

VI. Financial Report

1. The Company's interim report 2001 of the Company has not been audited.

2. Financial Statements

PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS

Balance sheet

	Notes	30th June, 2001 RMB	31st December, 2000 RMB (As restated)
ASSETS			
CURRENT ASSETS			
Cash		76,453,867	127,803,657
Short-term investments	(6)a	117,000,000	67,000,000
Accounts receivable	(6)b	39,633,238	33,907,203
Other receivables	(6)c	5,212,414	2,536,914
Less: Allowance for doubtful accounts	(6)b	15,761,298	15,761,298
Accounts receivable - net		29,084,354	20,682,819
Advance to suppliers		7,797,934	-
Inventories	(6)d	236,568,354	219,320,527
Less: Inventory valuation allowance	(6)d	46,636,109	46,636,109
Inventories - net		189,932,245	172,684,418
Total current assets		420,268,400	388,170,894
LONG-TERM INVESTMENTS			
Long-term equity investments	(6)e	2,000,000	2,000,000
Less: Provision for permanent diminution in value	(6)e	2,000,000	2,000,000
Long-term investment - net		-	-
FIXED ASSETS			
Fixed assets - cost		311,207,772	310,590,096
Less: Accumulated depreciation		106,376,222	101,633,561
Fixed assets - net		204,831,550	208,956,535
Unsettled disposal of fixed assets		133,800	82,013
Construction-in-progress	(6)f	36,884,099	35,641,361
Total fixed assets		241,849,449	244,679,909

**INTANGIBLE ASSETS AND
OTHER ASSETS**

Intangible assets	25,593,782	25,896,111
Long-term deferred expenses	(6)g 7,091,827	7,293,196

Total intangible assets and other assets	32,685,609	33,189,307
---	------------	------------

TOTAL ASSETS	694,803,458	666,040,110
---------------------	-------------	-------------

**LIABILITIES AND
SHAREHOLDERS' EQUITY**

CURRENT LIABILITIES

Short-term loans	100,200,000	80,200,000
Accounts payable	3,765,610	4,540,138
Advance from customers	22,058,012	14,521,237
Payroll payable	2,976,542	2,976,542
Accrued welfare funds	1,036,669	913,576
Taxes payable	1,802,522	2,483,254
Other payables	9,417,755	9,062,721
Accrued expenses	1,600,000	1,600,000

Total current liabilities	142,857,110	116,297,468
---------------------------	-------------	-------------

LONG-TERM LIABILITIES

Long-term loans	43,800,000	43,800,000
-----------------	------------	------------

Total long-term liabilities	43,800,000	43,800,000
-----------------------------	------------	------------

TOTAL LIABILITIES	186,657,110	160,097,468
--------------------------	-------------	-------------

SHAREHOLDERS' EQUITY

Share capital	245,007,400	245,007,400
Capital surplus	305,280,480	305,280,480
Surplus reserves	16,812,656	16,812,656

Included: statutory public welfare fund	8,406,328	8,406,328
Deficit	(58,954,188)	(61,157,894)

Total shareholders' equity	508,146,348	505,942,642
----------------------------	-------------	-------------

**TOTAL LIABILITIES AND
SHAREHOLDERS' EQUITY**

694,803,458	666,040,110
-------------	-------------

**PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS
STATEMENT OF INCOME AND APPROPRIATION**

		For the six months ended 30th June,	
		2001	2000
		RMB	RMB
	Notes		
Principal operating income		38,240,513	31,297,547
Less: Principal operating cost		26,144,739	22,251,860
Principal operating profit		12,095,774	9,045,687
Add: Income from other operations	(6)h	313,546	384,888
Less: Selling expenses		3,059,893	2,979,181
Administrative expenses		9,778,285	9,330,455
Financial expenses	(6)i	2,552,525	55,411
Operating loss		(2,981,383)	(2,934,472)
Add: Investment income	(6)j	3,500,000	-
Subsidy income		1,700,000	-
Non-operating income	(6)k	14,985	82,916
Less: Non-operating expenses	(6)l	29,896	121,795
Profit (loss) for the period		2,203,706	(2,973,351)
Less: Income tax		-	-
Net profit (loss) after income tax		2,203,706	(2,973,351)
Add: Deficit at beginning of the period		(61,157,894)	(61,339,595)
Deficit at end of the period		(58,954,188)	(64,312,946)

PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS
CASH FLOW STATEMENT

		For the six months ended 30th June,	
		2001	2000
		RMB	RMB
1.	Cash Flow From Operating Activities		
	Cash received from sales of goods and rendering of services	48,103,874	40,429,752
	Cash received from tax subsidy income	1,700,000	-
	Other cash received relating to operating activities	1,385,222	5,997,180
	Sub-Total of Cash Inflow	51,189,096	46,426,932
	Cash paid for goods and services	32,291,491	19,764,729
	Cash paid to and on behalf of employees	18,580,293	11,873,165
	Value added tax paid	3,723,162	2,570,381
	Other tax paid other than value added tax and income tax	-	14,044
	Other cash paid relating to operating activities	12,234,454	12,041,405

	Sub-Total of Cash Outflow	66,829,400	46,263,724
	Net Cash (Outflow) Inflow From Operating Activities	(15,640,304)	163,208
2.	Cash Flow From Investing Activities		
	Net cash received from disposal of other investments / fixed assets	3,500,000	25,200
	Interest received from time deposits	260,800	694,981
	Sub-total of Cash Inflow	3,760,800	720,181
	Cash paid to acquire fixed assets, intangible assets and other long-term assets	5,545,516	4,705,447
	Purchase of short-term investments	50,000,000	7,000,000
	Sub-total of Cash Outflow	55,545,516	11,705,447
	Net Cash Outflow From Investing Activities	(51,784,716)	(10,985,266)
3.	Cash Flow From Financing Activities		
	New bank loan raised	20,000,000	66,000,000
	Sub-total of Cash Inflow	20,000,000	66,000,000
	Repayment of bank loans	-	97,000,000
	Loan interest paid	3,946,207	806,550
	Other cash paid relating to financing activities	7,000	-
	Sub-total of Cash Outflow	3,953,207	97,806,550
	Net Cash Inflow (Outflow) From Financing Activities	16,046,793	(31,806,550)
4.	Exchange rate changes	28,437	(101)
5.	Net decrease in cash and cash equivalents	(51,349,790)	(42,628,709)

Supplemental Information

For the six months ended 30th June,
2001 2000
RMB RMB

1 Reconciliation of profit (loss) for

the period to net cash (outflow) inflow from operating activities		
Profit (loss) for the period	2,203,706	(2,973,351)
Add: Depreciation of fixed assets	7,894,008	7,699,357
Amortisation of intangible assets and other assets	503,700	503,698
Loss on disposal of fixed assets	1,662	97,180
Financial expenses	3,917,770	111,670
Investment income	(3,500,000)	-
Increase in inventories	(17,282,483)	(13,501,240)
(Increase)/decrease in operating receivables	(8,401,534)	5,630,862
(Decrease)/increase in operating payables	(977,133)	2,595,032
Net Cash (Outflow) Inflow from Operating Activities	(15,640,304)	163,208

2 Net decrease in cash and cash equivalents

	For the six months ended 30th June,	
	2001	2000
	RMB	RMB
Cash at end of period	76,453,867	63,278,302
Less: Cash at beginning of period	(127,803,657)	(105,907,011)
Net decrease in cash and cash equivalents	(51,349,790)	(42,628,709)

PREPARED IN ACCORDANCE WITH PRC ACCOUNTING STANDARDS

NOTES TO THE FINANCIAL STATEMENTS

(1) Accounting Policies

The Company applies the "Accounting Standards for Business Enterprises of the People's Republic of China" and its supplementary regulations issued by Finance Ministry. From 1st January, 2000, the Company applies "Accounting Regulations of the People's Republic of China" and its supplementary regulations.

(2) Change in accounting policy

Since 1st January, 2001, the Company applied the new "Accounting Standards for Business Enterprises of the People's Republic of China", "Accounting Regulations of the People's Republic of China" and its supplementary regulations.

In accordance with the Cai Kuai Zi [2000] No. 25 document entitled "Company Accounting System" and [2001] No. 17 document entitled "Notice about the requirements of policy consistency in the complete implementation of the "Company Accounting System", all

released by the Ministry of Finance, the Company adopted retrospective adjustments due to the change in accounting policy with respect to the provision for diminution in value of fixed assets, resulting in an increase in accumulated losses at 1st January, 2000 by approximately RMB 3,395,000, decrease in fixed assets and construction in progress by approximately RMB 2,723,000 and approximately RMB 672,000 respectively.

(3) Fiscal Year

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

(4) Basis of Accounting

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

(5) Connected transactions

Name of Company	Relationship
Kun Ji Group Company	With same chairman

During the period, the Company paid approximately RMB994,000 as service fee and received approximately RMB99,000 as the sales of raw materials, sub-contracting fee and utility service fees to Kun Ji Group Company. The above transactions are within the Company's ordinary course of business and in accordance with the provision with agreement that are fair and reasonable to the shareholders.

(6) Notes for the highlights of the financial statements:

a. Short-term investments

	30th June, 2001	31st December, 2000
	RMB	RMB
Stock and fund investment	117,000,000	67,000,000

The cost of stock and fund investment of approximately RMB77,223,000 has market value amounted to approximately RMB81,725,000.

b. Accounts receivable

Aging analysis of accounts receivable is as follows:

30th June, 2001			31st December, 2000		
Accounts receivable	Allowance for doubtful accounts		Accounts receivable	Allowance for doubtful accounts	
RMB	%	RMB	RMB	%	RMB

Within one year	27,953,993	71	5,558,172	21,798,513	64	5,558,172
Between one to two years	1,532,584	4	458,466	216,045	1	76,104
Between two to three years	579,889	1	488,723	2,422,208	7	871,085
Over three years	9,566,772	24	9,255,937	9,470,437	28	9,255,937
Total	39,633,238	100	15,761,298	33,907,203	100	15,761,298

c. Other receivables

Aging analysis of other receivables is as follows:

	30th June, 2001		31st December, 2000	
	RMB	%	RMB	%
Within one year	3,862,453	74	1,250,584	49
Between one to two years	581,010	11	595,880	24
Between two to three years	80,580	2	30,719	1
Over three years	688,371	13	659,731	26
Total	5,212,414	100	2,536,914	100

d. Inventories

	30th June, 2001		31st December, 2000	
	Amount RMB	Inventory Valuation Allowance RMB	Amount RMB	Inventory Valuation Allowance RMB
Raw materials	21,482,497	3,282,482	23,741,800	3,282,482
Low-value consumables	3,947,109	82,781	3,833,944	82,781
Work-in-progress	152,569,511	30,325,481	134,171,776	30,325,481
Finished goods	48,631,603	12,945,365	50,839,754	12,945,365
Goods in transit	9,937,634	-	6,733,253	-
Total	236,568,354	46,636,109	219,320,527	46,636,109

e. Long term equity investments

	30th June, 2001		31st December, 2000	
	Amount RMB	Provision for permanent diminution in value RMB	Amount RMB	Provision for permanent diminution in value RMB

Long term equity investments				
- Cheng Jiang Copper Products Plant	2,000,000	2,000,000	2,000,000	2,000,000

f. Construction-in-progress

RMB

At 1st January, 2001	35,641,361
Additions	5,106,405
Completed and transferred to fixed assets	(3,863,667)
At 30th June, 2001	36,884,099

Name of major projects	At 1st January, 2001 RMB	Additions RMB	Completed and transferred to fixed assets RMB	At 30th June, 2001 RMB
Five-face Machining Centre Vt2000	17,296,215	-	70,950	17,225,265
Engineering of Heat-treatment Workshop	6,550,693	164,781	-	6,715,474
95 Technical improvement projects	8,236,080	3,827,993	2,362,799	9,701,274
Others	2,425,838	1,113,631	1,429,918	2,109,551
Interest capitalized	1,132,535	-	-	1,132,535
Total	35,641,361	5,106,405	3,863,667	36,884,099

g. Long-term deferred expenses

Types	At 1st January, 2001 RMB	Additions RMB	Amortisation RMB	At 30th June, 2001 RMB
Subsidy of staff quarters	7,293,196	-	201,369	7,091,827

h. Income from other operations

For the six months ended 30th June,
2001
RMB

2000
RMB

Profit from raw material sales	(41,928)	121,860
Profit from transportation services	97,765	87,680
Profit from other operations	257,709	175,348
Total	313,546	384,888

i. Financial expenses

	For the six months ended 30th June,	
	2001	2000
	RMB	RMB
Interest Income	(1,376,798)	(692,171)
Less: Interest expenses	3,946,207	806,550
Exchange gain	(28,437)	(67,754)
Others	11,553	8,786
Total	2,552,525	55,411

j. Investment income

	For the six months ended 30th June,	
	2001	2000
	RMB	RMB
Gain on disposal of short-term investments	3,500,000	-

k. Non-operating income

	For the six months ended 30th June,	
	2001	2000
	RMB	RMB
Gain on disposal of fixed assets	800	69,486
Others	14,185	13,430
Total	14,985	82,916

l. Non-operating expenses

	For the six months ended 30th June,	
	2001	2000
	RMB	RMB
Loss on disposal of fixed assets	2,462	98,501
Donations	7,000	5,000
Others	20,434	18,294

Total		29,896	121,795
-------	--	--------	---------

PREPARED IN ACCORDANCE WITH HONG KONG ACCOUNTING STANDARDS
CONDENSED INCOME STATEMENT

		For the six months ended 30th June,	
		2001	2000
		RMB'000	RMB'000
	Notes		(As restated)
Turnover	4	38,241	31,298
Cost of sales		(26,145)	(22,252)
Gross profit		12,096	9,046
Other revenue	5	12,169	1,228
Administrative expenses		(12,984)	(9,228)
Distribution costs		(3,060)	(2,979)
Profit (loss) from operations	6	8,221	(1,933)
Finance costs		(3,946)	(816)
Non-operating expenses		(30)	(23)
Profit (loss) before taxation		4,245	(2,772)
Taxation	7	-	-
Net profit (loss) for the period		4,245	(2,772)
Earnings (loss) per share	8	1.73 cents	(1.13) cents

PREPARED IN ACCORDANCE WITH HONG KONG ACCOUNTING STANDARDS
CONDENSED BALANCE SHEET

		30th June, 2001	31st December, 2000
		RMB'000	RMB'000
	Notes		(As restated)
Non-current assets			
Property, plant and equipment	9	271,172	269,952
Deferred costs		3,972	4,019
		275,144	273,971
Current assets			
Inventories		189,932	172,685
Trade receivables	10	23,872	18,146
Other receivables		4,482	2,536

Other investments	11	81,725	11,081
Deposits placed with securities companies		40,172	56,315
Taxation recoverable		-	16
Pledged time deposits		42,470	42,424
Bank balances and cash	12	33,984	85,380
		416,637	388,583
Current liabilities			
Trade payables	13	3,766	4,540
Other payables		40,330	34,574
Borrowings - due within one year	14	100,200	80,200
		144,296	119,314
Net current assets		272,341	269,269
		547,485	543,240
Capital and reserves			
Share capital	15	245,007	245,007
Reserves	16	258,678	254,433
		503,685	499,440
Non-current liabilities			
Borrowings - due after one year	14	39,800	39,800
Other long-term loan		4,000	4,000
		43,800	43,800
		547,485	543,240

PREPARED IN ACCORDANCE WITH HONG KONG ACCOUNTING STANDARDS
CONDENSED CASH FLOW STATEMENT

For the six months ended
30th June, 2001
RMB'000

Net cash outflow from operating activities	(7,118)
Net cash outflow from returns on investments and servicing of finance	(1,467)
Net cash outflow from investing activities	(52,811)
Net cash outflow before financing activities	(61,396)
Cash inflow from financing activities	20,000

Decrease in cash and cash equivalents	(41,396)
Cash and cash equivalents brought forward	65,380
Cash and cash equivalents carried forward	23,984

PREPARED IN ACCORDANCE WITH HONG KONG ACCOUNTING STANDARDS

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(1) BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" ("SSAP 25"), except that, in this first year of implementation of SSAP 25, as permitted by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, no comparative amounts have been presented for either:

- the condensed statement of recognised gains and losses; or
- the condensed cash flow statement

(2) PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention. The accounting policies adopted are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31st December, 2000, except as described below.

In the current period, the Company has adopted, for the first time, a number of new and revised SSAPs issued by the Hong Kong Society of Accountants, which has resulted in the adoption of the following new accounting policies:

Intangible assets

SSAP 29 Intangible Assets specifies more rigorous criteria for the recognition of intangible assets than were applied in previous periods. Consequently, adoption of SSAP 29 has resulted in the derecognition of staff quarters subsidy previously included in deferred costs, which were reported as intangible assets in prior financial statements. This change in accounting policy has been applied retrospectively, resulting in a prior period adjustment (see Note 3).

(3) PRIOR PERIOD ADJUSTMENT

The financial effect of the change of the new accounting policy described in note 2 is summarised below:

Accumulated losses
RMB'000

Balance at 1st January, 2000	
As previously reported	(60,028)
Derecognition of staff quarters subsidy previously included in deferred costs	(7,696)
As restated	(67,724)

The financial effect of the change of the new accounting policy on the results for the prior period is as follows:

**For the six months ended
30th June, 2000
RMB'000**

Decrease in loss for the period as a result of the derecognition of staff quarters subsidy previously included in deferred costs	201
---	-----

(4) TURNOVER

Turnover represents the amounts received and receivable, which is net of business tax and sales returns, for goods sold and services rendered by the Company to outside customers during the period.

An analysis for the Company's turnover is as follows:

	For the six months ended 30th June,	
	2001	2000
	RMB'000	RMB'000
Sales of goods	33,223	25,459
Services rendered	5,018	5,839
	38,241	31,298

The Company has only one principal activity, namely the design, development, manufacture and sale of machine tools, precision measuring equipment and precision transducers. More than 90% of the Company's turnover and operating result are derived from the domestic market in the PRC. Accordingly, no segmental analysis is presented.

(5) OTHER REVENUE

For the six months ended 30th June,

2001	2000
RMB'000	RMB'000

Other revenue mainly comprises:

Interest income on deposits with banks and other financial institutions	1,377	692
Unrealised holding gains on other investments	4,502	396
Interest subsidy from finance bureau	1,700	-
Gain on disposal of other investments	3,500	-

(6) PROFIT (LOSS) FROM OPERATIONS

Profit (loss) from operations has been arrived at after charging:

	For the six months ended 30th June,	
	2001	2000
	RMB'000	RMB'000
Depreciation and amortisation	7,894	7,699
Interest expenses on bank borrowings wholly repayable within five years	3,946	807
Staff costs, including directors' remuneration	13,742	15,416

(7) TAXATION

Pursuant to a document issued by the PRC State Tax Bureau on 21st October, 1993 and confirmed by a notice issued by the Ministry of Finance and the State Tax Bureau on 18th April, 1994, the Company's profit is subject to income tax at a rate of 15% as from 1st January, 1993.

No provision for PRC income tax has been made in the financial statements as the assessable profit for the period is wholly absorbed by tax losses brought forward from previous years.

(8) EARNINGS (LOSS) PER SHARE

The calculation of earnings (loss) per share is based on the net profit for the period of approximately RMB4,245,000 for the six months ended 30th June, 2001 (for the six months ended 30th June, 2000 as restated: loss of approximately RMB2,772,000) and the number of 245,007,400 shares (for the six months ended 30th June, 2000: 245,007,400 shares) in issue throughout the period.

(9) PROPERTY, PLANT AND EQUIPMENT

Land and buildings under medium term lease in the PRC	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Construction-in-progress	Total
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000

COST

At 1st January, 2001	156,021	152,381	23,349	4,399	36,395	372,545
Additions	290	3,128	254	290	9,116	13,078
Transfers	110	-	-	11	(121)	-
Disposals	-	(4,280)	(1,556)	(54)	(672)	(6,562)

At 30th June, 2001	156,421	151,229	22,047	4,646	44,718	379,061
--------------------	---------	---------	--------	-------	--------	---------

DEPRECIATION AND AMORTISATION

At 1st January, 2001	27,369	61,479	11,459	2,286	-	102,593
Provided for the period	3,329	2,941	1,357	267	-	7,894
Eliminated on disposals	-	(1,483)	(1,063)	(52)	-	(2,598)

At 30th June, 2001	30,698	62,937	11,753	2,501	-	107,889
--------------------	--------	--------	--------	-------	---	---------

NET BOOK VALUE

At 30th June, 2001	125,723	88,292	10,294	2,145	44,718	271,172
--------------------	---------	--------	--------	-------	--------	---------

At 31st December, 2000	128,652	90,902	11,890	2,113	36,395	269,952
------------------------	---------	--------	--------	-------	--------	---------

(10) TRADE RECEIVABLES

The Company agrees credit terms with their trade customers on an individual basis.

30th June, 2001	31st December, 2000
RMB'000	RMB'000

Details of the aging analysis of trade receivables are as follows:

Within one year	22,396	16,240
Between one to two years	1,075	140
Between two to three years	90	1,551
Over three years	311	215
	23,872	18,146

(11) OTHER INVESTMENTS

30th June, 2001	31st December, 2000
RMB'000	RMB'000

Equity securities:

Listed in the PRC, at market value	81,725	11,081
------------------------------------	--------	--------

(12) BANK BALANCES AND CASH

	30th June, 2001 RMB'000	31st December, 2000 RMB'000
Time deposits	10,000	20,000
Bank balances and cash	23,984	65,380
	33,984	85,380

(13) TRADE PAYABLES

	30th June, 2001 RMB'000	31st December, 2000 RMB'000
Details of the aging analysis of trade payables are as follows:		
Within one year	965	1,384
Between one to two years	186	-
Between two to three years	-	-
Over three years	2,615	3,156
	3,766	4,540

(14) BORROWINGS

During the period, the Company obtained new bank loan in the amount of RMB20,000,000. The new bank loan bears interest at market rates and is repayable within one year. The proceeds were used as general working capital of the Company.

(15) SHARE CAPITAL

	Registered issued and fully paid 30th June, 2001 & 31st December, 2000 RMB'000
Ordinary shares of RMB1 each	
- A shares	180,007
- H shares	65,000
	245,007

Except for the currency in which dividends are paid and the restrictions as to whether the shareholders can be PRC investors or foreign investors, A shares and H shares rank pari passu in all material respects with each other.

(16) RESERVES

Statutory	Statutory public
-----------	------------------

	Share premium RMB'000	Capital reserve RMB'000	surplus reserve RMB'000	welfare fund RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1st January, 2000						
- as previously reported	293,745	10,225	8,406	8,406	(60,028)	260,754
- prior period adjustment (note 3)	-	-	-	-	(7,696)	(7,696)
- as restated	293,745	10,225	8,406	8,406	(67,724)	253,058
Net profit for the year	-	-	-	-	1,375	1,375
At 31st December, 2000 (As restated)	293,745	10,225	8,406	8,406	(66,349)	254,433
Net profit for the period	-	-	-	-	4,245	4,245
At 30th June, 2001	293,745	10,225	8,406	8,406	(62,104)	258,678

(17) CAPITAL COMMITMENTS

	30th June, 2001 RMB'000	31st December, 2000 RMB'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the financial statements	9,074	12,772

(18) PLEDGE OF ASSETS

The Company has pledged land and buildings having a net book value of approximately RMB87,698,000 (31st December, 2000: approximately RMB32,103,000) and time deposits of approximately RMB42,470,000 (31st December, 2000: approximately RMB42,424,000) to secure bank loans granted to the Company.

(19) DIFFERENCES BETWEEN PRC ACCOUNTING STANDARDS ("PRC GAAP") AND HONG KONG ACCOUNTING STANDARDS ("HK GAAP") AS APPLICABLE TO THE COMPANY

	Net profit for the six months ended 30th June, 2001 RMB'000	Net assets at 30th June, 2001 RMB'000
As per the financial statements prepared under PRC GAAP	2,204	508,146

Impact adjustments in respect of :		
- unrealised holding gains on other investments	4,502	4,898
- write off of property, plant and equipment	(3,395)	-
- interest subsidy from the PRC government	733	(2,267)
- reversal of amortisation of deferred costs	201	201
- derecognition of staff quarters subsidy previously included in deferred costs	-	(7,293)
As per the financial statements prepared under HK GAAP	4,245	503,685