

Chapter X Report of the PRC Auditors

PwC ZT Shen Zi (2004) No. 1375

TO THE SHAREHOLDERS OF JINGWEI TEXTILE MACHINERY COMPANY LIMITED

We have audited the accompanying balance sheet of Jingwei Textile Machinery Company Limited (“the Company”) and the accompanying balance sheet of the Company and its consolidated subsidiaries (“the Group”) as at 31st December 2003 and related income statement, profit appropriation statement and cash flow statements for the year then ended. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with China’s Independent Auditing Standards. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant accounting estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above conform with the Accounting Standards for Business Enterprises and the “Accounting System for Business Enterprises” promulgated by the Central Government of the People’s Republic of China and present fairly, in all material respects, the financial position of the Company and the Group as at 31st December 2003 and the results of its operations and its cash flows for the year then ended.

PricewaterhouseCoopers
Zhong Tian CPAs Co., Ltd.
Shanghai PRC

Mou Lei
Certified Public
Accountant

30th March 2004

Li Xuemei
Certified Public
Accountant