

## **V. Major Events**

### **1. Interim dividend and proposal of conversion of statutory surplus reserve to share capital**

The Board of Directors has resolved that no dividend will be declared for 2001 interim results and no conversion of statutory surplus reserve to share capital for the period.

### **2. No final dividend will be paid and no conversion of statutory surplus reserve to share capital for 2000.**

### **3. Major Litigation**

The Company has not involved in any major litigation during the period.

### **4. Asset Reorganization**

The transfer of State-owned shares from Yunnan Provincial People's Government to Xian Jiaotong University Industrial (Group) Incorporation has been completed on 5th June, 2001, Xian Jiaotong University Industrial (Group) Incorporation holds 71,052,146 State-owned shares, representing 29% of the total number of shares of the Company. The transfer price is RMB2.08 per share. The transfer amount involved RMB147,788,464. After the transfer, the class of the shares has changed to State-owned legal person shares.

### **5. Significant Connected Transactions**

No significant connected transactions occurred during the period.

### **6. Independence of personnel, net assets and financing between the Company and its controlling shareholders**

Save and except for Messrs. Yue Huafeng, Jiang Zhuangde and Wen Peixiong who also held the position of Xian Jiaotog University Industrial (Group) Incorporation, the other personnel, net assets and financing of the Company are independent from its controlling shareholders, the Yunnan Provincial People's Government.

### **7. Auditors**

Approved by the Annual General Meeting of the Company on 22nd May, 2001, Messrs. Deloitte Touche Tohmatsu and Messrs. Deloitte Touche Tohmatsu Shanghai CPA were re-appointed as auditors of the Company for the year ended 31st December, 2001.

### **8. Corporate Guarantee**

The Company had not entered into any corporate guarantee during the period.

### **9. Directors', supervisors' and senior management's interests in shares**

During the period, there is no significant change in the interests of the directors, senior management and therein associates in the share capital of the Company under Section 29 of the SDI Ordinance as disclosed in the Company's 2000 annual report.

As at 30th June, 2001, none of the directors and supervisors or their respective associates had any interests in any shares or debt securities of any associated corporation.

**10. Directors, supervisors and senior management's rights to acquire shares or debentures**

At no time during the period was the Company a party to any arrangements to enable the directors, supervisors or member of senior management of the Company or their spouses or children under 18 to acquire benefits by means of the acquisition of shares, or debentures of the Company or any other body corporate.

**11. Convertible securities, options, warrants or similar rights**

The Company has not issued any convertible securities, options, warrants or similar rights during the period.

**12. Purchase, sale or redemption of the Company's listed securities**

The Company has not purchased, sold, redeemed or cancelled any of its listed securities during the period.

**13. Corporate Governance**

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

**14. Staff Quarters**

The Company did not sell any of its staff quarters to its employees during the period. The Company made a detailed disclosure on the issue of the Company's staff quarters in 2000 annual report. No significant changes was noted during the period.

**15. Designated Deposit and Maturity of Time Deposit**

During the period, the Company had no designated deposit arrangement with financial institutions or non-financial institutions, nor any fixed deposit that has matured but could not be recovered.

16. Pursuant to a designated agreement entered into between the Company and 國泰君安證券股份有限公司 ("國泰君安") on March 2001 to designate cash of RMB50,000,000 to 國泰君安. Such arrangement would mature on 25th December, 2001.

## **17. Subsequent events**

The Extraordinary General Meeting of the Company was held at the registered office of the Company on 30th July, 2001 for the announcements to the Article of Association of the Company, change of name and re-election of the members of the Board of Directors and Supervisory Committee of the Company.

The 19th session of the 3rd Board of Directors Meeting of the Company was held on the same day to re-elect Chairman, Vice-Chairman and senior management. The 4th session of the 3rd Supervisory Committee Meeting of the Company was held and elect the Chairman of Supervisory Committee.

The Extraordinary General Meeting, Board of Director Meeting and Supervisory Committee Meeting of the Company published on Shanghai Securities Daily, Hong Kong Economics Times and Hong Kong iMail on 31st July, 2001 and 1st August, 2001 respectively.