

## **DESIGNATED DEPOSITS**

All deposits of the Company were placed in the PRC state-owned banks and their branches and the Company had no deposits with any non-banking financial institutions. In June 2001, the Company granted a loan of RMB100 million to Yituo (Luoyang) Building Machinery Co., Ltd., a subsidiary of the Company. However, in accordance with the requirement of prohibition of inter-company loans in the PRC, certain banks have been appointed to handle the loan matter. Such amount has been eliminated upon the preparation of the Group's condensed consolidated balance sheet. Save as aforesaid, all deposits of the Company were not in the form of designated deposits with the banks and there were no unrecovered fixed deposits upon maturity.