

Report of the PRC Auditors

Pu Hua Rong Dao Shen Zi (2001) No.825

AUDITORS' REPORT TO THE SHAREHOLDERS OF JINGWEI TEXTILE MACHINERY COMPANY LIMITED

We have accepted the appointment by the shareholders of the Company to audit the balance sheets of the Company and the Group (the "Company" and its "Subsidiaries") as at 31st December 2000, profit and loss accounts and profit appropriation statements of the Company and the Group and the cash flows of the Company and the Group for the year then ended. These financial statements is the responsibility of the Company. Our responsibility is to express an opinion of the financial statements based on our audit. Our audit was conducted in accordance with China Certified Public Accountants Independent Auditing Standards and consequently included such auditing procedures as were considered necessary and appropriate to the Company's and the Group's circumstances, including examination, on a test basis, of the Company's and the Group's transaction and accounting records.

In our opinion, the financial statements of the Company and the Group set out on page 28 to 60 present fairly, in all material respects, the financial position of the Company and the Group at 31st December 2000 and the results and cash flows of the Company and the Group for the year then ended in accordance with the Accounting Standards for Enterprises and the Accounting Regulations for Joint Stock Limited Company. The accounting policies used in the financial statements for the year are consistent with those used in the preceding year.

PricewaterhouseCoopers Zhong Tian
Shanghai PRC

Zhou Zhong Hui
Certified Public Accountant

Wang Xiao
Certified Public Accountant

9th April 2001