

V. MATERIAL EVENTS:

(1) Operations of the Company

In pursuance of the Company law, Securities Law and relevant requirements of regulations imposed by China Securities Regulatory Commission, the Company strives to improve the legal-person management structure and organize the operations of the Company. According to Management Standards for Listed Companies(上市公司治理準則) issued by China Securities Regulatory Commission and State Economic and Trading Committee(國家經委會)on 7 January 2002, Articles of Association was amended and Rules of Procedures for Annual General Meeting(股東大會議事規則), Rules of Procedures for the Board of Directors' Meeting(董事會議事規則), Rules of Procedures for the Supervisory Committee's Meeting(監事會議事規則), Articles of duties for Secretary to Board of Directors(董事會秘書工作細則), Regulations of Financial Management(財務管理規定)and Regulations of Accounting management(會計管理工作的規定) were established.

In compliance with the relevant Law, regulations and rules, the Company will continue to consummate, amend and revise the aforesaid rules in a practical manner in order to maximize the functions of general meeting, the Board of Directors, the Supervisory Committee and management to supervise the operations of the Company.

2002 Interim Report

(2) Profit distribution in the reporting period

With the approval by the Annual General Meeting convened on 11 June 2002, profit distribution for 2001: on the basis of the total share capital of 400,000,000 shares as at the end of 2001, a cash dividend of Rmb1.20 (including tax) per 10 shares was distributed to all shareholders, with total dividend amounting to Rmb48 million. An announcement about the dividend distribution for H Shares was published at Shanghai Securities Daily, Hong Kong Economic Times and The Standard on 12 June 2002. Another announcement about the distribution of the dividend for A Shares was published at Shanghai Securities Daily on 19 July 2002. The record date for dividend was 24 July 2002. The ex dividend date was 25 July 2002. The dividend was distributed on 31 July 2002.

(3) The Company was not engaged in any material litigation or arbitration in the reporting period.

(4) Acquisition and disposal of assets and merger in the reporting period.

In the reporting period, acquisition of Shaanxi Huanggong Group Printing Machinery Company Limited ("Shaanxi Printing") was completed. Information on this acquisition was published at Shanghai Securities Daily, Wen Wei Po (Hong Kong) and Hong Kong iMail (currently named as The Standard) on 18 January 2002.

(5) There were no new significant transactions with related parties during the reporting period.

(6) Material contract

1. In the reporting period, there was no custody, underwriting and lease of other companies' assets by the Company or there was no custody, underwriting and lease of the Company' assets by other companies.
2. In the reporting period, the Company did not provide guarantee in favor of any third party.
3. In the reporting period, there were no cash assets managed by other trustees.

(7) Commitments

At the request of the People's Municipal Government of Beijing and according to city planning of Beijing, the Company will move out of the current address, No. 44 Guangqu Road South, Chaoyang District, Beijing, the PRC. Beiren Group Corporation injected a consideration for a valuation of real estate and land developing fees for the current site into the Company; therefore, Beiren Group Corporation had undertaken to compensate the Company with a payment not lower than the sum of the book value of such real estate and the audited land developing fees. As at 30 June 2002, Rmb24.91 million of such payment has been received.

(8) The interim results of the Company were unaudited.

(9) There was no purchase, disposal, redemption or cancellation by the Company of its listed shares in the reporting period.

(10) Deposits

The first deposit of Rmb5 million was placed with China Venturetech Investment Company. The second deposit of Rmb5 million was placed with Yin Peng Cooperative Credit Union, Bai Yin, Gansu Province. A total of Rmb10 million of deposits have not been recovered yet as it is still in the process of liquidation by the relevant authority. These two deposits represent approximately 1% of the Company's net assets and will cause no material effect to operations of the Company. The Company has made a provision of Rmb5 million for loss.

(11) the Company and MONIGRAF of Italy entered into a cooperation agreement, according to which both parties agreed to establish "Beijing Moni Automatic Systems Company Limited". Such company relied on mature technologies provided by the Italian party, mainly producing publishing ink automatic adjustment systems as supplements to middle and high end multicolor machines manufactured by the Company. It can guarantee the stability of automatic adjustment systems and lower costs, progressively providing supplements to foreign and domestic manufacturers. The Company will invest Rmb3.68 million, representing 49% of the registered capital of the new company. MONIGRAF of Italy provided exclusive technologies worth of Rmb1.5 million, equipment and equivalents worth of Rmb325,000 and invested United States dollar which is equivalent to Rmb\$2 million of cash, with a total capital equivalent to Rmb3.82 million, representing 51% of the registered capital. Such establishment is in the pipeline.

(12) The Code of Best Practice

The Company has complied throughout the reporting 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 (the "Listing Rules").