

## Employee and remuneration policy

As at 30 June 2001, the Company employed 607 people, 586 of which were based in the PRC. Remuneration packages of the Group's employees are maintained at competitive levels, taking into account the current industry practices, and reviewed periodically on a performance-related basis. The Company has established a share option scheme for senior executives and staff.

## DISCLOSURE OF INTERESTS

### Directors' interests

As at 30 June 2001, the interest of the directors and chief executives in the securities of the Company and its associated corporations (as defined in the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance")) as recorded in the register required to be kept under section 29 of the SDI Ordinance were as follows:

### Interest in ordinary share of HK\$0.20 each

Name of director	Number of ordinary shares			
	Personal interests	Family interests	Corporate interests	Other interests
Chan Chi Keung, Victor	—	—	180,000,000 <i>(Note)</i>	—
Chung Chi Shing	—	—	180,000,000 <i>(Note)</i>	—
Lin Hoi Kwong	20,000	—	—	—

*Note:* The shares are held by Smart House Investments Limited, a company beneficially owned by both Mr. Chan Chi Keung, Victor and Mr. Chung Chi Shing.

Save as disclosed above and other than certain nominee shares in subsidiaries held by directors in trust for the Group, as at 30 June 2001, none of the directors and chief executives had any interests in the securities of the Company and its associated corporations as defined in the SDI Ordinance.

## Directors' interest in share options

As at 30 June 2001, certain former directors of the Company had personal interests in share options to subscribe for ordinary shares in the Company granted under the employee share option scheme of the Company as follows:

Name of director	Exercisable period	Exercise price per share HK\$	Outstanding at 1 January 2001	Number of share options		
				Granted during the period	Exercised during the period	Outstanding at 30 June 2001
Yin Mingde (former director)	31 July 2001 to 30 July 2010	0.2784	5,000,000	—	—	5,000,000
Tang Yin (former director)	31 July 2001 to 30 July 2010	0.2784	5,000,000	—	—	5,000,000

Due to the resignation of both Mr. Yin Mingde and Miss Tang Yin as directors of the Company on 31 August 2001, the options granted to them as stated above lapsed on 31 August 2001 pursuant to the terms of the Company's employee share option scheme.

Save as disclosed above, none of the directors or chief executives, nor their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

## Directors' rights to acquire shares or debentures

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries, its holding company or a subsidiary of its holding company a party to any arrangement to enable a director of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## Substantial shareholder's interests

As at 30 June 2001, the interests of 10% or more of the share capital of the Company as recorded in the register of interests required to be kept by the Company pursuant to section 16(1) of the SDI Ordinance were as follows:

Name of shareholder	Number of shares held
Henan Hongkong Enterprises Limited <i>(Note)</i>	373,364,000
Fulham Associates Limited	366,150,000
Henan Hongkong Finance Limited	5,570,000

*Note:* Fulham Associates Limited and Henan Hongkong Finance Limited are both wholly-owned by Henan Hongkong Enterprises Limited. The interests disclosed under Henan Hongkong Enterprises Limited represent the aggregate of its direct interests in the Company of 1,644,000 shares together with its deemed interests in the shares of the Company by virtue of its interests in Fulham Associates Limited and Henan Hongkong Finance Limited. Henan Hongkong Enterprises Limited is wholly-owned by Henan Provincial Government.

Save as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 30 June 2001.

## PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale, redemption or cancellation of the Company's listed securities by the Company or any of its subsidiaries during the period.

## AUDIT COMMITTEE

The Audit Committee consisting of two independent non-executive directors, namely, Mr. Lee Yu Leung and Mr. Lo Ka Lok, Steve, has reviewed with the management the areas in respect of the Group's accounting policies, internal control and financial reporting. The unaudited interim financial statements for the six months ended 30 June 2001 have been reviewed by the Audit Committee.