

## Supplementary Information

### PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2003 (the "Period").

### DIRECTORS' INTERESTS IN SECURITIES

The interests of the directors in the share options of the Company are separately disclosed in the section headed "SHARE OPTION SCHEME" below.

Share options granted by an associated corporation:

*Shenzhen High-Tech Holdings Limited ("Shenzhen High-Tech")*

Name of director	Number of share options held	Exercise price	Exercise period	Nature of interest
Mr. Li Hei Hu	60,000,000	HK\$0.1945	21 March 2001 to 16 November 2010	Personal
Mr. Chen Chao	30,000,000	HK\$0.1945	21 March 2001 to 16 November 2010	Personal
Mr. Li Jing Qi	13,500,000	HK\$0.1945	21 March 2001 to 16 November 2010	Personal

The above share options were granted by Shenzhen High-Tech, an associate of the Company, pursuant to the share option scheme approved by its shareholders on 17 November 2000. The share options entitle the holders thereof to subscribe in cash for new shares of HK\$0.01 each in Shenzhen High-Tech.

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Interests pursuant to share appreciation right scheme granted by an associated corporation:

*Shenzhen Expressway Company Limited ("Shenzhen Expressway")*

Name of Director	Number of units held	Exercise price	Exercise period	Nature of interest
Mr. Chen Chao	1,028,250	RMB3.456	16 March 2003 to 15 March 2006	Personal
	514,125		16 March 2004 to 15 March 2006	Personal
	514,125		16 March 2005 to 15 March 2006	Personal
Total:	<u>2,056,500</u>			

The number of units held by the director as disclosed above was granted by Shenzhen Expressway, an associate of the Company, pursuant to the share appreciation right scheme as approved by its shareholders on 6 March 2001. Such scheme entitles unit holders to make application for cashing in the difference between the exercise price and the reference price of Shenzhen Expressway which is calculated by reference to the aggregate of 60% and 40% of the average closing prices of the H shares and A shares of Shenzhen Expressway respectively for the five trading days commencing on the sixth trading day after the date of making such application for cashing in the relevant units under the share appreciation right scheme.

Save as disclosed above and the section headed "SHARE OPTION SCHEME" below, as at 30 June 2003, none of the directors and chief executives of the Company had any interests in any securities and short positions of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such directors and chief executives of the Company would be taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of Part XV of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

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### SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include any employee or director of the Company or its subsidiaries. The Scheme became effective on 16 April 1994 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date, i.e. until 15 April 2004.

The following share options were outstanding under the Scheme during the Period:

Name and category of participant	Number of share options				As at 30 June 2003	Date of grant of share options*	Exercise period of share options	Price of the Company's shares***		
	As at 1 January 2003	Granted during the Period	Exercised during the Period	Cancelled/lapsed during the Period				Exercise price of share options**	As at date of grant of share options	As at date of exercise of share options
<b>Directors</b>								HK\$	HK\$	HK\$
Mr. Li Hei Hu	35,000,000	—	—	—	35,000,000	21 December 2000	22 January 2001 to 15 April 2004	0.272	0.290	N/A
Mr. Chen Chao	30,000,000	—	—	—	30,000,000	21 December 2000	22 January 2001 to 15 April 2004	0.272	0.290	N/A
Mr. Li Jing Qi	30,000,000	—	—	—	30,000,000	21 December 2000	22 January 2001 to 15 April 2004	0.272	0.290	N/A
Mr. Qiao Gang	15,000,000	—	—	—	15,000,000	21 December 2000	22 January 2001 to 15 April 2004	0.272	0.290	N/A
Mr. Sun Yu Lin	15,000,000	—	—	—	15,000,000	21 December 2000	22 January 2001 to 15 April 2004	0.272	0.290	N/A
Mr. To Chi Keung	15,000,000	—	—	—	15,000,000	21 December 2000	22 January 2001 to 15 April 2004	0.272	0.290	N/A
Mr. Huang Chuan Qi	15,000,000	—	—	—	15,000,000	17 July 2002	18 August 2002 to 15 April 2004	0.336	0.315	N/A
	<b>155,000,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>155,000,000</b>					
<b>Other employees</b>										
In aggregate	65,200,000	—	—	—	65,200,000	21 December 2000	22 January 2001 to 15 April 2004	0.272	0.290	N/A
	2,000,000	—	—	—	2,000,000	18 May 2001	19 June 2001 to 15 April 2004	0.308	0.400	N/A
	4,300,000	—	—	—	4,300,000	5 February 2002	6 March 2002 to 15 April 2004	0.310	0.300	N/A
	4,500,000	—	—	—	4,500,000	17 July 2002	18 August 2002 to 15 April 2004	0.336	0.315	N/A
	<b>76,000,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>76,000,000</b>					
	<b>231,000,000</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>231,000,000</b>					

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\* The vesting period of the share options is one month.

\*\* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

\*\*\* The price of the Company's shares disclosed as at the date of the grant of the share options is the closing price as quoted on the Stock Exchange of the trading day immediately prior to the date of the grant of the share options. The price of the Company's shares disclosed as at the date of the exercise of the share options is the weighted average closing price of the shares immediately before the date on which the share options within the disclosure category were exercised.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the share options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Share options which are lapsed or cancelled prior to their exercise date are deleted from the register of outstanding share options.

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2003, so far as is known to the Company, the following shareholders, other than directors or chief executives of the Company, had interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and the amount of each of the shareholder's interest in such securities were as follows:

Name	Capacity	Number of ordinary shares held	Percentage of total number of shares
Shenzhen Investment Holding Corporation ("SIHC") - Note (1)	Interest of controlled corporations	4,963,684,042	44.25%
Ultrarich International Limited ("Ultrarich")	Beneficial owner	4,836,363,636	43.12%
Li Ka Shing - Notes (2)&(3)	Founder of discretionary trusts and interest of controlled corporations	803,485,000	7.16%
Li Ka-Shing Unity Trustee Corporation Limited ("TDT1") - Notes (2)&(3)	Trustee and beneficiary of a trust	803,485,000	7.16%
Li Ka-Shing Unity Trustcorp Limited ("TDT2") - Notes (2)&(3)	Trustee and beneficiary of a trust	803,485,000	7.16%
Li Ka-Shing Unity Trustee Company Limited ("TUT1") - Notes (2)&(3)	Trustee	803,485,000	7.16%
Cheung Kong (Holdings) Limited ("CKH") - Notes (2)&(3)	Interest of controlled corporations	803,485,000	7.16%

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### Notes:

- (1) Ultrarich is a wholly-owned subsidiary of SIHC and accordingly SIHC was deemed to be interested in the 4,836,363,636 shares owned by Ultrarich as disclosed above. The remaining balance of the shares of which SIHC were interested in, were owned by another wholly-owned subsidiary of SIHC. Apart from the 4,963,684,042 shares in the Company, SIHC also holds a convertible note which will be converted into 904,109,589 shares in the Company if SIHC exercises the right of conversion in full.
- (2) Such shares in the Company comprise:-
  - (a) 266,835,000 shares held by Starcom Venture Limited ("Starcom"), a wholly-owned subsidiary of Cheung Kong Investment Company Limited, which in turn is a wholly-owned subsidiary of CKH; and
  - (b) 536,650,000 shares held by Campsie Developments Limited ("Campsie"), a wholly-owned subsidiary of Hutchison International Limited, which in turn is a wholly-owned subsidiary of Hutchison Whampoa Limited ("HWL").
- (3) Li Ka-Shing Unity Holdings Limited ("Unity Holdings"), of which each of Mr. Li Ka-Shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the entire issued share capital, owns the entire issued share capital of TUTI. TUTI as trustee of The Li Ka-Shing Unity Trust ("UTI"), together with certain companies which TUTI as trustee of UTI is entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, hold more than one-third of the issued share capital of CKH. Subsidiaries of CKH are entitled to exercise or control the exercise of more than one-third of the voting power at the general meetings of HWL.

In addition, Unity Holdings also owns the entire issued share capital of TDT1 as trustee of The Li Ka-Shing Unity Discretionary Trust ("DT1") and TDT2 as trustee of another discretionary trust ("DT2"). Each of TDT1 and TDT2 holds units in UTI.

By virtue of the SFO, each of Mr. Li Ka-Shing (being the settlor and may being regarded as a founder of DT1 and DT2 for the purpose of the SFO), TDT1, TDT2, TUTI and CKH was deemed to be interested in the 803,485,000 shares of the Company held by Starcom and Campsie.

Save as disclosed above, as at 30 June 2003, the Company is not aware of any other shareholders who had interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

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### REDUCTION OF SHARE PREMIUM ACCOUNT

The proposed resolution for the reduction of HK\$514,619,000 from the share premium account of the Company with the amount to be directly applied to offset the accumulated losses of the Company in full was duly approved by the shareholders in the Special General Meeting of the Company held on 23 May 2003. Effective from 23 May 2003, the accumulated losses account of the Company has been fully offset and reduce to nil balance.

### CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix I4 of the Rules Governing the Listing of Securities throughout the Period, except that the non-executive directors and independent non-executive directors of the Company were not appointed for specific terms as required under paragraph 7 of the Code, but are subject to retirement by rotation and re-election at the Company's annual general meeting in accordance with the Bye-laws of the Company.

### AUDIT COMMITTEE

The Company established the Audit Committee in 1995. In establishing and adopting the terms of reference of the Audit Committee, the directors have had regard to the "Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants.

The Audit Committee performs the key link between the Board of Directors and the auditors of the Company in respect of the audit works of the Group. The Audit Committee is also responsible for the review and supervision of the financial reporting of the Group as well as the review of the efficiency of the external audit works, internal control and risk evaluation of the Company. The Audit Committee comprises three independent non-executive directors, namely Mr. Leung Ming Yuen, Simon (Chairman), Mr. Wang Xian Ping and Mr. Ding Xun.

The Company has engaged PricewaterhouseCoopers, the Auditors of the Company, to assist the Audit Committee to review the 2003 interim financial report of the Group. Prior to the date of announcement of interim results, a meeting of the Audit Committee had been held with the Auditors of the Company for reviewing the interim financial report of the Group for the six months ended 30 June 2003. The Auditors' independent review report is set out on page 17.