

Directors' Report

A. WORK OF THE BOARD OF DIRECTORS

The Board of Directors has faithfully performed the obligations stated in "Company Law" and "Article of Associations" of the Company and has carried out the resolutions of General Meeting. It has worked hard to maintain the equity value of and increase wealth for all shareholders.

Eleven sessions have been convened during this reporting period and the major topics are listed below:

1. The first Board meeting was held on 2 March, 2000. The major issue is:

Mr. Wang Guo Hua was appointed as the General Manager of the Company.



Directors, Supervisors, Company Secretary of the Company and PRC and international auditors and lawyers took a photo together after the Annual General Meeting for 1999 on 6 June, 2000.

2. The second Board meeting was held on 10 April, 2000. The major issues are:
 - (1) annual report and its summary for 1999, profit distribution proposal and notice of annual general meeting were passed;

- (2) "Certain Rules of Provision for Diminution of Assets" was passed;
 - (3) the integrated and technology renovation plans for 2000 were passed. Fund for technology renovation will be below Rmb20 million; and
 - (4) Board members of "Haimen Beiren" and "Beiren Tai He", subsidiaries of the Company, were adjusted and relocation of "Beiren Tai He Printing and Casting Factory" was required to be completed as scheduled. Details were published in Shanghai Securities Daily in the PRC and Wen Wei Po and Hong Kong iMail in Hong Kong on 11 April, 2000.
3. The third Board meeting was held on 18 May, 2000. The major issue was that for continuing development of the Company and further advancing the advantage of the core business of the Company, the Board resolved to acquire the quality asset, "No. 4 Printing Machinery Plant of Beiren Group Corporation", from Beiren Group Corporation after sufficient analysis and research.
4. The fourth Board meeting was held on 11 July, 2000. It was resolved that Board members of subsidiaries will be adjusted.
5. The fifth Board meeting was held on 12 July, 2000. It was resolved that an international co-operation department will be set up.
6. The sixth Board meeting was held on 17 August, 2000. The major issues are:
 - (1) interim report for 2000 was approved;
 - (2) Revised copies of "Listing Rules" and "Standard Opinions on General Meeting", "Provisional Methods of Public offer by Listed Companies" and new "Accounting Methods" were resolved to be learned. Directors and the management should further learn and apply the new "Accounting Methods" and perfect internal control system as soon as possible. Multi-level mechanism for the use of fund will be set up in order to strengthen its restrictive means and seek the way of cost reduction; and
 - (3) reform of small enterprises and investments of the Company were reported.
7. The seventh Board meeting was held on 18 August, 2000 for the adjustment of the candidate of chief engineer.

8. The eighth Board meeting was held on 14 September, 2000. The major issues are: in accordance with the need of the production and operation of the Company and in order to further capitalise on the existing assets and increase the use ratio of assets, the Company resolved to transfer certain assets in consideration. The assets include the paint spray workshop of the Company, the machinery repair workshop of the Company and Beiren Printing Machinery Transportation Company.
9. The ninth Board meeting was held on 19 September, 2000. The major issues are:
- (1) "Asset Valuation Report on Asset Transfer Project of Beiren Group Corporation" prepared by Beijing De Wei Valuation Company Limited was agreed and approved;
 - (2) the above domestic asset valuation report being submitted to Beijing Finance Bureau for approval was agreed and approved;
 - (3) "Audit Report on Beijing No. 4 Printing Machinery Plant of Beiren Group Corporation" prepared by Beijing Jing Dou Certified Public Accountants was agreed and approved;
 - (4) the valuation report on the land and buildings of Beijing No. 4 Printing Machinery Plant of Beiren Group Corporation prepared by Chesterton Petty Limited of Hong Kong was agreed and approved;
 - (5) the written legal opinion on the transfer of assets, business and staff relations of Beijing No. 4 Printing Machinery Plant of Beiren Group Corporation prepared by China Kang Da Law Office was discussed and accepted;
 - (6) "Agreement on the Transfer of Assets, Business and Staff Relations of Beijing No. 4 Printing Machinery Plant of Beiren Group Corporation" to be entered between Beiren Group Corporation and the Company was agreed and approved and director Mr. Wang Guo Hua acting as the authorised representative of the Company was authorised to sign such transfer agreement;
 - (7) discloseable and connected transaction announcement was agreed and approved;
 - (8) the consideration for the transfer of assets, business and staff relations of Beijing No. 4 Printing Machinery Plant of Beiren Group Corporation was agreed and approved. The consideration is determined on the basis of the net

assets value of Beijing No. 4 Printing Machinery Plant of Beiren Group Corporation as at 31 July, 2000 as confirmed by the domestic asset valuation report which is approved by the Beijing Finance Bureau. Details were published in Shanghai Securities Daily in the PRC and Wen Wei Po and Hong Kong iMail in Hong Kong on 20 September, 2000.

10. The tenth Board meeting was held on 27 October, 2000. The major issue is that according to the development strategies of the Company and in order to capitalise on the preferential policy of western China development, it was resolved the intention of setting up the joint venture of Beiren Ningxia Xinhua Printing Company Limited with Ningxin Xinhua Printing Factory and Ningxia People's Publisher.
11. The eleventh Board meeting was held on 22 December, 2000.

The major issues are:

- (1) report on the relocation of the casting subsidiary;
- (2) report on the reform of small enterprises;
- (3) report on the progress of investment in real estate right in Macau. The investment will be ceased in 2002;
- (4) for the support of Beijing's bid for holding of Olympic Games of 2008, the Company should remove to Beijing economic technology development zone with response to the overall urban planning by the municipal government. The Board resolved to enter into a land purchase contract; and
- (5) after the acquisition of Beijing No. 4 Printing Machinery Plant of Beiren Group Corporation, the Board resolved that the structure of original assets, business and staff will be maintained in accordance with present organisation structure. The production scale, operation methods and scope of business will remain unchanged. The registration of that company will be completed according to the relevant regulation of the establishment of a subsidiary of a limited company.

B. PROFIT DISTRIBUTION DURING THE PERIOD

With respect to profit distribution during the reporting period, final dividend payment for 1999 was considered in June, 2000. It was proposed a dividend of Rmb0.55 (tax inclusive) per 10 shares. The date of registration of shares was 20 July, 2000 and the date of ex-dividend was 21 July, 2000.

C. PROPOSED PROFIT DISTRIBUTION PLAN

Under the PRC accounting standards, the Company's net profit for 2000 was Rmb51,423,260.71 and distributable profit was Rmb97,114,642.58. The Company is required to make an appropriation of statutory surplus reserve at 10% which amounts to Rmb5,167,467.18 and statutory public welfare fund at 10% which amounts to Rmb5,167,467.18. A dividend for 2000 of Rmb0.10 (tax inclusive) per share, amounted to Rmb40,000,000 is proposed. The undistributed profits of Rmb46,779,708.22 would be carried forward to year 2001. The proposed distribution plan will be subject to approval of shareholders at the Annual General Meeting for 2000.

D. OPERATING RESULTS FOR THE YEAR

1. Prepared under PRC accounting standards

Audited by Deloitte Touche Tohmatsu Shanghai CPA

(a) Summary of the consolidated results for 2000

	2000	1999
	<i>Rmb'000</i>	<i>Rmb'000</i>
Income from major operations	442,056	459,834
Profit from major operations	146,746	158,375
Total profits	58,547	60,414
Taxation	(8,647)	(13,263)
Profit before minority interests	49,900	47,151
Minority interests	1,523	1,697
Net profit	51,423	48,848

(b) Profit appropriation for the year

	2000	1999
	<i>Rmb'000</i>	<i>Rmb'000</i>
Appropriation of net profit		
Statutory surplus reserve	5,167	4,901
Statutory public welfare fund	5,167	4,901
Dividend paid	-	10,000
Dividend proposed	40,000	22,000
Total	50,334	41,802

2. Prepared under Hong Kong accounting standards

Audited by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong

(a) Summary of the consolidated results for 2000

	2000	1999
	<i>Rmb'000</i>	<i>Rmb'000</i>
Turnover	444,984	454,709
Profit before taxation	57,474	61,578
Taxation	(8,647)	(13,263)
Profit before minority interests	48,827	48,315
Minority interests	2,004	1,885
Profit for the year	50,831	50,200

(b) Appropriation of profit for the year

	2000	1999
	<i>Rmb'000</i>	<i>Rmb'000</i>
Statutory surplus reserve	1,099	1,973
Statutory public welfare fund	1,099	1,973
Interim dividends paid	-	10,000
Proposed final dividends	40,000	22,000

Total	42,198	35,946
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The Directors of the Company resolved on 22 February, 2001 to recommend the payment of a final dividend for 2000 of Rmb0.10 per share (tax inclusive) in cash. The proposed dividend will be subject to the approval of shareholders at the annual general meeting.

E. MAJOR OPERATIONS

The major operations of the Group include the manufacturing and sales of printing machines, parts and components of such machines, and trading of pressing machines.

The turnover and contribution to operating profit of the Company of each type of business are as follows:

	Prepared under Hong Kong accounting standards			
	Turnover		Contribution to operating profit	
	2000	1999	2000	1999
	Rmb'000	Rmb'000	Rmb'000	Rmb'000
Manufacture and sales of printing machines	420,807	432,639	143,861	150,655
Manufacture and sales of spare parts	9,980	18,588	6,577	3,150
Trading of raw materials and other operations	17,220	7,507	4,844	1,747
Total sales	448,007	458,734	155,282	155,552
Less: sales tax and other surcharges	(3,023)	(4,025)		
	444,984	454,709		
Other revenue			4,599	7,858
Operating and financial expenses			(102,407)	(101,832)
Profit before tax			57,474	61,578

Substantially all of the Group's sales income is derived from the PRC and sales income derived from outside the PRC is insignificant.

F. FIXED ASSETS

Movements in fixed assets for the year are set out in note 14 to the financial statements (PRC accounting standards) and note 13 relating to property, plant and equipment to the financial statements (Hong Kong accounting standards).

G. CONSTRUCTION IN PROGRESS

Particulars and movements in construction in progress for the year are set out in note 15 to the financial statements (PRC accounting standards) and note 14 to the financial statements (Hong Kong accounting standards) respectively.

H. SUBSIDIARIES

Particulars of subsidiaries are set out in notes 16 and 38 to the financial statements (Hong Kong accounting standards).

I. OTHER ASSETS

Particulars of other assets are set out in note 18 to the financial statements (Hong Kong accounting standards).

J. DEFERRED VALUE ADDED TAX

Details of deferred value added tax are set out in note 21 to the financial statements (Hong Kong accounting standards).

K. RESERVES

Movements in reserves for the year are set out in note 29 to the financial statements (Hong Kong accounting standards).

L. BANK LOANS

Bank loans as at 31 December 2000 are set out in note 20 to the financial statements (PRC accounting standards).

M. THE FIVE LARGEST CUSTOMERS

The five largest customers of the Group in 2000 accounted for less than 30% of the total

sales of the Group.

N. THE FIVE LARGEST SUPPLIERS

The five largest suppliers of the Group in 2000 accounted for less than 30% of the total purchases of the Group.

O. SHARE TRADING, MOVEMENTS IN SHARE CAPITAL AND SHAREHOLDERS

1. Share trading

(a) Listing of shares

The details of listing of the Company's shares for the year are as follows:

Hong Kong public shares (H Shares)

Number of shares issued: 100,000,000 shares

Place of listing:

The Stock Exchange of Hong Kong Limited

Number of shares listed: 100,000,000 shares

H Shares share price in 2000:

Opening price at the beginning of the year: HK\$0.64

Closing price at the end of the year: HK\$0.75

The highest price: HK\$0.85

The lowest price: HK\$0.50

PRC public shares (A Shares)

Number of shares issued: 50,000,000 shares

Place of listing: Shanghai Stock Exchange

Number of shares listed: 50,000,000 shares

A Shares share price in 2000:

Opening price at the beginning of the year: Rmb6.79

Closing price at the end of the year: Rmb12.20

The highest price: Rmb15.87

The lowest price: Rmb6.30

(b) Purchase, sale or repurchase of the shares of the Company

During the year, there was no purchase, sale or repurchase of the Company's shares by the Company or any of its subsidiaries.

2. Movements in share capital

(a) Share structure

As at 31 December 2000, the share structure of the Company was as follows:

Classification	Number of shares (‘000)	Percentage (%)
Promoter's legal person shares (A Shares)	250,000	62.5
PRC public shares (A Shares)	50,000	12.5
Hong Kong public shares (H Shares)	100,000	25.5
Total	400,000	100.0

(b) There was no movement in share capital during the year.

3. Shareholders

(a) Number of shareholders

As at 31 December 2000, the number of shareholders of the Company was :

Classification	Number of shareholders
Promoter's legal person shares (A Shares)	1
PRC public shares (A Shares)	33,685
Hong Kong public shares (H Shares)	214
Total	33,900

(b) Particulars of shareholders

As at 31 December 2000, the top ten shareholders of the Company were:

Name of shareholders	Classification of shares	Number of shares held	Approximate percentage to total share capital
Beiren Group Corporation	A	250,000,000	62.50
HKSCC Nominees Limited	H	91,038,199	22.75
Chen Chao Yen	H	1,300,000	0.33
Cheung Chu Tak	H	1,000,000	0.25
Hui Kau Yu	H	944,000	0.24
HSBC Nominees (Hong Kong) Limited	H	510,000	0.13
Kwan Kam On	H	500,000	0.13
Kwok Koon Hiu	H	360,000	0.09
Chong Sung Sung	H	290,000	0.07
Chen Hui Qiu	A	266,300	0.07

Notes:

- 1) Information regarding shareholders who held 10% or more of the Company's share capital is as follows:

Beiren Group Corporation held 62.5% of the Company's share capital. Its legal representative is Mr. Zhu Wuan. Its businesses include the manufacturing and sale of various type of printing machines, packing machines, machine repair and parts and components of such machines.

- 2) During the period covered by this report, the shares held by Beiren Group Corporation have not been pledged as collaterals.
- 3) HKSCC Nominees Limited held H shares on behalf of its clients and the Company has received notification from HKSCC Nominees Limited that no single client has held more than 10% of the total share capital of the Company.
- 4) There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the year.

4. Pre-emptive rights

There are no provisions for pre-emptive rights under the Articles of Association of the Company which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

P. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. The directors, supervisors and senior management of the Company during the year and up to the date of this report are:

Executive directors

Mr. Zhu Wuan

Mr. Yun Qinghua

Mr. Lu Changan

Mr. Wang Guohua

Mr. Pang Liangdong

Madam Zhang Weifen

Mr. Yu Baogui

Independent non-executive directors

Mr. Zhang Peng

Mr. Huang Yingfu

Supervisors

Mr. Xiao Maolin

Madam Yu Jie

Mr. Tian Furen

Senior Management

Madam Rong Peimin

Mr. Guo Ling

Mr. Wang Wenyan

Mr. Qi Shenglin

Mr. Yang Zhendong

2. Directors', Supervisors' and senior management's shareholding and annual emoluments:

At the end of 2000, the shareholding and emoluments of the directors and supervisors

of the Company are as follows:

Name	Position	Number of shares held at beginning of year	Number of shares held at end of year	Emoluments
Zhu Wuan	Chairman	4,800	4,800	Not collected in the Company
Yun Qinghua	Vice Chairman	5,000	5,000	Not collected in the Company
Lu Changan	Director	4,800	4,800	Not collected in the Company
Wang Guohua	Director, General Manager	1,000	1,000	
Pang Liandong	Director	4,100	4,100	Not collected in the Company
Zhang Weifen	Director	3,500	3,500	Not collected in the Company
Yu Baogui	Director	4,200	4,200	Not collected in the Company
Zhang Peng	Independent non-executive director	-	-	Not collected in the Company
Huang Yingfu	Independent non-executive director	-	-	Not collected in the Company
Xiao Maolin	Chairman of Supervisory Committee	-	-	Not collected in the Company
Yu Jie	Supervisor	-	-	
Tian Furen	Supervisor	4,100	4,100	
Rong Peimin	Company Secretary	-	-	
Guo Ning	Deputy General Manager	-	-	
Wang Wenyuan	Deputy General Manager	-	-	
Qi Shenglin	Chief Accountant	-	-	
Yang Zhendong	Chief Engineer	-	-	

The emoluments of the Directors, Supervisors and senior management are as follows :

Rmb 30,000 - Rmb 40,000:	1 person
Rmb 50,000 - Rmb 60,000:	2 persons
Rmb 70,000 - Rmb 80,000:	3 persons
Rmb 80,000 - Rmb 90,000:	1 person
Rmb 90,000 - Rmb100,000:	1 person

The other 9 persons did not receive any emolument from the Company.

Notes : (1) All the Directors, Supervisors and Company Secretary have been appointed for the period from 14 July, 1999 to 14 July, 2002.

- (2) Save as disclosed above, none of the Directors and Supervisors or their spouses, children aged under 18 or their respective associates held or owned any equity or debt securities of the Company.

3. Directors' and supervisors' interests

As at the balance sheet date or at any time during the year, none of the directors and supervisors was directly or indirectly interested in any material contract of the Company other than the service contracts as mentioned below.

Except for the shares disclosed in section P2 above which are required to be recorded in the register maintained pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI"), during the year, the Company did not take part in any arrangement which would enable the directors or supervisors of the Company or their respective associates, to acquire any interest by the purchase of shares or securities in the Company or any other corporation, nor to have any interest which is required to be recorded into the register under section 29 of the SDI.

None of the above directors, independent non-executive directors and supervisors or their spouses or children under 18 years of age has any right to subscribe for the shares or debentures of the Company.

4. Service contracts of directors and supervisors

Each of the executive directors and the supervisors has entered into a service agreement with the Company.

Particulars of the agreements are set out below:

- (a) each service contract is for a term commencing on 14 July 1999 and expiring on 14 July 2002;
- (b) the salary payable to the executive directors and supervisors is subject to a 15% increment for each subsequent year within the contract term of the service agreement;
- (c) each of the executive directors is entitled to a management bonus calculated by reference to the consolidated net profit of the Company (excluding extraordinary items) after taxation as decided by the board of directors

provided that the aggregate amount of bonus payable to the executive directors may not exceed 1% of such profit. A director shall abstain from voting in respect of the resolution regarding the amount payable to him/her.

- (d) the independent non-executive directors are appointed for a term of 3 years to 14 July 2002 and are eligible for re-election.

5. Biographical information

Directors

Mr. Zhu Wuan, Chairman, and MBA holder, aged 52, has been working for Beiren Group Corporation for 30 years of which he has been working for the Company for 7 years. Mr. Zhu has over 30 years of experience in enterprise management, is a senior economist and is currently in charge of the overall strategic management of the Company. His PRC identity card number is 110105480311081.

Mr. Yun Qinghua, Deputy Chairman, aged 59, is a senior engineer. Mr. Yun has been working for the Company for 4 years and has over 20 years experience in enterprise management. His PRC identity card number is 110107410412121.

Mr. Lu Changan, postgraduate, aged 52, has been working for Beiren Group Corporation for 30 years of which he has been working for the Company for 7 years. Mr. Lu has over 30 years of experience in enterprise management and is a senior economist. His PRC identity card number is 110101480724451.

Mr. Wang Guohua, aged 37, General Manager, Senior Engineer and MBA holder. He has been working for the Company for 7 years and has been engaged in product design and technology management. His PRC identity card number is 110105630402225.

Mr. Pang Liangdong, aged 51, postgraduate, has been working for Beiren Group Corporation for 30 years of which he has been working for the Company for 7 years. Mr. Pang has over 30 years of experience in enterprise management and is a senior economist. His PRC identity card number is 110105490906253.

Madam Zhang Weifen, aged 53, has been working for Beiren Group Corporation for almost 30 years of which he has been working for the Company for 7 years. Madam Zhang has extensive experience in accounting and financial management and is a senior accountant. Her PRC identity card number is 110102470802050.

Mr. Yu Baogui, aged 51, has been working for Beiren Group Corporation for 30 years of which he has been working for the Company for 7 years. Mr. Yu has more than 10 years of experience in production management and labour relations. His PRC identity card number is 110103491003031.

Independent non-executive directors

Mr. Zhang Peng, aged 78. Mr. Zhang has extensive experience in industrial management and public administration. Mr. Zhang was the Deputy Factory Manager of Beijing Renmin Machinery Factory, Director of Beijing Industrial Department, Minister of Industry, Commissioner of the Economic Committee of Beijing, Deputy Mayor of Beijing Municipality and Adviser to the Beijing Municipal Government. Mr. Zhang graduated from Beijing University in 1947 and is a senior economist. His PRC identity card number is 110103220213001.

Mr. Huang Yingfu, aged 76. Mr. Huang has extensive experience in industrial management and government management. Mr. Huang has been the Factory Manager of Beijing '27' Machinery Vehicles Factory, Minister of the Ministry of the Machinery Industries of Beijing, Deputy Executive of the Construction Committee of the Municipality of Beijing and the Chief Executive of the Commander Office of the Infrastructural Construction Army. His PRC identity card number is 110102240812061.

Supervisors

Mr. Xiao Mao Lin, aged 51, Chairman of Supervisory Committee of BGC, is an economist and a postgraduate. He has been working for Beiren Group Corporation for 30 years of which he has been working for the Company for 7 years. Mr. Xiao has over 20 years of experience in enterprise management. His PRC identity card number is 110103490910125.

Madam Yu Jie, aged 48, is the Vice Chairman of the labour union of Beiren Group Corporation, is university graduated. Madam Yu has been working for the Company for 7 years. Madam Yu joined the Beijing Renmin Machinery Factory in 1969 and has held various positions as the Group Deputy Secretary. Her PRC identity card number is 110103520812034.

Mr. Tian Furen, aged 52, has been working for Beiren Group Corporation for 30 years of which he has been working for the Company for 7 years. Mr. Tian is a model worker of the Company and has been a representative for the staff of the Company for a long time and has extensive experience in handling matters relating to staff welfare and benefits. Mr. Tian is a senior technician. His PRC identity card number is 110103481207003.

Company Secretary

Madam Rong Peimin, aged 49, a graduate of Beijing Education University and senior economist. She joined Beiren Group Corporation in 1988 and joined the Company in 1993. Prior to that, she was a teacher at Medium Professional Printing School in Beijing. She was an officer at the Company's Hong Kong office in 1995. She was the chief secretary of the Board of Directors of the Company in 1997. She has been engaged in the work of corporate management and secretary of the Board of Directors recently and has extensive experiences in corporate management. Her PRC identity card number is 110108810829044.

Q. RETIREMENT PLAN

Pursuant to the relevant provisions of the "Decision on the Reformation of Pension Scheme of Retired Employees of the Enterprises" of the State Council, the Company contributes an amount calculated based on 19% (1999: 19%) of the total payroll of its employees as basic employees' pension expense. The total cost of this basic employees' pension in 2000 amounted to Rmb9,202,000 (1999: Rmb8,366,000). Save for the above contributions, the Company has no other commitments or obligations in relation to pension schemes.

R. CONNECTED TRANSACTIONS

Details of connected transactions as defined in Chapter 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year are included in note 32 to the financial statements (Hong Kong accounting standards).

Every independent non-executive director has confirmed that the connected transactions have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms or terms no less favourable than terms available to/from independent third parties and are fair and reasonable so far as the shareholders of the Company are concerned.

S. MATERIAL LITIGATION

The Company was not engaged in any litigation or arbitration of material importance during the period covered by this report.

T. SUBSEQUENT EVENT

On 22 February, 2001, the directors of the Company approved a plan on capital expenditure

mainly including technical reconstruction to the extent of Rmb22,669,000.

U. CODE OF BEST PRACTICE

The Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited.

V. GENERAL MEETING FOR 2000

1. The Company held its 1999 Annual General Meeting on 7 June, 2000 and the resolutions were passed as follows:

- (a) the work report of the Directors of the Company for 1999;
- (b) the work report of the Supervisory Committee of the Company for 1999;
- (c) the audited financial statements of the Company for 1999;
- (d) the consideration on the proposed profit distribution plan of the Company for 1999;
- (e) the appointment of Messrs. Deloitte Touche Tohmatsu Shanghai Certified Public Accountants and the re-appointment of Messrs. Deloitte Touche Tohmatsu, Hong Kong Certified Public Accountants, as the Company's PRC and international auditors respectively for 2000, and authorise the directors to fix their remunerations.

The announcement in respect of resolutions passed was published in "Shanghai Securities Daily" (上海證券報), "Wen Wei Po" and "Hong Kong iMail" of Hong Kong on 8 June, 2000.

2. An extraordinary general meeting was held on 15 November, 2000. A resolution was passed to approve the agreement for sale and purchase of the web offset press production business carried on and assets under the name of Beijing No.4 Printing Machinery Plant of Beiren Group Corporation dated 19 September, 2000 between the Company as purchaser and Beiren Group Corporation as vendor and together with the transactions contemplated thereunder. The resolution passed at the extraordinary general meeting were published in "Shanghai Securities Daily", "Wen Wei Po" and "Hong Kong iMail" (English) of Hong Kong on 16 November, 2000.

W. GENERAL MEETING FOR 2001

The board of directors resolved on 22 February, 2001 that the Annual General Meeting of the Company is to be held in 2001.

1. Purpose of the meeting

- (a) To receive and consider the work report of the Directors of the Company for 2000.
- (b) To receive and consider the work report of the Supervisory Committee of the Company for 2000.
- (c) To receive and consider the audited financial statements of the Company for 2000.
- (d) To receive and consider the proposed profit distribution plan of the Company for 2000.
- (e) To receive and consider the re-appointments of Messrs. Deloitte Touche Tohmatsu Shanghai Certified Public Accountants and Messrs. Deloitte Touche Tohmatsu, Hong Kong Certified Public Accountants, as the Company's PRC and international auditors respectively for 2001, and to authorise the directors to fix their remunerations.
- (f) To receive and consider other matters, if any, subject to the notice of the Annual General Meeting.

2. Time and place of meeting

The Annual General Meeting for 2001 will be held and will last for half of a day. Date and time of the meeting will be announced separately.

X. PAYMENT OF DIVIDEND

- 1. Subject to the approval of the proposed profit appropriation as set out in above V1(d) by shareholders, the time and form of payment of dividends for holders of Promoter's legal person shares (A Shares), PRC public shares (A Shares) and Hong Kong public shares (H Shares) will be announced separately.

By Order of the Board

ZHU WUAN

CHAIRMAN

22nd February, 2001