

## **Disclosure of major events**

- (1) The Company was not engaged in any litigation, arbitration, guarantee, nor pledge of material importance during the year.
- (2) During the reporting period, the Company, the directors and senior management has not been penalized by the relevant surveillance government departments.
- (3) The Company and the holding company, Beiren Group Corporation, have maintained "three disconnection" namely employee independence, asset integrity and financial independence as follows:
  - 1) For employee independence, the Company has separate control on labour, human resources and salary. General Manager, Deputy General Manager and the senior management receive salary and do not hold position in shareholder unit.
  - 2) For asset integrity, the Company has independent production system, auxiliary production system and equipment.
  - 3) For financial independence, the Company has independent financial department and established an independent accounting system and financial control system. It has separate bank account.
- (4) With response to the overall urban planning in Beijing and in support of Beijing's bid for holding the Olympic Games, the Company estimates to move to Beijing economic technology development zone three years later. The Company entered into a land purchase contract on 26 December, 2000. The area of the land is 162,356.3 sq.m. and the fee is Rmb73,060,335. The overall planning will commence in 2001 and the disclosure of the time for infrastructure, relocation and official production and total investment will be made accordingly.
- (5) On 19 September, 2000, the Company and Beiren Group Corporation entered into "Agreement on the Transfer of Assets, Business and Staff Relations of Beijing No.4 Printing Machinery Plant of Beiren Group Corporation" and made an announcement about "Discloseable and Connected Transaction" in the PRC and overseas on 20 September, 2000. The acquisition was approved at the extraordinary general meeting held on 15 November, 2000.

(6) Matured Deposits

As at 31 December, 2000, there are three deposits placed with financial institutions totalling Rmb 11,600,000 which have not been recovered. These deposits have been stated and included in other receivables.

The first deposit of Rmb 5 million was placed with China Venturetech Investment Company ("China Venturetech"). China Venturetech is now in liquidation and the method on repayment of debts has not yet been announced.

The second deposit of Rmb 5 million was placed with Bai Yin Cooperative Credit Union. As at the report date, the Company was unable to uplift the deposit. As there is difficulty in cashflow of the bank, after numerous negotiations, it was agreed that a real estate with equivalent value will be transferred to the Company as settlement. The transfer procedures are in progress.

The third deposit of Rmb 2 million was placed with Jiu Long Shan Office of the Industrial and Commercial Bank Beijing Trust and Investment Company for on-lent to Da You Environmental Engineering Company. The Company received payment totalling Rmb400,000 and the outstanding balance is Rmb1,600,000. The Company has been in discussion with the bank for repayment of the deposit.

The Company is of the opinion that a provision of Rmb4,640,000 for doubtful recovery of deposits has been made in the financial statements. The three deposits represent only about 0.7% of the Company's net assets and will not have significant impact on the Company's working capital and operations.

- (7) The Company has not received any notice from the Tax Bureau in respect of the change of income tax rate and will continue to adopt the income tax rate of 15%. The Company has no tax issues in relation to "Charge in advance and refund afterwards".
- (8) A final dividend of Rmb0.10 (tax inclusive) per share is proposed for the year 2000.
- (9) Related party transactions (please refer to financial statements and notes thereon)
- (10) Staff accommodation

The Company has arranged to purchase quarters for its staff in accordance with the State and local relevant policies. According to the requirements of Cai Zi (2000) No.295 document "Notice of the Financial Arrangement during the Reform of

Corporate Staff Quarter System" and Cai Zi (2000) No.878 document "Supplementary Notice of the Financial Arrangement during the Reform of Corporate Staff Quarter System" issued by the Ministry of Finance, the Company recorded expense totalling RMB40,682,902.68 which was adjusted in retained profit in the beginning of the year as stated in the financial statements prepared under the PRC accounting standards. The opening balance of statutory surplus reserve and statutory public welfare fund is each reduced by RMB4,068,290.27 respectively and the retained profit at the beginning of the period increased by RMB8,136,580.54. In the financial statements prepared under the Hong Kong accounting standards, the expense was capitalised as deferred expense and will be amortised in 20 years. Approximately Rmb2,075,000 will be written off from profit each year.

(11) Code of Best Practice

The Company has complied with the Code of Best Code of Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), throughout the accounting period covered by this annual report.

(12) All information of results announcement of the Company will be timely uploaded on the web page of the Stock Exchange, as required by paragraphs 45(1) to 45(3) of appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Stock Exchange").