



5. SIGNIFICANT EVENTS

5.1 ACQUISITION OR DISPOSAL OF ASSETS AND ASSETS REORGANIZATION

5.1.1 Sale or disposal of assets

Opposite party to the transaction and asset sold or disposed	Date of disposal	Consideration	Contribution to the Company's net profit from the beginning of the year to the date of disposal ^{note 13}	Gain or loss on disposal	Unit:RMB'000	
					Whether a connected transaction (if yes, state the pricing principle)	
The Company disposed of a 49% equity interest in its wholly-owned subsidiary Shenyang High-voltage Switchgears Ltd. to Shengyang Chengan Electric Equipment Corporation	12.6.2003	26,000	4,210	—	No	

5.1.2 Developments of the matter and its effects on the operating results and financial status for the period since publication of announcement in relation to assets restructuring report or acquisition of assets

The Company's disposal of its 49% equity interest in a wholly owned subsidiary Shenyang High-voltage Switchgears Ltd. has not been completed in accordance with the agreement for transfer of equity interest. Therefore, there is no impact on the operating results and financial status of the Company.

5.2 MATERIAL LITIGATION OR ARBITRATION

The outcome of the final trial of the case in connection with the provision of a security in favour of Everbright Bank:

On 19 May 2003, the Company received a verdict of the final trial by the Beijing Higher People's Court in respect of the case in connection with the Company's provision of a security for Northeast Electrical Transmission & Transformation Equipment Group Corporation Limited ("NET"), which ruled that the Loan Contract entered into between China Everbright Bank Co., Ltd. ("Everbright Bank") and the Company be valid; and that the ruling of the Beijing First Intermediate People's Court to require NET to repay the principal of the loan of RMB26.402 million from Everbright Bank and the interest of RMB1,203,139 thereon be sustained. The Company could not be discharged from the responsibility and that it should continue to resume joint repayment responsibility. The fee for hearing of the case and the property retention fee are RMB164,980 and RMB155,489.64 respectively, which should be borne by NET and the Company.

Currently, the Company is endeavouring to settle the case through negotiations with NET and Everbright Bank, but no final conclusion has been reached. Please refer the announcement published on 21 May 2003 for details.

5.3 CONNECTED PARTY RELATIONS AND CONNECTED TRANSACTIONS

There was no material connected transaction during the reporting period (please refer to note 11 to the financial report for details).

5.4 THE COMPANY HAD NO SIGNIFICANT EVENTS OF MANAGING ON CUSTODY, CONTRACTING OR LEASING ASSETS

5.5 DURING THE REPORTING PERIOD, THE COMPANY HAD NO EVENTS OF FINANCIAL MANAGEMENT ON TRUST NOR DEPOSIT ON TRUST.

5.6 PURCHASE, SALE OR REDEMPTION OF SHARES

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

5.7 CODE OF BEST PRACTICE

The Board of Directors of the Company confirms that the Company has complied with the Code of Best Practice during the six months ended 30 June 2003.

5.8 POST BALANCE SHEET EVENT

Litigation with regard to provision of guarantee to Bank of China, Shenyang Branch:

In 1999, the Company provided guarantee for Shenyang Cable Company Limited ("Shenyang Cable") in respect of two loans, totalling RMB20 million, granted by Bank of China, Shenyang Branch (the "Creditor"). The Creditor initiated a lawsuit in the Shenyang Intermediate People's Court. As Shenyang Cable declared bankrupt on 29 August 2000, the court did not hear the case in accordance with laws. The Company currently received a writ by the Creditor and the case has been fixed by the court to be heard on 26 August 2003. The Company will make announcement in respect of the ruling of the court on a time basis.