

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K/A  
AMENDMENT NO. 1

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(b) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number: 0-4041

HATHAWAY CORPORATION  
(Exact name of registrant as specified in its charter)

COLORADO 84-0518115  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

8228 PARK MEADOWS DRIVE 80124  
LITTLETON, COLORADO (Zip Code)  
(Address of principal executive offices)

Registrant's telephone number, including area code: (303) 799-8200

Securities registered pursuant to Section 12(b) of the Act: NONE

Securities registered pursuant to Section 12(g) of the Act: Common Stock, no par  
value

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED  
TO BE FILED BY SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING  
THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS  
REQUIRED TO FILE SUCH REPORTS), AND (2) HAS BEEN SUBJECT TO SUCH FILING  
REQUIREMENTS FOR THE PAST 90 DAYS. YES  NO

INDICATE BY CHECK MARK IF DISCLOSURE OF DELINQUENT FILERS PURSUANT TO ITEM 405  
OF REGULATION S-K IS NOT CONTAINED HEREIN, AND WILL NOT BE CONTAINED, TO THE  
BEST OF REGISTRANT'S KNOWLEDGE, IN DEFINITIVE PROXY OR INFORMATION STATEMENTS  
INCORPORATED BY REFERENCE IN PART III OF THIS FORM 10-K OR ANY AMENDMENT TO THIS  
FORM 10-K.

As of August 31, 2000, the aggregate market value of voting stock held  
by non-affiliates of the Registrant, computed by reference to the average bid  
and asked prices of such stock approximated \$26,539,000.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement dated September  
18, 2000 are incorporated by reference in Part III of this Report.

HATHAWAY CORPORATION

Part IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

a)

2. FINANCIAL STATEMENT SCHEDULES

In addition to the documents previously filed pursuant to this section, the financial statements for Beijing Hathaway Si Fang Protection and Control Equipment Co., Ltd. (Si Fang) for the years ended December 31, 2000, 1999 and 1998 prepared in accordance with "Accounting Standards for Enterprises" and "Accounting Regulations of the People's Republic of China for Enterprises with Foreign Investment" are included below. Si Fang uses Chinese Yuan Renminbi (RMB) as its reporting currency. For the five year period from January 1, 1996 through December 31, 2000 the exchange rate has been approximately 8.3RMB to \$1USD (US Dollar). Reconciliations of Net Income and Equity per the financial statements to Net Income and Equity per Generally Accepted Accounting Principles in the United States are as follows:

Si Fang  
Reconciliation of Net Income per Financial Statements to  
Net Income per Generally Accepted Accounting Principles in the United States  
(RMB, In thousands)

	For the year ended December 31,		
	2000	1999	1998
Net income as shown in the financial statements	53,099	35,754	19,962
Adjustments to reported income:			
Provision for bad debts	(5,670)	(6,800)	(5,700)
Profit appropriations	(7,113)	(2,787)	(1,264)
VAT refund receivable	6,000	--	--
Sales to subcontractors, net	--	1,651	(1,651)
Total adjustments to reported income	(6,783)	(7,936)	(8,615)
Net income according to generally accepted accounting principles in the United States	46,316	27,818	11,347

Si Fang  
Reconciliation of Equity per Financial Statements to  
Equity per Generally Accepted Accounting Principles in the United States  
(RMB, In thousands)

	As of the year ended December 31,		
	2000	1999	1998
Equity as shown in the financial statements	132,235	88,847	38,537
Adjustments to undistributed profits:			
Provision for bad debts	(18,170)	(12,500)	(5,700)
Profit appropriations	(5,310)	(1,787)	--
VAT refund receivable	6,000	--	--
Capital contribution received prior to updated business license for new capital	--	--	870
Sales to subcontractors, net	--	--	(1,651)
Total adjustments to undistributed profits	(17,480)	(14,287)	(6,481)
Equity according to generally accepted accounting principles in the United States	114,755	74,560	32,056

There are no material differences between cash flows reported in the financial statements and the cash flows that would be reported in a statement of cash flows prepared in accordance with generally accepted accounting principles in the United States.

SHINEWING  
CERTIFIED PUBLIC  
ACCOUNTANTS

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?????  
your reference

?????  
our reference

REPORT OF THE AUDITORS  
(ENGLISH TRANSLATION-FOR REFERENCE ONLY)

TO THE BOARD OF DIRECTORS OF BEIJING HATHAWAY SI FANG PROTECTION AND CONTROL  
EQUIPMENT CO., LTD.

We have audited the balance sheet of Beijing Hathaway Si Fang Protection And Control Equipment Co., Ltd. (the"Company") at 31 December 2000, its income statement and cash flows statement for the year then ended. These financial statements are the responsibility of the Company and our responsibility is to express an audit opinion on these statements. We conducted our audit in accordance with Standards for Independent Audits of PRC Certified Public Accountants. We have examined, on a test basis, the accounting records and supporting evidence, and have carried out such audit procedures as we considered necessary.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company at 31 December 2000, the results of its operations and cash flows for the year then ended, in conformity with Accounting Standards for Enterprises and Accounting Regulations for Joint Stock Limited Company, and on a consistent basis.

SHINE WING CERTIFIED PUBLIC ACCOUNTANTS  
BEIJING CHINA

JANUARY 16, 2001

BEIJING HATHAWAY SI FANG  
PROTECTION AND CONTROL EQUIPMENT CO., LTD.  
BALANCE SHEETS  
AS OF DECEMBER 31, 2000 AND 1999

(Amounts expressed in Renminbi)

ASSETS	Notes	2000	1999
<hr/>			
CURRENT ASSETS			
Cash	4.1)	47,549,464	30,795,042
Accounts receivable, net	4.2)	129,938,580	97,301,787
Inventories	4.3)	86,535,583	74,773,525
Prepayments		12,507,072	14,252,368
Other receivables, net		11,332,854	6,655,939
		<hr/>	<hr/>
Total Current Assets		287,863,553	223,778,661
CONSTRUCTION-IN-PROGRESS	4.5)	98,450,165	17,587,106
FIXED ASSETS, net	4.4)	19,267,400	15,468,803
INTANGIBLE ASSETS	4.6)	5,697,188	--
		<hr/>	<hr/>
TOTAL ASSETS		411,278,306	256,834,570
<hr/>			
LIABILITIES AND OWNERS' EQUITY			
CURRENT LIABILITIES			
Short-term bank loans	4.7)	60,000,000	50,000,000
Accounts payable		83,466,439	80,677,521
Other payables	4.9)	54,771,847	7,592,544
Taxes payable	4.8)	10,053,935	1,957,730
Advances from customers		3,753,571	17,249,029
Accrued expenses	4.10)	14,357,575	4,472,544
Dividends payable		--	2,847,500
Salary and welfare payable		2,431,281	3,190,370
Other payables to government		208,383	--
		<hr/>	<hr/>
Total Current Liabilities		229,043,031	167,987,238
LONG TERM LOANS		50,000,000	--
		<hr/>	<hr/>
Total Liabilities		279,043,031	167,987,238
<hr/>			
OWNERS' EQUITY			
Paid-in capital	4.12)	50,000,000	10,870,000
Capital surplus	4.13)	592,460	39,122,460
Statutory reserves	4.14)	7,352,288	2,483,195
Retained earnings	4.15)	74,290,527	36,371,677
		<hr/>	<hr/>
Total Owners' Equity		132,235,275	88,847,332
<hr/>			
TOTAL LIABILITIES AND OWNERS' EQUITY		411,278,306	256,834,570
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The accompanying notes are an integral part of these financial statements.

BEIJING HATHAWAY SI FANG  
PROTECTION AND CONTROL EQUIPMENT CO., LTD.  
STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

(Amounts expressed in Renminbi)

	2000	1999
Sales, net	401,412,695	271,909,576
Less: Cost of sales	(295,706,842)	(216,835,732)
	-----	-----
Gross margin	105,705,853	55,073,844
Less: Selling expenses	(18,359,451)	(2,414,570)
General and administrative expenses	(23,824,087)	(11,627,696)
Financial expenses	(4,514,738)	(2,342,919)
Provision for loss on realization of inventory	(1,529,064)	--
Add: Other operating income, net	213,660	1,983,389
	-----	-----
Operating income	57,692,173	40,672,048
Less: Non-operating expenses, net	(70,745)	(34,574)
Add: Prior year adjustment	1,377,294	--
	-----	-----
Income before taxation	58,998,722	40,637,474
Less: Income tax	(5,899,872)	(4,883,337)
	-----	-----
Net income	53,098,850	35,754,137
	=====	=====

The accompanying notes are an integral part of these financial statements.

BEIJING HATHAWAY SI FANG  
PROTECTION AND CONTROL EQUIPMENT CO., LTD.  
STATEMENT OF CASH FLOW  
FOR THE YEARS ENDED DECEMBER 31, 2000 and 1999

(Amounts expressed in Renminbi)

	2000	1999
<b>1. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from sales of goods or rendering of services	215,044,972	136,300,136
Refund of tax	3,590,737	--
Other cash received relating to operating activities	28,675,141	10,707,892
	247,310,850	147,008,028
Sub-total of cash inflows		
Cash paid for goods and services	(141,449,851)	(120,215,564)
Cash paid to and on behalf of employees	(27,263,818)	(14,252,663)
Value-added tax on purchases paid	(16,213,997)	(10,927,839)
Income tax paid	(8,021,718)	(4,241,013)
Taxes paid other than value-added tax and income tax	(514,471)	(183,671)
Other cash paid relating to operating activities	(32,919,050)	(11,414,268)
	(226,382,905)	(161,235,018)
Sub-total of cash outflows		
NET CASH FLOWS USED IN OPERATING ACTIVITIES	20,927,945	(14,226,990)
<b>2. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net cash received from disposal of fixed assets	--	39,432
	--	39,432
Sub-total of cash inflows		
Cash paid to acquire fixed assets	(45,247,658)	(18,585,765)
	(45,247,658)	(18,585,765)
Sub-total of cash outflows		
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(45,247,658)	(18,546,333)
<b>3. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	124,000,000	52,000,000
Proceeds from issuing shares	--	19,400,000
	124,000,000	71,400,000
Sub-total of cash inflows		
Cash payments of amounts borrowed	(64,000,000)	(22,770,000)
Cash payments for distribution of dividends or profits	(10,207,500)	(4,402,500)
Cash payments of interest expenses	(4,305,131)	(2,615,564)
Other cash paid relating to financing activities	(4,297,090)	--
	(82,809,721)	(29,788,064)
Sub-total of cash outflows		
NET CASH FLOWS FROM FINANCING ACTIVITIES	41,190,279	41,611,936
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	(116,143)	--
<b>4. NET INCREASE IN CASH</b>	<b>16,754,423</b>	<b>8,838,613</b>

The accompanying notes are an integral part of these financial statements.

BEIJING HATHAWAY SI FANG  
PROTECTION AND CONTROL EQUIPMENT CO., LTD.  
CASH FLOWS STATEMENT (CONTINUED)  
FOR THE YEARS ENDED DECEMBER 31, 2000 & 1999

(Amounts expressed in Renminbi)

	2000	1999
RECONCILIATION OF NET INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	53,098,850	35,754,137
Add: Provision for bad debt	8,497,296	750,334
Provision for loss on net realizable value of inventory	1,529,064	--
Depreciation of fixed assets	2,503,860	1,826,552
Amortisation of intangible assets	96,562	--
Losses on disposal of fixed assets	--	5,873
Financial expenses	4,514,738	2,342,919
Increase in inventories	(13,291,122)	(20,497,982)
Increase in operating receivables	(35,188,611)	(50,383,329)
Decrease in operating payables	(832,692)	15,974,506
NET CASH FLOWS USED IN OPERATING ACTIVITIES	20,927,945	(14,226,990)
NET INCREASE IN CASH		
Cash, end of the year	47,549,465	30,795,042
Less: Cash, beginning of the year	30,795,042	21,956,429
NET INCREASE IN CASH	16,754,423	8,838,613

The accompanying notes are an integral part of these financial statements.

BEIJING HATHAWAY SI FANG PROTECTION AND CONTROL EQUIPMENT CO., LTD.  
 NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2000  
 (Unless otherwise indicated, all figures are stated in RMB)

1. GENERAL

- A. Beijing Hathaway Si Fang Protection and Control Equipment Co., Ltd (the "Company") is a Sino-foreign equity joint venture set up on April 8, 1994. The registered capital was increased from US\$700,000 at the time of establishment to RMB50,000,000 at December 31, 2000.
- B. According to the resolution of the board on May 2000, the Company increased its registered capital to US\$4,820,000 through transferring its undistributed profit of 1998 at an amount of RMB1,186,900 (equivalent to US\$1,430,000), the enterprise expansion fund RMB6,625,000 (equivalent to US\$750,000), reserve fund RMB1,079,000 (equivalent to US\$130,000) and cash contributions at an amount of US\$1,210,000. Shareholding interests are remain the same after the increase. A new business license was obtained after the change.
- C. According to the Board of Directors of the Company on May 2000 and the approval of Hai yuan wai Jing(2000) No. 490 issued by Zhong Guan Cun Science and Technology Region Management Committee, Norva (S.E.A.) Private Limited transferred all its share interests (5%) to Hathaway Corporation.

On August 2000, the registered capital of the Company was increased from US\$ 4,820,000 to RMB 50,000,000 and the Company changed its legal form from Sino-foreign equity enterprise to domestic limited company, according to the Board of Directors of the Company on August 2000 and the approvals of Hai yuan wai jing (2000) No.722 issued by Zhong Guan Cun Science and Technology Region Management Committee. The equity interest after the change are as follows:

JOINT VENTURE PARTNER	CAPITAL INVESTED ( RMB )	%
Beijing Sifang Tongchuang Protection and Control Equipment Co., Ltd.	11,050,000	22.10
State Power Company Nanjing Electric Power Automation Equipment General Factory	10,050,000	20.10
Hathaway Corporation	10,000,000	20.00
XJ Group Corporation	9,875,000	19.75
China Huadian Power Equipment and Engineering (Group) Corporation	5,025,000	10.05
The State Electrified Netting Materials Co., Ltd.	4,000,000	8.00
Total	50,000,000	100.00



- D. The increased capital was verified by Beijing Zhongjiixin CPAs in 2000 ( appraisal report No.122). The Company obtained a new business license after that the Company changed as a domestic enterprise on 28th September 2000.

The Company is principally engaged in designing, manufacturing and sales of microprocessor-based relays, power substation automation systems and power system security and stability control system, providing after-sales services for the self-produced products and technical consultant on the power system security and stability control system.

2. PRINCIPAL ACCOUNTING POLICIES

1) Basis of Presentation

The financial statement is in conformity with Accounting Standards for Enterprises and Accounting Regulations for Joint Stock Limited Company. As a result of changes of the Company's legal form from a Sino-foreign equity joint venture to a domestic limited company, the Company is applied to the Accounting Regulations for Foreign Investment Company of PRC before October 2000, and the Accounting Regulations for Joint Stock Limited Company during the period of October to December 2000,. There is no significant change in accounting policies adopted between the two periods except for changes in provision estimates in bad debts and inventory. Also certain reclassification have been made against beginning balances in consistent with presentation format of ending balance.

2) Accounting period

The accounting period of the Company is the calendar year.

3) Currency

The Company uses RMB as its reporting currency

4) Basis of preparation and cost principle

The financial statements are prepared on accrual-basis accounting principles. Assets and liabilities are accounted for at their historical costs.

5) Translation of foreign currencies

Foreign currency transactions during the year are translated into RMB at the rates of exchange quoted by the People's Bank of China on the first day of the month in which the transactions occurred. Foreign currency monetary assets and liabilities are translated into RMB at the rates of exchange prevailing at the balance sheet date. Exchange differences arising are included in the operating results.

6) Cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7) Provision for bad debts

Upon the death or insolvent of debtors, or proved by sufficient evidences that the outstanding in the receivable, bad debts are recognized and charged to income statement.

General provision method is used. According to the resolution of the board, after taking into account of possibilities of receivables, the following ratios for bad debts provision are used:

Within one year	3%
1-2 years	10%
2-3 years	20%
More than 3 years	50%

8) Inventories

Inventories, comprising mainly of raw materials, work-in-process and finished good, semi-finished goods, etc, are stated at the lower of cost and net realisable value.

The cost of raw materials includes all costs, transportation, loading and unloading and insurance, in bring the raw materials to the present location and condition. In the case of finished goods, costs include the actual cost of direct material, labour and manufacturing expenses.

Raw material cost is allocated at a first-in-first-out method. Delivery and sale of finished products are stated at the planning costs. The differences between the actual and planning costs are recorded as operation costs.

Out-side-processing products under or for installation mainly includes microprocessor-based relays, power substation automation systems and power system security and stability control system, cost is transferred to cost of sales individually upon the system is formally putting into operation by customers

Fixed assets and depreciation

Fixed assets are comprised of buildings, equipment and transportation. Fixed assets referred to the buildings, other mainly operation equipment, and non-operation equipment which the value is above RMB 2,000 and useful life over 2 years. Fixed assets are stated at cost. The depreciation of fixed assets is calculated on the straight line basis over its expected useful

lives, taking into account their estimated residual value of 5% of the original cost of the assets concerned. The useful lives are:

	YEARS
Buildings	20-40
Machinery and equipment	5-10
Motor vehicles	6
Office equipment and furniture	5-10

9) Construction in progress

Construction in progress is stated at cost. This includes construction costs directly related to the construction of such assets and refurbishment expenses, installation and testing costs. The depreciation of the construction in progress is calculated as it puts into use.

10) Intangible assets

Intangible assets is the right of use of the land, which is stated at cost and amortized over 50 years on the straight line's bases.

11) Revenue recognition

Revenue is recognised when the significant risks and rewards of ownership of the goods have been transferred from the sellers to the buyers and continued management involvement of the seller with the goods sold is not the nature usually associated with ownership or with the effective control of the goods. Relevant sales and costs could be measured reliably and economic benefits could flow into the Company.

12) Taxable Income

The company accounts for corporate income tax using the Tax Payable method under the Accounting for Income Tax methods. Income tax has been provided at the applicable rate on the taxable profit for the year.

3. PRINCIPAL TAXATION

1) Income tax

In pursuant of Article No.4 of "Notice Concerning Preferential Tax Treatment on Local Income Tax for Enterprises with Foreign Investment and Foreign Enterprises" issued by the Beijing Local Tax Bureau, the Company is entitled to full exemption from local income tax from 1996 to 2000, and 50% exemption from 2001 to 2005.

According to approved by Beijing State Administration of Taxation, the company is entitled to 50% exemption from 2000 to 2002, the applicable Enterprise Income Tax rate for 2000 is 10% (the effective rate).

2) Value added tax

The Company is subject to value added tax (VAT). The rate for domestic sales is 17%.

BEIJING HATHAWAY SI FANG PROTECTION AND CONTROL EQUIPMENT CO., LTD.  
 NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2000  
 (Unless otherwise indicated, all figures are stated in RMB)

Input VAT from purchases of raw materials can be netted off against output VAT from sales.

VAT payable or receivable is the net difference between output VAT and input VAT.

4. NOTES IN THE STATEMENT

1) Cash on Bank

	2000.12.31	1999.12.31
Cash	43,023	62,529
Bank	47,506,442	30,732,513
Total	47,549,465	30,795,042

2) Account Receivables

	2000.12.31	1999.12.31
Within 1year	106,901,072	74,079,813
Over 1 year	34,004,255	26,231,308
Sub-total	140,905,327	100,311,121
Less: Provision for doubtful debts	10,966,747	3,009,334
Net accounts receivable	129,938,580	97,301,787

3) Inventory

	2000.12.31		1999.12.31	
	AMOUNTS	PROVISION FOR LOSS ON REALIZATION OF INVENTORIES	AMOUNTS	PROVISION FOR LOSS ON REALIZATION OF INVENTORIES
Raw materials	18,162,826	622,055	9,858,026	
Self-produced products	79,458		2,448,322	
Semi-finished products	13,949,490		9,845,424	
Work-in-progress	936,597			
Outside processing products*	54,872,772	907,009	51,476,693	
Purchases goods	63,504		1,145,060	
Total	88,064,647	1,529,064	74,773,525	0

\* Represents power substation security and stability control system at testing and installing stages, according to the contracts.

BEIJING HATHAWAY SI FANG PROTECTION AND CONTROL EQUIPMENT CO., LTD.  
 NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2000  
 (Unless otherwise indicated, all figures are stated in RMB)

4) Fixed Assets

	BUILDINGS	MACHINERY AND EQUIPMENT	MOTOR VEHICLES	OTHERS	TOTAL
<b>COST OR VALUATION</b>					
At 1 Jan. 2000	8,719,369	3,138,063	2,640,806	5,574,965	20,073,203
Additions	844,443	156,340	337,690	4,963,985	6,302,458
Disposals					
At 31 Dec. 2000	9,563,812	3,294,403	2,978,496	10,538,950	26,375,661
<b>DEPRECIATION</b>					
At 1 Jan. 2000	928,132	911,711	1,075,314	1,689,243	4,604,400
Charge for the year	588,909	371,436	308,967	1,162,549	2,503,861
Disposals					
At 31 Dec. 2000	1,517,041	1,283,147	1,456,281	2,851,792	7,108,261
<b>NET BOOK VALUE</b>					
At 31 Dec. 2000	8,046,771	2,011,256	1,522,215	7,687,158	19,267,400
At 1 Jan. 2000	7,791,237	2,226,352	1,565,492	3,885,722	15,468,803

5) Construction in Progress

PROJECTS	1999.12.31	ADDITIONS	TRANSFERRED	DISPOSALS	2000.12.31
Sifang buildings *	16,742,663	79,689,106			96,431,769
ERP system		2,018,396			2,018,396
Others	844,443		844,443		
Total	17,587,106	81,707,502	844,443	0	98,450,165

\* The project is a new office and plant building of the Company, which had been completed and put into use in 2001.

BEIJING HATHAWAY SI FANG PROTECTION AND CONTROL EQUIPMENT CO., LTD.  
 NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2000  
 (Unless otherwise indicated, all figures are stated in RMB)

6) Intangible Assets

PROJECTS	COSTS	1999.12.31	ADDITIONS	AMORTISATION	2000.12.31	YEAR REMAINS
Right of use of land	5,793,750		5,793,750	96,562	5,697,188	49
Totals	5,793,750	0	5,793,750	96,562	5,697,188	

7) Short-term Loans

	2000.12.31	1999.12.31	ANNUAL INTEREST RATE(%)
*Guaranteed Loans	30,000,000	50,000,000	5.85-7.02
Unsecured Loans	30,000,000		5.58-7.02
Totals	60,000,000	50,000,000	

\* The bank loan of RMB20,000,000 is guaranteed by State Power Corporation Nanjing Electric Power Automation Equipment General Factory and RMB 10,000,000 is guaranteed by Beijing High-technical Electric Research Industrial Corporation.

8) Taxes payable

	2000.12.31	1999.12.31
VAT payable	6,662,688	-578,627
Business tax payable	283,400	
City Construction tax payable	486,226	
Income tax payable	2,621,621	2,536,356
Total	10,053,935	1,957,729

BEIJING HATHAWAY SI FANG PROTECTION AND CONTROL EQUIPMENT CO., LTD.  
 NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2000  
 (Unless otherwise indicated, all figures are stated in RMB)

9) Other payables

Ages	2000.12.31 AMOUNTS	%	1999.12.31 AMOUNTS	%
Within 1year *	51,156,565	94	1,444,208	19
1-2 year	392,833	1	1,006,581	13
2-3 year	1,134,524	2	5,141,755	68
Over 3 years	2,087,925	3		
Total	54,771,847	100	7,592,544	100

\* It represents other payable for Sifang building.

10) Accrued Expenses

	2000.12.31	1999.12.31
Interests Paid		95,782
Agency fee	6,503,046	
Technical Services fee	7,854,528	4,376,762
Total	14,357,574	4,472,544

11) Long-term Loans

	2000.12.31	1999.12.31	LOANS PERIODS	INTEREST RATES	CONDITIONS
Industrial and Commercial Bank of China, Beijing, Haidian Branch	20,000,000		2000.4.5-2003.4.5	4.95%	*Guaranteed
Bank Of China, Beijing Haidian Branch	20,000,000		2000.8.18-2002.8.18	5.94%	**Guaranteed
Bank of China, Beijing, Haidian Branch	10,000,000		2000.9.4-2002.9.4	5.94%	**Guaranteed
Total	50,000,000	0			

\* Guaranteed by XJ (Group) Corporation.

\*\* Guaranteed by China Huadian Power Equipment and Engineering (Group) Corporation.

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12) Paid-in capital

Movements of share capitals of the Company are as follows:

SHAREHOLDERS	1999.12.31	ADDITIONS	DISPOSALS	2000.12.31
Beijing Sifang Tongchuang Protection and Control Equipment Co., Ltd.	2,402,300	8,647,700		11,050,000
State Power Company Nanjing Power Automation Equipment General Factory	2,184,900	7,865,100		10,050,000
Hathaway Corporation	2,174,000	7,826,000		10,000,000
XJ Group Corporation	1,603,300	8,271,700		
China Huadian Power Equipment and Engineering (Group) Corporation	1,092,400	3,932,600		9,875,000
The State Electrified Netting Materials Co., Ltd.	869,600	3,130,400		5,025,000
Norva (S.E.A.) Private Limited	543,500	1,460,800	2,004,300	4,000,000
Total	<u>10,870,000</u>	<u>41,134,300</u>	<u>2,004,300</u>	<u>50,000,000</u>

For the movement details of the paid-in capitals please see Notes 1.



13) Capital Reserve

ITEMS	1999.12.31	ADDITIONS	DISPOSAL	2000.12.31
Provision for increased capital	38,530,000 *		38,530,000	
Capital premium	592,460			592,460
Total	39,122,460	0	38,530,000	592,460

\* Represents contributions paid by the investors prior to the obtaining government approval for the increase of registered capital. the amounts are recorded as share capital in 2000 after the relevant approvals issued by the authorities.

According to a series resolution of the board of directors of the Company and approvals issued by the related authorities, the beginning balances of the paid-in capital and capital reserve were reclassified.

14) Reserves

	Reserve Fund	Enterprise Expansion Fund	Staff and Worker's Bonus and Welfare Fund	Total
1999.12.31	2,420,775	62,420	267,365	2,750,560
Additions	3,590,000		3,590,000	7,180,000
Disposals			2,578,272	2,578,272
2000.12.31	6,010,775	62,420	1,279,093	7,352,288

According to the resolution of the board of directors on 30 October 2000, Reserve Fund, Enterprise Expansion Fund, Staff and worker's bonus and welfare fund are combining stated as surplus reserve at the ending balance, among which Staff and worker's bonus and welfare is stated as welfare surplus.

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15) Retained Earnings

	2000. 12. 31	1999. 12. 31
Beginning balance	36,371,677	20,443,540
Add: Current year profit	53,098,850	35,754,137
Less:* Appropriation to reserve fund	3,590,000	2,000,000
*Appropriation to Enterprise Expansion fund		
*Appropriation to Staff and Worker's Bonus and Welfare Fund	3,590,000	1,000,000
Dividend Declared	8,000,000	5,000,000
Transferred to Capital		11,826,000
Ending Balances	74,290,527	36,371,677

o Reserve Fund, Enterprise Expansion Fund, Staff and worker's bonus and welfare fund are combining stated as surplus reserve at the ending balance, among which Staff and worker's bonus and welfare is stated as welfare surplus.

16) Finance Expenses

	2000.12.31	1999.12.31
Interest paid	4,709,773	2,336,306
Less: Interest Received	340,083	
Exchange loss	127,256	348
Others	17,792	6,265
Total	4,514,738	2,342,919

17) Prior year adjustment

The Company enjoyed an income tax Preference in 1999. Income tax rate for 1999 was applied at 12%. After obtained approvals issued by Foreign Department of Stated Tax Bureau in August 2000, income tax rate at 7.5% was retroactively applied for 1999. The prior year adjustment primarily represents the income tax refund of overpaid income taxes at an income tax rate of 12% in the year 1999.

5. RELATED PARTY TRANSACTION

1) Related Party without controlling power

RELATED PARTY	RELATIONSHIP
Beijing Sifang Protection and Control Equipment Co., Ltd.	The Shareholder of the Company, owned 22.1% interests
Hathaway Corporation	The shareholder of the Company, owned 20% interests

2) Pricing Policy

The Company sells its products to related parties with a reference of fair market value.

3) Transactions of Related Party

a) Transactions  
Sales

RELATED PARTY	DESCRIPTION	AMOUNT 2000	AMOUNT 1999
Beijing Sifang Tongchuang Protection and Control Equipment Co., Ltd	Sales of circuit board	63,016,645	16,951,496
State Power Corporation Nanjing Electric Power Automation Equipment General Factory	Sales of circuit board		58,455,699
Total		----- 63,016,645	----- 75,407,195 =====

Materials in outside processing and purchases

RELATED PARTY	DESCRIPTION	AMOUNT 2000	AMOUNT 1999
Beijing Sifang Tong Chuang Protection and Control Equipment Co., Ltd.	Materials in outside processing	74,761,576	40,163,677
State Power Company Nanjing Electric Power Automation Equipment General Factory	Materials in outside processing		67,592,036
Hathaway Corporation	Purchases		124,282
Total		----- 74,761,576	----- 107,879,995 =====

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Payments of technology fees

RELATED PARTY	DESCRIPTION	AMOUNT 2000	AMOUNT 1999
Beijing Sifang Tongchuang Protection and Control Equipment Co., Ltd.	Technology service fee	861,987	1,725,878
State Power Company Nanjing Electric Power Automation Equipment General Factory	Technology service fee		1,834,347
Total		861,987	3,560,225

b) Outstanding balance with related parties

DESCRIPTION	RELATED PARTY	AMOUNT 2000.12.31	AMOUNT 1999.12.31
Accounts receivable	State Power Company Nanjing Electric Power Automation Equipment General Factory		74,974
	Beijing Sifang Tongchuang Protection and control Equipment Co. Ltd	151,266	11,567,190
	Hathway Corporation		29,431
Accounts payable	State Power Company Nanjing Electric Power Automation Equipment General Factory		25,366,277
	Beijing Sifang Tongchuang Protection and control Equipment Co. Ltd.	25,592,756	7,644,485
	Hathway Corporation	652,032	558,736

c) Others

The Company made a guarantee for RMB 5,000,000 loan of Beijing Sifang tongchuang Protection and Control Equipment Co., Ltd. on 28 February 2000 (refer to Qingzi No3332)

CONTINGENCY

Except for the RMB 5,000,000 guarantee for a loan of Beijing Sifang tongchuang Protection and Control Equipment Co., Ltd, there is no material contingency existed at the balance sheet date.

6. SUBSEQUENT EVENTS

In the pursuant of Jingguo shui (1999) No. 183, the Company applied for a VAT refund concerning VAT paid on sales of products with Knowledge Software developed by the

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Company independently on 20 September 2000. At 19th March 2001, RMB 6,000,000 VAT refund concerning the VAT paid at a rate over 6% was received.

7. OTHER MATTERS

1). According to the resolution of the Board of Directors on October 2000, the Company proposed to change its legal form from limited company to Stock Limited Company.

2). In the pursuant of Jinguoshui Waifen Pifu (2000) No.2008, the Company is qualified as an advanced technology foreign investment enterprise and entitled to Preferential Policy of Income Tax at a rate of 10%. After the Company was changed to a domestic company on 28 September 2000, the relevant laws and regulations for foreign investment enterprises are not applicable. An income tax rate for domestic enterprises should have been applied since October 2000. However, the procedures as concerned are still in process, and applicable income tax rate isn't determined yet. An income tax rate of 10% is still be applied by the Company at present.

HATHAWAY CORPORATION

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HATHAWAY CORPORATION

By /s/ Richard D. Smith

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Richard D. Smith

President, Chief Executive Officer and  
Chief Financial Officer

Date: June 29, 2001