

IMPORTANT NOTE:

The Directors of the Company confirm that there are no material omissions from and misrepresentations or serious misleading statements in this interim report and accept joint and several responsibility for the truthfulness, accuracy and completeness of the contents of the report.

The Company's interim report has not been audited.

The Board of Directors of Kunming Machine Tool Company Limited (the "Company") is pleased to announce the Company's interim report for the six months ended 30th June, 2001.

I. Overview of the Company

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| 1. | Name of the Company (Chinese) | : | 昆明機床股份有限公司 |
| | Name of the Company (English) | : | Kunming Machine Tool Company Limited |
| | Abbreviated name (English) | : | KMTC |
| 2. | Company registered and business address | : | 23 Ciba Road, Kunming City, Yunnan Province
the People's Republic of China ("the PRC") |
| | Postal Code | : | 650203 |
| | Company's internet website | : | http://www.cnkmtc.com |
| | Email address | : | kmmctl@public.km.yn.cn |
| 3. | Company's legal representative | : | Mr. Gao Yangren |
| 4. | Company Secretary of the Board of Directors | : | Mr. Feng Sizhong |
| | Authorized representative (Local) of the Company Secretary of the Board of Directors | : | Madam Qu Xin Ye |
| | Address: | | 23 Ciba Road, Kunming City, Yunnan Province, the PRC |
| | Telephone: | | (0871) 5212410,
(0871) 5212411 |
| | Facsimile: | | (0871) 5150317 |
| 5. | Company's designated newspapers for publishing | : | Shanghai Securities Daily, Hong Kong Economic Times and Hong Kong iMail |

Company's designated website for

publishing interim report : <http://www.sse.com.cn>

Company's interim report
available at : Secretary Office of the Board
of Directors,
Kunming Machine Tool
Company Limited
23 Ciba Road, Kunming City,
Yunnan Province, the PRC

6. Place of the Company's share listing : A Shares: Shanghai Securities
Exchange
H Shares: The Stock Exchange of
Hong Kong Limited

Abbreviation for Company Shares : Kunming Machine
Stock Code : A Shares: 600806
H Shares: 0300