

SIGNIFICANT EVENTS

1. MAJOR LITIGATION

The Group was not involved in any major litigation during the year.

2. ACQUISITION AND DISPOSAL OF ASSETS , MAJOR TRANSACTIONS AND MAJOR CONTRACTS

The formal procedures in respect of the acquisition and disposal of assets which has been approved by and passed by the shareholders of the Company at an extraordinary general meeting held on 31st December, 2001 was completed during this year.

The above acquisition and disposal of assets constituted major transactions of the Company during the reporting period.

As at 31st December, 2002, there was no significant guarantee provided by the Company.

3. CONNECTED PARTIES TRANSACTIONS

During the year, the Company has not entered into any significant connected parties transactions with its connected parties. Details of the discloseable connected transactions for the year are set out in note 36(l) to the financial statements.

4. GUARANTEE GIVEN BY THE COMPANY TO ITS SUBSIDIARIES

During the year, the Company has not made any guarantees to its subsidiaries.

5. DESIGNATED ARRANGEMENT AND SECURITY INVESTMENT

(1) Pursuant to a designated agreement entered into between the Group and 重慶證券經紀有限責任公司(「重慶證券」) on April 2002 to designate cash of RMB50,000,000 to 重慶證券. Such arrangement would be effective from 5th April, 2002 to 31st December, 2002. The agreed rate of return for this investment is 3%. The Company has received RMB1,125,000 investment income from such arrangement and the designated cash have been returned to the Company as at the end of reporting period.

(2) The Group invested RMB14,825,000 in securities. During the year, the principal of those investments and the investment income have been received.

The above transactions have been approved by the Board of Directors in the meetings.

6. UNDERTAKINGS MADE BY JIAOTONG GROUP

In accordance to the undertakings made by Jiaotong Group on “Related Party Transaction and the Avoidance of Similar Industry Competition”, the Jiaotong Group did not engage in any similar industry or businesses and to avoid itself and its subsidiaries to engage in any similar industry or businesses of the Company in the future operating activities.

7. AUDITORS

Messrs. Deloitte Touche Tohmatsu has acted as the auditors for the Company's financial statements prepared in accordance with Hong Kong accounting standards since its incorporation.

At the Extraordinary Meeting held on 23rd December, 2002, the shareholders of the Company has resolved to terminate Messrs. Deloitte Touche Tohmatsu Shanghai CPA as its statutory auditors of the Group for this year and to appoint Xian Xigema Certified Public Accountants as its statutory auditors of the Group for this year.

The audit fee of 2001 paid to Messrs. Deloitte Touche Tohmatsu and Messrs. Deloitte Tohmatsu Shanghai CPA were totally amounted to HK\$1,280,000. The audit fee of 2002 paid to Messrs. Deloitte Touche Tohmatsu and Xian Xigema Certified Public Accountants were amounted to HK\$1,280,000 and RMB240,000, respectively (included disbursements).

8. CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

As at 31st December, 2002, the Company had no outstanding similar rights and there has been no exercise of convertible securities, options, warrants or similar rights during the year.

9. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale, redemption or cancellation of the Company's listed securities by the Company during the year ended 31st December, 2002.

10. PRE-EMPTIVE RIGHTS

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

11. COMPLIANCE OF CODE OF BEST PRACTICE

Except the two Directors, Mr. Cheng Yunchuan and Ms Dong Juan, whose once failed to attend the meeting of the Board of Directors by themselves, the Directors of the Company have complied throughout the reporting period with the Code of Best Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

12. ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 31st May, 2003.

13. The summary of the annual results for 2002 will be published in Chinese and English simultaneously on 8th April, 2003 in "Shanghai Securities Daily" in the PRC and "Hong Kong Economic times" and "The Standard" in Hong Kong. The annual results for 2002 will also be simultaneously published on the internet website designated by China Securities Supervision and Administration Committee and on the internet website designated by The Stock Exchange of Hong Kong Limited. The internet addresses are <http://www.sse.com.cn> and <http://www.hkex.com.hk> respectively.