

NOTES TO THE FINANCIAL STATEMENTS

Financial Statements Prepared in Accordance with prc Accounting Standards

1. GENERAL

Kunming Machine Tool Company Limited was established in the Mainland People's Republic of China as a sino-foreign joint stock limited company as part of the reorganisation of a state owned enterprise known as Kunming Machine Tool Plant ("KMT Plant"). Pursuant to the reorganization, the operations, assets and liabilities of KMT Plant were divided between the Company and Kunming Kun Ji Group Company ("Kun Ji Group Company"). The Company was established on 19th October 1993. The Company's A shares and H shares have been listed on the Shanghai Securities Exchange in Shanghai and The Stock Exchange of Hong Kong Limited in Hong Kong respectively. The Company is engaged principally in the design, development, production and sale of machine tool, precision measuring equipment and precision transducers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The financial statements have been prepared in accordance with "Accounting Standard for Business Enterprises" and "Accounting Regulations for Joint Stock Companies".

Fiscal year

The Company adopts the calendar year as its fiscal year i.e. from 1st January to 31st December.

Reporting currency

The Company's books of accounts are maintained in Renminbi ("RMB").

Basis of accounting

The financial statements were prepared using the historical cost basis and accruals basis of accounting.

Foreign currency transaction

Transactions in foreign currencies are translated into RMB at the middle rates ruling on the dates of the transaction. Monetary assets and liabilities denominated in foreign currency are re-translated into RMB at the middle rates ruling on the balance sheet date. Exchange gains or losses are dealt with in the current year's statement of income and appropriation as financial expenses.

Cash equivalents

Cash equivalents represent highly liquid investments which are within three months of maturity when acquired and which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Accounting for bad debt and doubtful accounts

Criteria for recognition of bad debt:-

The irrecoverable amount for a debtor who becomes bankrupt after pursuing the statutory recovery procedures.

The irrecoverable amount for a debtor who dies and has no offsetting estate and/or obligatory undertakers.

The irrecoverable amount with sufficient evidence for a debtor who does not comply with the repayment obligation after the debt becomes due.

Accounting for allowance for doubtful accounts:-

Allowance for doubtful accounts is provided with reference to the aging analysis of accounts receivable.

The ratio of allowance for doubtful accounts is based on previous experience of the Company, actual financial status, cash flow conditions of the debtor and other rational estimate from relevant information.

Inventories

Inventories are stated at historical cost. Cost comprised direct materials, direct labor, direct overhead related to the goods produced and service provided, and allocation of indirect overhead incurred for production and provision of services. Inventories are categorized as raw materials, work in progress, finished goods, goods in transit and low value consumables.

Inventory is calculated using weighted average cost method when issue.

Inventory valuation allowance

Inventory valuation allowance should be made when the net realizable value of inventory is lower than its carrying amount as of balance sheet date. It is calculated in accordance with the difference between the carrying amount and the net realizable value of specific item of inventory. Net realizable value represents the estimated selling price less all further costs to completion and costs to be incurred in marketing, selling and distribution.

Short-term investment

Short-term investment represents high liquid investments that are readily convertible to known amounts of cash and which are held within one year.

Short-term investment is stated at historical cost, which represents total amount paid to acquire the investment including taxes, commissions and other relevant expenses. The cash dividends declared but not distributed, or bond interest due but not collected should be calculated separately as receivables.

Short-term investments should be carried at the lower of cost and market value at the end of each period and provision for investment loss should be recognized according to the investment collectively.

Investment income on disposal is calculated in accordance with the difference between the carrying amount and proceeds from disposal.

Long-term equity investment and provision for permanent diminution in value

Long-term equity investment is stated at historical cost.

Cost method is adopted when the Company has no control, no joint control and no significant influence on the investee enterprise; equity method is adopted when the Company has control, joint control or significant influence on the investee enterprise.

When the cost method is adopted, the amount of investment income in the current period recognized by the investor is limited to the amount received from the accumulated net profits which arise after the investee enterprise has accepted the investment from the investor. The amount of profits or cash dividends declared to be distributed by the investee enterprise in excess of the above should be treated as a recovery of the investment cost, and reduce the carrying amount of investments accordingly.

When the equity method is adopted, the amount of investment income in the current period recognized by the attributable share of the investee enterprise's net profit or loss.

If the recoverable amount of any investment is lower than the carrying amount of that investment as a result of a continuing decline in market value or changes in operating conditions of the investee enterprise, the difference between the recoverable amount and the carrying amount of the investment should initially be offset against any capital surplus relating to that investment. Any remaining difference which is in excess of the capital surplus attributable to that investment should be recognized as an investment loss in the current year.

Fixed assets and depreciation

Fixed assets include buildings, plant, machinery, motor vehicles and other operating-related equipment, fixture and tools etc. with over one year's useful lives, and non-operating equipment with over RMB 2,000 unit value and over two years useful lives.

Fixed assets are stated at historical cost. Depreciation is provided to write off the cost of fixed assets less their estimated residual value over their estimated useful lives from the month after they are put into operation, using the straight-line method at the following rates per annum:

	Estimated useful lives	Annual depreciation rates
Buildings	40	2.5%
Plant and machinery	12 - 50	2% -8%
Furniture, fixture and equipment	10 - 14	6% - 10%
Motor vehicles	10 - 14	6% - 10%

Construction-in-progress

Construction-in-progress is stated at cost which includes all construction expenditure, capitalized interest, exchange gains or losses attributable to such projects and other relevant expenses.

Construction-in-progress should be transferred to fixed assets after it is put into operation.

Borrowing costs in relation to the construction loan and exchange gains and losses directly attributable to the construction are added to the cost of the construction until such time as the fixed assets are ready for their intended use.

Intangible assets

Intangible assets are stated at acquisition cost.

Land use rights are amortized evenly over the terms of the contract after obtaining the certificate of land occupancy rights.

Usage right to staff quarters is amortized evenly over the beneficial life of 48 years.

Long-term deferred expenses

Long-term deferred expenses are amortized evenly over their useful lives.

Revenue

Revenue from the sale of goods should be recognized when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer; the Company retains neither continuing management nor effective control over the goods sold; the Company received or has right to collect the relevant revenue.

Income tax

Income tax is provided under tax liability method.

Income tax provision is calculated based on the accounting results for the year as adjusted for items which are non-assessable or disallowed in accordance with relevant tax laws.

Subsidy income

Subsidy income is recognized as income for the year when the amount received.

3. TAXATION

Value added tax

Output value added tax is calculated at 17% of the revenue, and paid after deducting input value added tax.

Income tax

According to the notice of Cai Shui Zi (1994) No. 017 jointly issued by the Ministry of Finance and the State Administration of Taxation, the applicable income tax rate of the Company is 15%.

4. CASH

	2000			1999		
	Foreign Currency	Exchange Rate	RMB	Foreign Currency	Exchange Rate	RMB
Cash on hand						
RMB	-	-	45,433	-	-	54,922
HKD	21,219	1.0606	22,505	21,129	1.0651	22,504
USD	6,383	8.2781	52,840	6,382	8.2793	52,838
DEM	10,900	3.8657	42,134	10,014	4.2075	42,134

Cash in banks						
RMB	-	-	83,673,007	-	-	62,213,023
HKD	41,151,680	1.0606	43,645,472	40,564,917	1.0651	43,205,693
USD	38,930	8.2781	322,266	38,155	8.2793	315,897
			127,803,657			105,907,011

Including:

Time deposit in banks and other financial institutions		62,424,000		83,473,800
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The time deposit of HK dollar amount to HKD 40,000,000 (equal to RMB 42,424,000) has been pledged to secure short-term loan.

5. SHORT-TERM INVESTMENTS

	2000		1999	
	Amounts invested <i>RMB</i>	Provision for diminution in value <i>RMB</i>	Amounts invested <i>RMB</i>	Provision for diminution in value <i>RMB</i>
Stock and fund investment	67,000,000	-	-	-

The cost of stock and fund investment of RMB 10,685,174, has market value amounted to RMB11, 081,113.

6. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Aging analysis of accounts receivable is as follows:

	2000			1999		
	Accounts receivable	%	Allowance for doubtful accounts	Accounts receivable	%	Allowance for doubtful accounts
	<i>RMB</i>		<i>RMB</i>	<i>RMB</i>		<i>RMB</i>
Within one year	21,798,513	64	5,558,172	6,421,106	18	321,254
Between one to two years	216,045	1	76,104	8,886,249	24	1,305,237
Between two to three years	2,422,208	7	871,085	14,020,319	38	6,657,568
Over three years	9,470,437	28	9,255,937	7,512,239	20	7,477,239
	33,907,203	100	15,761,298	36,839,913	100	15,761,298

Major items are as follows:

Customer Name	Amount	Aging of accounts receivable	Reasons
	<i>RMB</i>	year	
Shanghai Xi Ai Xi International Trade Company Ltd.	3,235,292	1 - 5	Sales of goods
China San Jiang Aerospace Industry Group Company	2,206,000	0 - 1	Sales of goods
Jiang Xi Chang Lin Machinery Plant	1,680,514	1 - 5	Sales of goods
Chen Du Xi Nan Jian Zhong Machinery Equipment Company	1,673,280	1 - 3	Sales of goods
Beijing Yuan Yi Tong Shang Technical Development Company Ltd.	1,571,914	0 - 1	Sales of goods

The balance of accounts receivable does not contain any amounts due from major shareholders who hold more than 5% shares (including 5%) of the Company.

7. OTHER RECEIVABLES

Aging analysis of other receivables is as follows:

	2000		1999	
	RMB	%	RMB	%
Within one year	1,250,584	49	2,219,918	88
Between one to two years	595,880	24	42,669	2
Between two to three years	30,719	1	254,550	10
Over three years	659,731	26	-	-
	2,536,914	100	2,517,137	100

The balance of other receivable does not contain any amounts due from major shareholders who hold more than 5% shares (including 5%) of the Company.

The main items of other receivable are petty cash advanced to employee and deposit for buying fixed assets.

8. ADVANCE TO SUPPLIERS

Aging analysis of advance to suppliers is as follows:

	2000		1999	
	RMB	%	RMB	%
Within one year	-	-	100,000	7
Between one to two years	-	-	221,330	16
Between two to three years	-	-	404,100	30
Over three years	-	-	629,151	47
	-	-	1,354,581	100

The balance of advance to suppliers does not contain any amounts due from major shareholders who hold more than 5% shares (including 5%) of the Company.

9. INVENTORIES AND INVENTORY VALUATION ALLOWANCE

	2000		1999	
	Amount	Inventory valuation allowance	Amount	Inventory valuation allowance
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Goods-in-transit	6,733,253	-	6,512,742	-
Raw materials	23,707,145	3,282,482	22,120,476	3,282,482
Work-in-progress	134,171,776	30,325,481	130,411,626	30,325,481
Finished goods	50,839,754	12,945,365	42,286,037	12,945,365
Low-value consumables	3,833,944	82,781	4,138,335	82,781
	219,285,872	46,636,109	205,469,216	46,636,109

10. LONG-TERM EQUITY INVESTMENTS AND PROVISION FOR PERMANENT DIMINUTION IN VALUE

	2000	1999
	<i>RMB</i>	<i>RMB</i>
Long-term equity investments		
Cheng Jiang Copper Products Plant		
- Original Cost	2,000,000	2,000,000
Less: Provision for permanent diminution in value	2,000,000	2,000,000
	-	-

The long-term equity investment represents the Company's initial contribution of 40% interest in the capital of Cheng Jiang Copper Products Plant ("Cheng Jiang"). Due to the uncertain market conditions, the joint venture partners have mutually agreed that no addition funds are to be injected and all the investment cost has been fully provided for last year.

11. FIXED ASSETS AND ACCUMULATED DEPRECIATION

	Buildings	Plant and machinery	Furniture, fixture and equipment	Motor vehicles	Total
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Cost					
At 1st January 2000	130,553,530	150,066,331	22,484,054	4,180,154	307,284,069
Additions	14,954	1,007,158	975,793	7,350	2,005,255
Transfer from					
Construction-in-progress	7,043	1,810,655	55,179	375,328	2,248,205
Disposals	(116,409)	(501,948)	(166,276)	(162,800)	(947,433)
At 31st December 2000	130,459,118	152,382,196	23,348,750	4,400,032	310,590,096
Accumulated Depreciation					
At 1st January 2000	20,099,898	52,570,771	9,472,224	2,046,826	84,189,719
Provided for the year	3,611,474	9,305,934	2,094,777	396,004	15,408,189
Eliminated on disposals	(24,999)	(397,910)	(107,043)	(157,386)	(687,338)
At 31st December 2000	23,686,373	61,478,795	11,459,958	2,285,444	98,910,570
Net Book Value					
At 31st December 1999	110,453,632	97,495,560	13,011,830	2,133,328	223,094,350
At 31st December 2000	106,772,745	90,903,401	11,888,792	2,114,588	211,679,526
Included:					
Net book values of pledged assets					
at 31st December 2000	32,103,184	-	-	-	32,103,184

12. CONSTRUCTION-IN-PROGRESS

Name of project	At 1st January 2000 RMB	Completed and transferred Additions to fixed assets RMB	Other Transferred out RMB	At 31st December 2000 RMB	Percentage of completion %	Source of funds
Five-face machining center VT 2000	17,225,265	70,950	-	-	17,296,215	90 Listing proceeds
Engineering of heat- treatment workshop	6,307,350	623,953	(380,610)	-	6,550,693	95 Listing proceeds
95 Technical improvement Projects	1,005,011	7,231,069	-	-	8,236,080	20 Loans
Others	2,923,094	1,640,357	(1,138,838)	(327,178)	3,097,435	— Listing proceeds and loans
Modification on stable thermal system	400,000	138,000	(538,000)	-	-	Listing proceeds
Capitalised interest	1,060,386	262,906	(190,757)	-	1,132,535	
	28,921,106	9,967,235	(2,248,205)	(327,178)	36,312,958	

Five-face machining center VT2000 and Engineering of heat-treatment workshop are almost completed at the beginning of 2000 and they are in the process of debugging, testing and final constructing in the current year. As a result, there was little expenditure incurred during 2000.

13. INTANGIBLE ASSETS

Item	Original cost RMB	At 1st January 2000 RMB	Amortization for the year RMB	At 31st December 2000 RMB	N.B.V. of assets pledged at 31st December 2000 RMB	Useful life remained Years
Land use right	25,560,000	22,388,613	(511,200)	21,877,413	-	42.75
Usage right to staff quarter	4,485,988	4,112,156	(93,458)	4,018,698	-	43
	30,045,988	26,500,769	(604,658)	25,896,111	-	

14. LONG-TERM DEFERRED EXPENSES

Item	Original	At 1st	Amortization	At 31st
	cost	January	for the year	December
	2000	2000	2000	2000
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Subsidy of staff quarters	8,054,766	7,695,934	(402,738)	7,293,196

Certain employees of the Company have purchased residential quarters from Kun Ji Group Company. The Company paid the difference between the cost and the amount paid by the employees for the residential quarters as a subsidy to the employees. The amount is amortised over a period of 20 years, representing the average remaining service years of the existing employees of the Company.

15. SHORT-TERM LOANS

Category of the loans	2000	1999
	<i>RMB</i>	<i>RMB</i>
Guaranteed loans	40,200,000	-
Secured loans	40,000,000	31,000,000
	80,200,000	31,000,000

All the guaranteed loans are guaranteed by Kunji Group.

All the secured loans are secured by Hong Kong dollar time deposit.

16. ACCOUNTS PAYABLE

The balance of accounts payable does not contain any amounts due to shareholders holding over 5% shares (including 5%) of the Company.

17. ADVANCE FROM CUSTOMERS

The balance of advance from customers does not contain any amounts due to shareholders holding over 5% shares (including 5%) of the Company.

18. TAXES PAYABLE

	2000 RMB	1999 RMB
Income tax	(16,000)	(16,000)
Value added tax	2,499,254	257,945
	2,483,254	241,945

19. OTHER PAYABLES

The balance of other payables does not contain any amounts due to shareholders holding over 5% shares (including 5%) of the Company.

20. ACCRUED EXPENSES

	2000 RMB	1999 RMB	Reasons
Accrued audit fee	1,600,000	1,000,000	Provision for audit fee for year 1999 and 2000

21. LONG-TERM LOANS

Lenders	2000 RMB	1999 RMB	Period	Annual Interest Rate (%)	Terms
Industrial and Commercial Bank of China	29,800,000	-	2000.8.31 - 2003.8.30	5.94	Secured loan
Industrial and Commercial Bank of China	10,000,000	10,000,000	1999.7.30 - 2002.7.29	5.94	Secured loan
Yunnan State-owned Assets Holding Company	4,000,000	-		1.00	Credit loan
Less: Amount due within One year	-	-			
Amount due after one year	43,800,000	10,000,000			

Long-term bank loans are pledged by buildings.

Loan from Yunnan State-owned Assets Holding Company can be converted to the Company's share in future.

22. SHARE CAPITAL

	2000 & 1999 <i>RMB</i>
Non-trading shares	
1. Promoters shares	
Including: State-owned shares	102,397,700
2. Legal person shares	17,609,700
Total non-trading shares	120,007,400
Trading shares	
1. A shares	60,000,000
2. H shares	65,000,000
Total trading shares	125,000,000
Total shares	245,007,400

The face value of the above shares is RMB 1.00.

23. CAPITAL SURPLUS

	2000 & 1999 <i>RMB</i>
Share premium	293,744,338
Revaluation surplus	11,536,142
	305,280,480

24. SURPLUS RESERVES

	Statutory surplus reserve <i>RMB</i>	Statutory public welfare fund <i>RMB</i>	Total <i>RMB</i>
Balances as at 1st January 2000 and 31st December 2000	8,406,328	8,406,328	16,812,656

Statutory surplus reserve may be used to make up future losses, to expand operations or to increase share capital by means of conversion.

Statutory public welfare fund can be utilized for staff welfare.

25. INCOME (LOSS) FROM OTHER OPERATIONS

	2000 <i>RMB</i>	1999 <i>RMB</i>
Materials sold		
- income	2,260,251	3,897,525
- cost	(2,450,381)	(3,910,626)
	(190,130)	(13,101)
Others		
- income	882,940	1,138,576
- cost	(1,593)	(1,141,003)
	881,347	(2,427)
	691,217	(15,528)

The increase in income from other operations was mainly due to increase in sales income from obsolete materials during the year.

26. NET FINANCIAL INCOME

	2000	1999
	RMB	RMB
Interest income	(2,984,791)	(2,997,435)
Less: Interest expenses	3,318,686	2,361,353
Exchange loss	120,078	166,245
Loan interest subsidy	(4,400,000)	(600,000)
Others	28,165	20,625
	(3,917,862)	(1,049,212)

Pursuant to "Notice on interest subsidy plan of major technology improvement projects in 1999" issued by Yunnan Provincial Economics & Trading Committee and Ministry of Finance of Yunnan Province, the "95 technology improvement project on numerical control machine products" of the Company could be entitled to the interest subsidy. As a result, the Company received interest subsidy of RMB600,000 and RMB 4,400,000 in 1999 and 2000. The interest subsidy has recorded on receipt basis and net off financial expenses accordingly.

27. INCOME (LOSS) FROM INVESTMENTS

	2000	1999
	RMB	RMB
Investment income from stock	540,000	-
Investment income from bond	-	360
Provision for diminution in value of long-term investments	-	(1,312,808)
	540,000	(1,312,448)
	Investment	Investment
	Cost	income
	RMB	RMB
Short-term investments		
Stock and fund investment	67,000,000	540,000

28. SUBSIDY INCOME

Item	Amount RMB	Authority
VAT refund	1,325,029	Ministry of Finance & State Administration of Taxation No. [2000] 47 "Notice on "Pay first, refund later" method for value added tax for numerical control machine products".

29. INCOME TAX

No provision for taxation has been made as the Company's assessable profit is wholly absorbed by tax losses brought forward.

30. OTHER CASH PAID RELATING TO OPERATING ACTIVITIES

	Amount RMB
Including:	
Warrant expenses	689,365
Administrative expenses for stock exchange	1,615,250
Transportation	1,217,316
Research & development expenses	2,703,365

31. SIGNIFICANT CONNECTED TRANSACTIONS

The details of related parties with non-controlling relationship.

Name of Company	Relationship
Kun Ji Group Company	With same chairman

The significant connected transactions with the related parties are as follows:

(a) Sales

	2000	1999
	RMB	RMB
Kun Ji Group Company (including VAT)	3,600,000	220,000

Pursuant to the sales contract signed between the Company and Kun Ji Group Company on 29th December 2000, the sales price of above machine was marked up by 17% value added tax on costs.

(b) Service agreement

On 15th November 1993, the Company entered into an agreement with Kun Ji Group Company relating to the provision of certain services to each other after the reorganisation. Pursuant to this agreement, the Company agreed to provide certain public utility services available to the Company such as water and electricity to Kun Ji Group Company, while Kun Ji Group Company agreed to provide certain services to the Company including the use of its fleet of transport vehicles by the Company for transportation service.

Pursuant to this agreement, the connected transactions between the Company and the Kun Ji Group Company are as follows:

	2000	1999
	RMB	RMB
Utility service fees received from Kun Ji Group Company	329,470	219,990
Transportation service fees paid to Kun Ji Group Company	66,200	67,691
The provision of medical service from Kun Ji Group Company to the Company's employees	965,857	2,309,350
The provision of social and education services from Kun Ji Group Company to the Company's employees	535,078	1,641,116

In relation to each category of service rendered, the relevant party is obliged to pay to the other party a service fee which is reviewed by both parties on an annual basis and is determined by reference first to the standards set by the relevant government department for that particular service. If there are no applicable State standards, the Company and Kun Ji Group Company will determine the service fees based on market prices or transacted price at arm's length negotiations.

(c) Other transactions

The Company had the following transactions with Kun Ji Group Company or companies under its control:

	2000	1999
	RMB	RMB
Sales of raw materials	26,400	44,470
Sub-contracting fees received	575,100	265,009
Sub-contracting fees paid	39,310	23,316
Construction costs paid	247,000	170,200
Subsidy to staff for the purchase of staff quarters	-	4,097,116
Sales of accounts receivable	11,398,144	-

Sales of accounts receivable:

Pursuant to the agreement signed between the Company and Kun Ji Group Company on 29th December 2000, Kun Ji Group Company purchased the accounts receivable of RMB11,398,144 at net book value of related accounts receivable accounts as at 31st December 2000.

32. CAPITAL COMMITMENTS

At the balance sheet date, the Company's capital commitments are as follows:

	2000	1999
	RMB	RMB
Capital expenditures contracted but not provided for in the financial statements (approximately):	12,772	2,061

33. POST BALANCE SHEET EVENTS AND CONTINGENT EVENTS

The company has no significant events occurring after balance sheet date and contingent events.

34. OTHER EVENTS

The company announced the following events at 28th December, 2000:

The Yunnan Provincial People's Government and Xian Jiaotong University Industrial (Group) Incorporation have entered into the Equity Transfer Agreement.

Xian Jiaotong University Industrial (Group) Incorporation is assigned with 29% of the state shares held by the Yunnan Provincial People's Government and will become the largest shareholder of the Company. At the same time, the percentage of state shares held by Yunnan Provincial People's Government decreased from 41.8% to 12.8%.

Yunnan Provincial People's Government has committed that it will acquire part of inventories and accounts receivable of the Company in the amount of approximately RMB 97,000,000 as at 31st December, 1999 after the Equity Transfer Agreement is approved to be valid by the authorities of the State concerned and the completion of procedures for the equity transfer. Xian Jiaotong University Industrial (Group) Incorporation has committed that it will inject high-tech projects and relevant assets to the Company which are amounted to approximately RMB 97,000,000.

At the balance sheet date, the transaction has not been completed yet.

35. EFFECT ON NET PROFIT AND NET ASSETS UNDER HK GAAP

	Net Profit	Net Assets as at 31st December 2000
	RMB	RMB
Financial Statement prepared in conformity with "Accounting Statndard for Business Enterprises" and "Accounting Regulationsfor Joint Stock Companies"	3,576,289	509,337,230
Adjust		
- Record short-term investment using market value	395,939	395,939
- Adjust interest subsidy as deferred income with reference to loan period	(3,000,000)	(3,000,000)
Financial Statement prepared in conformity with HK GAAP	972,228	506,733,169

36. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.