



### PLEDGE OF ASSETS

As at 30 June 2003, the Group's certain buildings and machinery with an aggregate carrying value of approximately RMB36,586,000 and deposits of approximately RMB11,537,000 were pledged to banks to secure certain short term bank loans granted to the Group.

In addition, the Group's deposits amounting to approximately RMB208,878,000 and bills receivable of approximately RMB6,670,000 are pledged to banks to secure other banking facilities granted to the Group.

As at 30 June 2003, the Group's deposits amounting to RMB3,210,000 are pledged to a bank for securing certain performance bonds issued by that bank on behalf of a related company.