

OTHER INFORMATION

DIRECTORS' INTERESTS IN EQUITY OR DEBT SECURITIES

As at 30th June 2002, the interests of directors of the Company in the equity or debt securities of the Company and Guangzhou Investment Company Limited (“GZI”), the ultimate holding company of the Company, as recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”) were as follows:

	Personal Interests	Family Interests
The Company		
(Ordinary shares of HK\$0.10 each)		
Mr Yin Hui	140,000	—
Mr Li Xinmin	60,000	—
Mr Du Liangying	142,000	—
Mr Du Xinrang	100,000	—
Mr Zhong Ming	100,000	—
Mr He Zili	120,000	—
GZI		
(Ordinary shares of HK\$0.10 each)		
Mr Liu Jinxiang	1,200,000	60,000
Mr Xie Shuwen	300,000	—
Mr Li Xinmin	50,000	—
Mr Liang Ningguang	200,000	60,000
Mr Cai Hanxiang *	300,000	—
Mr He Zili	240,000	—

As at 30th June 2002, the following directors of the Company had interests recorded in the register maintained under Section 29 of the SDI Ordinance being options granted under the share option schemes of (1) the Company and (2) GZI to subscribe for ordinary shares in the respective companies:

(1) *The Company*

Name of Director	Date of grant	Exercise price per share HK\$	Number of options
			outstanding as at 1st January and 30th June 2002
Mr Liu Jinxiang	22/12/1999	0.9984	9,676,000
Mr Yin Hui	06/08/1997	2.4080	600,000
	22/12/1999	0.9984	3,610,000
Mr Xie Shuwen	07/04/2000	0.7520	560,000
Mr Chen Jiahong	06/08/1997	2.4080	500,000
	22/12/1999	0.9984	2,372,000
Mr Liang Ningguang	06/08/1997	2.4080	500,000
	22/12/1999	0.9984	8,400,000
Mr Xiao Boyan	06/08/1997	2.4080	500,000
Mr Cai Hanxiang *	06/08/1997	2.4080	500,000
Mr Du Liangying	22/12/1999	0.9984	1,356,000
Mr Du Xinrang	06/08/1997	2.4080	980,000
	04/09/1998	0.7632	782,000
Mr He Zili	06/08/1997	2.4080	2,000,000
	04/09/1998	0.7632	3,000,000
	07/04/2000	0.7520	330,000
Mr Zhang Siyuan	06/08/1997	2.4080	980,000
	04/09/1998	0.7632	980,000
Mr Fung Ka Pun	06/08/1997	2.4080	400,000
Mr Lau Hon Chuen Ambrose	06/08/1997	2.4080	400,000
Mr Poon Jing	06/08/1997	2.4080	400,000

The share options are exercisable from the first anniversary of the date of grant to the business day preceding the sixth anniversary of the date of grant, of which a maximum of 30 per cent, 60 per cent and 100 per cent thereof are exercisable from the first, second and third anniversaries of the date of grant respectively.

(2) GZI

Name of Director	Date of grant	Exercise price per share HK\$	Number of options		
			outstanding as at 1st January 2002	exercised during the period	outstanding as at 30th June 2002
Mr Liu Jinxiang	14/12/1999 (b)	0.5008	1,040,000	900,000 (c)	140,000 (d)
Mr Xie Shuwen	23/02/1998 (a)	0.7344	1,000,000	—	1,000,000
	14/12/1999 (b)	0.5008	700,000	—	700,000
Mr Liang Ningguang	23/02/1998 (a)	0.7344	1,000,000	—	1,000,000
	14/12/1999 (b)	0.5008	840,000	—	840,000 (e)
Mr Xiao Boyan	23/02/1998 (a)	0.7344	1,000,000	—	1,000,000
	14/12/1999 (b)	0.5008	700,000	—	700,000
Mr Cai Hanxiang *	14/12/1999 (b)	0.5008	700,000	—	700,000
Mr He Zili	14/12/1999 (b)	0.5008	560,000	—	560,000
Mr Zhang Siyuan	14/12/1999 (b)	0.5008	490,000	—	490,000

Notes:

- (a) The share options are exercisable from the date of grant to the business day preceding 21st November 2002.
- (b) The share options are exercisable from the first anniversary of the date of grant to the business day preceding the sixth anniversary of the date of grant, of which a maximum of 30 per cent and 100 per cent thereof are exercisable from the first and second anniversaries of the date of grant respectively.
- (c) These interests include options to subscribe for 60,000 shares in GZI exercised by his spouse during the period.
- (d) This interest represents options to subscribe for 140,000 shares in GZI held by his spouse.
- (e) These interests include options to subscribe for 140,000 shares in GZI held by his spouse.

* Mr Cai Hanxiang resigned as director of the Company with effect from 19th September 2002

Save as disclosed herein, none of the directors of the Company (including their spouse and children under 18 years of age) had any interests in the equity or debt securities of the Company or its associated corporations (within the meaning of the SDI Ordinance) as at 30th June 2002 which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Section 28 of the SDI Ordinance (including interests which they were deemed or taken to have under Section 31 or Part I of the Schedule to the SDI Ordinance) or which were required, pursuant to Section 29 of the SDI Ordinance, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

Save as disclosed herein, no rights to subscribe for equity or debt securities of the Company have been granted by the Company to, nor have any such rights been exercised by, any directors of the Company (including their spouse and children under 18 years of age) during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30th June 2002, those persons or corporations having an interest in 10 per cent or more of the issued share capital of the Company as recorded in the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance were as follows :

Substantial shareholders	Number of ordinary shares held
Yue Xiu Enterprises (Holdings) Limited (“Yue Xiu”)	772,312,076 (a)
GZI	750,394,000 (b)
First Dynamic Limited	750,000,000 (b)
Round Table Holdings Limited	750,000,000 (b)
GZI Transport (Holdings) Limited	750,000,000 (b)
Housemaster Holdings Limited	367,500,000 (b)(c)
Power Head Limited	157,500,000 (b)(c)
Delta Force Holdings Limited	112,500,000 (b)(c)
Lawson Enterprises Limited	112,500,000 (b)(c)

Notes:

- (a) This interest includes the total number of ordinary shares of the Company held by subsidiaries and investee companies of Yue Xiu where Yue Xiu is taken to be interested in such shares under Section 8 of the SDI Ordinance.
- (b) Investee companies and a subsidiary of Yue Xiu and their interests in the ordinary shares of the Company are duplicated in the interest of Yue Xiu.
- (c) Subsidiaries of GZI Transport (Holdings) Limited and their interests in the ordinary shares of the Company are duplicated in the interest of GZI Transport (Holdings) Limited.

Save as disclosed herein, no other person is recorded in the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance as having an interest in 10 per cent or more of the issued share capital of the Company.

SHARE OPTIONS

Pursuant to a share option scheme (the “Share Option Scheme”) approved by shareholders of the Company on 3rd January 1997, the board of directors of the Company (the “Board”) may, at their discretion, grant to directors and employees of the Company or any of its subsidiaries options to subscribe for ordinary shares in the Company. The Share Option Scheme is designed to act as an incentive to employees and executives of the Group. The exercise price is determined by the Board and being equal to the higher of (a) the nominal value of the share; and (b) not less than 80 per cent of the average closing prices of the shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the date of offer of an option. The cash consideration to be paid for each grant of option is HK\$10, with full payment of the exercise price to be made upon exercise of an option.

On 25th June 2002, the shareholders of the Company approved the resolutions relating to the termination of the Share Option Scheme and the adoption of a new share option scheme (the “2002 Share Option Scheme”). Upon termination of the Share Option Scheme, no further share options will be granted thereunder but all the outstanding share options granted prior to such termination continue to be valid and exercisable in accordance therewith, and only those provisions of the Share Option Scheme which are required to give effect to the outstanding share options continue to remain in force for such purpose. The 2002 Share Option Scheme complies with the amendments to Chapter 17 of the Rules Governing the listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Pursuant to the 2002 Share Option Scheme, the Board may grant to any person being an employee, officer, director, agent, consultant or representative of GZI, Yue Xiu, the Company or any of their respective subsidiaries (“Participants”) options to subscribe for shares in the Company. The purpose of the 2002 Share Option Scheme is to provide incentives to Participants to contribute to the Group and to enable the Group to recruit, retain and motivate high-calibre employees and attract human resources that are valuable to the Group. The maximum number of shares which may be issued upon exercise of all options to be granted under the 2002 Share Option Scheme is 10 per cent of the number of shares in issue as at 25th June 2002. The maximum entitlement of each Participant upon exercise of the options granted or to be granted within any 12-month period immediately preceding the proposed date of grant is limited to 1 per cent of the number of shares in issue as at the proposed date of grant. Any further grant of options in excess of this limit is subject to shareholders’ approval in general meeting. The share options are exercisable from the commencement date of the option period (which shall be a period to be notified by the Board at the time of the grant of an option, such period to commence on the date of grant or such later date as the Board may decide and expire on the last day of the period, which in any event shall not exceed 10 years from the date of grant), of which a maximum of up to (i) 30 per cent; and (ii) 60 per cent (inclusive of any options exercised under (i)), of the options granted under the relevant grant are exercisable during the period (i) up to the first anniversary; and (ii) up to the second anniversary of the commencement date of the option period respectively. After the second anniversary of the commencement date of the option period the restrictions will cease. In respect of a Participant who is an employee of GZI, Yue Xiu, the Company or any of their respective subsidiaries, the

same limits on the exercise of the share options as described above shall also apply, except that the periods referred to in (i) and (ii) above shall commence from the later of: (a) the date of completion by such Participant of one year of continuous employment as permanent member of the staff of GZI, Yue Xiu, the Company or any of their respective subsidiaries, as the case may be; and (b) the commencement date of the option period, and the date when the restrictions cease shall be modified accordingly. The exercise price is determined by the Board and must be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of the shares. The cash consideration to be paid for each grant of option is HK\$10, with full payment of the exercise price to be made upon exercise of an option. No such options have been granted to any person since its adoption as required to be disclosed under the Listing Rules.

Movements of the options of the Company, which have been granted under the Share Option Scheme, during the period were as follows:

	Number of options			Exercise price per share HK\$	Date of grant	Exercisable period (3)
	oustanding as at 1st January 2002	exercised during the period	oustanding as at 30th June 2002			
Directors	7,760,000	—	7,760,000	2.4080	06/08/1997	06/08/1998 - 05/08/2003
	4,762,000	—	4,762,000	0.7632	04/09/1998	04/09/1999 - 03/09/2004
	25,414,000	—	25,414,000	0.9984	22/12/1999	22/12/2000 - 21/12/2005
	890,000	—	890,000	0.7520	07/04/2000	07/04/2001 - 06/04/2006
Employees	15,740,000	—	15,740,000	2.4080	06/08/1997	06/08/1998 - 05/08/2003
	18,740,000	—	18,740,000	0.7632	04/09/1998	04/09/1999 - 03/09/2004
	8,478,000	—	8,478,000	0.9984	22/12/1999	22/12/2000 - 21/12/2005
	12,898,000	1,478,000(4)	11,420,000	0.7520	07/04/2000	07/04/2001 - 06/04/2006
Total	<u>94,682,000</u>	<u>1,478,000</u>	<u>93,204,000</u>			

Notes:

- No options have been granted, cancelled or lapsed during the period.
- All options are exercisable in 3 tranches.
- If the last day of the exercisable period is not a business day, the exercisable period will expire on the business day preceding thereof.
- The weighted average closing price per share immediately before the date on which the options were exercised was HK\$1.62.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the six months ended 30th June 2002. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

CODE OF BEST PRACTICE

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the relevant period, in compliance with the Code of Best Practice as stipulated in Appendix 14 of the Listing Rules. The non-executive directors of the Company are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

AUDIT COMMITTEE

The unaudited interim accounts for the six months ended 30th June 2002 had been reviewed by the Audit Committee.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 13th November 2002 to Friday, 15th November 2002, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Abacus Share Registrars Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, not later than 4:00 p.m. on Tuesday, 12th November 2002.

By order of the Board

Liu Jinxiang

Chairman

Hong Kong, 23rd September 2002