

SIGNIFICANT EVENTS

1. Acquisition of a portion of the equity interests in Chongqing Shahzad

In July 1995, the Company entered into an agreement with 重慶通信設備有限公司 (「重通公司」) and 德國夏查德電子有限公司 (the "Foreign Shareholder"), pursuant to which the parties proposed to jointly establish Chongqing Shahzad.

In this year, the Foreign Shareholder, proposed the assignment of all of the 25% equity interests held by it in Chongqing Shahzad. The proposal was considered and approved by the third Board of Directors of the Company in its sixth and seventh meetings. It was resolved that the 25% interests of the Foreign Shareholder be acquired in full by the Company and 重通公司. Upon completion of the acquisition, the Company will hold 46.7% of the equity interests in Chongqing Shahzad. At present, the matters and the procedures in connection with the acquisition are being dealt with.

2. Reorganisation of 新龍網絡公司

In May 2000, the Company, 成都高新區互聯網信息中心 and 成都高新投資中心 agreed to jointly establish 新龍網絡公司.

To capture the precious opportunity in network development and foster the healthy development of 新龍網絡公司, the seventh and the eighth meetings of the third Board of Directors of the Company approved the reorganisation of 新龍網絡公司. 新龍網絡公司 will be jointly set up by the Company, 成都高新區互聯網信息中心, 北京華立英富網絡系統技術有限公司 and 睿盈通公司, with total investment amount of RMB12,210,000 and a registered capital re-determined to be RMB10,500,000. RMB8,140,000 was jointly injected by 北京華立英富網絡系統技術有限公司 and 睿盈通公司 in cash representing 58.5% and 8.2% equity interests respectively. The Company and 成都高新區互聯網信息中心 each contributes RMB2,035,000 in form of cash and the existing assets of 新龍網絡公司. The investments of the two parties amounted to RMB4,070,000 with each party holding 16.65% equity interests. The matters and the procedures in connection with the reorganisation are being dealt with.

3. Sichuan Telecommunications

The Company and the former 四川省郵電管理局 agreed to jointly establish Sichuan Telecommunications in June 1999. The enterprise was principally engaged in the production and sale of telecommunications cables and other professional telecommunications postal products. Since the valuation of the assets of Sichuan Telecommunications was completed at that time, it was provisionally resolved that the Company would hold 30.06% equity interests in Sichuan Telecommunications. The resolution was discussed by the Board of Directors of Sichuan Telecommunications on 19 March 2001 and it was resolved that 四川省電信實業集團有限責任公司 and the Company would hold 70.04% and 29.96% equity interests in Sichuan Telecommunications respectively. Such resolution was also approved and confirmed by the sixth meeting of the third Board of Directors of the Company held on 18 April 2001.