

Significant Events

I. MATERIAL LITIGATIONS AND ARBITRATIONS

The Company had no material litigation and arbitration during the year.

II. ACQUISITION AND DISPOSAL OF ASSETS AND ACQUISITION AND MERGER DURING THE REPORTING PERIOD

There was no acquisition and disposal of assets or merger during the period.

III. MATERIAL CONNECTED TRANSACTIONS DURING THE REPORTING PERIOD.

1. Material connected transactions of purchase of goods and receipt of service

Unit: RMB0'000

Connected party	Connected transaction	Pricing principles	Price	Amount	Percentage in the amount of similar transactions	Way of settlement	Impact on the Company's profit
Dongfang Electrical Machinery Works	Receipt of services including greening, environment protection, property, community and transportation	On market price basis	Market price	9,750	4.92	Settled by quarter and year	Beneficial for the Company's steady operation and cost reduction, which is in line with the development strategies and sustainable growth of the Company.
Dongdian Metal Structure Parts Company Limited	Purchase of relevant ancillary parts			1,590	0.89	As contracted	
Dongdian Insulation Materials Company Limited	Purchase of relevant ancillary parts			2,148	1.21	As contracted	
Dongdian Ancillary Machine Company Limited	Purchase of relevant ancillary parts			3,744	2.11	As contracted	
Dongdian General Machinery Company Limited	Purchase of relevant ancillary parts			1,391	0.78	As contracted	

2. Material connected transactions of sales of goods and provision of services

Unit: RMB0'000

Connected party	Connected transaction	Pricing principles	Price	Amount	Percentage in the amount of similar transactions	Way of settlement	Impact on the Company's profit
China DFEM Corporation	Sales of products	On market price basis	Market price	825	0.40	As contracted	Slight impact
Dongfang Electrical Machinery Works	Provision of security, fire protection, filing and other relevant services			4,002	1.86	Settled by quarter and year	Beneficial for the Company's steady operation and cost reduction with slight impact on the profit

Significant Events *(continued)*

3. Credit and indebtedness with connected parties

Unit: RMB0'000

Connected party	Relationship	Provision of capital to the connected party		Fund appropriation fee received	Provision of capital to the Company by the connected party	
		Amount incurred in the period	Balance		Amount incurred in the period	Balance
Dongle Heavy Piece	Associate	0	1,050	—	0	0
Total	—	0	1,050	—	0	0

During the reporting period, fund provided by the Company to its controlling shareholder and its subsidiaries was nil and the Company did not provide the balance of such funds to its controlling shareholder and its subsidiaries as at the end of the reporting period.

IV. MATERIAL CONTRACTS AND IMPLEMENTATION THEREOF

1. Custody

The Company had no trust during the year.

2. Contracting

The Company involved in no contracting activities during the year.

3. Leasing

The Company involved in no leasing activities during the year.

4. Guaranty

The Company involved in no guarantee during the year.

5. Asset management on trust

The Company involved in no asset management on trust during the year.

6. Other material contract

The Company entered into no other material contract during the year.

V. FULFILMENT OF UNDERTAKINGS OF THE COMPANY OR SHAREHOLDERS WITH 5% OR MORE INTEREST IN THE COMPANY

No undertaking of the Company or shareholders with 5% or more interest in the Company occurred in or subsisted to the reporting period.

Significant Events *(continued)*

VI. APPOINTMENT OR TERMINATION OF APPOINTMENT OF THE AUDITORS

Change of accountants of the Company in the past three years

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Year	International and PRC auditors	Subject to change
2002	PricewaterhouseCoopers, PricewaterhouseCoopers Zhong Tian CPAs Ltd. Co.	Yes
2003	Ho and Ho & Company and Shenzhen Pan-China (Schinda)	Yes
2004	Ho and Ho & Company and Shenzhen Pan-China (Schinda)	No

During the reporting period, the Company did not change the auditors. Shenzhen Pan-China (Schinda) was appointed as the domestic audit institution of the Company in 2004, to which the Company paid a total of RMB485,000 as its remuneration for the previous year. It has been reappointed for the same job. As at 31 December 2004, the domestic auditors have provided auditing service for the Company for 2 years.

Ho and Ho & Company served as the overseas audit institution of the Company in 2004, to which the Company paid a total of RMB485,000 as its remuneration for the previous year. It has been reappointed for the same job. As at 31 December 2004, the overseas auditors have provided auditing service for the Company for 2 years.

VII. DESIGNATED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31 December 2004, the Company had no designated deposits or overdue time deposits.

VIII. PUNISHMENT AND REFORMS ON THE COMPANY, THE BOARD OF DIRECTORS AND DIRECTORS

During the reporting period, none of the Company, the Board of Directors and the directors was a subject of inspection, administrative punishment or criticism by CSRC or public censure by any securities exchange.