

Purchase, Sale and Redemption of the Company's Shares

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

Disclosure of Directors', Supervisors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at June 30 2004, the interests of the Directors, Supervisors and chief executive in the share capital of the Company's associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO were as follows:

Name	Position	Interest in Development Co	Contribution of registered capital (Rmb)	Nature of interest	Percentage of registered capital in Development Co
Mr. Geng Xiaoping	Chairman	Equity Interest	2,400,000	Directly beneficially owned	3.00
Mr. Fang Yunti	Director/ Chief executive	Same as above	1,920,000	Same as above	2.40
Mr. Zhang Jingzhong	Director	Same as above	550,000	Same as above	0.69
Mr. Xuan Daoguang	Director	Same as above	1,100,000	Same as above	1.38
Mr. Fang Zhexing	Supervisor	Same as above	700,000	Same as above	0.88

Save as disclosed above, none of the Directors, Supervisors and chief executive had any interest or short position in the shares, underlying shares or debentures of the Company or any other associated corporations that was recorded in the registrar required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, as at June 30, 2004.

Other Interests Discloseable under the SFO

As at June 30, 2004, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests in the shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of SFO:

Name	Number of shares	Percentage of share capital (domestic shares)
Zhejiang Communications Investment Group Co., Ltd.	2,432,500,000	83.61
Huajian Transportation Economic Development Center	476,760,000	16.39

Name	Number of shares	Percentage of share capital (H shares)
Aberdeen Asset Management Asia Ltd.	159,881,000	11.15
J.P. Morgan Chase & Co.	96,596,700	6.74
The Capital Group Companies, Inc.	97,840,800	6.82
Sumitomo Mitsui Asset Management Co., Ltd.	86,784,000	6.05
State Street Corporation	83,303,500	5.81
Commonwealth Bank of Australia	71,093,000	4.96
Schroder Investment Management (S'pore) Limited	66,344,961	4.63

Save as disclosed above, no other person had any interests or short positions (other than the Directors, Supervisors and chief executive of the Company) in the shares and underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO, as at June 30, 2004.

Compliance with the Code of Best Practice and Model Code

The Directors are not aware of any information that would reasonably indicate that the Company is, or was for any part of the Period, not 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 of Hong Kong (the "Listing Rules").

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code in Appendix 10 to the Listing Rules. The Directors have confirmed to the Company their full compliance with the required standard set out in the Model Code and its code of conduct regarding Directors' securities transactions during the Period.

Appreciations

Let me take this opportunity to thank all our employees and staff for their good work and dedication in bringing yet another set of satisfactory results.

By Order of the Board

GENG Xiaoping

Chairman

Hangzhou, August 16, 2004