

DISCLOSURE OF MAJOR EVENTS

Litigation

CGC

CGC was involved in a note dispute and loan dispute with Sichuan Yintong Computer System Co. Ltd. ("Yintong") and Chengdu Commercial Bank ("Chengdu Bank"). By its civil case judgement (2000) Chuan Jing Chu Zi 17 and other documents, the Sichuan Higher People's Court has ruled in favour of CGC. The said judgment has come into effect and was being enforced. However, since Chengdu Bank, which had a joint guarantee liability related to the subject matter of the case, has raised objections in relation to the proceedings and other matters and made an application for re-trial, the Sichuan Higher People's Court has suspended the enforcement of the said judgment by its verdict (2001) Chuan Jing Jian Zi 53 on 3 February 2001. On 17 December 2003, the Sichuan Higher People's Court issued the Urgent Notice Regarding the Trial and Enforcement of Cases in Relation to the Rectification of Investment and Trust Companies by the Provincial Government (Chuan Gao Fa [2003] 486). The notice stipulated that prior to 30 June 2004, there would be no acceptance, trial or enforcement regarding cases in which any of five financial institutions, including Chengdu Bank, was/were the debtor. On 1 July 2004, the Sichuan Higher People's Court issued the (2001) Chuan Jing Zai Chu Zi 2 Notice of Resumption of Proceedings, and the court resumed the re-trial.

As at 30 June 2004, pursuant to the relevant standards stipulated in CGC's corporate accounting system and bad debts policy, and in view of past experience, the debtor's financial status and other information, CGC has made a bad debts provision of RMB48,548,789.38 for the full amount of the debt.