



Chapter XI Report of the PRC Auditors

TO THE SHAREHOLDERS OF JINGWEI TEXTILE MACHINERY COMPANY LIMITED

We have accepted the appointment to audit the balance sheets of the Company and the Group (the “Company” and its “Subsidiaries”) as at 31st December 2002, profit and loss accounts of the Company and the Group, profit appropriation statements of the Company and the Group and the cash flow statements of the Company and the Group for the year then ended. These financial statements are the responsibility of the Company. Our responsibility is to express an audit opinion on the financial statements. 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 transactions and accounting records.

In our opinion, the financial statements of the Company and the Group present fairly, in all material respects, the financial positions of the Company and the Group at 31st December 2002 and the results and cash flows of the Company and the Group for the year then ended in accordance with the Accounting Standards for Business Enterprises of the People’s Republic of China and the Accounting System for Business Enterprises. The accounting policies used in the financial statements for the year are consistent with those used in the preceding year.

PRICEWATERHOUSECOOPERS
ZHONG TIAN CPAS CO., LTD.
Shanghai PRC

Mou Lei
Certified Public Accountant

26th March 2003

Li Xuemei
Certified Public Accountant