

ADDITIONAL INFORMATION

DIRECTORS' INTERESTS IN SECURITIES

As at 30th June, 2002, the interests of the Directors in the shares of the Company and its associated corporations as defined under the Securities (Disclosure of Interest) Ordinance ("SDI Ordinance") as recorded in the register maintained by the Company pursuant to section 29 of SDI Ordinance were as follow:

(a) Interests in shares of the Company

Name of Director	Number of shares held	
	Personal interest	Family interest
Mr. Zhu Jinkun	300,000	160,000
Mr. Yu Yu	—	60,000

(b) Interests in shares of China Resources Enterprises, Limited ("CRE"), an associated corporation of the Company as defined under the SDI Ordinance

Name of Director	Number of shares held	
	Personal interest	Family interest
Mr. Song Lin	—	200,000

Save as disclosed above, as at 30th June, 2002, none of the Directors or any of their associates had any interests in the securities of the Company or any of its associated corporations as defined in the SDI Ordinance.

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DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

As at 30th June, 2002, the Directors who had personal interests in respect of options granted under the share option scheme of the Company and its associated corporations within the meaning of SDI Ordinance are as follows:

- (i) Options granted under the Company's share option scheme adopted on 15th October, 1994 (the "Old Share Option Scheme"):

Name of Director	Date of grant	Number of share options				Outstanding as at 30th June, 2002	
		Outstanding as at 1st January, 2002	Granted during the period	Exercised during the period	Lapsed during the period		
Mr. Song Lin	21st September, 2000	8,000,000	—	—	—	8,000,000	Note (a)
Mr. Yu Min	21st September, 2000	1,000,000	—	—	—	1,000,000	Note (b)
Mr. Zhu Jinkun	25th April, 2001	3,000,000	—	—	—	3,000,000	Note (c)
Mr. Dai Zhenhua	25th April, 2001	3,000,000	—	—	—	3,000,000	Note (c)
Mr. Ong Thiam Kin	25th April, 2001	3,000,000	—	—	—	3,000,000	Note (c)

Notes:

- (a) The exercise price is HK\$0.59 per share and the exercisable period during which the options may be exercised is from 21st September, 2000 to 20th September, 2010.
- (b) The exercise price is HK\$0.59 per share and the exercisable period is divided into 3 tranches exercisable during the periods from 21st September, 2001, 2002 and 2003 to 20th September, 2010.
- (c) The exercise price is HK\$0.547 per share and the exercisable period is divided into 3 tranches exercisable during the periods from 25th April, 2002, 2003 and 2004 to 24th April, 2011. The 3,000,000 options granted to Mr. Zhang Wei, a former director of the Company, on 25th April, 2001 on the same terms were lapsed on 1st January, 2002.
- (d) In each case, HK\$1.00 is payable upon acceptance of the options granted.

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- (ii) Options granted under the Company's share option scheme adopted on 26th November, 2001 and amended on 21st February, 2002 (the "New Share Option Scheme"):

Name of Director	Date of grant	Number of share options			
		Outstanding as at 1st January, 2002	Granted during the period	Exercised during the period	Outstanding as at 30th June, 2002
Mr. Chen Lang	4th December, 2001	6,000,000	—	—	6,000,000
Mr. Yu Yu	4th December, 2001	1,500,000	—	—	1,500,000
Mr. Ning Gaoning	22nd May, 2002	—	1,000,000	—	1,000,000
Mr. Dai Zhenhua	22nd May, 2002	—	1,000,000	—	1,000,000
Mr. Yu Min	22nd May, 2002	—	500,000	—	500,000
Mr. Ko Ping Keung	22nd May, 2002	—	500,000	—	500,000
Mr. Wong Tak Shing	22nd May, 2002	—	300,000	—	300,000
Mr. Luk Chi Cheong	22nd May, 2002	—	300,000	—	300,000

Notes:

- (a) The exercise price is HK\$0.79 per share and the exercisable period during which the options may be exercised is from 4th December, 2001 to 3rd December, 2011.
- (b) The exercise price is HK\$0.79 per share and the exercisable period is divided into 3 tranches exercisable during the periods from 3rd December, 2002, 2003 and 2004 to 3rd December, 2011. Mr. Yu Yu was appointed as an Executive Director on 28th May, 2002.
- (c) The exercise price is HK\$0.92 per share and the exercisable period during which the options may be exercised is from 22nd May, 2002 to 21st May, 2012.
- (d) The exercise price is HK\$0.92 per share and the exercisable period is divided into 3 tranches exercisable during the period from 22nd May, 2003, 2004 and 2005 to 21st May, 2012.
- (e) The closing price of the share immediately before the date of grant (ie. 21st May, 2002) was HK\$0.94.
- (f) In each case, HK\$1.00 is payable upon acceptance of the options granted.

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- (iii) Options granted under the share option scheme of CRE, an associated corporation, adopted on 17th September, 1992 and amended on 17th June, 1999:

Name of Director	Date of grant	Outstanding as at 1st January, 2002	Number of share options			Outstanding as at 30th June, 2002	
			Granted during the period	Exercised during the period	Cancelled during the period		
Mr. Ning Gaoning	11th May, 1996	3,300,000	—	—	—	3,300,000	Note (a)
	17th November, 1997	1,200,000	—	—	1,200,000	—	Note (b)
	20th June, 2000	3,300,000	—	—	—	3,300,000	Note (c)
Mr. Song Lin*	20th June, 2000	200,000	—	—	—	200,000	Note (c)

Notes:

- (a) The exercise price is HK\$3.856 per share and the exercisable period during which the options may be exercised is from 11th May, 1996 to 16th September, 2002.
- (b) An aggregate of 1,200,000 share options (the exercise price of which is HK\$14.3 per share) were cancelled during the period.
- (c) The exercise price is HK\$7.190 per share and the exercisable period during which the options may be exercised is from 20th June, 2000 to 19th June, 2010.
(* The options were granted to a staff member of CRE whose spouse is Mr. Song Lin.)
- (d) In each case, HK\$1.00 is payable upon acceptance of the options granted.
- (iv) Options granted under the share option scheme of CRE, an associated corporation, adopted on 31st January, 2002:

Name of Director	Date of grant	Outstanding as at 1st January, 2002	Number of share options		Outstanding as at 30th June, 2002
			Granted during the period	Exercised during the period	
Mr. Ning Gaoning	7th February, 2002	—	1,200,000	—	1,200,000
Mr. Song Lin	7th February, 2002	—	2,000,000	—	2,000,000

Notes:

- (a) The exercise price is HK\$7.17 per share and the exercisable period during which the options may be exercised is from 7th February, 2002 to 6th February, 2012.
- (b) In each case, HK\$1.00 is payable upon acceptance of the options granted.

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- (v) Options granted under the share option scheme of China Resources Land Limited (formerly known as China Resources Beijing Land Limited), an associated corporation, adopted on 28th May, 1997:

Name of Director	Date of grant	Number of share options			Outstanding as at 30th June, 2002	
		Outstanding as at 1st January, 2002	Granted during the period	Exercised during the period		
Mr. Ning Gaoning	27th June, 1997	2,500,000	—	—	2,500,000	<i>Note (a)</i>
	20th July, 2000	2,500,000	—	—	2,500,000	<i>Note (b)</i>

Notes:

- (a) The exercise price is HK\$4.592 per share and the exercisable period during which the options may be exercised is from 27th June, 1997 to 27th May, 2007.
- (b) The exercise price is HK\$0.99 per share and the exercisable period during which the options may be exercised is from 20th July, 2000 to 27th May, 2007.
- (c) In each case, HK\$1.00 is payable upon acceptance of the options granted.

Save as disclosed above, at no time during the period was the Company or any of its associated corporation a party to any arrangements to enable the Directors or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

ADDITIONAL INFORMATION

SHARE OPTION SCHEME

- (i) A summary of the movements of the share options in relation to the employees (excluding Directors of the Company) of the Group under the Old Share Option Scheme during the period is as follows:

Date of grant	Exercise Price	Number of share options					Outstanding as at 30th June, 2002	
		Outstanding as at 1st January, 2002	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period		
21st Sep 2000	HK\$0.59 per share	7,450,000	—	100,000	—	200,000	7,150,000	Note (a)
25th Apr 2001	HK\$0.547 per share	25,100,000	—	330,000	—	—	24,770,000	Note (b)
		32,550,000	—	430,000	—	200,000	31,920,000	

Notes:

- (a) The options granted are vested in 3 tranches and exercisable from 21st September, 2001, 2002 and 2003 to 20th September, 2010. The weighted average closing price of the share immediately before the date on which the options were exercised was HK\$0.86.
- (b) The options granted are vested in 3 tranches and exercisable from 25th April, 2002, 2003 and 2004 to 24th April, 2011. The weighted average closing price of the share immediately before the dates on which the options were exercised was HK\$0.905.

- (ii) A summary of the movements of the share options in relation to the employees (other than Directors of the Company) and business partner of the Group under the New Share Option Scheme during the period is as follows:

Date of grant	Exercise Price	Number of share options					Outstanding as at 30th June, 2002	
		Outstanding as at 1st January, 2002	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period		
4th Dec 2001	HK\$0.79 per share	13,200,000	—	—	—	1,500,000	11,700,000	
		13,200,000	—	—	—	1,500,000	11,700,000	

Notes:

- (a) The total number of options granted to employees are 7,200,000 and are vested in 3 tranches and exercisable on 3rd December, 2002, 2003 and 2004 to 3rd December, 2011. Out of the 7,200,000 options granted to employees, 1,500,000 has lapsed.
- (b) The total number of options granted to business partner are 6,000,000 and vested immediately and exercisable on or before 3rd December, 2011.

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- (iii) A summary of the movements of the share options in relation to the employees of substantial shareholder and its subsidiaries and associated companies (other than employees of the Group and Directors of the Company) under the New Share Option Scheme during the period is as follows:

Date of grant	Exercise Price	Number of share options				Lapsed during the period	Outstanding as at 30th June, 2002
		Outstanding as at 1st January, 2002	Granted during the period	Exercised during the period	Cancelled during the period		
9th April, 2002	HK\$0.82 per share	—	29,310,000	—	—	60,000	29,250,000
		—	29,310,000	—	—	60,000	29,250,000

Notes:

- (a) The options are either vested immediately and exercisable from 9th April, 2002 to 8th April, 2012 or vested in 4 tranches and exercisable on 9th April, 2002, 1st January, 2003, 2004 and 2005 to 8th April, 2012.
- (b) The closing price of the shares immediately before the date of grant was HK\$0.82.

The Company considers that it is not appropriate to state the value of the share options granted during the period because generally accepted pricing models of options normally value options which were transferable (share options granted by the Company were strictly non-transferable). Besides, some parameters under the generally accepted pricing model could only be derived from historical statistical data. Since the Company's businesses was restructured on 1st February, 2001 such that the present businesses are significantly different from that before restructuring ; and there has been significant change in the capital structure of the Company as a result of the Placing, Subscription and Conversion, adequate population of historical data to derive reliable figures to be used in the estimation of the value of the Company's share options is not available. Owing to the reasons set out above, the Company consider that any calculation of the value of the Company's share options would not be meaningful and would be misleading to the shareholders.

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SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2002 the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance shows that the Company was notified of the following shareholders with an interest representing 10% or more of the issued share capital of the Company:

<u>Name of Substantial Shareholders</u>	<u>Number of shares held</u>
Gold Touch Enterprises Inc. ("Gold Touch")	297,229,604
Waterside Holdings Limited ("Waterside")	535,347,743
Splendid Time Investments Inc. ("Splendid Time")	1,109,688,810
China Resources (Holdings) Company Limited ("CRH")	1,942,266,157
China Resources National Corp. ("CRN")	1,942,266,157

Gold Touch, Waterside and Splendid Time each directly holds 297,229,604 shares, 535,347,743 shares and 1,109,688,810 shares respectively in the Company. Gold Touch, Waterside and Splendid Time are wholly owned subsidiaries of CRH, which in turn is a subsidiary of CRN.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Group is dedicated to maintaining a good and credible framework of corporate governance with a view to be transparent, open and accountable to our shareholders as regards to the principles under which the Group is managed and directed. Going forward, the Group will continue to monitor and update its corporate governance policies to ensure that they remain consistent with the prevailing practices and standards, which the shareholders would expect of us.

In addition to the Audit Committee, a number of committees have been established. They are Executive Committee, Corporate Strategy Committee and Compensation and Remuneration Committee. Each of these committees, except the Audit Committee whose members are independent non-executive directors only, are comprised of Directors and senior management.

In order that the Group's various Committees can operate more independently and professionally, the general direction would be directed towards broadening the knowledge base in the composition of these Committees over time by including more independent third party experts and professionals.

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Audit Committee

The members of the audit committee comprise Mr. Wong Tak Shing and Mr. Luk Chi Cheong, both being independent non-executive directors of the Company. The Committee assists the Board in providing an independent and objective review of the effectiveness of the financial reporting process, internal control system and internal audit function of the Group. It primarily aims to increase the Board's accountability, transparency and objectivity.

The audit committee has reviewed with the management and the Company's auditors the accounting principles and practice adopted by the Group and discussed auditing, internal control and financial reporting matters including the financial statements for the period.

Executive Committee

The Committee executes and carries out the policies and decisions of the Board and monitors the performance of the Group's business units.

Corporate Strategy Committee

The Committee assists the Board to formulate corporate strategies, identifies and evaluates various mergers and acquisitions proposals and submits them to the Board for consideration and final decision.

Compensation and Remuneration Committee

The Committee is entrusted with the task of maximizing human resources of the Group by adopting appropriate staff development and retention policies. The Committee assesses remuneration and incentive policies relating to management and staff, review objectives and performance of provident funds and makes appropriate recommendations to the Board.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Company is not or was not during the period in compliance with the Code of Best Practice set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On behalf of the Board
CHINA RESOURCES LOGIC LIMITED
SONG LIN
CHAIRMAN

Hong Kong 29th August, 2002