

MAJOR EVENTS

2001 INTERIM PROFIT DISTRIBUTION SCHEME

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June, 2001, or the transfer to capital reserves.

THE PROFITS DISTRIBUTION OF 2000

The Company's 2000 profit distribution scheme was approved at the 2000 Annual General Meeting held on 6 March, 2001, details of which are: basing on the total shares of 2,015,700,000 issued as at 31 December, 2000, a final dividend of RMB0.10 per share (including tax) was paid to its shareholders (a final dividend of HK\$0.0942 was paid to shareholders of H Shares) (including tax), details of which were published on *Hong Kong Economic Times* (Chinese version) and *South China Morning Post* (English version). 2000 final dividends had been paid before 21 March, 2001.

MATERIAL LITIGATION AND ARBITRATION

During the Period, the Company had no material litigation or arbitration.

ACQUISITION, MERGER AND ASSETS RESTRUCTURING

During the Period, the Company had no acquisitions, mergers or assets restructuring.

MAJOR CONNECTED TRANSACTIONS

During the Period, the Company had not entered into any material connected transactions.

EMPLOYEES AND THEIR SALARIES

As at 30 June, 2001, the Group has 1,050 employees, eighty-five out of whom work at the headquarters of the Company. The salaries and welfare of employees are linked with their positions and performance.

The Share Appreciation Right Scheme of the Company was approved at the 2000 Annual General Meeting and was carried out. The total number of rights available under the Share Appreciation Right Scheme is 60,471,000. During the Period, the first batch of rights totaling 38,832,500 were granted to 42 medium and senior management staff of the Company. Two directors were granted 3~4 million units, while the rest nine directors were granted not more than 2 million units each. All the rights will have an exercise period of 5 years. A grantee is not allowed to exercise his or her options in the first year after the date of granting the options. In each of the second, third, and fourth year after the date of grant, the options exercised will not in aggregate exceed 25%, 50% and 75%, respectively, of the total options granted to him or her. The grant price and the exercise price of the options will be determined by reference to both the H Share price and the A Share price of the Company, which mainly determined by H Share price with reference to A Share price of the Company.

TRAINING

The Company put much emphasis on employee training. A training team has been established, and the training system has been established. Specific training programs are carried out according to the development of the Company. The Company started a training program of MBA core courses aiming at the medium and senior management staff in the first half of 2001. In addition, training programs for staff at all levels from different departments will continue in the second half of 2001.

CHARGES ON THE GROUP'S ASSETS AND GUARANTEES

To obtain bank loans and banking facilities, the Company has pledged the following assets to banks:

Secured assets	Expiry date
Operating rights of National Highway 107 (Shenzhen Section)	9 February, 2004
Operating rights of National Highway 205 (Shenzhen Section)	16 February, 2004
Operating rights of Meiguan Expressway	Terminated on 16 July, 2001

The Company has also issued a corporate guarantee to secure a bank loan of RMB25 million granted to its jointly controlled entity, Shenzhen Wutongling Ropeway Company Limited, that will expire on 16 December, 2003.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

During the Period, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited ("Listing Rules").

DIRECTORS' AND SUPERVISORS' INTERESTS IN SECURITIES AND RIGHTS TO ACQUIRE SECURITIES

As at 30 June, 2001, none of the directors, supervisors, chief executives or their associates have any beneficial interests in the share capital of the Company or any of its associated corporations as defined in the Securities (Disclosure of Interests) Ordinance and to be recorded in the register required to be maintained pursuant to the Model Code for Securities Transaction by Directors of Listed Companies of the Listing Rules.

At no time during the Period was the Company, its subsidiaries and its jointly controlled entities a party to any arrangements to enable the directors, supervisors, chief executives or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company has been granted by the Company to, nor have any such rights been exercised by, any person during the Period ended 30 June, 2001 and up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Period, no shares of the Company were purchased, sold or redeemed by the Company, any of its subsidiaries or any of its jointly controlled entities.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the condensed unaudited interim accounts for the six months ended 30 June, 2001 and has discussed the Group's internal controls and financial reporting procedures with the directors.