

# DISCLOSURE OF INTERESTS AND OTHER MATTERS

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares during the Period.

## **SHAREHOLDINGS OF DIRECTORS AND SUPERVISORS**

As at 30 June 2001, none of the Directors, chief executive or supervisors of the Company or their respective associates had any interest in the share capital of the Company or any of its associated corporations (as defined in the Securities (Disclosure of Interests) Ordinance (Chapter 396 of the Laws of Hong Kong) (the "SDI Ordinance")) according to the register maintained by the Company pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

During the Period, neither the Company nor any of its subsidiaries had made any arrangements which would enable the Directors, chief executive or supervisors of the Company or their respective spouses or children under the age of 18 to subscribe for equity or debt securities of the Company or any of its associated corporations (as defined in the SDI Ordinance). No rights to subscribe for equity or debt securities of the Company had been granted to any person during the Period.

## **SIMULATED SHARE OPTION SCHEME**

The Directors have approved, and will recommend to the general meeting of shareholders of the Company for approval, a simulated share option scheme which will be valid for a period of ten years. The scheme is aimed to link part of the remuneration of the management of the Company with the performance of the Company's shares, including H Shares and the proposed A Shares. Details of the scheme have been set out in the Company's announcement dated 4 June, 2001. The Directors believe the adoption of the scheme is beneficial to the Company's long-term development, as it will provide management with a Company performance related incentive.

## **COMPLIANCE WITH CODE OF BEST PRACTICE**

The Directors are not aware of any information that would reasonably indicate that the Company is not, or was not for any part of the Period, in compliance with the Code of Best Practice set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange.

#### **APPRECIATION**

I would like to take this opportunity to thank Mr. Zhang Jingzhong, who discharged his duties with distinction in his role as the Company Secretary. I am pleased to note that having resigned from his post as the Company Secretary, Mr. Zhang will continue to serve as a Director of the Company.

By Order of the Board

**Geng Xiaoping**

*Chairman*

Hangzhou, Zhejiang Province, the PRC

10 August 2001