries as nominees for their holding companies.

Purchase, Sale or Redemption of Shares

There was no purchase, sale or redemption by the Company or any of its subsidiaries of shares in the Company during the period.

Sir Gordon Ying Sheung Wu, KCMG
Chairman and Managing Director

Hong Kong, 21st March, 2001