

## **PLEDGE OF SHARES BY THE HOLDING COMPANY**

On 18th January 1999, the Company published an announcement in respect of the pledge by the Holding Company of 650,000,000 shares of Rmb1 each in the Company (the "Pledged Shares") to a bank in the PRC (the "Bank") on 13th October 1998 as the security for repayment obligations of the Company in respect of loans up to a maximum principal amount of Rmb650,000,000 granted to the Company by the Bank during the period from 12th October 1998 to 12th October 2003. The Pledged Shares represent all of the Holding Company's equity interests in the Company and represent 61.09% of the issued share capital of the Company.

The above pledge has not been released as at 30th June 2001.