

SIGNIFICANT EVENTS

I. Corporate governance

During the Period, the Company properly carried out its operations in strict compliance with the requirement of the Stock Exchange; established healthy and perfect corporate governance and sound corporate operation system; endeavor to upgrade the level of corporate management so as to guarantee steady operation and healthy development of the Company. In addition, the Company will continue to enhance management of investment relation and information disclosure. Material events occurred during operation and management will be disclosed timely to ensure investors can timely and fully understand the relevant information which may affect its investment policy.

II. Profit distribution proposal for the half year of 2005

The Board did not recommend an interim dividend for the six months ended 30 June 2005 or capitalisation of any capital reserve into share capital.

III. Implementation of the profit distribution proposal for the year 2004

As considered and passed at the 2004 Annual General Meeting held on 2 June 2005, the profit distribution proposal for the year 2004 was as follows: based on the total share capital of 2,558,060,000 shares as at the end of 2004, a cash dividend of RMB0.40 (inclusive of tax) per 10 shares be distributed to all shareholders, with the dividend totalling RMB102,322,000.

As authorised by the general meeting, the Board published the announcement in respect of resolutions passed at the 2005 Annual General Meeting in Hong Kong Economic Times and The Standard on 3 June 2005. The Board resolved that the dividend for H shares as calculated in Renminbi and paid in Hong Kong Dollars be HK\$0.03762 per share in cash. On 17 June 2005, the said dividend was paid to those shareholders whose names appeared on the register of members of the Company as at 2 June 2005.

IV. Material acquisition and sale

There was no material acquisition or disposal carried out by the Company and its subsidiaries and associates during the Period.

V. Other material events

1. Interests and short positions in shares, underlying shares and debentures of the Company held by Directors, Chief Executives and Supervisors

On 30 June 2005, none of the directors, chief executives or supervisors of the Company, had any interests or short positions in the shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or any interests or short positions which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

2. Employees' number, salaries and accommodation benefits

For the Period, the Group had 1,978 employees, with their salaries totalling RMB30,864,000.

According to relevant rules and regulations of the Sichuan Province, the Group and its employees are each required to make contributions, which are in proportion to the employees' salaries and wages of the last year, limited to a ceiling amount of three times the employees' average basic salaries within the geographical area where the employees are employed, to an accommodation fund. There are no further obligations on the part of the Group except for such contributions to the accommodation fund. During the Period, the Group's contributions to the accommodation fund amounted to RMB3,986,000 (for the same period of 2004: RMB2,394,000).

3. Code on Corporate Governance Practices

The Directors of the Company consider that the Company met the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules during the Period.

4. Audit Committee

The Audit Committee of the Company has reviewed the unaudited interim financial report and interim results for the six months ended 30 June 2005.

5. Model Code for Securities Transactions by Directors of the Listed Issuers as set out in Appendix 10 of the Listing Rules (“Model Code”)

During the Period, 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. As indicated by specific enquiries to all Directors of the Company, the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding securities transactions by Directors. There was not any non-compliance with Model Code by Directors.

VI. Other information

All the Company’s announcements are published in Hong Kong Economic Times/The Standard.

The Company’s interim report and interim results announcement are referred to on the website of the Stock Exchange (www.hkex.com.hk).

By order of the Board

Zhou Li Ming

Chairman

Chengdu, Sichuan Province, the PRC

16 August 2005