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经纬纺织机械股份有限公司

JINGWEI TEXTILE MACHINERY CO., LTD.

(a joint stock limited company incorporated in the People's Republic of China)
Stock Code: 0350.HK 000666.SZ

INTERIM REPORT

2012

半年度报告

IMPORTANT NOTES

The Board of Directors, Supervisory Committee, the Directors, Supervisors and senior management of Jingwei Textile Machinery Company Limited (the "Company") undertake that there are no misrepresentation, misleading statements or material omission in this report and shall be jointly and severally responsible for the authenticity, accuracy and completeness of the information contained in this report.

This interim report was considered at the nineteenth meeting of the sixth session of the Board of the Company and was considered and approved unanimously by all the directors.

Mr. Ye Maoxin (Chairman), Mr. Yao Yuming (Director and General Manager), Mr. Mao Faqing (Financial Controller) and Mr. Wang Guofeng (Head of Finance Department)

The 2012 interim financial and accounting report of the Company has not been audited by any accounting firm but it has been reviewed by the Board of Directors and the Audit Committee of the Company.

The report is prepared in both Chinese and English. If there is any discrepancy between the two versions, the Chinese version shall prevail.



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II. KEY FINANCIAL DATA AND INDICATORS

1. Prepared in accordance with the PRC Accounting Standards for Business Enterprises

1.1 Key accounting data and financial indicators

Unit: RMB

Major accounting figures	Reporting Period (January to June)	Corresponding period of the previous year	Increase (Decrease) in the current reporting period as compared to the corresponding period of the previous year (%)
Total operating income (RMB)	4,261,526,730.95	5,307,052,593.67	-19.7%
Operating profit (RMB)	880,666,444.51	860,622,574.19	2.33%
Total profit (RMB)	925,054,184.88	864,581,471.30	6.99%
Net profit attributable to shareholders of the listed company (RMB)	278,289,787.01	305,542,394.06	-8.92%
Net profit after extraordinary items attributable to shareholders of the listed company (RMB)	163,889,485.26	302,941,609.33	-45.9%
Net cash flow generated from operating activities (RMB)	691,026,265.58	799,846,391.98	-13.61%
	As at the end of the reporting period	As at the end of the previous year	Increase (Decrease) at the end of the current reporting period as compared to the end of the previous year (%)
Total assets (RMB)	13,751,058,069.32	12,969,828,725.87	6.02%
Owner's equity attributable to shareholders of the listed company (RMB)	3,650,951,358.02	3,398,388,341.24	7.43%
Share capital (share)	603,800,000.00	603,800,000.00	0
	Reporting period (January to June)	Same period last year	Changes compared with end of same period last year (%)
Basic earnings per share (RMB/share)	0.46	0.51	-9.8%
Diluted earnings per share (RMB/share)	0.46	0.51	-9.8%
Basic earnings per share, net of nonrecurring profit and loss (RMB/share)	0.27	0.5	-45.9%
Fully diluted return on net assets (%)	7.62%	9.23%	-1.61%
Weighted average return on net assets (%)	7.86%	9.55%	-1.69%
Fully diluted return on net assets after extraordinary gains/losses (%)	4.49%	9.15%	-4.66%
Weighted average return on net assets after extraordinary gains/losses (%)	4.63%	9.47%	-4.84%
Net cash flow per share generated by operating activities (RMB/share)	1.14	1.32	-13.64%
	As at the end of the reporting period	As at the end of the previous year	Increase (Decrease) at the end of the current reporting period as compared to the end of the previous year (%)
Net assets per share attributable to shareholders of the listed company (RMB/share)	6.05	5.63	7.46%
Gearing ratio (%)	53.23%	55.81%	-2.58%

1.2 Extraordinary items and their amounts
Unit: RMB

Extraordinary items	Amount	Remarks
Gains/losses from disposal of non-current assets	105,803,204.47	
Government grant which recorded into profit/loss of current period, except for those closely related to operation of the enterprise in fixed amount according to unified standards	11,867,908.58	
Debt restructuring gains/losses	586,768.91	
Investment income from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets and gains/losses from variation of fair value of trading financial assets, trading financial liabilities and available-for-sale financial assets except the hedging relevant to the principal business	-272,918.32	
Other non-operating income and expense except above	4,451,599.19	
Other extraordinary gains/losses		
Effect on minority interest	7,499,627.10	
Effect on taxation	536,633.98	
Total	114,400,301.75	-

2. Financial information prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) (Unaudited)
Condensed Consolidated Statement of Income
(Prepared in accordance with HKFRSs)
(For the six months ended 30 June 2012)

	2012 <i>RMB '000</i>	2011 <i>RMB '000</i>
Continuing operations		
Turnover	4,247,152	5,206,319
Cost of sales	(2,294,247)	(3,347,301)
Gross profit	1,952,905	1,859,018
Other income	188,787	135,804
(Loss)/gain on fair value changes of financial assets at fair value through profit or loss	47,874	(14,029)
Distribution and selling expenses	(79,498)	(74,731)
Administrative expenses	(1,110,418)	(1,001,847)
Finance costs	(72,469)	(47,551)
Share of profit of associates	(2,127)	7,917
Profit before taxation	925,054	864,581
Income tax expense	(228,894)	(201,484)
Profit for the year	696,160	663,097
Profit for the year attributable to:		
Owners of the Company	278,290	305,542
Non-controlling interests	417,870	357,555
	<u>696,160</u>	<u>663,097</u>
Earnings per share		
From continuing and discontinued operations – Basic and diluted	<u>RMB0.46</u>	<u>RMB 0.51</u>

Chapter II Movement in Share Capital and Information on Shareholdings of Substantial Shareholders

I. MOVEMENT IN SHARE CAPITAL DURING THE REPORTING PERIOD

For the six months ended 30 June 2012, there was no change in the Company's shareholding structure.

II. INFORMATION ON SHAREHOLDING OF THE TOP TEN REGISTERED SHAREHOLDERS AND TOP TEN SHAREHOLDERS OF FLOATING SHARES NOT SUBJECT TO TERMS OF LOCK-UP

Unit: Share

Total number of shareholders 36,168 (of which the number of Holders of A shares is 39,129 and the number of Holders of H shares is 39)

Shareholdings of the top ten registered shareholders

Name of shareholder	Type of shareholder	Percentage to total share capital (%)	Total number of shares held	Number of restricted floating shares held	Number of shares under pledge or lock-up
China Textile Machinery (Group) Company Limited	State-owned legal person	33.83%	204,255,248	195,640,000	pledged To be frozen 204,255,248
HKSCC Nominees Limited	Overseas legal person	29.79%	179,847,399	0	
Industrial and Commercial Bank of China – Fullgoal CSI 300 Enhanced Index Fund	Domestic non-state-owned corporation	0.63%	3,801,074	0	
Bank of Communications – Fortis Haitong Selected Securities Investment Fund	Domestic non-state-owned corporation	0.53%	3,171,339	0	
Agricultural Bank of China – China AMC Regeneration Equity Investment Fund	Domestic non-state-owned corporation	0.5%	2,999,950	0	
GF Securities-ICBC – (GF Gold Steward) New collection of high-growth asset management plan	Domestic non-state-owned corporation	0.41%	2,452,735	0	
Bank of China – Fortis Haitong Income Growth Securities Investment Fund	Domestic non-state-owned corporation	0.36%	2,184,159	0	
Bank of China – Invesco Great Wall Medium And Small Cap Securities Investment Fund	Domestic non-state-owned corporation	0.35%	2,131,144	0	
China Construction Bank – Huaxia Chengshi Selected Securities Investment Fund	Domestic non-state-owned corporation	0.33%	1,999,991	0	
Industrial and Commercial Bank of China – Jianxin Excellence Selection Growth Share Securities Investment Fund	Domestic non-state-owned corporation	0.29%	1,757,440	0	

Description of shareholders
The H shares registered in the name of HKSCC Nominees Limited were held in the capacity of nominee on behalf of various clients and HKSCC Nominees Limited did not own 5% or more of the interest in the total issued share capital of the Company.

Shareholdings of the top ten shareholders of floating shares not being subject to terms of lock-up

Name of shareholder	Number of unrestricted floating shares held	Class of shares
HKSCC Nominees Limited	179,847,399	Overseas listed foreign shares
China Textile Machinery (Group) Company Limited	8,615,248	A shares
Industrial and Commercial Bank of China – Fullgoal CSI 300 Enhanced Index Fund	3,801,074	A shares
Bank of Communications – Fortis Haitong Selected Securities Investment Fund	3,171,339	A shares
Agricultural Bank of China – China AMC Regeneration Equity Investment Fund	2,999,950	A shares
GF Securities-ICBC – (GF Gold Steward) New collection of high-growth asset management plan	2,452,735	A shares
Bank of China – Fortis Haitong Income Growth Securities Investment Fund	2,184,159	A shares
Bank of China – Invesco Great Wall Medium And Small Cap Securities Investment Fund	2,131,144	A shares
China Construction Bank – Huaxia Chengshi Selected Securities Investment Fund	1,999,991	A shares
Industrial and Commercial Bank of China – Jianxin Excellence Selection Growth Share Securities Investment Fund	1,757,440	A shares

II. INFORMATION ON SHAREHOLDING OF THE TOP TEN REGISTERED SHAREHOLDERS AND TOP TEN SHAREHOLDERS OF FLOATING SHARES NOT SUBJECT TO TERMS OF LOCK-UP (continued)

<p>Connected relationship among the above shareholders and/or any party acting in concert</p>	<p>Among the top ten registered shareholders of the Company aforesaid, China Textile Machinery (Group) Company Limited is not connected with any of the other shareholders, nor is it a party acting in concert with any of them as defined in Administrative Measures for Information Disclosure of Movement in the Shareholdings of Listed Companies. The Company is not aware of whether the other holders of floating shares as aforesaid are connected with one another or whether any of these shareholders falls within the meaning of parties acting in concert as defined in Administrative Measures for Information Disclosure of Movement in the Shareholdings of Listed Companies.</p>
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Controlling shareholder and beneficial controller

<p>Name of beneficial controller</p> <p>Class of beneficial controller</p>	<p>China Hengtian Group Company Limited</p> <p>The State-owned Assets Supervision and Administration Commission</p>
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Description:

China Textile Machinery (Group) Company Limited is the holder of state-owned legal person shares in the Company and is the controlling shareholder of the Company. The legal representative of China Textile Machinery (Group) Company Limited is Zhang Jie. It was established on 28 December 1983, with a registered capital of RMB2,735,820,000. China Textile Machinery (Group) Company Limited is principally engaged in the development, production, sales of Complete Plant of textile machinery and parts and accessories, development and dealing of high technology and other mechanical and electrical products; distribution of raw materials and ancillary products for production; import and export business; development and operation of real estate properties; sale of textile products and textile raw materials, chemical products (except for hazardous products); technical services and technical consultancy related to the above businesses; subcontracting of textile machinery industry projects in China and overseas international tender projects.

204,255,248 shares of the Company held by China Textile Machinery (Group) Company Limited was frozen by High People's Court of Beijing Municipality in September 2007, while the freezing shall be released on 9 September 2012. (For more details regarding the freezing of the equity interest, please see the relevant announcement of the Company No. 2007-26 dated 8 October 2007).

204,255,248 shares of the Company held by China Textile Machinery (Group) Company Limited were judicially frozen in March 2008 by Beijing Second Intermediate Court (for a duration of 24 months), and were continually frozen judicially in March 2010 (for a duration of 24 months). (For more details regarding the freezing of the equity interest, please see the relevant announcement of the Company No. 2011-36 dated 10 October 2011).

204,255,248 shares of the Company held by China Textile Machinery (Group) Company Limited were judicially frozen in June 2010 by Shanghai High Court (for a duration of 24 months). (For more details regarding the freezing of the equity interest, please see the relevant announcement of the Company No. 2011-36 dated 10 October 2011).

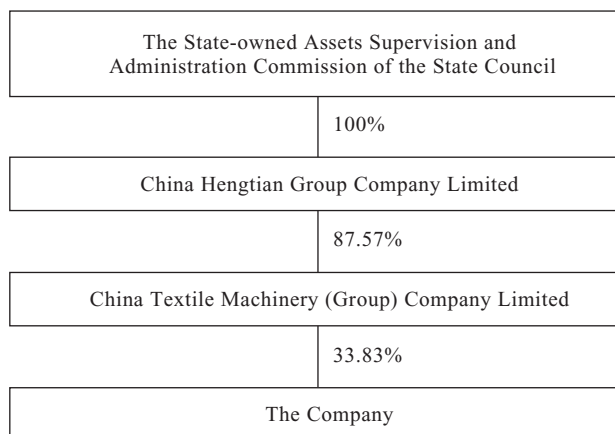
204,255,248 shares of the Company held by China Textile Machinery (Group) Company Limited were judicially frozen by Shanghai No. 1 Intermediate People's Court in December 2011, pending a term of 24 months. (For more details regarding the freezing of the equity interest, please see the relevant announcement of the Company No. 2011-45 dated 28 December 2011).

China Hengtian Group Company Limited is the beneficial controller of the Company. China Textile Machinery (Group) Company Limited is a controlled subsidiary of China Hengtian Group Company Limited. The legal representative of China Hengtian Group Company Limited is Liu Haitao and it was established in September 1998 with a registered capital of RMB2,958,228,700. It is principally engaged in the Complete Plant of textile machinery and parts and accessories, development, production, sales of other machinery and equipments and electronic equipments; the development, technical services and technical consultancy of technology related to the above businesses; sales of textile raw materials and accessories, chemical materials (except for hazardous products), timber, garment, building materials, auto parts; import and export business; organization of exhibitions and sales promotion conferences in China; organization of foreign economic and technological exhibitions in China; building and technological research of vehicle (truck).



II. INFORMATION ON SHAREHOLDING OF THE TOP TEN REGISTERED SHAREHOLDERS AND TOP TEN SHAREHOLDERS OF FLOATING SHARES NOT SUBJECT TO TERMS OF LOCK-UP (continued)

Structure of the equity interest and controlling relationship between the beneficial controller and the Company



Notes:

- i. As at 30 June 2012, so far as the Directors, Supervisors and senior management of the Company are aware, in accordance with the records in the register required to be maintained by the Company pursuant to Section 336 of Part XV of the Securities and Futures Ordinance, the following persons (except for the directors, supervisors or chief executive of the Company) were interested in the shares and underlying shares of the Company as below:

Long positions in the H shares of the Company:

	Capacity	Number of H Shares (Share)	Approximate percentage in the total issued H share capital (%)	Approximate percentage in the total issued share capital (%)
Zhang Sheng Han	Beneficial owner	10,240,000	5.00 (Note)	1.70

Notes:

Such information is extracted from the individual substantial shareholder notice of Zhang Sheng Hang filed on 21 October 2003 as shown on the website of The Stock Exchange of Hong Kong Limited (“the Stock Exchange”). However, the number of H Shares held by Zhang Sheng Hang stated in such notice was 10,240,000, which, if correct, represents approximately 5.66%, instead of 5.00% (as stated in such notice) of the total issued H shares of the Company as at 30 June 2012. Zhang Sheng Hang had not filed any individual substantial shareholder notice with the Company from 21 October 2003 to present. The Company is also unable to ascertain the actual number of H Shares held by Zhang Sheng Hang from the register of members of the Company as none of the H Shares was registered in the name of Zhang Sheng Hang as at 30 June 2012.

Long positions in the A shares of the Company:

	Capacity	Number of A Shares	Approximate percentage in the total issued A shares capital (%)	Approximate percentage in the total issued share capital (%)
China Textile Machinery (Group) Company Limited	Beneficial Owner	204,255,248	48.29	33.83

Save as disclosed above, based on the register required to be maintained pursuant to Section 336 of Part XV of the Securities and Futures Ordinance, the Company has not received any notification in relation to the holding of interests or short positions in the shares and underlying shares of the Company as at 30 June 2012.

Chapter III Directors, Supervisors, Senior Management and Staff

I. CHANGE IN SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

During the reporting period, there was no change in the shareholdings of directors and senior management in the shares of the Company. Details are set out in the following table:

Name	Position	Gender	Age	Tenure beginning	Tenure ending	Increase in		Decrease in number		Of which: restricted shares (share)	Share options held at end of period (share)	Reasons of changes	Whether receiving remuneration from shareholders or other units
						Shares held at beginning of period (share)	number of shares held in the period (share)	in number of shares held in the period (share)	Shares held at end of period (share)				
Ye Maoxin	Chairman	Male	50	15 August 2010	15 August 2013	8,580	0	0	8,580	8,580	0		Yes
Yao Yuming	General Manager, Director	Male	51	15 August 2010	15 August 2013	10,304	0	0	10,304	10,304	0		No
Liu Xianming	Deputy General Manager	Male	50	15 August 2010	15 August 2013	2,520	0	0	2,520	2,520	0		No

Save as disclosed above, as at 30 June 2012, according to the records of the register required to be maintained pursuant to section 352 of Securities and Futures Ordinance and in accordance with the records notified to the Company and the Stock Exchange pursuant to the “Model Code for Securities Transactions by Directors of Listed Issuers”, none of the directors, supervisors and senior management of the Company and their respective spouses or children under the age of 18 had any interests or short positions in the shares and underlying shares and debenture of the Company and its associated corporations (as defined in Part XV of the Securities and Futures Ordinance) nor had any of them been granted any rights to subscribe for any interests and short positions in the shares, underlying shares or debenture of the Company and any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance). During the reporting period, no directors, supervisors and chief executive of the Company had any material interest in the contracts entered into by the Company and its subsidiaries.

II. RESIGNATION AND ELECTION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the reporting period, there was no resignation or election of directors, supervisors and senior management of the Company.

Positions in shareholders of the Company

Personnel	Shareholder	Position in shareholder	Tenure beginning	Tenure ending	Whether receiving remuneration or subsidies from shareholder
Ye Maoxin	China Textile Machinery (Group) Company Limited	Deputy General Manager	1 September 2005		No
Ye Maoxin	China Textile Machinery (Group) Company Limited	Director	1 October 2008		No
Li Xiaohong	China Textile Machinery (Group) Company Limited	Deputy General Manager	1 October 2008		No
Yan Fuquan	China Textile Machinery (Group) Company Limited	Chief accountant	1 December 2004		No
Yan Fuquan	China Textile Machinery (Group) Company Limited	Director	1 October 2008		No
Shi Tinghong	China Textile Machinery (Group) Company Limited	Secretary to the board	1 July 2011		No
Liu Hong	China Textile Machinery (Group) Company Limited	Deputy general manager of textile machine sales department	1 January 2010		No



II. RESIGNATION AND ELECTION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT (continued)

Positions in other units

Personnel	Other units	Position in other units	Tenure beginning	Tenure ending	Whether receiving remuneration or subsidies from other units
Ye Maoxin	China Hengtian Group Company Limited China Hi-Tech Holdings Company Limited Chairman of Hi-Tech Heavy Industry Co., Ltd China Textile Machinery and Technology Import and Export Corporation	Vice president	1 September 2011		Yes
		Chairman	1 April 2011		No
		Vice chairman	1 July 2010		No
		Chairman of supervisory committee	1 May 2009		No
Li Xiaohong	China Hengtian Group Company Limited Chairman of Hi-Tech Heavy Industry Co., Ltd Kama Co., Ltd China Textile Machinery and Technology Import and Export Corporation CHTC Power Co., Ltd.	Vice president	1 September 2011		Yes
		Chairman	1 July 2010		No
		Director	1 July 2011		No
		Director	1 June 2010		No
		Chairman of supervisory committee	1 April 2011		No
Yan Fuquan	China Hengtian Group Company Limited CHTC Investment Management Co., Ltd Chairman of Hi-Tech Heavy Industry Co., Ltd	Chief accountant	1 September 2011		Yes
		Chairman	1 May 2012		No
		Director	1 January 2010		No
Shi Tinghong	China Hengtian Group Company Limited CHTC Power Co., Ltd. Zhongheng New Materials Co., Ltd	Secretary to the board	1 January 2007		Yes
		Director	1 April 2011		No
		Chairman of supervisory committee	1 June 2010		No
Liu Hong	China Hengtian Group Company Limited China Hi-Tech Holdings Company Limited China Textile Science and Technology Co., Ltd.	Deputy general manager of textile machine sales department	1 January 2010		Yes
		Financial controller and director to finance department	1 April 2011		No
		Chairman of supervisory committee	1 April 2012		No
Xu Wenying	China Cotton Textile Industry Association Textile Products Technological Improvement Consultation Services Centre Shandong Weiqiao Textile Company Limited Huafu Top Dyed Melange Yarn Co., Ltd Jiangsu Lianfa Textile Company Limited	Vice president	1 September 2006		Yes
		Officer	1 August 1998		Yes
		Independent director	1 January 2003		Yes
		Independent director	1 January 2008		Yes
Liu Huangsong	Institute of Economics, Shanghai Academy of Social Sciences Shanghai XinHua Media Co.,Ltd. ChangAn Fund Management Co., Ltd	Professor to researching and doctoral courses	1 January 2003		Yes
		Independent director	1 January 2011		Yes
		Independent director	1 January 2011		Yes
An Guojun	Institute of Finance and Banking of the Chinese Academy of Social Sciences	Deputy researcher	1 December 2007		Yes
Li Min	Boyou Investment Management Limited Boyou Investment Management Limited	Financial controller	1 June 2009	1 October 2010	Yes
		Vice president	1 November 2010		Yes

III. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Decision-making on remuneration	Remuneration of directors and supervisors are respectively determined by the board and the supervisory committee as authorized at general meetings. That of senior management is reviewed and approved by the personnel nomination and remuneration committee under the board.
Basis for the decision	During the reporting period, the executive directors and supervisors have no remuneration. Senior management report to their supervisors and the board as authorized and their remuneration are proposed by their supervisors based on their performance evaluation and reviewed and approved by the personnel nomination and remuneration committee under the board.
Payment of remuneration	Salary consists of basic salary paid monthly and year-end bonus paid based on performance.

IV. CHANGES IN AND ELECTION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

During the reporting period, there was no change in directors, supervisors and senior management of the Company.

V. STAFF OF COMPANY

Number of staff	13,524
Whose gratuity or pension for which the Company has to pay	3,793

Type	Field	Number
Production		7,982
Sales		1,134
Technical		1,393
financial		429
Administrative		626

Level	Academic qualification	Number
Doctor		17
Master		588
Degree		2,475
Tertiary		2,530
High-school or below		7,914

Chapter IV Directors' Report

I. MANAGEMENT'S DISCUSSION AND ANALYSIS

Since 2012, China's textile industry has been depressed by weakened demand in international market and lower growth of domestic market. Compounded with a wide disparity in cotton price between the two markets, growth in production was significantly slowed down, and decreases were also seen in exporting volume, economic scale and market demand. These aggravated losses in the lower end of the manufacturing chain such as cotton textile and synthesized fibre, and created a severe market environment to the textile machine business of the Company. Nevertheless, the Company responded to such challenges positively. During this recession of the textile machine market, it did not lose its composure but has been actively opening new markets with its grip on technological innovation, intensive operation and meticulous management, which all prepared the Company for a steady development in its economic operation, as well as to rise when the industry walks out of the recession. During the first half of the year, the Company's non-textile-machine business grew steadily, and its economic operation was stable with a sound support from finance and trust business to its risk resistance and sustainable development.

During the first half of 2012, the Company has been constantly improving research and development of products and technological innovating system. It enhanced commercialization of technological achievements and new products. Also, it made good use of specialized fund for technological innovation to support outsourcing of technological innovation and new product projects, in which several product development projects made great progress and had commenced their trial production. It also completed a demonstrative wallpaper printing production line, which would be a cornerstone for a whole wallpaper manufacturing facility. In addition to the strengthening of its capabilities in proprietary innovation, it also reinforced and deepened exchanges and cooperation with international institutions.

To provide users with textile machines with low power consumption and low pollution, it has been utilizing its technological advancement to eliminate backward process and equipment and enhance power efficiency, so as to lower power consumption per unit of production value and emission of pollutant year by year. For example, its Yuci branch reduced its environmental pollution by applying advanced chromium sewage treatment equipment in reusing and closed-circuit recycling sewage, and it met the emission standards for the "three wastes" by updating air compressors, modifying and eliminating coal powered equipment and electroplating sewage; Wuxi Jingwei Textile Technology Testing Company Limited met dust requirements and lowered electricity consumption by comb dust control technology; assemble factories of Wuxi Hongda Textile Machinery and Special Parts Company Limited reduced emission of gasoline liquid waste by kerosene ultrasound cleansing line + hydrocarbon cleansing + solution recycle and reuse; Changde Textile Machinery Company Limited reduced power consumption by using compressor pump with constant voltage and variable frequency and cold workshop plasma cutting machine with passive supercharging air compressor.

1. Operating results

Under the financial statements prepared in accordance with HKFRSs, the Group's turnover and the profit attributable to shareholders for the six months ended 30 June 2012 were RMB4,247,152,000 and RMB278,290,000 respectively, representing a decrease of 18.42% and 8.92% as compared with the corresponding period in the previous year. As at 30 June 2012, the Group's carrying bank balance was RMB4,808,396,000, borrowings due within one year was RMB1,373,958,000, of which borrowings in the U.S. dollars amounted to US\$11,706,000, borrowings in the Swiss Franc CHF120,000, Euro borrowings EUR2,065,000 (equivalent to RMB91,620,000 on an aggregated basis), and the remaining balances were borrowings in Renminbi. The interest rates were in the range of 3.2% to 10.5% per annum. The Group had long-term borrowings of RMB1,200,000,000. The gearing ratio (long-term borrowings divided by net asset value) was 18.66%.

Under the financial report prepared in accordance with the China Accounting Standards for Business Enterprises, total operating revenue of the Group for the six months ended 30 June 2012 amounted to RMB4,261,527,000, representing a decrease of 19.70% as compared with the corresponding period in the previous year. Operating profit amounted to RMB880,666,000, representing an increase of 2.33% as compared with the corresponding period in the previous year. Net profit attributable to shareholders of the parent company amounted to RMB278,290,000, representing a decrease of 8.92% as compared with the corresponding period in the previous year.

As at 30 June 2012, the Group did not have cash and bank balances pledged to secure short-term bank loan granted to the Group.

As at 30 June 2012, none of the short-term investments of the Group were pledged as security for bank borrowings.

Although the Company had financial assets and liabilities denominated in foreign currency, as the Group's revenue and expenses are mainly denominated in Renminbi, the Group does not expect that its will incur material currency risk. During the period under review, the Group did not use any financial instrument for hedging purpose.



I. MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

1. Operating results (continued)

As at 30 June 2012, the total number of staff of the Group was 13,524. For the period ended 30 June 2012, the total remuneration for the staff of the Group amounted to RMB591,763,370 (RMB460,739,300 for the corresponding period of last year). The remuneration is determined with reference to the standard of the position and performance of the staff.

Save for disclosed in section 4 chapter V to this report, the Group had no major investment.

Save for disclosed in section 5 chapter V to this report, the Group had no major acquisition or disposal of subsidiaries and associates by the Company.

Operation and results analysis of major subsidiaries and investees of the Company:

Interest and handling fee income and operating profit of Zhongrong International Trust Co., Ltd. amounted to RMB1,711,770,000 and RMB899,020,000 respectively.

Operating revenue and operating profit of Changde Textile Machinery Company Limited amounted to RMB207,380,000 and RMB15,550,000 respectively.

Operating revenue and operating profit of Xianyang Jingwei Textile Machinery Company Limited amounted to RMB135,430,000 and RMB15,550,000 respectively.

Operating revenue and operating profit of Beijing Jingwei Textile Machinery New Technology Company Limited amounted to RMB126,430,000 and RMB9,950,000 respectively.

Operating revenue and operating profit of Yichang Jingwei Textile Machinery Company Limited amounted to RMB109,810,000 and RMB7,050,000 respectively.

2. Risk factors that may adversely affected future developmental strategy or operation target of the Company

Changes in international economic environment and spreading of deteriorating European debt crisis have lowered growth rate of global economy, resulting in the sharp decline in textile exports. Adding to difficulties in finance, changes in cotton price and increase in labour cost, investment in textile equipment has decreased significantly, greatly affecting operating results of the Company. Furthermore, globally well-known textile enterprises' commencing of their Asian strategies with the China market as their main focus and intensified competition within the domestic wall are also giving great impact on the Company. Moreover, personnel specialized for internationalization, integration and innovation are insufficient in the Company, which would hinder development of the Company. The risk factors above add uncertainties to future developmental strategy or predetermined operation targets of the Company.



II. OPERATIONS IN THE REPORTING PERIOD

1. Analysis of principal activities by industry or products

Unit: RMB

By industry or products	Income of principle operation	Cost of principle operation	Profit margin (%)	Increase/ (Decrease) in income of principle operation as compared with the corresponding period in the previous year (%)	Increase/ (Decrease) in cost of principle operation as compared with the corresponding period in the previous year (%)	Increase/ (Decrease) in profit margin of principle operation as compared with the corresponding period in the previous year (%)
By industry						
Textile machinery	2,186,555,168.34	1,868,872,757.49	14.53%	-33.88%	-33.59%	-0.37%
Financial trust	1,640,475,447.54	450,333.30	99.97%	15.61%	-10.65%	0.01%
Non-textile machinery industry	128,724,151.97	121,476,919.40	5.63%	-9.13%	-8.46%	-0.69%

2. Analysis of principal activities by region

Unit: RMB

Region	Income from principal operations	Increase/(Decrease) as compared with the corresponding period in the previous year (%)
Domestic sales	3,615,261,703.26	-22.77%
Overseas sales	340,493,064.59	82.59%
Of which: Asia	317,180,742.01	76.52%
Africa	831,593.41	146.33%
Europe	384,063.84	27.94%
Other key continents and regions	22,096,665.33	258.7%
Total	3,955,754,767.85	-18.73%

3. OPERATING PROBLEMS AND DIFFICULTIES

Concerning the textile machinery business, the first problem is low market demand. Currently, domestic and foreign macro-economies are generally trending downward. With impact from the European debt crisis still spreading and consequences of the international financial crisis continue to emerge, the international market maintains its downturn as well as its uncertainties. For the domestic market, growth rate moderated due to high commodity price and unfavourable market sentiment. Widening gap of cotton price in the domestic market and foreign markets significantly undermines competitiveness of China's textile industry in the international stage. The second problem is intensified market competition, resulted by lowered overall demand, which is led by the downturn of the market. Concerning the financial business, following a record high of assets of the trust industry reached in the second quarter of 2012, the risk of real estate trust and mining trust aroused concerns, which subsequently led to strict regulation on bank and trust cooperation and note trusts and thus regulation on operation of the trust industry will become stricter. How to cope with such complicated economic condition and establish and improve comprehensive risk management capability in developing new business has become the major challenge to the industry. Risk control is and will be an ongoing focus of the financial trust business of the Company.

III. ITEMS MEASURED AT FAIR VALUE
Unit: RMB

	Opening balance	Gain or loss due to change in fair value during the period	Cumulative change in fair value included in equity	Impairment provided during the period	Closing balance
Financial assets:					
Of which: 1. Financial assets at fair value through current profit or loss	253,226,491.88	47,874,301.93			283,298,356.44
Of which: derivative financial assets					
2. Financial assets available-for-sale	589,545,330.98		28,141,271.25		593,267,025.98
Sub-total of financial assets	842,771,822.86	47,874,301.93	28,141,271.25		876,565,382.42
Financial liabilities					
Investment properties					
Productive biological assets					
Others					
Total	<u>842,771,822.86</u>	<u>47,874,301.93</u>	<u>28,141,271.25</u>		<u>876,565,382.42</u>

IV. FINANCIAL ASSETS AND FINANCIAL LIABILITIES IN FOREIGN CURRENCY
Unit: RMB

	Opening balance	Gain or loss due to change in fair value during the period	Cumulative change in fair value included in equity	Impairment provided during the period	Closing balance
Financial assets:					
Of which: 1. financial assets at fair value through current profit or loss					
Of which: derivative financial assets					
2. Loans and receivables	46,135,488.71				39,164,899.61
3. Financial assets available-for-sale					
4. Held-to-maturity investment					
Sub-total of financial assets	46,135,488.71				39,164,899.61
Financial liabilities	296,615,219.70				103,418,566.16

**V. INVESTMENT****1. Significant investment of non-financing nature**

	First disclosed on	Amount	Progress	Gain
Setting up Yichang Jingwei Textile Machinery Company Limited, a wholly-owned subsidiary		RMB80,000,000	completed	-RMB600,400 realized
Joint venture Hubei Hengtian Bus Co., Ltd.		RMB26,130,000	completed	RMB49,300 realized
Increase of registered capital of Shenyang Hongda Textile Machinery Company Limited		RMB10,774,400	completed	
Increase of registered capital of Tianjin Hongda Textile Machinery Company Limited		RMB17,584,000	completed	
Total		RMB134,488,400	-	-

VI. FORMULATION AND IMPLEMENTATION OF THE CASH DIVIDENDS POLICIES OF THE COMPANY

The Company gives high importance to rewarding the investors. The Articles of Association provides that the profit distribution policy shall maintain continuity and stability, so as to ensure the investors have reasonable return on investment. The profit distribution of the Company was implemented in strict compliance with the Articles of Association and the resolutions of the shareholders' meeting with a defined and clear dividends standard and percentage. The profit distribution of the Company for 2011 has been implemented in strict compliance with the resolutions of the shareholders' meeting. The independent non-executive directors issued independent opinions with respect to the proposed profit distribution plan for 2011. Minority shareholders' legal interest was protected as they can attend the general meeting to express their views and wishes. A new profit distribution policy and shareholders' return plan for 2012-2014 have been passed at the extraordinary general meeting of the Company held on 27 August 2012, and conditions and procedures for adjustment to the distribution are compliant and open.

VII. PROPOSAL OF PROFIT DISTRIBUTION OR TRANSFER TO CAPITAL RESERVE

The board of directors of the company has resolved not to pay any interim dividend for the six months ended 30 June 2012 and no surplus reserves would be capitalised.

Chapter V Significant Events

I. CORPORATE GOVERNANCE

Since its establishment, the Company has committed to perfecting its corporate governance structure and continued to improve its corporate system in strict compliance with the “Company Law”, “Securities Law”, “Code of Corporate Governance for Listed Companies” and the relevant laws and regulations and related requirements of the rules set out by relevant regulatory bodies including the CSRC, Shenzhen Stock Exchange and the Stock Exchange so as to further the establishment of a healthy and complete internal control and management system of the Company.

During the reporting period, the Company has formulated an implementation plan and proposal for internal control standards in accordance with requirements of competent authorities to strengthen development of internal control system of the Company. The plan has been carrying out and related works are being done. The Company will continue to strengthen governance by commencing self-evaluation and further improve the system. At present, the Company is in compliance with requirements of relevant laws and regulations. The Company will continue to refine its structure of corporate governance and enhance the level of corporate governance so as to protect the legal interests of the listed company and all shareholders, in particular the medium and minority shareholders.

II. IMPLEMENTATION OF PROFIT APPROPRIATION PROPOSAL FOR THE PREVIOUS YEAR

In the 2011 Annual General Meeting convened by the Company on 8 June 2012, the 2011 profit distribution plan was approved. This profit distribution plan was implemented on 11 July 2012.

III. DURING THE REPORTING PERIOD, THERE WAS NO MATERIAL LITIGATION OR ARBITRATION COMMENCED AGAINST THE COMPANY

IV. EQUITY INTEREST IN OTHER LISTED COMPANIES AND FINANCIAL INSTITUTIONS

1. SECURITIES INVESTMENT

No.	Securities type	Securities code	Securities short code	Initial investment Amount (RMB)	Amount held at the end of the period (share)	Carrying value at the end of the period (RMB)	Percentage of the total securities investment at the end of the period (%)	Profit or loss for the period (RMB)
1	Stock	000009	CBG	51,726,172.06	3,465,974	34,659,740.00	12.23%	-6,467,641.07
2	Bond	092014	Mianyang commercial	27,804,060.00	30,000,000	27,804,060.00	9.81%	
3	Stock	600058	MINLIST	35,957,394.78	1,227,121	27,401,611.93	9.67%	-877,023.79
4	Stock	002155	CHENZHOUMINING	31,428,819.71	1,350,586	26,147,344.96	9.23%	6,534,704.48
5	Stock	600516	FangDa Carbon	42,184,830.15	2,907,969	24,834,055.26	8.77%	1,946,230.29
6	Stock	000937	JZEG	33,399,367.55	1,417,400	21,643,698.00	7.64%	-913,705.18
7	Stock	000059	LIAOTONG CHEMICALS	26,449,424.29	2,038,000	16,120,580.00	5.69%	5,100,251.20
8	Stock	601377	Industrial Securities	17,352,412.58	1,536,385	16,101,314.80	5.68%	-1,251,097.78
9	Stock	601958	Jinduicheng Molybdenum	20,330,985.78	1,213,300	15,372,511.00	5.43%	1,565,157.00
10	Stock	601555	Soochow Securities	15,738,296.61	1,678,943	14,841,856.12	5.24%	-896,440.49
Other securities investment held at end of period					-	58,371,584.37	20.61%	43,133,867.27
Profit and loss of sold securities investment within the reporting period				-	-	-	-	-48,603,901.05
Total					-	283,298,356.44	100%	-729,599.12
Date of announcement on approval of the investment by the board								
Date of announcement on approval of the investment by the general meeting								



IV. EQUITY INTEREST IN OTHER LISTED COMPANIES AND FINANCIAL INSTITUTIONS (continued)

1. SECURITIES INVESTMENT (continued)

Explanations on securities investment:

Securities investment business represents mainly the securities investment business of Zhongrong International Trust Company Limited, a subsidiary of the Company, which has operated its investment strictly in accordance with its internal control system and caps to effectively control its investment risk.

2. Equity interests in other listed companies held

Stock code	Securities abbreviation	Initial investment amount (RMB)	As a percentage of the equity interest of that company (%)	Face value at the end of the period (RMB)	Profit or loss during the reporting period	Change in shareholders' equity during the reporting period (RMB)	Accounting item	Source of shares
600470	Liuguo Chemical Industry	155,850,000.00	4.6%	228,000,000.00		25,560,000.00	Financial assets available for sale	Private Placement
600971	Hengyuan Coal Electricity	324,000,000.00	2.05%	285,925,090.50		10,776,071.25	Financial assets available for sale	Private Placement
Total		479,850,000.00	-	513,925,090.50		36,336,071.25	-	-

V. ACQUISITION AND DISPOSAL OF ASSETS

1. Acquisition of Assets

Counterparty of the transaction or ultimate controller	Assets acquired or added	Date of acquisition	Price of transaction (RMB '0000)	Net profit attributable to the Company from the date of acquisition to the end of the reporting period (applicable to combination of enterprises not under the same controller) (RMB '0000)	Net profit attributable to the Company from the beginning of the year to the end of the reporting period (applicable to combination of enterprises under the same controller) (RMB '0000)	Whether it was a connected transaction	Pricing basis	Whether all rights of the assets were completely transferred	Whether all rights and obligations were completely transferred	Net profit contributed to total profit (%)	Connected relationship with counterparty (applicable to connected transactions)	Date of announcement of first disclosure
Jingwei Machinery (Group) Company Limited	14.48% equity interest in Jinzhong Jingwei Fiber Company Limited	9 February 2012	464.13			No	Appraised value	Yes	Yes			

V. ACQUISITION AND DISPOSAL OF ASSETS (continued)

2. Disposal of assets

Counterparty	Assets disposed of	Date of disposal	Price of transaction (RMB '0000)	Net profit attributable to the Company from beginning of period to date of disposal (RMB '0000)	Gain on disposal (RMB '0000)	Whether it was a connected transaction	Pricing basis	Whether all rights of the assets concerned were completely transferred	Whether all rights and obligations concerned were completely transferred	Net profit contributed to total profit (%)	Connected relationship with counterparty (applicable to connected transactions)	Date of announcement of first disclosure
Beijing Bohong Real Estate Development Company Limited	75% equity interest in Xianyang Jingwei Machinery Manufacturing Company Limited	31 March 2012	8,236	-73	7,832.17	yes	Appraised value	yes	yes	8.47%	Under common control	11 January 2012

Description:

Fair value of the 25% equity interest in Xianyang Jingwei Machinery Manufacturing Company Limited held by the Company after disposing of the other 75% amounted to RMB27,453,300. Investment gain re-measured based the this fair value amounted to RMB19,580,400 (note: RMB19,580,400 is part of the disposal profit and loss of RMB78,321,700.).

VI. SIGNIFICANT RELATED TRANSACTIONS

1. Continuing connected transactions arising from the course of normal operations

To ensure the normal and smooth flow of production and operation of the Company, on 20 September 2010, the Company (for itself and on behalf of its subsidiaries from time to time) and China Textile Machinery (Group) Company Limited ("CTMC Group", for itself and on behalf of its associates and members from time to time, excluding the members of the Group) entered into the Composite Services Agreement to regulate the goods and services supplied to each other between the Company and CTMC Group during the three years from 1 January 2011 to 31 December 2013, which include: (i) the supply of finished products, raw materials, components and parts, and the provision of processing, final processing and maintenance services; (ii) provision of public and social services; and (iii) leasing of properties. The new Composite Services Agreement has been approved at the 2010 First Extraordinary General Meeting. Pursuant to the new Composite Services Agreement, all continuing connected transactions shall be conducted on normal commercial terms, and prices payable or receivable by the Company shall be determined on the following basis:

- (1) if the price of the relevant services provided is subject to any price control of the State, based on the price stipulated by the State;
- (2) where there is no applicable price stipulated by the State, based on the market price or actual cost (the increasing rate of which should not exceed the rate of increase in the household consumer index in the preceding year of the relevant region where the service provider is located), whichever is the lower.

The relevant details have been set out in the announcements of the Company published on Securities Times, the websites of cninfo (<http://www.cninfo.com.cn>) and the website of the Company (www.jwgf.com) on 27 September 2010 and the Hong Kong Stock Exchange (<http://www.hkex.com.hk>).



VI. SIGNIFICANT RELATED TRANSACTIONS (continued)

1. Continuing connected transactions arising from the course of normal operations (continued)

During the reporting period, the connected transactions and the continuing connected transactions of the Group were conducted in accordance with the abovementioned Composite Services Agreement and the details were as follows:

Counterparty	Relationship	Type	Nature	Pricing	Price (RMB '0000)	Amount (RMB '0000)	Ratio to similar transactions (%)	Settlement	Effect on profit of the Company	Market price (RMB '0000)	Reasons for large difference between the two prices
Under control of the ultimate controlling company	Under control of the ultimate controlling company	sales of products and rendering of services	sales of products	Agreed price		346.42	1.02%	As agreed in contracts			
Under control of the ultimate controlling company	Under control of the ultimate controlling company	sales of products and rendering of services	sales of raw materials and accessories	Agreed price		30.51	4%	As agreed in contracts			
Under control of the ultimate controlling company	Under control of the ultimate controlling company	provision of social and utility services	provision of other supporting services	Agreed price		7.69	5.07%	As agreed in contracts			
Under control of the ultimate controlling company	Under control of the ultimate controlling company	lease of equipment and properties	rental income	Agreed price		157.63	100%	As agreed in contracts			
Under control of the ultimate controlling company	Under control of the ultimate controlling company	purchase of goods and services	purchase of raw materials and accessories	Agreed price		41.05	0.28%	As agreed in contracts			
Under control of the ultimate controlling company	Under control of the ultimate controlling company	purchase of goods and services	purchase of products	Agreed price		17,008.08	85.02%	As agreed in contracts			
Under control of the ultimate controlling company	Under control of the ultimate controlling company	purchase of social and utility services	purchase of power	Agreed price		0.69	0.61%	As agreed in contracts			
Under control of the ultimate controlling company	Under control of the ultimate controlling company	purchase of social and utility services	payment for other supporting services	Agreed price		1.79	0.5%	As agreed in contracts			
Under control of the ultimate controlling company	Under control of the ultimate controlling company	renting equipment and properties	rental payment	Agreed price		5.39	1.26%	As agreed in contracts			
Under control of the same parent company	Under control of the same parent company	provision of social and utility services	provision of other supporting services	Agreed price		18.35	12.1%	As agreed in contracts			
Under control of the same parent company	Under control of the same parent company	purchase of goods and services	purchase of raw materials and accessories	Agreed price		333.14	2.3%	As agreed in contracts			
Under control of the same parent company	Under control of the same parent company	purchase of goods and services	Repair and maintenance fee	Agreed price		217.89	36.36%	As agreed in contracts			
Under control of the same parent company	Under control of the same parent company	purchase of goods and services	Processing fee	Agreed price		4.83	0.7%	As agreed in contracts			



VI. SIGNIFICANT RELATED TRANSACTIONS (continued)

1. Continuing connected transactions arising from the course of normal operations (continued)

Counterparty	Relationship	Type	Nature	Pricing	Price (RMB '0000)	Amount (RMB '0000)	Ratio to similar transactions (%)	Settlement	Effect on profit of the Company	Market price (RMB '0000)	Reasons for large difference between the two prices
Under control of the same parent company	Under control of the same parent company	purchase of social and utility services	Transportation fee	Agreed price		110.97	100%	As agreed in contracts			
Under control of the same parent company	Under control of the same parent company	purchase of social and utility services	payment for other supporting services	Agreed price		208.74	58.53%	As agreed in contracts			
Under control of the same parent company	Under control of the same parent company	renting equipment and properties	rental payment	Agreed price		12.6	2.96%	As agreed in contracts			
Associate	Associate	sales of products and rendering of services	sales of products	Agreed price		33,505.49	98.47%	As agreed in contracts			
Associate	Associate	sales of products and rendering of services	sales of raw materials and accessories	Agreed price		545.58	71.61%	As agreed in contracts			
Associate	Associate	sales of products and rendering of services	Processing fee received	Agreed price		21.22	100%	As agreed in contracts			
Associate	Associate	provision of social and utility services	provision of other supporting services	Agreed price		125.65	82.83%	As agreed in contracts			
Associate	Associate	purchase of goods and services	Purchase of tools and moulds	Agreed price		207.86	100%	As agreed in contracts			
Associate	Associate	purchase of goods and services	Purchase of packages	Agreed price		0.65	0.05%	As agreed in contracts			
Associate	Associate	purchase of goods and services	purchase of raw materials and accessories	Agreed price		3,948.22	27.3%	As agreed in contracts			
Associate	Associate	purchase of goods and services	Processing fee	Agreed price		35.86	5.19%	As agreed in contracts			
Associate	Associate	purchase of goods and services	Repair and maintenance fee	Agreed price		381.4	63.64%	As agreed in contracts			
Associate	Associate	purchase of social and utility services	payment for other supporting services	Agreed price		18.53	5.2%	As agreed in contracts			
Associate	Associate	renting equipment and properties	rental payment	Agreed price		2.69	0.63%	As agreed in contracts			
Company under control or influence of key personnel	Company under control or influence of key personnel	sales of products and rendering of services	sales of products	Agreed price		173.76	0.51%	As agreed in contracts			



VI. SIGNIFICANT RELATED TRANSACTIONS (continued)

1. Continuing connected transactions arising from the course of normal operations (continued)

Counterparty	Relationship	Type	Nature	Pricing	Price (RMB '0000)	Amount (RMB '0000)	Ratio to similar transactions (%)	Settlement	Effect on profit of the Company	Market price (RMB '0000)	Reasons for large difference between the two prices
Company under control or influence of key personnel	Company under control or influence of key personnel	sales of products and rendering of services	sales of raw materials and accessories	Agreed price		185.84	24.39%	As agreed in contracts			
Company under control or influence of key personnel	Company under control or influence of key personnel	purchase of goods and services	Purchase of casting	Agreed price		2,117.83	100%	As agreed in contracts			
Company under control or influence of key personnel	Company under control or influence of key personnel	purchase of goods and services	Purchase of packages	Agreed price		1,269.95	99.95%	As agreed in contracts			
Company under control or influence of key personnel	Company under control or influence of key personnel	purchase of social and utility services	purchase of power	Agreed price		113.13	99.39%	As agreed in contracts			
Company under control or influence of key personnel	Company under control or influence of key personnel	purchase of goods and services	purchase of raw materials and accessories	Agreed price		10,138.72	70.11%	As agreed in contracts			
Company under control or influence of key personnel	Company under control or influence of key personnel	purchase of goods and services	purchase of products	Agreed price		2,996.04	14.98%	As agreed in contracts			
Company under control or influence of key personnel	Company under control or influence of key personnel	purchase of goods and services	Processing fee	Agreed price		650.04	94.11%	As agreed in contracts			
Company under control or influence of key personnel	Company under control or influence of key personnel	purchase of social and utility services	payment for other supporting services	Agreed price		127.55	35.77%	As agreed in contracts			
Company under control or influence of key personnel	Company under control or influence of key personnel	renting equipment and properties	rental payment	Agreed price		405.42	95.15%	As agreed in contracts			
Total					-	-	75,477.2	-			
Details on bulk return of goods											
Reasons for contracting such counterparty rather than third parties in the market				Such transactions were conducted in the ordinary course of the Company's operations and the related parties had many years of business cooperation with the Company and good match of production and processing capacity, which ensured the orderly and smooth operations of the Company. Such transactions warranted their necessity and continuity in the Company's operations.							
Effect on independence of the Company				Nil							

**VI. SIGNIFICANT RELATED TRANSACTIONS (continued)****1. Continuing connected transactions arising from the course of normal operations (continued)**

Connected transactions related to ordinary operation

Connected parties	Sales of goods and provision of services to the connected parties		Purchases of goods and services from the connected parties	
	Transaction Amount (RMB'0000)	Proportion to transaction amount of same type of transaction (%)	Transaction Amount (RMB'0000)	Proportion to transaction amount of same type of transaction (%)
Companies controlled by the same parent company	18.35	0.05%	888.18	3.94%
Companies controlled by the ultimate parent company	542.26	1.56%	17,057	75.67%
Associated companies of the Group	34,197.94	98.39%	4,595.23	20.39%
Total	34,758.55	100%	22,540.41	100%

Of which: An aggregated connected transaction amount of RMB3,769,300 was incurred from the sales of goods and rendering of services to the controlling shareholder and its subsidiaries.

The independent non-executive directors of the Company have reviewed the continuing connected transactions undertaken by the Group for the interim period, and have confirmed that such transactions have been entered into:

- (1) in the ordinary and normal course of business of the Group;
- (2) either on normal commercial terms or, on terms no more favourable or less favourable than terms available to or made by independent third parties;
- (3) were on the terms of agreement of relevant transactions which were fair and reasonable and were in the interests of all shareholders of the Company as a whole.

Such transactions were conducted in the ordinary course of the Company's operations and the related parties had many years of business cooperation with the Company and good match of production and processing capacity, which ensured the orderly and smooth operations of the Company. Such transactions warranted their necessity and continuity in the Company's operations. The connected transactions did not affect the Company's independence.

2. Connected transactions relating to acquisition and disposal of assets

Connected party	Relationship	Type	Nature	Pricing basis	Carrying value of assets transferred (RMB'0000)	valuation of assets transferred (RMB'0000)	Market fair value (RMB'0000)	Transfer price (RMB'0000)	Reasons for large difference between the prices	Settlement	Effect on operating results and financial position of the Company	Gain on transfer of assets (RMB'0000)
Beijing Bohong Real Estate Development Company Limited	Under the same beneficial controller	Disposal of assets	Transfer of 75% equity interest in Xianyang Jingwei Machinery Manufacturing Company Limited	Appraised price	2,361.87	8,236	8,236	8,236		cash	Profit increased by RMB58,741,300	5,874.13

Description:

Please refer to the Company's announcement on <http://www.cninfo.com.cn> on 11 January 2011 for details.



VII. GUARANTEES

Unit: RMB'0000

External guarantees undertaken by the Company (excluding guarantees provided to subsidiaries)								
Name of guaranteed party	Disclosure date of the announcement regarding the guaranteed amount	Guaranteed amount	Actual date of event (Signing date of the Agreement)	Actual guaranteed amount	Type of guarantee	Period of guarantee	Discharged or not	Whether in favour of any related party (Yes/No)
Beijing Hualian Group Investment Holdings Limited	30/12/2011	15,000	30/12/2011	15,000	Joint liability	30/12/2011-29/12/2012	No	No
Total external guaranteed amount approved during the reporting period (A1)			0		Total actual external guaranteed amount during the reporting period (A2)			0
Total external guaranteed amount approved at the end of the reporting period (A3)			15,000		Balance of total actual guaranteed amount at the end of the reporting period (A4)			15,000
Guarantee provided by the Company to subsidiaries								
Name of guaranteed party	Disclosure date of the announcement regarding the guaranteed amount	Guaranteed amount	Actual date of event (Signing date of the Agreement)	Actual guaranteed amount	Type of guarantee	Period of guarantee	Discharged or not	Whether in favour of any related party (Yes/No)
Shanghai Huayuan Hyperthermia Technology Company Limited	25/10/2010	500	10/11/2010	500	Warrant	10/11/2010-10/5/2013	No	No
Total approved amount guaranteed to subsidiaries during the reporting period (B1)			0		Total actual guaranteed amount to subsidiaries during the reporting period (B2)			0
Balance of total approved amount guaranteed to subsidiaries as at the end of the reporting period (B3)			500		Balance of total actual guaranteed amount to subsidiaries as at the end of the reporting period (B4)			500
Total guarantee provided by the Company (The total of the above two parts)								
Total guaranteed amount approved during the reporting period (A1 + B1)			0		Total actual guaranteed amount during the reporting period (A2 + B2)			0
Total guaranteed amount approved at the end of the reporting period (A3 + B3)			15,500		Balance of total actual guaranteed amount at the end of the reporting period (A4 + B4)			15,500
Ratio of total actual guaranteed amount (A4 + B4) to the net asset of the Company								2.41%
of which:								
Guaranteed amount provided for shareholders, parties which have de facto control and their related parties (C)								Nil
Guaranteed amount provided directly or indirectly to parties with gearing ratio exceeding 70% (D)								Nil
Total guaranteed amount in excess of 50% of net assets value (E)								Nil
Total guaranteed amount of the above three items (C+D+E)								Nil
Statement on the contingent joint liability in connection with unexpired guarantees								Nil
Description of external guarantees in breach of the specified procedures								

VIII. PERFORMANCE OF COMMITMENTS

Commitment	Committed Party	Content	Made on	Term	Performance status
Commitment on share segregation reform	China Textile Machinery (Group) Company Limited (controlling shareholder)	China Textile Machinery (Group) Company Limited undertakes not to trade or transfer its floating Shares during the three years from the date on which its non-floating Shares are granted the right to list on the Shenzhen Stock Exchange. Within two years after the expiry of such period, the number of originally non-floating Shares to be sold through trading on the Shenzhen Stock Exchange shall not exceed 30% of the number of Shares held by it on the date of the implementation of the Share Segregation Reform Proposal, and the sale price will be no less than RMB7 per Share (subject to such adjustment as may be made in connection with declaration of dividend, distribution or reallocation of capital reserve fund to share capital). To be implemented	4 August 2006		Non-liquid shares have not been listed for trading after permitted to do so
Commitments made in acquisition reports or reports on changes in equity	Nil	Nil	Nil		
Commitments made during substantial asset restructuring	Nil	Nil	Nil		
Commitments made at offering of shares	China Hengtian Group Company Limited, China Textile Machinery (Group) Company Limited and the Company	<p>Undertakings related to the Private Offering of A Share</p> <p>Undertakings of China Hengtian Group Company Limited (hereinafter referred to as "CHG") in relation to resolving and avoiding competition in the industry with Jingwei Textile Machinery Company Limited (hereinafter referred to as "JWTM"):</p> <p>1. In respect of the competition or potential competition in the industry existing at this stage on specific textile machinery products between JWTM and CHTC Heavy Industry Company Limited (hereinafter referred to as "CHTC Heavy Industry"), CHG undertakes that: before 31 December 2014, CHG will, through the board of directors and the general meeting of CHTC Heavy Industry, procure CHTC Heavy Industry to transfer the textile machinery business in competition or potential competition in the industry with JWTM and the relevant assets at fair value to JWTM or independent third parties other than CHG and enterprises under its control. During the process of the transfer and acquisition of the above business and relevant assets, CHG undertakes not to harm the interest of JWTM and other medium and minority shareholders. Before completely resolving the existing or potential competition in the industry on specific textile machinery products, CHG will enhance the internal division of labour and management within the textile machinery business, urge CHTC Heavy Industry not to sell textile machinery products that may constitute competition in the same industry with JWTM to third parties other than JWTM.</p>	8 October 2011		Proceeding



VIII. PERFORMANCE OF COMMITMENTS (continued)

Commitment	Committed Party	Content	Made on	Term	Performance status
		<p>2. In respect of the competition or potential competition in the industry existing at this stage on the commercial vehicle business between JWTM, CHTC Heavy Industry and Kama Co., Ltd. (hereinafter referred to as “Kama”), CHG undertakes that: before 16 August 2015, if CHG cannot resolve the existing competition or potential competition in the industry in the commercial vehicle business through asset restructuring or business integration, CHG will propose, through the board of directors and general meeting of JWTM, JWTM to dispose of all the equity interests of Hubei Xinchufeng Automobile Co., Ltd (“Xinchufeng”) at fair value. The specific transferee(s) of equity interests includes but is not limited to Kama and/or CHG; at the same time, CHG will propose, through the board of directors and general meeting of Kama, Kama to acquire all the equity interests of Xinchufeng held by JWTM at fair value. If Kama does not possess the ability for acquisition for the time being, CHG will acquire the abovementioned equity interests first. During the process of the abovementioned equity interests disposal and acquisition, CHG undertakes not to harm the interest of JWTM and other medium and minority shareholders. Before completely resolving the existing competition or potential competition in the industry in the commercial vehicle business mentioned above, CHG will enhance the internal division of labour and management within the vehicle business, urge the abovementioned subsidiaries to develop their business with their respective major products, so as to avoid material product competition.</p> <p>3. If CHG and other enterprises under its control obtain business development opportunities falling within the existing business scope of JWTM in the future, JWTM has the priority to choose to carry out the development according to its needs, and CHG and other enterprises under its control will provide necessary support and assistance.</p> <p>4. CHG and other enterprises under its control undertake not to harm the legitimate interests of JWTM and its public shareholders, to avoid to engage in businesses that would compete with the existing businesses of JWTM hereafter, and will no longer pursue businesses that would compete with the existing businesses of JWTM directly or indirectly by means of any joint venture, cooperation or joint-operation with any third party or by way of lease operation, subcontracted operation or entrusted management.</p> <p>5. If CHG and other enterprises under its control breach the abovementioned undertakings and guarantees, they will terminate the businesses in competition with the existing businesses of JWTM immediately, and carry out necessary measures to rectify and remedy.</p>			



VIII. PERFORMANCE OF COMMITMENTS (continued)

Commitment	Committed Party	Content	Made on	Term	Performance status
		<p>Undertakings of China Textile Machinery (Group) Company Limited (hereinafter referred to as “CTMC”) in relation to avoiding competition with JWTM:</p> <p>After the completion of this increase of holding, in order to prevent competition in the industry which may happen in the future, and effectively protect the interests of the listed company and other shareholders (particularly medium and minority shareholders), CTMC as the controlling shareholder of the listed company undertakes as follow:</p>			
		<ol style="list-style-type: none"> 1. Before this private offering, all assets and businesses related to the production and operation of cotton textile machinery of CTMC and other enterprises under its control have been injected into JWTM. Assets and businesses retained by CTMC and other enterprises under its control do not compete with JWTM and enterprises under its control. 2. In future developments, if CTMC and other enterprises under its control obtain business development opportunities in the existing business scope of JWTM, JWTM has the priority to choose to carry out the development according to its needs, and CTMC and other enterprises under its control will provide necessary support and assistance. 3. During the period CTMC remains a controlling shareholder of JWTM, CTMC and other enterprises under its control will avoid to engage in businesses that compete with the existing businesses of JWTM, and will no longer pursue to directly or indirectly engage in businesses that would compete with the existing businesses of JWTM by means of any joint venture, cooperation or joint-operation with any third party or by way of lease operation, subcontracted operation or entrusted management. 4. CTMC will not use its advantageous position as the direct holding company of JWTM to engage in any activities that would harm the interest of JWTM and other shareholders (particularly medium and minority shareholders). 5. If CTMC and other enterprises under its control breach the abovementioned undertakings and guarantees, they will terminate the businesses in competition with the existing businesses of JWTM immediately, and carry out necessary measures to rectify and remedy. <p>Undertakings of CHG in respect of the reduction and regulation of connected transactions with JWTM:</p> <p>In order to regulate and reduce the connected transactions that may be conducted by CHG and other enterprises under its control with JWTM after this private offering, CHG as the de facto controller of JWTM undertakes as follow:</p>			



VIII. PERFORMANCE OF COMMITMENTS (continued)

Commitment	Committed Party	Content	Made on	Term	Performance status
		<p>1. After the completion of this private offering, CHG will continue to exercise its rights as a shareholder or director, and perform its obligation as a shareholder or director strictly according to the requirements of laws and regulations such as the Company Law and the Articles of Association of JWTM. When voting in general meetings or board meetings on resolution in relation to connected transactions which CHG, other enterprises under its control and JWTM are parties thereto, CHG will perform its obligation and abstain from voting.</p> <p>2. After the completion of this private offering, CHG and other enterprises under its control will reduce connected transactions with JWTM as much as possible. When carrying out necessary and unavoidable connected transactions, they undertake to perform legal procedures, legally enter into agreements, guarantee the transparency, openness and fairness of transaction price, disclose information in a timely manner, and guarantee not to harm the legitimate interests of JWTM and other shareholders (in particular those of the medium and minority shareholders) through connected transactions according to the principles of market impartiality, fairness and openness and the requirements of relevant laws, regulations, regulatory documents and the Articles of Association of JWTM.</p> <p>3. If CHG breaches the undertakings and guarantees made above, CHG will be liable for breach of contract according to the law, and be liable for joint and several liabilities for the loss incurred by JWTM and its other shareholders other than CTMC.</p> <p>Undertakings of CTMC in respect of the reduction and regulation of connected transactions with JWTM: In order to regulate and reduce the connected transactions that may be conducted by CTMC and other enterprises under its control with JWTM after this private offering, CTMC as the controlling shareholder of the listed company undertakes as follow:</p> <p>1. After the completion of this private offering, CTMC will continue to exercise its rights as a shareholder or director, and perform its obligation as a shareholder or director strictly according to the requirements of laws and regulations such as the Company Law and the Articles of Association of JWTM. When voting in general meetings or board meetings on resolution in relation to connected transactions among CTMC, other enterprises under its control and JWTM, CTMC will perform its obligation and abstain from voting.</p>			



VIII. PERFORMANCE OF COMMITMENTS (continued)

Commitment	Committed Party	Content	Made on	Term	Performance status
		<p>2. After the completion of this private offering, CTMC and other enterprises under its control will reduce connected transactions with JWTM as much as possible. When carrying out necessary and unavoidable connected transactions, they undertake to perform legal procedures, legally enter into agreements, guarantee the transparency, openness and fairness of transaction price, disclose information in a timely manner, and guarantee not to harm the legitimate interests of JWTM and other shareholders (particularly those of the medium and minority shareholders) through connected transactions according to the principles of market impartiality, fairness and openness and the requirements of relevant laws, regulations, regulatory documents and the Articles of Association of JWTM.</p> <p>3. If CTMC and other enterprises under its control breach the undertakings and guarantees made above, CTMC and other enterprises will be liable for breach of contract according to the law, and be liable for joint and several liabilities for the loss incurred by JWTM and its other shareholders other than CTMC.</p> <p>Undertakings of CHG in relation to the lock-up period for the Private Offering of A Shares subscribed of JWTM: To comply with the requirements of relevant laws, regulations and regulatory documents such as Measures on the Takeover of Listed Companies and Measures for Administration of the Issue of Securities by Listed Companies, CHG undertakes not to transfer the privately offered A Shares of JWTM subscribed for within 36 months from the ending date of this offering.</p> <p>Undertakings of CTMC in relation to the lock-up period for the Private Offering of A Shares subscribed of JWTM: To comply with the requirements of relevant laws, regulations and regulatory documents such as Measures on the Takeover of Listed Companies and Measures for Administration of the Issue of Securities by Listed Companies, CTMC undertakes not to transfer the privately offered A Shares of JWTM subscribed for within 36 months from the ending date of this offering of JWTM.</p> <p>Undertakings of CHG in respect of not giving up the actual control over JWTM: In the foreseeable future, CHG as the de facto controller of JWTM will take all necessary steps and measures to ensure the position of CTMC as the controlling shareholder of JWTM and its actual control on JWTM.</p>			

**IX. OTHER COMPREHENSIVE INCOME***Unit: RMB*

Item	Current period	Previous period
1. Profit (loss) generated from available-for-sale financial assets	37,521,695.00	-61,800,000.00
Less: Impact on Income tax arising from available-for-sale financial assets	9,380,423.75	-15,450,000.00
Net amount included in other comprehensive income of the previous period now transferred to profit & loss of the current period	28,141,271.25	-46,350,000.00
Sub-total	28,141,271.25	-46,350,000.00
2. Share of Other comprehensive income of the investee determined by equity accounting		
Less: Impact on income tax on the share of other comprehensive income of the investee determined by equity accounting		
Net amount included in other comprehensive income of the previous period now transferred to profit & loss of the current period		
Sub-total		
3. Profit (or loss) generated from cash flow hedging instrument		
Less: Impact on Income tax arising from cash flow hedging instrument		
Net amount included in other comprehensive income of the previous period now transferred to profit & loss of the current period		
Adjustment on the initial recognized amount of the item hedged		
Sub-total		
4. Exchange differences on translation of financial statements of foreign subsidiaries	234,874.16	-89,828.02
Less: Net profit or loss on disposal of foreign operation for the period		
Sub-total	234,874.16	-89,828.02
5. Other items		
Less: Impact on Income tax arising from other items included in other comprehensive income		
Net amount of other items included in other comprehensive income of the previous period now transferred to profit & loss of the current period		
Sub-total		
Total	<u>28,376,145.41</u>	<u>-46,439,828.02</u>

X. RECEPTION ACTIVITIES IN RESPECT OF RESEARCH, COMMUNICATION AND VISITS DURING THE REPORTING PERIOD

Time of reception	Place of reception	Means of reception	Type of reception subject	Subject of reception	Key content of discussion and information provided
8 February 2012	Conference room of the Company	On-site research	Institution	Research Department of China Galaxy Securities Co., Ltd.	Content of discussion: basic conditions of the Company Information provided: regular report of the Company

XI. APPOINTMENT AND DISMISSAL OF AUDITOR

At the 2011 annual general meeting of the Company held on 8 June 2012, resolutions in relation to re-appointment of Baker Tilly Hong Kong Limited (Hong Kong Certified Public Accountants) and Baker Tilly China (the PRC Certified Public Accountants) as international and the PRC auditors respectively for the year ending 31 December 2012 were considered and passed.

XII. CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the Code on Corporate Governance Practices (during the period from 1 January 2012 to 31 March 2012) and the Corporate Governance Code (during the period from 1 April 2012 to 30 June 2012) in Appendix 14 to the Listing Rules of the Stock Exchange and committed to maintaining a high standard of corporate governance in order to enhance transparency and protect the interest of shareholders. The directors considered that, save for the roles of the remuneration committee and nomination committee were performed by the Personnel Nomination and Remuneration Committee of the Board of the Company (because the Company believes that this mode of Personnel Nomination and Remuneration Committee has been effective and more suitable for the Company's needs, and that the terms of reference of such Committee have covered the suggested provisions for the terms of reference of remuneration committee and nomination committee set out in the Corporate Governance Code, and is capable of protecting the interest of shareholders), during the reporting period, the Company has complied with the Code on Corporate Governance Practices (during the period from 1 January 2012 to 31 March 2012) and the Corporate Governance Code (during the period from 1 April 2012 to 30 June 2012).

XIII. AUDIT COMMITTEE

The Audit Committee of the Board of the Company has, together with the management, reviewed the accounting principles, accounting standards and methods adopted by the Group, and has discussed about issues regarding auditing, internal controls and financial reporting including review of the unaudited interim accounts of the Group for the six months ended 30 June 2012.

XIV. ADOPTION OF MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted a set of code which is not lower than the standard and requirements of the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules of The Stock Exchange of Hong Kong Limited. In response to specific enquiries made, the Directors confirmed that they had complied with the requirements regarding directors' securities transactions set out in such set of code during the accounting period covered by the interim results.

XV. PURCHASE, SALE AND REDEMPTION OF SHARES

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the reporting period.

XVI. INDEX OF DISCLOSURE

Subject	Published on	Publishing date	Publishing website and address
Announcement on resolutions of the extraordinary meeting of the sixth board	Securities Times D20	12 January 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
Announcement on disposal of assets and connected transaction	Securities Times D20	12 January 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
Announcement on preliminary results of 2011	Securities Times B9	14 January 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
Announcement on the Heilongjiang CBRC Office's Approval to the Increase in the Registered Capital, Adjustment in the Shareholding Structure and other matters of Zhongrong International Trust Co., Ltd.	Securities Times D40	29 February 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk



XVI. INDEX OF DISCLOSURE (continued)

Subject	Published on	Publishing date	Publishing website and address
Announcement on resolutions of the extraordinary meeting of the sixth board	Securities Times B4	3 March 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
Announcement on resolutions of the extraordinary meeting of the sixth board	Securities Times D28	29 March 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
Announcement on resolutions of the meeting of the ninth supervisory committee	Securities Times D28	29 March 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
Summary of the 2011 annual report	Securities Times D28	29 March 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
Announcement on resolutions of the sixteenth meeting of the sixth board	Securities Times D48	13 April 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
Announcement on adjustment to proposal of private A shares issue and connected transaction	Securities Times D48	13 April 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
Announcement on registration of interim notes issue to National Association of Financial Market Institutional Investors	Securities Times D21	17 April 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
2012 first quarterly report	Securities Times D33	20 April 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
Announcement on interim notes issue	Securities Times D125	27 April 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
Notice of AGM, class meeting for the holders of A shares and class meeting for the holders of H shares	Securities Times B13	2 June 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
Updates on private issue of shares	Securities Times D16	5 June 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
Announcement on AGM, class meeting for the holders of A shares and class meeting for the holders of H shares	Securities Times B25	9 June 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk

XVI. INDEX OF DISCLOSURE (continued)

Subject	Published on	Publishing date	Publishing website and address
Announcement on resolutions of the extraordinary meeting of the sixth board	Securities Times B25	9 June 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
Announcement on resolutions of the eighteenth meeting of the sixth board	Securities Times D36	27 June 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
Independent opinion from independent directors on amendments to articles of association and formulation of 2012-2014 shareholders' return plan	Securities Times D36	27 June 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk
2012-2014 shareholders' return plan	Securities Times D36	27 June 2012	http://www.cninfo.com.cn website of the Stock Exchange http://www.hkex.com.hk



Chapter VI Interim Financial Statements Prepared in Accordance with the PRC Accounting Standards for Business Enterprises (Unaudited)

I. AUDIT

Audited or not

Yes No Not applicable

II. FINANCIAL STATEMENTS

Whether required to be consolidated

Yes No Not applicable

Under otherwise stated, amounts in the statements are in RMB

Unit for statements in the notes: RMB

1. Consolidated balance sheet

Prepared by: Jingwei Textile Machinery Company Limited

Unit: RMB

Item	Notes	Opening balance	Ending balance
Current assets:			
Currency funds	VII.1	4,808,395,147.58	3,988,190,008.10
Held-for-trading financial assets	VII.2	283,298,356.44	253,226,491.88
Bills receivable	VII.3	1,478,554,347.94	1,834,695,550.91
Accounts receivable	VII.5	618,829,771.38	476,028,483.60
Prepayments	VII.7	503,755,939.09	339,903,795.30
Interest receivables			
Dividend receivables	VII.4	2,880,000.00	2,880,000.00
Other receivables	VII.6	379,934,670.90	231,697,609.34
Inventories	VII.8	1,407,865,395.38	1,515,923,991.98
Non-current assets due within one year		65,169,141.84	69,148,193.44
Other current assets	VII.9	2,207,716.26	1,225,749.22
Total current assets		9,550,890,486.81	8,712,919,873.77
Non-current assets:			
Available-for-sale financial assets	VII.10	593,267,025.98	589,545,330.98
Long-term receivables	VII.11		14,693,407.10
Long-term equity investments	VII.13	206,006,597.40	180,711,961.60
Fixed assets	VII.14	1,485,342,554.22	1,579,431,967.85
Construction in progress	VII.15	355,319,433.47	315,096,741.08
Construction materials	VII.16	31,576,502.45	12,086,403.58
Disposal of fixed assets			
Intangible assets	VII.17	490,302,518.97	518,149,323.97
Goodwill	VII.18	843,749,956.51	845,632,373.51
Long-term amortization expenses	VII.19	32,161,935.35	18,618,554.54
Deferred income tax assets	VII.20	162,441,058.16	182,942,787.89
Other non-current assets			
Total non-current assets		4,200,167,582.51	4,256,908,852.10
Total assets		13,751,058,069.32	12,969,828,725.87

II. FINANCIAL STATEMENTS (continued)
1. Consolidated balance sheet (continued)
Unit: RMB

Item	Notes	Opening balance	Ending balance
Current liabilities:			
Short-term borrowings	VII.22	1,153,957,832.56	1,715,651,450.37
Financial assets for trading			
Bills payable	VII.23	392,579,008.05	399,241,466.37
Accounts payable	VII.24	1,712,653,617.23	2,052,352,449.13
Advance receipts	VII.25	739,701,089.99	906,171,539.26
Employee wages payable	VII.26	978,904,732.37	670,416,772.39
Taxes payable	VII.27	161,560,908.05	279,776,238.72
Interest payable	VII.28	14,458,853.88	370,520.55
Dividend payables	VII.29	41,165,315.21	4,057,201.21
Other payables	VII.30	352,841,563.06	414,136,932.51
Non-current liabilities due within one year	VII.31	252,265,177.85	401,424,295.29
Total current liabilities		5,800,088,098.25	6,843,598,865.80
Non-current liabilities:			
Long-term borrowings	VII.32		60,000,000.00
Bonds payable	VII.33	1,200,000,000.00	
Long-term payables	VII.34	111,895,849.13	125,863,655.09
Special items payable	VII.35	143,534,244.97	141,534,244.97
Other non-current liabilities	VII.36	64,100,377.72	67,528,021.58
Total non-current liabilities		1,519,530,471.82	394,925,921.64
Total liabilities		7,319,618,570.07	7,238,524,787.44
Equity holders' equity (or shareholders' equity):			
Paid-up capital (share capital)	VII.37	603,800,000.00	603,800,000.00
Capital reserves	VII.38	1,203,344,500.14	1,193,078,144.53
Surplus reserves	VII.39	671,282,063.81	671,282,063.81
Provision for ordinary risks	VII.40	26,512,656.79	26,512,656.79
Unappropriated profit	VII.41	1,149,138,234.31	907,076,447.30
Exchange difference in foreign currency statements		-3,126,097.03	-3,360,971.19
Total equity attributable to equity holders of parent company		3,650,951,358.02	3,398,388,341.24
Minority interests		2,780,488,141.23	2,332,915,597.19
Total equity holders' equity (or shareholders' equity)		6,431,439,499.25	5,731,303,938.43
Total liabilities and equity holders' equity (or shareholders' equity)		<u>13,751,058,069.32</u>	<u>12,969,828,725.87</u>

Legal representative: **Ye Maoxin** person-in-charge of accounting function: **Mao Faqing** person in charge of accounting department: **Wang Guofeng**



II. FINANCIAL STATEMENTS (continued)

2. Balance sheet of the parent company

Unit: RMB

Item	Notes	Opening balance	Ending balance
Current assets:			
Currency funds		519,768,204.31	538,780,806.66
Held-for-trading financial assets		18,871.27	120,625.00
Bills receivable		1,053,979,140.38	1,201,696,015.84
Accounts receivable	IX.1	609,127,827.63	454,126,182.89
Prepayments		428,859,319.98	325,754,669.37
Interest receivables			
Dividend receivables		87,107,887.25	107,167,515.25
Other receivables	IX.2	709,907,101.01	536,054,893.87
Inventories		195,059,377.03	292,866,612.73
Non-current assets due within one year		60,779,141.84	64,358,193.44
Other current assets			
Total current assets		3,664,606,870.70	3,520,925,515.05
Non-current assets:			
Available-for-sale financial assets			
Investment held-to-maturity			
Long-term receivables		234,465,937.78	169,820,910.98
Long-term equity investments	IX.3	2,936,567,720.49	2,875,117,253.73
Investment properties			
Fixed assets		264,790,813.17	319,846,235.48
Construction in progress		10,413,077.48	26,326,379.58
Construction materials		12,464,663.42	12,086,403.58
Disposal of fixed assets			
Intangible assets		51,601,832.47	79,038,418.35
Research and development expenses			
Goodwill			
Long-term amortization expenses			
Deferred income tax assets			
Other non-current assets			
Total non-current assets		3,510,304,044.81	3,482,235,601.70
Total assets		7,174,910,915.51	7,003,161,116.75

II. FINANCIAL STATEMENTS (continued)
2. Balance sheet of the parent company (continued)

Unit: RMB

Item	<i>Notes</i>	Opening balance	Ending balance
Current liabilities:			
Short-term borrowings		980,093,108.56	1,602,001,450.37
Bills payable		316,741,528.58	317,933,377.89
Accounts payable		1,011,066,528.36	1,059,784,709.58
Advance receipts		539,420,013.90	710,408,468.09
Employee wages payable		18,985,820.07	46,727,750.50
Taxes payable		-1,468,531.75	-592,359.30
Interest payable		12,618,333.33	
Dividend payables		36,252,801.10	24,801.10
Other payables		238,772,537.52	203,517,059.64
Non-current liabilities due within one year		190,699,029.15	338,247,078.14
Other current liabilities			
Total current liabilities		3,343,181,168.82	4,278,052,336.01
Non-current liabilities:			
Long-term borrowings			60,000,000.00
Bonds payable		1,200,000,000.00	
Long-term payables		42,765,765.19	75,739,895.91
Special items payable		143,534,244.97	141,534,244.97
Liabilities expected			
Deferred tax liabilities			
Other non-current liabilities		16,333,578.97	17,737,578.97
Total non-current liabilities		1,402,633,589.13	295,011,719.85
Total liabilities		4,745,814,757.95	4,573,064,055.86
Equity holders' equity (or shareholders' equity):			
Paid-up capital (share capital)		603,800,000.00	603,800,000.00
Capital reserves		1,245,815,280.20	1,245,739,205.70
Less: treasury shares			
Surplus reserves		379,743,103.69	379,743,103.69
Provision for ordinary risks			
Unappropriated profit		199,737,773.67	200,814,751.50
Exchange difference in foreign currency statements			
Total equity holders' equity (or shareholders' equity)		2,429,096,157.56	2,430,097,060.89
Total liabilities and equity holders' equity (or shareholders' equity)		<u>7,174,910,915.51</u>	<u>7,003,161,116.75</u>



II. FINANCIAL STATEMENTS (continued)

3. Consolidated income statement

Unit: RMB

Item	Notes	Current period	Previous period
1. Total operating income	VII.42	4,261,526,730.95	5,307,052,593.67
of which: Operating income		2,621,051,283.41	3,888,093,834.30
Interest income		19,113,584.56	23,024,858.26
Fee and commission income		1,621,361,862.98	1,395,933,901.11
2. Total operating costs		3,503,601,331.76	4,477,705,821.00
of which: Operating costs		2,193,755,935.11	3,265,376,175.83
Interest expenses		450,333.30	504,000.00
Sales taxes and levies	VII.43	106,341,931.80	99,147,572.43
Selling and distribution expenses		79,498,141.01	74,731,296.56
Administrative expenses		1,054,948,860.53	987,944,525.55
Financial expenses		69,205,181.03	40,328,785.01
Impairment loss in respect of assets	VII.46	-599,051.02	9,673,465.62
Add: Gains from changes in fair values (losses are represented by “-”)	VII.44	47,874,301.93	-14,029,236.58
Investment income (losses are represented by “-”) of which: Income from investment in associates and jointly controlled entities	VII.45	74,866,743.39	45,305,038.10
3. Operating profit (losses are represented by “-”)		-2,127,084.18	7,916,945.59
Add: Non-operating income	VII.47	880,666,444.51	860,622,574.19
Less: Non-operating expenses	VII.48	47,133,945.42	7,762,186.60
Including: Loss from disposal of non-current assets		2,746,205.05	3,803,289.49
4. Total profit (Total losses are represented by “-”)		1,036,078.60	2,036,872.26
Less: Income tax expenses	VII.49	925,054,184.88	864,581,471.30
5. Net profit (losses are represented by “-”)		228,894,178.27	201,484,318.44
Net profit attributable to shareholders of the parents		696,160,006.61	663,097,152.86
Minority interests		278,289,787.01	305,542,394.06
6. Earnings per share		417,870,219.60	357,554,758.80
(I) Basic earnings per share		-	-
(II) Diluted earnings per share		0.46	0.51
7. other comprehensive income		0.46	0.51
8. total comprehensive income		28,376,145.41	-46,439,828.02
Total comprehensive profit attributable to shareholders of the parents		724,536,152.02	616,657,324.84
Total comprehensive profit attributable to minority shareholders		288,824,366.45	288,766,566.04
		<u>435,711,785.57</u>	<u>327,890,758.80</u>

Legal representative:
Ye Maoxinperson-in-charge of accounting function:
Mao Faqingperson in charge of accounting department:
Wang Guofeng

II. FINANCIAL STATEMENTS (continued)
4. Income statement of the parent company
Unit: RMB

	<i>Notes</i>	Current period	Previous period
1. Total operating income of which: Operating income	IX.4	1,864,665,063.69	2,569,224,542.93
Less: Operating costs	IX.4	1,741,461,473.35	2,409,269,246.07
Sales taxes and levies		2,291,277.79	4,053,545.58
Selling and distribution expenses		37,422,645.33	30,651,983.35
Administrative expenses		77,615,010.19	81,852,352.52
Financial expenses		57,488,229.45	30,092,013.07
Impairment loss in respect of assets			-569,845.38
Add: Gains from changes in fair values (losses are represented by “-”)		-1,253.73	-80,472.22
Investment income (losses are represented by “-”)	IX.5	39,464,568.26	6,740,789.67
of which: Income from investment in associates and jointly controlled entities		3,635,375.62	6,720,101.43
2. Operating profit (losses are represented by “-”)		-12,150,257.89	20,535,565.17
Add: Non-operating income		55,144,488.30	2,117,500.95
Less: Non-operating expenses		466,781.29	564,951.14
Including: Loss from disposal of non-current assets		413,728.44	495,245.48
3. Total profit (Total losses are represented by “-”)		42,527,449.12	22,088,114.98
Less: Income tax expenses		17,250.00	17,250.00
4. Net profit (losses are represented by “-”)		42,510,199.12	22,070,864.98
5. Earnings per share		-	-
(I) Basic earnings per share		0.07	0.04
(II) Diluted earnings per share		0.07	0.04
6. other comprehensive income		0.00	0.00
7. total comprehensive income		<u>42,510,199.12</u>	<u>22,070,864.98</u>



II. FINANCIAL STATEMENTS (continued)

5. Consolidated Cash Flow Statements

Unit: RMB

	Current period	Previous period
1. Cash flow from operating activities:		
Cash receipts from sale of goods and the rendering of services	2,711,666,330.28	4,414,893,098.74
Interest, fee and commission received	1,704,291,999.89	2,593,328,759.37
Receipts of tax refunds	3,444,075.15	13,062,661.75
Other cash receipts relating to operating activities	102,261,767.12	1,037,438,311.64
Sub-total of cash inflows from operating activities	4,521,664,172.44	8,058,722,831.50
Cash payments for goods purchased and services received	2,407,816,412.63	3,745,841,548.51
Net increase on loans and advances to customers		1,619,000,000.00
Interest, fee and commission paid	450,333.30	
Cash payments to and on behalf of employees	566,651,199.08	497,582,508.05
Payments of all types of taxes	533,353,757.63	498,745,242.83
Other cash payments relating to operating activities	322,366,204.22	897,707,140.13
Sub-total of cash outflows from operating activities	3,830,637,906.86	7,258,876,439.52
Net cash flows from operating activities	691,026,265.58	799,846,391.98
2. Cash flows from investing activities:		
Cash receipts from disposals of investments	509,918,941.32	933,529,310.97
Cash receipts from returns on investments	37,967,488.58	50,223,139.63
Net cash receipts from disposals of fixed assets, intangible assets and other long term assets	38,480,323.52	1,310,611.30
Net cash receipts from disposals of subsidiaries and other operating units	41,086,776.59	
Other cash receipts relating to investing activities	2,000,000.00	20,048,102.04
Sub-total of cash inflows from investing activities	629,453,530.01	1,005,111,163.94
Cash payments to acquire fixed assets, intangible assets and other long-term assets	106,603,027.89	126,527,229.57
Cash payments to acquire investments	601,553,425.76	1,978,376,407.83
Other cash payments relating to investing activities		494,984.85
Sub-total of cash outflows from investing activities	708,156,453.65	2,105,398,622.25
Net cash flows from investing activities	-78,702,923.64	-1,100,287,458.31

II. FINANCIAL STATEMENTS (continued)
5. Consolidated Cash Flow Statements (continued)

Unit: RMB

	Current period	Previous period
3. Cash flows from financing activities:		
Receipt of cash investment		192,000,000.00
Of which: Capital injections to subsidiaries from minority shareholders		192,000,000.00
Cash receipts from borrowings	1,415,973,371.09	1,932,824,381.82
Cash receipts from bond issue	1,196,400,000.00	
Other cash receipts relating to financing activities		373,612,301.15
Sub-total of cash inflows from financing activities	2,612,373,371.09	2,498,436,682.97
Cash repayments of amounts borrowed	2,236,041,315.35	1,674,684,389.52
Cash payments for distribution of dividends, profits or interest expenses	58,687,769.30	38,862,938.27
Of which: dividend and profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities	17,433,097.90	538,529,829.30
Sub-total of cash outflows from financing activities	2,312,162,182.55	2,252,077,157.09
Net cash flows from financing activities	300,211,188.54	246,359,525.88
4. Effect of foreign exchange rate changes on cash and cash equivalents	115,360.20	-276,188.38
5. Net increase in cash and cash equivalents:	912,649,890.68	-54,357,728.83
Add: Opening balance of cash and cash equivalents	3,807,850,611.00	2,350,591,630.16
6. Closing balance of cash and cash equivalents	<u>4,720,500,501.68</u>	<u>2,296,233,901.33</u>



II. FINANCIAL STATEMENTS (continued)

6. Cash Flow Statements of the parent company

Unit: RMB

	Current period	Previous period
1. Cash flow from operating activities:		
Cash receipts from sale of goods and the rendering of services	1,563,779,572.14	2,691,000,874.08
Receipts of tax refunds		10,360,874.87
Other cash receipts relating to operating activities	276,881,370.61	195,154,793.32
Sub-total of cash inflows from operating activities	1,840,660,942.75	2,896,516,542.27
Cash payments for goods purchased and services received	1,445,660,024.65	2,555,230,901.97
Cash payments to and on behalf of employees	98,878,881.63	81,937,569.04
Payments of all types of taxes	42,034,698.33	25,351,606.92
Other cash payments relating to operating activities	237,018,321.04	166,035,505.50
Sub-total of cash outflows from operating activities	1,823,591,925.65	2,828,555,583.43
Net cash flows from operating activities	17,069,017.10	67,960,958.84
2. Cash flows from investing activities:		
Cash receipts from disposals of investments	47,139.39	20,164,000.00
Cash receipts from returns on investments		25,029,890.17
Net cash receipts from disposals of fixed assets, intangible assets and other long term assets	28,713,933.52	296,563.29
Net cash receipts from disposals of subsidiaries and other operating units	41,200,000.00	
Other cash receipts relating to investing activities	2,000,000.00	
Sub-total of cash inflows from investing activities	71,961,072.91	45,490,453.46
Cash payments to acquire fixed assets, intangible assets and other long-term assets	16,391,225.82	17,093,847.68
Cash payments to acquire investments	152,431,313.00	623,640,750.00
Other cash payments relating to investing activities		
Sub-total of cash outflows from investing activities	168,822,538.82	640,734,597.68
Net cash flows from investing activities	-96,861,465.91	-595,244,144.22

II. FINANCIAL STATEMENTS (continued)
6. Cash Flow Statements of the parent company (continued)

Unit: RMB

	Current period	Previous period
3. Cash flows from financing activities		
Receipt of cash investment		
Cash receipts from borrowings	1,301,201,647.09	1,083,324,381.82
Cash receipts from bond issue	1,196,400,000.00	0.00
Other cash receipts relating to financing activities	816,855,130.66	489,291,715.45
Sub-total of cash inflows from financing activities	3,314,456,777.75	1,572,616,097.27
Cash repayments of amounts borrowed	2,164,041,315.35	801,099,576.26
Cash payments for distribution of dividends, profits or interest expenses	53,488,309.16	36,270,050.70
Other cash payments relating to financing activities	969,702,665.43	538,529,829.30
Sub-total of cash outflows from financing activities	3,187,232,289.94	1,375,899,456.26
Net cash flows from financing activities	127,224,487.81	196,716,641.01
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents:	47,432,039.00	-330,566,544.37
Add: Opening balance of cash and cash equivalents	431,749,529.22	1,091,932,650.31
6. Closing balance of cash and cash equivalents	<u>479,181,568.22</u>	<u>761,366,105.94</u>

**II. FINANCIAL STATEMENTS (continued)****7. Consolidated Statement of Changes in Shareholders' Equity****Current period***Unit: RMB*

	Paid-in capital (or share capital) Capital reserve		Owner's equity attributable to the Parent						Minority interests	Shareholders' equity	
			Less: treasury shares	Specialized reserves	Surplus Reserve	Risk preparation	Undistributed profits	others			
I. Balance brought forward	603,800,000.00	1,193,078,144.53			671,282,063.81	26,512,656.79	907,076,447.30	-3,360,971.19	2,332,915,597.19	5,731,303,938.43	
II. Opening balance	603,800,000.00	1,193,078,144.53			671,282,063.81	26,512,656.79	907,076,447.30	-3,360,971.19	2,332,915,597.19	5,731,303,938.43	
III. Increase or decrease for this period (Decrease is represented by "-")		10,266,355.61						242,061,787.01	234,874.16	447,572,544.04	700,135,560.82
(I) Net profit								278,289,787.01		417,870,219.60	696,160,006.61
(II) Other comprehensive income		10,299,705.28							234,874.16	17,841,565.97	28,376,145.41
Sub-total of (I) and (II)		10,299,705.28						278,289,787.01	234,874.16	435,711,785.57	724,536,152.02
(III) Capital injected and reduced by the owner		-33,349.67								12,960,758.47	12,927,408.80
1. Capital injected by the owner										17,639,886.00	17,639,886.00
2. Others		-33,349.67								-4,679,127.53	-4,712,477.20
(IV) Profit appropriation								-36,228,000.00		-1,100,000.00	-37,328,000.00
1. Withdrawal from surplus reserve											
2. Allocation to owner (or shareholder)								-36,228,000.00		-1,100,000.00	-37,328,000.00
(V) Transfer within owner's equity											
(VI) special reserve											
IV. ending balance	<u>603,800,000.00</u>	<u>1,203,344,500.14</u>			<u>671,282,063.81</u>	<u>26,512,656.79</u>	<u>1,149,138,234.31</u>	<u>-3,126,097.03</u>	<u>2,780,488,141.23</u>	<u>6,431,439,499.25</u>	

II. FINANCIAL STATEMENTS (continued)
7. Consolidated Statement of Changes in Shareholders' Equity (continued)
Previous period
Unit: RMB

	Paid-in capital (or share capital) Capital reserve		Owner's equity attributable to the Parent					Minority interests	Shareholders' equity	
			Less: treasury shares	Specialized reserves	Surplus Reserve	Risk preparation	Undistributed profits			
I. Balance brought forward	603,800,000.00	1,307,009,803.73			602,607,325.16	7,714,836.62	546,021,613.11	-3,032,308.33	1,254,393,981.92	4,318,515,252.21
II. Opening balance	603,800,000.00	1,307,009,803.73			602,607,325.16	7,714,836.62	546,021,613.11	-3,032,308.33	1,254,393,981.92	4,318,515,252.21
III. Increase or decrease for this period (Decrease is represented by "-")		-113,931,659.20			68,674,738.65	18,797,820.17	361,054,834.19	-328,662.86	1,078,521,615.27	1,412,788,686.22
(I) Net profit							490,793,393.01		673,174,163.10	1,163,967,556.11
(II) Other comprehensive income		-61,760,189.04						-328,662.86	-108,786,173.43	-170,875,025.33
Sub-total of (I) and (II)		-61,760,189.04					490,793,393.01	-328,662.86	564,387,989.67	993,092,530.78
(III) Capital injected and reduced by the owner		-52,171,470.16							523,317,110.95	471,145,640.79
1. Capital injected by the owner									505,451,900.00	505,451,900.00
2. Others		-52,171,470.16							17,865,210.95	-34,306,259.21
(IV) Profit appropriation					68,674,738.65	18,797,820.17	-129,738,558.82		-9,183,485.35	-51,449,485.35
1. Withdrawal from surplus reserve					68,674,738.65		-68,674,738.65			
2. Withdrawal for risk preparation						18,797,820.17	-18,797,820.17			
3. Allocation to owner (or shareholder)							-42,266,000.00		-9,183,485.35	-51,449,485.35
(V) Transfer within owner's equity										
(VI) special reserve										
(VII) others										
IV. ending balance	603,800,000.00	1,193,078,144.53			671,282,063.81	26,512,656.79	907,076,447.30	-3,360,971.19	2,332,915,597.19	5,731,303,938.43

**II. FINANCIAL STATEMENTS (continued)****8. Statement of Changes in Shareholders' Equity of the parent company****Current period***Unit: RMB*

	Paid-in capital (or share capital)	Capital reserve	Less: treasury shares	Current period		Risk preparation	Undistributed profits	Shareholders' equity
				Specialized reserves	Surplus Reserve			
I. Balance brought forward	603,800,000.00	1,245,739,205.70			379,743,103.69		200,814,751.50	2,430,097,060.89
II. Opening balance	603,800,000.00	1,245,739,205.70			379,743,103.69		200,814,751.50	2,430,097,060.89
III. Increase or decrease for this period (Decrease is represented by "-")		76,074.50					-1,076,977.83	-1,000,903.33
(I) Net profit							42,510,199.12	42,510,199.12
(II) Other comprehensive income								
Sub-total of (I) and (II)							42,510,199.12	42,510,199.12
(III) Capital injected and reduced by the owner		76,074.50					-7,359,176.95	-7,283,102.45
1. Capital injected by the owner								
2. Settlement by shares taken to Shareholders' equity								
3. Others		76,074.50					-7,359,176.95	-7,283,102.45
(IV) Profit appropriation							-36,228,000.00	-36,228,000.00
1. Withdrawal from surplus reserve								
2. General risk reserve								
3. Allocation to owner (or shareholder)							-36,228,000.00	-36,228,000.00
(V) Transfer within owner's equity								
(VI) special reserve								
(VII) others								
IV. ending balance	<u>603,800,000.00</u>	<u>1,245,815,280.20</u>			<u>379,743,103.69</u>		<u>199,737,773.67</u>	<u>2,429,096,157.56</u>

II. FINANCIAL STATEMENTS (continued)
8. Statement of Changes in Shareholders' Equity of the parent company (continued)
Previous period
Unit: RMB

	Paid-in capital (or share capital)	Capital reserve	Less: treasury shares	Current period		Risk preparation	Undistributed profits	Shareholders' equity
				Specialized reserves	Surplus Reserve			
I. Balance brought forward	603,800,000.00	1,244,915,055.54			368,119,180.61		138,465,443.77	2,355,299,679.92
II. Opening balance	603,800,000.00	1,244,915,055.54			368,119,180.61		138,465,443.77	2,355,299,679.92
III. Increase or decrease for this period (Decrease is represented by "-")		824,150.16			11,623,923.08		62,349,307.73	74,797,380.97
(I) Net profit							116,239,230.81	116,239,230.81
(II) Other comprehensive income		824,150.16						824,150.16
Sub-total of (I) and (II)		824,150.16					116,239,230.81	117,063,380.97
(III) Capital injected and reduced by the owner								
1. Capital injected by the owner								
2. Settlement by shares taken to Shareholders' equity								
3. Others								
(IV) Profit appropriation					11,623,923.08		-53,889,923.08	-42,266,000.00
1. Withdrawal from surplus reserve					11,623,923.08		-11,623,923.08	
2. General risk reserve								
3. Allocation to owner (or shareholder)							-42,266,000.00	-42,266,000.00
(V) Transfer within owner's equity								
(VI) special reserve								
(VII) others								
IV. ending balance	<u>603,800,000.00</u>	<u>1,245,739,205.70</u>			<u>379,743,103.69</u>		<u>200,814,751.50</u>	<u>2,430,097,060.89</u>



**Notes to the Financial Statements
For the six months ended 30 June 2012**

(Prepared in accordance with the PRC Accounting Standards for Business Enterprises)
(All amounts are stated in RMB Yuan unless otherwise stated)

III. GENERAL

Jingwei Textile Machinery Company Limited (the “Company”) is established on 15 August 1995 with China National Textile Machinery Corporation (Group) Company Limited (“CTMC”, and formerly known as China National Textile Machinery Corporation) as promoter. There were 220,000,000 shares owned by domestic legal persons when the Company was set up. The registered office is located at No. 8 Yongchangzhong Road, Beijing Economic & Technological Development Zone, Beijing, the PRC. The headquarters is located at 7/F, First Shanghai Centre, 39 Liangmaqiao Road, Chaoyang District, Beijing and the legal representative Ye Maoxin.

After approval of Chinese Securities Regulatory Committee (“CSRC”) under the State Council in the document entitled No.2 (1996), the Company was listed on the Hong Kong Stock Exchange with the issuance of 180,800,000 H shares in February 1996. It was granted the status as a foreign invested joint stock limited company by Former Ministry of Foreign Trade and Economic Cooperation in March 1996. In November 1996, the Company, as approved by CSRC in No.347 (1996) document and No. 348(1996) document, issued 23,000,000 A shares and in May 2000, the Company issued an additional 180,000,000 A shares. Subsequent to this issuance, the total shares issued by the Company amounted to 603,800,000.

The Company and its subsidiaries (collectively, referred to as “the Group”) are principally engaged in manufacturing and sales of textile machinery and provision of trust and fiduciary services.

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS OF THE PREVIOUS PERIOD

1. BASIS OF PREPARATION

The financial statement is prepared on the going concern basis according to the actual transactions occurred, as well as the following significant accounting policies and accounting estimates determined in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC on 15 February 2006.

2. STATEMENT OF COMPLIANCE WITH ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises (“ASBE”) issued by the Ministry of Finance of the PRC on 15 February 2006, and present truly and completely, the Company’s and Group’s financial position as of 30 June 2012, the Company’s and Group’s results of operations and cash flows for the January to June 2012.

3. Accounting year

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

4. Functional currency

Given the fact that Renminbi (“RMB”) is the major currency of the circumstances where the Company and its domestic subsidiaries are primarily operated, the Company and domestic subsidiaries adopt RMB as their functional currency. The Group adopts RMB as the functional currency for the preparation of the financial statements.

Functional currency of foreign subsidiaries

Hong Kong Huaming Company Limited adopt Hong Kong dollar (“HKD”) as its functional currency as this is lawful currency of the place where it primarily operated.

Notes to the Financial Statements
For the six months ended 30 June 2012

(Prepared in accordance with the PRC Accounting Standards for Business Enterprises)
(All amounts are stated in RMB Yuan unless otherwise stated)

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS OF THE PREVIOUS PERIOD (continued)

5. Business combination

(1) *A business combination involving enterprises under common control*

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. The party that, on the combination date, obtains control of another enterprise participating in the combination is the absorbing party, while that other enterprise participating in the combination is a party being absorbed.

Assets and liabilities that are obtained by the absorbing party in a business combination are measured at their carrying amounts at the combination date as recorded by the party being absorbed. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) is adjusted to share premium in capital reserve. If the share premium in capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

Costs incurred by the absorbing party that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

(2) *A business combination not involving enterprises under common control*

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination. For a business combination not involving enterprises under common control, the party that, on the acquisition date, obtains control of another enterprise participating in the combination is the acquirer, while that other enterprise participating in the combination is the acquiree.

For a business combination not involving enterprises under common control, the cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Where future matters which may affect the cost of the combination have been included in the contract, such matters are recognized into the cost of the combination if they are expected to occur and their impact can be reliably measured on the date of the combination.

Intermediate fees and other related management expenses such as audit fee, legal fee and valuation fee incurred by the acquirer for business combination should be recorded in the profit or loss for current period; The trading expenses for the equity securities or debt securities issued by the acquirer as the combination consideration shall be included in the amount of initial recognition of the equity securities or debt securities.

The acquiree's identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria, which are acquired in a business combination not involving enterprises under common control, are measured at their fair value at the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is accounted for as follows: firstly, the acquirer reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination; then, if after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.



**Notes to the Financial Statements
For the six months ended 30 June 2012**

(Prepared in accordance with the PRC Accounting Standards for Business Enterprises)
(All amounts are stated in RMB Yuan unless otherwise stated)

IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS OF THE PREVIOUS PERIOD (continued)

6. Preparation of consolidated financial statements

The scope of consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities.

The dates on which the Group obtains or loses control of its subsidiaries are considered as the acquisition date and the date of disposal. For a subsidiary already disposed of, its operating results and cash flows before the date of disposal are appropriately included in the consolidated income statement and the consolidated cash flow statement; for a subsidiary disposed of during the current period, no adjustments are made to the opening balance of the consolidated balance sheet. Where a subsidiary has been acquired through a business combination not involving enterprises under common control, the subsidiary's operating results and cash flows after the acquisition date are appropriately included in the consolidated income statement and the consolidated cash flow statement, and no adjustments are made to the opening balance and comparative figures of the consolidated financial statements. Where a subsidiary has been acquired through a business combination involving enterprises under common control, the subsidiary's operating results and cash flows from the beginning of the reporting period to the combination date are appropriately included in the consolidated income statement and the consolidated cash flow statement, and adjustments are made to the comparative figures of the consolidated financial statement accordingly.

Major accounting policies and accounting periods adopted by the subsidiaries are defined according to the standardized accounting policies and accounting periods established by the Company. All significant intergroup accounts and transactions between the Company and its subsidiaries or between subsidiaries are eliminated on consolidation.

The portion of a subsidiary's equity that is not attributable to the parent is treated as non-controlling interests and presented as "non-controlling interests" in the consolidated balance sheet within owners' equity. The portion of net profits or losses of subsidiaries for the period attributable to non-controlling interests is presented in the consolidated income statement below the "net profit" line item as "non-controlling interests". In consolidated financial statement, if the portion of losses attributable to subsidiary's non-controlling interests is higher than its portion of shareholders' equity, the balances continue to offset the non-controlling interest.

7. Cash and Cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand.

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

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IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS OF THE PREVIOUS PERIOD (continued)

8. Translation of transactions denominated in foreign currencies

(1) Business in foreign currencies

On initial recognition, foreign currency transactions are translated by applying the spot exchange rate at the dates of the transactions. At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rate at that date. Exchange differences arising from the differences between the spot exchange rate prevailing at the balance sheet date and those used on initial recognition or at the previous balance sheet date are recognized in profit or loss for the current period, except for: (1) exchange differences arising from specific-purpose borrowings in foreign currencies that are eligible for capitalization, which are capitalized during the capitalization period and included in the cost of related assets; and (2) exchange differences arising from available-for-sales nonmonetary investment e.g. stocks and shares denominated in foreign currency, which are recognized in equity, all other exchange differences are included in profit or loss in the period in which they arose.

Foreign currency non-monetary items carried at historical cost continue to be measured at the amounts in functional currency translated using the spot exchange rates at the dates of the transactions; foreign currency non-monetary items carried at fair value are translated using the spot exchange rates at the date when the fair value was determined. Differences between the translated amount and the original amount of functional currency are accounted for as changes in fair value (including changes in foreign exchange rates) and recognized as profit or loss for the period or shareholders' equity.

(2) Translation of financial statements in foreign currencies

Where the preparation of consolidated financial statements involves a foreign operation, for example, for foreign currency monetary items that substantially constitute a net investment in the foreign operation, exchange differences arising from changes in foreign exchange rates are included in "translation differences arising on translation of financial statements denominated in foreign currencies" of shareholder's equity, and is recognized in profit or loss for the period in which the foreign operation is disposed of.

9. Financial instruments

Financial assets are classified as financial assets at fair value through profit or loss ("FVTPL"), held-to maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are measured initially at fair value. The related transaction costs of financial assets at fair value through profit or loss are directly recognized in profit or loss of the current period. The related transaction costs of other financial assets are recognized as the initial cost.

At initial recognition, financial liabilities are classified as financial liabilities at fair value through profit or loss and other financial liabilities.

(1) Classification of financial instruments

Depending on the nature and the purpose of ownership, financial assets are classified at initial recognition. The Group's financial assets are mainly held-for-trading financial assets, financial assets available for sales and loans and receivables.

The Group's financial liabilities are mainly payables, borrowings and other financial liabilities.



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IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS OF THE PREVIOUS PERIOD (continued)

9. Financial instruments (continued)

(2) Measurement of financial instruments

a. Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss are recognized as financial assets held for trading.

A financial asset is classified as held-for-trading if: (1) it has been acquired principally for the purpose of selling or repurchasing it in the near future; or (2) it is part of a portfolio of identified financial instruments that are managed together and for which there is objective evidence of a recent actual pattern of short-term profit-making; or (3) it is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price from an active market) whose fair value cannot be reliably measured.

Held-for-trading financial assets are subsequently measured at fair value, with gains or losses arising from changes in fair value, as well as dividends and interest income related to such financial assets, recognized in profit or loss of the current period.

b. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and accounts receivable by the Group shall include notes receivable, accounts receivable, dividends receivable and other receivables.

Loans and receivables are subsequently measured at amortized cost using the effective interest rate method. Gains or losses arising from de-recognition, impairment or amortization are recognized in profit or loss for the current period.

c. Available-for-sale financial assets

These are any other financial assets that do not fall into any of the three categories above. In addition, the Company also can designate a financial asset as available-for-sale when it is initially recognized.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Except that impairment and exchange losses arising from the difference from foreign currency financial assets and amortized cost are recognized in profit or loss, changes in fair value of available-for-sale financial assets are recognized in equity. Cumulative gains or losses relating to this investment are removed from equity and taken to profit or loss as part of gain or loss when the asset was eventually disposed of.

Cash dividend and interest income arising from available-for-sale financial assets during the period the financial assets are held are recorded as investment income.

d. Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Gains or losses arising from de-recognition or amortization is recognized in profit or loss in the current period.

(3) Transfer and measurement of financial asset

When the Group transfers a financial asset, it shall evaluate the extent to which it retains the risks and rewards of ownership of the financial asset. In this case: (a) If the Group transfers substantially all the risks and rewards of ownership of the financial asset, the Group shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. (b) If the Group retains substantially all the risks and rewards of ownership of the financial asset, the Group shall continue to recognise the financial asset. (c) If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the entity shall determine whether it has retained control of the financial asset. In this case: (i) If the Group has not retained control, it shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer. (ii) If the Group has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

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IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS OF THE PREVIOUS PERIOD (continued)

9. Financial instruments (continued)

(4) Derecognition of a financial asset and financial liabilities

An entity shall derecognise a financial liability (or a part of a financial liability) from its Statement of Financial Position when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

(5) Fair value method for financial assets and financial liabilities

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. For financial instruments with an active market, the Group adopts the quoted prices in the active market to determine their prices. The quoted prices in an active market shall mean regularly accessible prices from exchanges, dealers, industry associations and pricing service providers, and represent prices of fair transactions actually occurred in the market. For financial instruments without an active market (excluding derivatives), the Group adopts valuation techniques to determine the fair price, with reference to prices of recent market transactions between knowledgeable and willing parties, current fair values of other financial instruments of de facto similarities, discount of cash flow and option pricing model, among others.

The fair value of financial assets and liabilities should be ensured in accordance with the corresponding active market price and current bid if there are standard terms and conditions and active market. The fair value of other financial assets and financial liabilities (not including derivatives) should be ensured in accordance with the general pricing model on the basis of the discounted method of future cash flow or the observable current market transaction price.

(6) Impairment provision of financial assets (excluding receivables)

The Group assesses the recoverable amount of financial assets, except those assets at fair value through profit or loss, at each balance sheet date. Provisions for impairment should be made if there are significant indicators of impairment in the financial assets. Significant indicators might include: (1) Financial difficulties of the issuer; (2) Default by the borrower on interest payment and overdue or breach of contract in the settlement of principal; (3) Give way to those under financial difficulty after consideration on economic or legal reasons; (4) Debtors may go into liquidation or under other financial reorganization; (5) Disappearance of an active market for the investment due to the financial difficulties of the issuer; (6) In case that reduction in cash flow of certain assets among a group of financial assets cannot be identified, while it is discovered that the expected future cash flow of the financial assets has been declined and can be measured reliably since initial recognition after an overall evaluation based on disclosed information, and this includes the repayment capability of the debtor of the Group of financial assets gradually deteriorates, economic situation of the country or region where the debtor is staying may cause payment of the Group of financial assets impossible; (7) Irrecoverable cost due to significant and adverse changes taken place in the technique, market, economic or legal environments in which the debtor operates; (8) A significant continued decline in value; and (9) Other significant indicators.

For the financial assets carried at amortized cost, impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows, and attributes to the comprehensive income for the period. An impairment loss may be reversed when there is related evidence that this is happened. The carrying value of the financial assets after the reversing should not be higher than the amortized amount without impairment at the date of reversing.



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IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS OF THE PREVIOUS PERIOD (continued)

10. Recognition standards and method for provision for bad debts of receivables

The Group makes a checking of the carrying amount of receivables at each balance sheet date. Provision for bad debts should be made when there is objective evidence of bad debts on receivables. Objective evidence which supports bad debts on receivables mainly include the followings: (1) The debtors are under severe financial difficulties; (2) Debtors may go into liquidation or under other financial reorganization; (3) Other objective evidence which shows bad debts on receivables.

(1) Individual Receivables above Significant Level

The basis or standard for judging the significant level of individual receivable

The Group regards receivables exceeding RMB10 million (inclusive) as a material individual receivable.

Provision-making Method on individual receivables above significant level

The Group carries out independent impairment tests on each material individual receivable. For receivables not impaired upon independent tests shall be re-tested in a combination of receivables with similar credit risk features. Receivables impaired upon independent tests shall not be re-tested in a combination of receivables with similar credit risk features.

(2) Receivables for which provision of bad debts made by groups

Group	Method	Basis for classification
Age	Age analysis	Consider aging of receivables as credit risk characteristics and provided by aging analysis

Provided by age:

Age	Percentage provided for of trade receivables (%)	Percentage provided for of other receivables (%)
Less than 1 year (inclusive)	0%	0%
1-2 years	20%	20%
2-3 years	50%	50%
Over 3 years	100%	100%
3-4 years	100%	100%
4-5 years	100%	100%
Over 5 years	100%	100%

(3) Receivable on which individual provision for bad debt is made despite its immaterial individual amount

Reasons:

The Group makes an individual impairment test for immaterial individual receivables which have the following characteristics, such as, there is a dispute with each other or involved in litigation, arbitration; there are clear indications that the debtor was unable to meet repayment obligations etc.

Method:

After the impairment test, if there is objective evidence that impairment occurred, according to the difference between the present value of future cash flows and its carrying amounts, the Group will determine the impairment losses, make provision for bad debts.

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IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS OF THE PREVIOUS PERIOD (continued)

11. Inventories

(1) Classification of Inventory

Inventories of the Group mainly include raw materials, work-in-progress, finished goods, etc. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditure incurred in bringing the inventories to their present location and condition.

(2) Basis of measurement on issued inventories

Upon delivery of inventories, the weighted average method is used to assign the actual cost of inventories.

(3) Provision for decline in value of inventories

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purpose of inventories being held and effect of post balance sheet events.

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the cost of inventories is higher than the net realizable value, a provision for decline in value of inventories is recognised. For large quantity and low value items of inventories, provision may be made based on categories of inventories. For items of inventories relating to a product line that is produced and marketed in the same geographical area and with the same or similar end uses or purposes, which cannot be practicable evaluated separately from other items in that product line, provision for decline in value of inventories may be determined on an aggregate basis. For other inventories, the excess of cost over the net realizable value is generally recognised as provision for decline in value of inventories on an item-by-item basis. After provision for decline in value of inventories has been made, if the circumstances that previously caused inventories to be written down no longer exist which results in the net realizable value being higher than the carrying amount, the amount of the write-down is reversed in profit or loss for the current period; the reversal is Limited to the amount originally provided for the decline in value of inventories.

(4) Perpetual inventory system

perpetual inventory system regular inventory system other

(5) amortization of low-value consumption and packaging

low-value consumption

amortization in one sum

packaging

amortization in one sum

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IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS OF THE PREVIOUS PERIOD (continued)

12. Long-term equity investment

(1) Recognition of initial cost of investment

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the absorbing party's share of the carrying amount of the shareholders' equity of the party being absorbed at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the combination cost. The initial investment cost of the long-term equity investment acquired other than through a business combination is initially measured at its cost.

Where the Group does not have joint control or significant influence over the investee, the investment is not quoted in an active market and its fair value cannot be reliably measured, a long-term equity investment is accounted for using the cost method. Where the Group can exercise joint control or significant influence over the investee, a long-term equity investment is accounted for using the equity method. Where the Group does not have control, joint control or significant influence over the investee and the fair value of the long-term equity investment can be reliably measured, the investment is accounted for as an available-for-sale financial asset.

A long-term equity investment where the Group can exercise control over the investee is accounted for using the cost method.

(2) Method in subsequent valuation and profit or loss recognition

a. A long-term equity investment accounted for using the cost method

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for purchase price actually paid or the consideration of investment includes cash dividends have been declared but not yet paid or profits, the investing enterprises shall entitle to recognise the investee enterprise cash dividends declared or profits as its return on investment regardless of the net profit pre-or-post investment.

b. A long-term equity investment accounted for using the equity method

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair values of the investee's identifiable net assets at the acquisition date, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference is charged to profit or loss for the current period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, investment income or loss represents the Group's share of the net profits or losses of the investee in the current period. The Group recognizes its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the acquisition date, after making appropriate adjustments thereto in conformity with the accounting policies and accounting periods of the Group. For any changes in shareholder's equity other than net profits or losses in the investee, the Group adjusts the carrying amount of the long-term equity investment and includes the corresponding adjustment in shareholders' equity. However if the unrealized inter-Group loss constitutes impairment of the transferred assets under Accounting Standards for Enterprises No.8-Impairment of Assets, the losses shall not be adjusted. For other changes of owners' equity interest of the investee, the carrying value of the long-term equity investment shall be adjusted accordingly and be recorded into shareholders' equity interest.

The Group's share of net losses of the investee is recognized to the extent that the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of the investor's net investment in the investee are reduced to zero. If the Group has to assume additional obligations, the estimated obligation assumed is provided for and charged to the profit or loss as investment loss for the period. Where the investee records profits in subsequent periods, the Group resumes recognizing its share of profits after setting off profits against the unrecognized share of losses.

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IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS OF THE PREVIOUS PERIOD (continued)

12. Long-term equity investment (continued)

(2) Method in subsequent valuation and profit or loss recognition (continued)

c. Disposal of a long-term equity investment

On disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount is recognised in profit or loss for the current period. For a long-term equity investment accounted for using the equity method, any changes in the owners' equity of the investee (other than net profits or losses) included in the shareholders' equity of the Group, is transferred to profit or loss for the current period on a pro-rata basis according to the proportion disposed of.

(3) Basis of determining common control and significant influence

Control refers to the right to decide on the financial and operating policies of a company and to obtain profit from operating earnings of such company. Joint control refers to the joint control over certain economic activities as agreed under a contract, which only exists by mutual consent of the investing parties when the right of control of significant financial and operating decisions relevant to such economic activities has to be shared. Significant influence refers to the power to participate in the decision-making process of the financial and operating policies of a company, but cannot control or jointly control with other parties in the formulation of these policies.

(4) Impairment test and provision

The Group assesses at each balance sheet date whether there is any indicator that long-term equity investments may be impaired. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If the recoverable amount of an asset is less than its carrying amount, the difference is recognized as an impairment loss and charged to profit or loss for the current period.

Goodwill arising in a business combination is tested for impairment annually, irrespective of whether there is any indicator that the asset may be impaired. For the purpose of impairment testing, goodwill is considered together with the related asset group or sets of assets groups. Namely, the carrying amount of goodwill, from the acquisition date, is allocated on a reasonable basis to each related asset group. When the recoverable amount of an asset group or a set of asset groups is less than its carrying amount, an impairment loss is recognized accordingly. The amount of impairment loss first reduces the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduces the carrying amount of other assets (other than goodwill) within the asset group or set of asset groups, pro rata on the basis of the carrying amount of each asset.

Once an impairment loss on the above assets is recognized, it is not reversed in a subsequent period.



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IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS OF THE PREVIOUS PERIOD (continued)

13. Fixed assets

(1) Conditions of recognition

Fixed assets are tangible assets that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes and have useful lives more than one accounting year.

(2) Basis for recognition and measure of fixed assets held by finance lease

Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract. Examples of situations that individually or in combination would normally lead to a lease being classified as a finance lease are:

- (a) The lease transfers ownership of the asset to the lessee by the end of the lease term;
- (b) The lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised;
- (c) The lease term is for the major part of the economic life of the asset even if the title is not transferred usually accounted for more than 75% of economic life (including 75%);
- (d) At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset 90% or more (including 90%);
- (e) The leased assets are of such a specialized nature that only the lessee can use them without major modifications.

(3) Depreciation

A fixed asset is initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered. Depreciation is provided to write off the cost of each category of fixed assets over their estimated useful lives from the month after they are brought to working condition for the intended uses, using the straight-line method.

Class	Depreciation period (year)	Residual values rates (%)	Annual depreciation rates (%)
Buildings	9-50	5	1.90-10.56
Machinery and equipment	5-22	5	4.32-19.00
Electronic equipment	5-22	5	4.32-19.00
Motor vehicles	5-14	5	6.79-19.00
Other equipment	5-22	5	4.32-19.00
Fixed assets held by finance lease:	—	—	—
Of which: Buildings	9-50	5	1.90-10.56
Machinery and equipment	5-22	5	4.32-19.00
Electronic equipment	5-22	5	4.32-19.00
Motor vehicles	5-14	5	6.79-19.00
Other equipment	5-22	5	4.32-19.00

(4) Impairment test and provision

The Group assesses at each balance sheet date whether there is any indicator that fixed assets may be impaired. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If the recoverable amount of an asset is less than its carrying amount, the difference is recognized as an impairment loss and charged to profit or loss for the current period.

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IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS OF THE PREVIOUS PERIOD (continued)

14. Construction in progress

(1) Category

Construction in progress includes construction work, installation work, technique modification work, comprehensive repair and other works.

(2) Criteria and timing of reclassification as fixed assets

Cost of construction in progress is determined as the expenditure actually incurred for the construction, comprising all expenditure incurred for construction projects, capitalised borrowing costs incurred on a specific borrowing for the construction before it has reached working condition for its intended use, and other related expenses. Construction in progress is reclassified as fixed assets when it has reached working condition for its intended use.

(3) Impairment test and provision

The Group assesses at each balance sheet date whether there is any indicator that construction in progress may be impaired. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If the recoverable amount of an asset is less than its carrying amount, the difference is recognized as an impairment loss and charged to profit or loss for the current period.

15. Borrowing costs

(1) Criteria of recognition

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized and included in cost of relevant assets. The amount of other borrowing costs incurred is recognized as an expense in the period in which they are incurred and included in profit and loss.

(2) Period of capitalization

For borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, capitalization of such borrowing costs can commence only when all of the following conditions are satisfied: (1) expenditures for the asset are being incurred; (2) borrowing costs are being incurred; and (3) activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalisation of such borrowing costs ceases when the qualifying assets being acquired, constructed or produced become ready for their intended use or sale.

(3) Suspension of capitalization

Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is interrupted abnormally and when the interruption is for a continuous period of more than 3 months, until the acquisition, construction or production is resumed.

(4) Calculation of capitalization

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the amount of interest to be capitalized on such borrowings is determined by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditure on the asset over and above that amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.



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IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS OF THE PREVIOUS PERIOD (continued)

16. Intangible assets

(1) Measurement

An intangible asset is initially measured at cost. The expenditure incurred on an intangible asset is recognized as cost of the intangible asset only if it is probable that economic benefits associated with the asset will flow to the Group, and the cost of the asset can be measured reliably. Other expenditure on an intangible asset that fails to meet the recognition criteria is charged to profit or loss when incurred.

(2) Estimation of useful life of intangible assets with indefinite useful life

An intangible asset with a definite useful life is amortized using the straight-line method over its useful life when the asset is available for use. An intangible asset with an indefinite useful life is not amortized.

For an intangible asset with a definite useful life, the Group reviews the useful life and amortization method at least at each financial year-end. A change in the useful life or the amortization method used is accounted for as a change in an accounting estimate.

Item	Estimated useful life	Basis
Land-use right	50 years	Term of the land use right is 50 years

(3) Basis for judgment of usage of intangible assets with indefinite useful life

For intangible asset that has no contractual or legal requirement in respect of its useful life, the Group considers the circumstances of other enterprises in the same industry, experiences on historical events or consultation from experts etc, in order to establish the economic useful life of the relevant intangible asset.

(4) Impairment provision

The Group assesses at each balance sheet date whether there is any indicator that intangible assets may be impaired. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If the recoverable amount of an asset is less than its carrying amount, the difference is recognized as an impairment loss and charged to profit or loss for the current period.

(5) Specification of classification between research phase and development phase

Expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase. In the research phase, planned survey and research are conducted to obtain new technology and knowledge. In development phase, outcome of the research is applied to certain project or design to produce new or substantially improved material, appliance and products before commercialization.

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IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS OF THE PREVIOUS PERIOD (continued)

16. Intangible assets (continued)

(6) Accounting of expenditure

Expenditure on the research phase is recognised in profit and loss in the period in which it is incurred.

Expenditure on the development phase is recognized as an intangible asset only when the Group can demonstrate all of the followings as below. Otherwise, it is charged to profit or loss:

- (1) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (2) Its intention to complete the intangible asset and use or sell it;
- (3) How the intangible asset will generate economic benefits. Among other things, the Group can demonstrate the existence of a market of the output of the intangible asset or the intangible asset itself or, if it to be used internally, the usefulness of the intangible asset;
- (4) The availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) Its ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

If the expenditure on the research phase and on the development phase cannot be identified, the expenditure incurred should be recognized in full in profit or loss for the current period.

17. Long-term prepaid expenses

Long-term prepaid expenses are measured at actual amount and amortized on straight-line basis in beneficial or required period. If the long-term prepaid expense cannot benefit the later periods, the amortized price will be accounted into current profit and loss.

18. Revenue

(1) Specification for determining timing of recognition of income from sales of products

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the customer, when the Company neither retains continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, when it is probable that the economic benefits associated with the transaction will flow to the enterprises and when the relevant amount of revenue and costs can be measured reliably.

(2) Basis for recognition of income from transfer of assets use right

Interest income are recognized according to the length of time for which the Group's monetary funds are used by others and the effective interest rate as at the balance sheet date. Income from usage fee is recognized according to timing and method as agreed under relevant contracts or agreements.

(3) Basis and method of recognition of progress to completion

Income from rendering of service is recognized as total income from rendering of service multiplied by progress to completion and less such income recognized in previous accounting periods as at the balance sheet date. Service cost is carried at estimated total service cost multiplied by progress to completion and less such cost recognized in previous accounting periods.



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IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS OF THE PREVIOUS PERIOD (continued)

19. Government grants

(1) Classification

Government grants are classified into those related to assets and those related to income.

(2) Accounting treatment

A government grant related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized; if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period.

20. Deferred tax assets and deferred tax liabilities

(1) Basis for recognition of deferred tax assets

Deferred tax assets are recognized if the following criteria are met: (1) it is probable that the temporary differences will be reversed in the foreseeable future, (2) taxable income tax for deduction of such difference is probable in the future to the extent of the amount of the taxable income.

(2) Basis for recognition of deferred tax liabilities

Deferred tax liabilities are recognized at the temporary difference between tax base of assets and liabilities and their carrying value.

Deferred tax liabilities relating to temporary difference arising from initial recognition of goodwill are not recognized.

For deferred tax liabilities arising from deferred tax difference of subsidiaries and associated enterprise unless Group can control the time of reversal and the reversal is most likely not going to occur in the foreseeable future.



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IV. SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND ERRORS OF THE PREVIOUS PERIOD (continued)

21. Leases

(1) Accounting of operating leases

Operating leases are accounted for by the following methods:

a. Recording of operating leases by the Group as lessee

Lease payments under an operating lease are recognized on a straight-line basis over the lease term. Initial direct costs are charged to profit or loss for the current period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

b. Recording of operating leases by the Group as lessor

Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term. Significant initial direct costs are capitalized when incurred and charged to profit or loss for the corresponding period according to the same basis for rental income recognition. Other insignificant initial direct costs are charged to profit or loss for the period in which they are incurred. Contingent rents are credited to profit or loss in the period in which they actually arise.

(2) Accounting of finance leases

At the commencement of the lease term, lessees shall recognize finance leases as assets and liabilities in their balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine; if not, the lessee's incremental borrowing rate shall be used. Any initial direct costs of the lessee are added to the amount recognized as an asset. The date of commencement of the lease refers to the date when the Group has the right to use the leased asset.

22. Changes in principal accounting policy and estimation

Whether there is changes

Yes No Not applicable

23. Correction of errors in previous period

Whether errors are recognized

Yes No Not applicable

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V. TAXATION

1. Major tax and rate

Tax	Basis	rate
Value Added Tax	Value added tax (“VAT”) on sales is calculated at 17% or 13% on assessable revenue according to the relevant requirements of tax laws and is paid after deducting input VAT on purchases.	17%, 13%
Consumption tax		
Business taxes	Business tax is calculated at 5% of assessable revenue.	5%
City maintenance and construction tax	City construction tax rate is different according to urban areas where each company is, the specific rate are 7%, 5%, 1%.	7%, 5%, 1%
Enterprise income Taxes	Based on assessable income.	25%, 24%, 15%

Tax rates applicable to subsidiaries and factories

The Company and certain subsidiaries were granted the Advanced Technology Enterprise Certificates jointly by four government authorities including the provincial (Municipal) Science & Technology Office (Commission), Finance Department (Bureau), National and Local Taxation Bureaus. Pursuant to the law of the PRC on Enterprise Income Tax promulgated on 16 March 2007 and the requirements of the relevant policies, the enterprise income tax rate of 15% became effective since 1 January 2008.

2. Preferential tax treatment and approval

Pursuant to the approval document No. GF201111000484 jointly issued by four government authorities including Beijing Municipal Administration of State Taxation, the Company is designated as a new and high technology enterprise and enjoys a preferential income tax rate of 15% in 2012.

Pursuant to the approval document No. GF201111000566 jointly issued by four government authorities including Beijing Municipal Administration of State Taxation, Beijing Jingwei Textile Machinery New Technology Company Limited (“Beijing New Technology”), a subsidiary of Beijing Jingwei Textile Machinery Company, is designated as a new and high technology enterprise and enjoys a preferential income tax rate of 15% in 2012.

Pursuant to the approval document No. GF201112000001 jointly issued by four government authorities including National Taxation Bureau of Tianjin Municipal, Tianjin Hongda Textile Machinery Company Limited (“Tianjin Hongda”), a subsidiary of the Company, is designated as a new and high technology enterprise and enjoys the preferential income tax rate of 15% for 2012.

Pursuant to the approval document No. GF201137100071 jointly issued by four government authorities including National Taxation Bureau of Qingdao Municipal, Shandong, Qingdao Hongda Textile Machinery Company Limited (Qingdao Hongda), a subsidiary of the Company, is designated as a new and high technology enterprise and enjoys a preferential income tax rate of 15% in 2012.

Pursuant to the approval document No. GF201121000062 jointly issued by four government authorities including National Taxation Bureau of Liaoning province, Shenyang Hongda Textile Machinery Company Limited (“Shenyang Hongda”), a subsidiary of the Company, is designated as a new and high technology enterprise and enjoys a preferential income tax rate of 15% for 2012.

Pursuant to the approval document No. GF201131001477 jointly issued by four government authorities including National Taxation Bureau of Shanghai Municipal, Shanghai Jingwei Dongxing Blowing Carding Machinery Company Limited (“Shanghai Dongxing”), a subsidiary of the Company, is designated as a new and high technology enterprise and enjoys the preferential income tax rate of 15% for 2012.

Notes to the Financial Statements
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V. TAXATION (continued)

2. Preferential tax treatment and approval (continued)

Pursuant to the approval document No. GR201014000007 jointly issued by four government authorities including National Taxation Bureau of Shanxi Province, Shanxi Jingwei Textile Machinery and Special Parts Company Limited (“Shanxi Special Parts”), a subsidiary of the Company, is designated as a new and high technology enterprise and enjoys the preferential income tax rate of 15% for 2012.

Pursuant to the approval document No. GF201132001227 jointly issued by four government authorities including National Taxation Bureau of Jiangsu Province, Wuxi Hongda Textile Machinery and Special Parts Company Limited (“Wuxi Special Parts”), a subsidiary of the Company, is designated as a new and hi-tech enterprise and enjoys the preferential income tax rate of 15% for 2012.

Pursuant to the approval document No. GF201143000072 jointly issued by four government authorities including National Taxation Bureau of Hunan Province, Changde Textile Machinery Company Limited (“Changde Textile Machinery”), a subsidiary of the Company, is designated as a new and hi-tech enterprise and enjoys the preferential income tax rate of 15% for 2012.

Pursuant to the approval document No. GF201142000258 jointly issued by four government authorities including National Taxation Bureau of Hubei Province, Yichang Jingwei Textile Machinery Company Limited (“Yichang Jingwei”), a subsidiary of the Company, is designated as a new and hi-tech enterprise and enjoys the preferential income tax rate of 15% for 2012.

Shanghai WSP Mould and Injection Plastic Company Limited (“Shanghai WSP”), a subsidiary of the company, is qualified as a Sino-foreign joint venture, and enjoys transitional rate of 25% applicable for 2012 according to the Notice of the State Council on the Implementation of the Enterprise Income Tax Transitional Preferential Policy (Guofa 2007 No. 39) following the end of the preferential tax treatment in 2011.

Shanghai Chuangan Trading Company Limited (“Shanghai Chuangan”), a subsidiary of the company is an enterprise registered in Shanghai Pudong New Zone, and enjoys transitional rate of 25% applicable for 2012 according to the Notice of the State Council on the Implementation of the Enterprise Income Tax Transitional Preferential Policy (Guofa 2007 No. 39) following the end of the preferential tax treatment in 2011.

Shenyang Hongda Huaming Textile Machinery Company Limited (“Shenyang Hongda Huaming”), a subsidiary of the company, qualifies as a foreign investment production enterprise established in a Science and Technology Development zone, and enjoys transitional rate of 25% applicable for 2012 according to the Notice of the State Council on the Implementation of the Enterprise Income Tax Transitional Preferential Policy (Guofa 2007 No. 39) following the end of the preferential tax treatment in 2011.

According to Shanghai R-2009-0218 software enterprise confirmation certificate issued by the Shanghai economic and information committee, the company subsidiary of Shanghai Huayuan Hyperthermia Technology Company Limited (“Shanghai huayuan”) is recognized for a software enterprise. According to Caishui [2012] no. 27, Shanghai Huayuan enjoyed the preferential tax of two avoid 3 halve from 2011, and 2012 is a year with tax waived.

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VI. COMBINATIONS AND CONSOLIDATION OF FINANCIAL STATEMENTS

General:

During this accounting period, Hubei Xinchufeng Automobile Company Limited, a subsidiary of the Company, set up Hubei CHTC Bus Co., Ltd., holding 60% equity interest therein. The Group established Yichang Jingwei Textile Machinery Company Limited, holding its 100% equity interest.

During this accounting period, the Group transferred 75% equity interest it held in Xianyang Jingwei Textile Machinery Company Limited, which therefore was not under the consolidation.

1. Subsidiaries

(1) Subsidiaries acquired or incorporated by the Group

Unit: RMB

Name of Subsidiaries	Type	Place of incorporation	Nature of business	Registered capital	Currency	Scope of business	Actual investment paid at the end of reporting period	Other items constituting an investment in subsidiaries	Total shareholding of the Group (%)	Total percentage of voting power held by the Group (%)	Whether consolidated	Non-controlling interests	Amount in minority interests offsetting profit and loss thereof	Amount of parent's interests offsetting current loss shared by minority interests over minority share in such subsidiary at beginning of year
Beijing Jingpeng Investment Management Company Limited	Limited Liability Company	Beijing	Investment management	100,000,000.00	CNY	Sales/ Consultation	100,000,000.00		100%	100%	Yes			
Shenyang Hongda Huaming Textile Machinery Company Limited	Limited Liability Company	Shenyang	M&S	40,000,000.00	CNY	T&M	40,000,000.00		98.5%	100%	Yes	170,238.73		
Beijing Jingwei Textile Machinery New Technology Company Limited	Limited Liability Company	Beijing	M&S	100,000,000.00	CNY	T&M	100,000,000.00		100%	100%	Yes			
Yichang Jingwei Textile Machinery Company Limited	Limited Liability Company	Yichang	M&S	20,000,000.00	CNY	T&M	20,000,000.00		100%	100%	Yes			
Tianjin Jingwei New Type Textile Machinery Company Limited	Limited Liability Company	Tianjin	M&S	16,000,000.00	CNY	T&M	16,000,000.00		100%	100%	Yes			
Shanghai Chuangan Trading Company Limited	Limited Liability Company	Shanghai	Sales	2,000,000.00	CNY	T&M	1,800,000.00		90%	90%	Yes	286,650.14		
Shanghai Weixin Electrical and Machinery Company Limited	Limited Liability Company	Shanghai	M&S	16,000,000.00	CNY	T&M	16,000,000.00		100%	100%	Yes			
Shanghai Jingwei Dongxing Blowing Carding Machinery Company Limited	Limited Liability Company	Shanghai	M&S	50,000,000.00	CNY	T&M	46,247,088.00		100%	100%	Yes			
Shanghai WSP Mould and Injection Plastic Company Limited	Limited Liability Company	Shanghai	M&S	5,256,800.00	CNY	T&M	2,628,410.50		50%	100%	Yes	4,713,574.22		
Jingwei Textile Machinery Yuci Material Company Limited	Limited Liability Company	Jinzhou	Sales	5,000,000.00	CNY	T&M	5,000,000.00		99.92%	100%	Yes	677.30		
Shanxi Jingwei Textile Machinery and Special Parts Company Limited	Limited Liability Company	Jinzhou	M&S	40,000,000.00	CNY	T&M	35,860,000.00		89.65%	89.65%	Yes	3,895,144.51		
Hongkong Huaming Co., Limited	Limited Liability Company	HongKong	Sales	7,700,000.00	USD	T&M	100.00		100%	100%	Yes			
Jinzhou Jingwei Foundry Company Limited	Limited Liability Company	Jinzhou	M&S	25,000,000.00	CNY	T&M	17,200,000.00		68.8%	68.8%	Yes	6,456,040.67		



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VI. COMBINATIONS AND CONSOLIDATION OF FINANCIAL STATEMENTS (continued)

1. Subsidiaries (continued)

(1) Subsidiaries acquired or incorporated by the Group (continued)

Unit: RMB

Name of Subsidiaries	Type	Place of incorporation	Nature of business	Registered capital	Currency	Scope of business	Actual investment paid at the end of reporting period	Other items constituting an investment in subsidiaries	Total shareholding of the Group (%)	Total percentage of voting power held by the Group (%)	Whether consolidated	Non-controlling interests	Amount in minority interests offsetting profit and loss thereof	Amount of parent's interests over minority interests share in such subsidiary at beginning of year
Xianyang Jingwei Textile Machinery Company Limited	Limited Liability Company	Xianyang	M&S	50,000,000.00	CNY	T&M	48,200,000.00		97.33%	97.33%	Yes	1,383,598.35		
Hubei Xinchufeng Automobile Company Limited	Limited Liability Company	Suizhou	Automobile manufacture	200,000,000.00	CNY	Automobile	150,000,000.00		75%	75%	Yes	45,246,995.03		
Hengnian Motor Vehicles Company Limited	Limited Liability Company	Suizhou	Automobile sales	50,000,000.00	CNY	Automobile	50,000,000.00		100%	100%	Yes			
Beijing Zhongrong Dingxin Investment Management Company Limited	Limited Liability Company	Beijing	Equity investment	100,000,000.00	CNY	Equity Investment	100,000,000.00		100%	100%	Yes			
Hubei CHTC Bus Co., Ltd.	Limited Liability Company	Suizhou	Automobile	43,550,000.00	CNY	Automobile	26,130,000.00		60%	60%	Yes	17,439,705.49		
Yichang Jingwei Textile Machinery Company Limited	Limited Liability Company	Yichang	Textile Machinery	80,000,000.00	CNY	T&M	80,000,000.00		100%	100%	Yes			

(2) Subsidiaries through a business combination involving enterprises under common control

Unit: RMB

Name of Subsidiaries	Type	Place of incorporation	Nature of business	Registered capital	Currency	Scope of business	Actual investment paid at the end of reporting period	Other items constituting an investment in subsidiaries	Total shareholding of the Group (%)	Total percentage of voting power held by the Group (%)	Whether consolidated	Non-controlling interests	Amount in minority interests offsetting profit and loss thereof	Amount of parent's interests over minority interests share in such subsidiary at beginning of year
Shenyang Hongda Textile Machinery Company Limited	Limited Liability Company	Shenyang	M&S	71,000,000.00	CNY	T&M	69,580,000.00		98%	98%	Yes	2,327,509.38		
Shanxi Jingwei Heli Machinery Manufacturing Company Limited	Limited Liability Company	Jinzhong	M&S	100,000,000.00	CNY	T&M	30,000,000.00		30%	71.43%	Yes	28,654,250.88		
Changde Textile Machinery Company Limited	Limited Liability Company	Changde	M&S	42,349,900.00	CNY	T&M	40,232,400.00		95%	95%	Yes	9,856,865.21		
Tianjin Hongda Textile Machinery Company Limited	Limited Liability Company	Tianjin	M&S	78,500,000.00	CNY	T&M	78,500,000.00		100%	100%	Yes			
Qingdao Hongda Textile Machinery Company Limited	Limited Liability Company	Qingdao	M&S	114,000,000.00	CNY	T&M	111,335,820.00		97.66%	97.66%	Yes	7,466,278.57		
Wuxi Jingwei Textile Technology Testing Company Limited	Limited Liability Company	Wuxi	M&S	49,530,000.00	CNY	Textile	49,530,000.00		100%	100%	Yes			
Wuxi Jingwei Textile Technology Sales Company Limited	Limited Liability Company	Wuxi	Sales	1,000,000.00	CNY	T&M	1,000,000.00		100%	100%	Yes			
Zhengzhou Hongda New Textile Machinery Company Limited	Limited Liability Company	Zhengzhou	M&S	74,500,000.00	CNY	T&M	73,010,000.00		98%	98%	Yes	1,706,823.47		

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VI. COMBINATIONS AND CONSOLIDATION OF FINANCIAL STATEMENTS (continued)

1. Subsidiaries (continued)

(3) Subsidiaries acquired through a business combination not under common control

Unit: RMB

Name of Subsidiaries	Type	Place of incorporation	Nature of business	Registered capital	Currency	Scope of business	Actual investment paid at the end of reporting period	Other items constituting an investment in subsidiaries	Total shareholding of the Group (%)	Total percentage of voting power held by the Group (%)	Whether consolidated	Non-controlling interests	Amount in minority interests offsetting profit and loss thereof	Amount of parent's interests over minority interests' share in such subsidiary at beginning of year
Wuxi Hongda Textile Machinery and Special Parts Company Limited	Limited Liability Company	Wuxi	M&S	20,000,000.00	CNY	T&M	7,000,000.00		35%	51.25%	Yes	54,973,568.61		
Taiyuan Jingwei Electrical Company Limited	Limited Liability Company	Taiyuan	M&S	5,000,000.00	CNY	T&M	5,000,000.00		100%	100%	Yes			
Huangshi Jingwei Textile Machinery Company Limited	Limited Liability Company	Huangshi	M&S	32,000,000.00	CNY	T&M	10,800,000.00		45%	60%	Yes	3,264,565.01		
Anshan Jingwei Haibong Agricultural Machinery Company Limited	Limited Liability Company	Anshan	M&S	40,000,000.00	CNY	A&M	38,855,400.00		51%	51%	Yes	21,209,051.44		
Shanghai Huayuan Hyperthermia Technology Company Limited	Limited Liability Company	Shanghai	M&S	20,000,000.00	CNY	M&D	4,998,000.00		51%	51%	Yes	11,022,382.71		
Zhongrong International Trust Company Limited	Limited Liability Company	Beijing	Trust	1,475,000,000.00	CNY	Trust	1,585,565,021.62		36.6%	57.14%	Yes	2,549,268,777.90		
Jinzhong Jingwei Chemical Fiber Machinery Company Limited	Limited Liability Company	Jinzhong	M&S	31,000,000.00	CNY	M&D	23,451,313.00		65.48%	65.48%	Yes	11,145,443.61		

2. Description of change in scope of consolidation

Description of change in scope of consolidation:

The Group established Yichang Jingwei Textile Machinery Company Limited, holding its 100% equity interest.

During this accounting period, Hubei Xinchufeng Automobile Company Limited, a subsidiary of the Company, set up Hubei Hengtian Bus Co., Ltd., holding 60% equity interest therein.

During this accounting period, the Group transferred 75% equity interest it held in Xianyang Jingwei Textile Machinery Company Limited, which therefore was not under the consolidation.

**Notes to the Financial Statements
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VI. COMBINATIONS AND CONSOLIDATION OF FINANCIAL STATEMENTS (continued)

3. Entities added to and entities excluded from consolidation

Subsidiaries, special purpose vehicles or operating entities under control acquired by entrusted operation or lease added to consolidation:

Unit: RMB

Name	Net assets at end of period	Net profit for current period
Yichang Jingwei Textile Machinery Company Limited	78,327,207.88	-600,385.46
Hubei Hengtian Bus Co., Ltd.	43,599,263.73	49,263.73

Subsidiaries, special purpose vehicles or operating entities under control acquired by entrusted operation or lease excluded from consolidation:

Unit: RMB

Name	Net assets at date of disposal	Net profit from beginning of year to date of disposal
Xianyang Jingwei Textile Machinery Company Limited	27,311,286.55	-731,065.45

4. Subsidiary disposed due to loss of control

Name of subsidiary	Date of disposal	Recognition of profit and loss
Xianyang Jingwei Textile Machinery Company Limited	31 March 2012	According to Accounting Standards for Business Enterprises no.4, the sum of consideration received from disposal of equity investment and the fair value of the remaining equity investment, net of the fair value of the Company's previous share of the subsidiary's net assets recorded from the acquisition date, is recognized in investment income in the period in which control is lost.

5. The exchange rate for the major financial statement items of the foreign operation

Hong Kong Huaming Company Limited, a subsidiary of the Company, is registered in Hong Kong, PRC. At the balance sheet, both assets and liabilities items are translated at the spot exchange rate. All equity items, except for retained earnings, are translated at the history rate. The revenue and expenses was translated using the spot exchange rate or its approximation when the transaction occurred in the income statements. The translation difference has been recognized as exchange reserve in consolidation.

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Currency funds

Unit: RMB

	At end of period			At beginning of period		
	Original currency	Translation rate	RMB equivalent	Original currency	Translation rate	RMB equivalent
Cash:	-	-	732,345.12	-	-	769,922.45
RMB	-	-	628,142.25	-	-	701,370.53
USD	5,202.00	6.3249	32,902.13	229.00	6.3009	1,442.91
HKD	31,850.00	0.8152	25,964.12	31,849.99	0.8107	25,820.79
EUR	606.44	7.871	4,773.29	4.24	8.1625	34.61
JPY	375,150.00	0.0796	29,879.95	375,163.87	0.0811	30,425.79
GBP	1,050.00	9.8169	10,307.75	1,050.00	9.7116	10,197.17
CHF	57.00	6.59	375.63	57.00	6.7287	383.54
CAD	0.00	-	0.00	40.00	6.1777	247.11
Bank Deposit:	-	-	4,683,337,198.08	-	-	3,752,588,950.56
RMB	-	-	4,633,830,867.85	-	-	3,733,966,479.28
USD	7,330,993.40	6.3249	46,367,800.15	2,259,808.40	6.3009	14,238,826.78
HKD	1,554,471.65	0.8152	1,267,205.29	2,915,306.22	0.8107	2,363,438.75
EUR	108,072.07	7.871	850,635.35	121,391.15	8.1625	990,855.23
CHF	154,884.59	6.59	1,020,689.44	152,979.11	6.7287	1,029,350.52
Other Currency Funds	-	-	124,325,604.38	-	-	234,831,135.09
RMB	-	-	124,325,604.38	-	-	234,824,624.93
HKD	-	-	-	8,030.29	0.8107	6,510.16
Total	-	-	4,808,395,147.58	-	-	3,988,190,008.10

At the balance sheet date, currency funds mainly included pledged bank balances. Deposits pledged to banks for Margin of RMB87,894,645.90.

2. Held-for-trading financial assets

(1) Held-for-trading financial assets

Unit: RMB

	Fair value at end of period	Fair value at beginning of period
Held-for-trading debentures	27,804,060.00	
Held-for-trading securities	255,494,296.44	253,226,491.88
Financial assets at fair value through profit and loss		
Derivatives		
Hedging instruments		
Other		
Total	283,298,356.44	253,226,491.88



Notes to the Financial Statements
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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Bills receivable

(1) By Category

Unit: RMB

	At beginning of period	At end of period
Bank guaranteed bills	1,428,382,183.28	1,834,695,550.91
Commercial bills	50,172,164.66	
Total	<u>1,478,554,347.94</u>	<u>1,834,695,550.91</u>

(2) Pledged bills receivable at the balance sheet date

Unit: RMB

Name of Drawer	Date of issue	Due date	Balance	Remarks
Huafang Group Cotton Spinning Company Limited	5 March 2012	5 September 2012	10,000,000.00	
Putian Huafeng Industry And Trade Co., Ltd.	5 January 2012	5 July 2012	7,100,000.00	
Baixin (China) Co., Ltd	3 May 2012	3 November 2012	5,800,000.00	
Wujiang Wanteng Baofu Fangzhi Co., Ltd	6 January 2012	6 July 2012	5,000,000.00	
Huafang Group Cotton Spinning Company Limited	5 March 2012	5 September 2012	5,000,000.00	
Total	-	-	<u>32,900,000.00</u>	-

(3) Endorsed and unexpired bills receivable at the balance sheet date

Unit: RMB

Name of Drawer	Date of issue	Due date	Balance	Remarks
Qingdao Fanglian Qiyi Textile Company Limited	30 March 2012	30 September 2012	11,993,500.00	
Shandong Huayuan Jiegou Company Limited	9 January 2012	9 July 2012	9,000,000.00	
Lion (China) Engine Co., Ltd	17 January 2012	16 July 2012	8,109,290.00	
Dinghu Yongsheng Textile Fiber Company Limited	18 April 2012	18 October 2012	6,910,000.00	
Dongguang Hua Hong Import & Export Company Limited	11 April 2012	11 October 2012	5,400,000.00	
Total	-	-	<u>41,412,790.00</u>	-

4. Dividend receivable

Unit: RMB

	At beginning of period	Increase	Decrease	At end of period
Receivable within one year	2,880,000.00			2,880,000.00
Of which:				
Hengtian Properties Limited	2,880,000.00			2,880,000.00
Total	<u>2,880,000.00</u>			<u>2,880,000.00</u>

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts receivable

(1) By categories

Unit: RMB

Category	At end of period				At beginning of period			
	Carrying value		Bad debt provision		Carrying value		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Significant balance under assessment of impairment individually	74,575,306.19	11.37%	0.00	0%	76,105,669.19	13.73%	0.00	0%
Provided in group	570,965,049.33	87.09%	32,668,414.02	5.72%	468,281,695.62	84.51%	74,305,141.16	15.87%
Subtotal	570,965,049.33	87.09%	32,668,414.02	5.72%	468,281,695.62	84.51%	74,305,141.16	15.87%
Insignificant balance under assessment of impairment individually	10,075,976.79	1.54%	4,118,146.91	40.87%	9,725,054.85	1.76%	3,778,794.90	38.86%
Total	<u>655,616,332.31</u>	<u>-</u>	<u>36,786,560.93</u>	<u>-</u>	<u>554,112,419.66</u>	<u>-</u>	<u>78,083,936.06</u>	<u>-</u>

Significant balance under assessment of impairment individually:

Unit: RMB

	Carrying value	Bad debt provision	Provision ratio	Reasons
Beida Xianxing Taian Technology Industry Corporation	60,651,787.00		0%	
Beida Xianxing Technology Industry Corporation	13,923,519.19		0%	
Total	<u>74,575,306.19</u>		<u>-</u>	

Provided in group by age:

Unit: RMB

Age	At end of period		Bad debt provision	At beginning of period		Bad debt provision
	Carrying value Amount	Ratio (%)		Carrying value Amount	Ratio (%)	
Less than 1 year						
Of which:	-	-	-	-	-	-
	521,190,751.39	91.28%	0.00	375,183,897.37	80.12%	0.00
Subtotal	521,190,751.39	91.28%	0.00	375,183,897.37	80.12%	0.00
1-2 years	19,296,698.15	3.38%	3,859,339.63	21,379,002.29	4.57%	4,275,800.57
2-3 years	3,337,050.80	0.58%	1,668,525.40	3,378,910.75	0.72%	1,689,455.38
Over 3 years	27,140,548.99	4.75%	27,140,548.99	68,339,885.21	14.59%	68,339,885.21
Total	<u>570,965,049.33</u>	<u>-</u>	<u>32,668,414.02</u>	<u>468,281,695.62</u>	<u>-</u>	<u>74,305,141.16</u>

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts receivable (continued)

(1) By categories (continued)

Insignificant balance under assessment of impairment individually:

Unit: RMB

	Carrying value	Bad debt provision	Provision ratio	Reasons
Jiangsu Qunta Chemical Company Limited	2,167,551.72	2,167,551.72	100%	
Shandong Shifeng Group Company Limited	5,438,155.00	1,087,631.00	20%	
Other	2,470,270.07	862,964.19	34.93%	
Total	10,075,976.79	4,118,146.91	40.87%	–

(2) Bad debts reversed or recovered

Unit: RMB

Name	Accumulated impairment amount	Recovered amount	Reason for recovery	Reason of provision of bad debt provided in previous periods
Jinzhongda (Xiamen) Textile Co., Ltd.			1,936,240.00	1,936,240.00
Anyang Chemical Fiber Textile Factory			1,196,500.00	1,196,500.00
Other			14,186,920.15	14,186,920.15
Total	–	–	17,319,660.15	–

Significant or insignificant balance under assessment of impairment individually:

(3) Accounts receivable written-off

Unit: RMB

Nature	Date of written-off	Amount	Reasons	Connected transaction or not
Nangxiang Yinda Textile Factory	Loan	20 April 2012	200,000.00	No
Huixian Guangming Electrolytic Lead Factory	Loan	29 February 2012	60,000.00	No
Other			67,991.03	No
Total	–	–	327,991.03	–



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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts receivable (continued)

(4) Balance due from shareholders holding 5% or more equity interest in the Company

Unit: RMB

	At end of period		At beginning of period	
	Outstanding balance	Bad debt provision	Outstanding balance	Bad debt provision
China Hengtian Group Company Limited	63,998.00		63,998.00	
Total	63,998.00		63,998.00	

(5) Top five accounts receivable outstanding

Unit: RMB

	Relationship	Balance	Aging	Proportion (%)
China Textile Machinery Technology Import and Export Company Limited	Associate	86,685,940.95	Less than 1 year	13.22%
Beida Xianxing Taian Technology Industry Corporation Technology Industry Co., Ltd. Tai'an first North	Third party	60,651,787.00	1-2years	9.25%
Jingwei Machinery (Group) Company Limited Beijing New Century Hongji Investment Guarantee Company Limited	Associate	37,243,822.50	Less than 1 year	5.68%
Shanghai Suoyuan Trading Company Limited	Third party	36,100,000.00	Less than 1 year	5.51%
	Third party	26,550,000.00	Less than 1 year	4.05%
Total	-	247,231,550.45	-	37.71%

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Accounts receivable (continued)

(6) Accounts receivable from related parties

Unit: RMB

Entity	Relationship	Balance	Proportion (%)
China Hengtian Group Company Limited	Ultimate controlling company	63,998.00	0.01%
Handan Hongda Chemical Fiber Machinery Company Limited	Under common control of ultimate controlling company	143,970.95	0.02%
CHTC Heavy Industry Company Limited	Under common control of ultimate controlling company	647,537.40	0.1%
Hengyang Textile Machinery Company Limited	Under common control of ultimate controlling company	295,034.82	0.05%
Lixinmen Fushi Textile Machinery (Shenzhen) Company Limited	Under common control of ultimate controlling company	125,482.77	0.02%
Lixinmen Dyeing & Finishing Machinery (Shenzhen) Co., Ltd	Under common control of ultimate controlling company	68,737.23	0.01%
Shaoyang Textile Machinery Company Limited	Under common control of ultimate controlling company	34,268.80	0.01%
China Textile Industrial Corporation for Foreign Economic and Technical Cooperation	Under common control of ultimate controlling company	574,448.10	0.09%
China Textile Machinery Industry Corporation Sales Technology Service Company	Under common control of parent company	140,641.73	0.02%
Anhui Huamao Jingwei New Type Textile Company Limited	Associate	48,172.06	0.01%
Chunguan Branch of Jingwei Machinery (Group) Jiali Industry Co.Ltd. Company	Associate	629,124.07	0.1%
Jingwei Machinery (Group) General Machinery Company Limited	Associate	49,301.46	0.01%
Jingwei Machinery (Group) Company Limited	Associate	37,243,822.50	5.68%
China Texmatech Company Limited	Associate	86,685,940.95	13.22%
Qingdao Textile Machinery Manufacturing Company Limited	Under control or influence of key personnel	1,698,551.13	0.26%
Shenyang Textile Machinery Manufacturing Company Limited	Under control or influence of key personnel	337,165.88	0.05%
Shenyang Textile Machinery Company Limited Textile Machinery Branch	Under control or influence of key personnel	273,562.73	0.04%
Tianjin Textile Machinery Company Limited	Under control or influence of key personnel	224,859.93	0.03%
Tianjin Tianfangji Textile Machinery Parts Distribution Company Limited	Under control or influence of key personnel	7,720.74	0%
Total	-	<u>129,292,341.25</u>	<u>19.72%</u>

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables

(1) By category

Unit: RMB

Category	At end of period				At beginning of period			
	Carrying value		Bad debt provision		Carrying value		Bad debt provision	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Significant balance under assessment of impairment individually	60,651,289.92	15.53%			79,868,561.91	32.69%		
Provided in group	300,666,136.76	77.01%	4,609,346.80	1.53%	146,730,478.56	60.06%	8,872,208.55	6.05%
Subtotal	300,666,136.76	77.01%	4,609,346.80	1.53%	146,730,478.56	60.06%	8,872,208.55	6.05%
Insignificant balance under assessment of impairment individually	29,130,073.80	7.46%	5,903,482.78	20.27%	17,720,654.32		3,749,876.90	
Total	<u>390,447,500.48</u>	<u>-</u>	<u>10,512,829.58</u>	<u>-</u>	<u>244,319,694.79</u>	<u>-</u>	<u>12,622,085.45</u>	<u>-</u>

Significant balance under assessment of impairment individually:

Unit: RMB

	Carrying value	Bad debt provision	Provision ratio	Reasons
Anhui Huamao Jingwei New Type Textile Company Limited	31,451,289.92			
Beijing Liangyou Investment Government Ltd.	29,200,000.00			
Total	<u>60,651,289.92</u>	<u>-</u>	<u>-</u>	<u>-</u>

Provided in group by age:

Unit: RMB

Age	At end of period		Bad debt provision	At beginning of period		Bad debt provision
	Carrying value	Ratio (%)		Carrying value	Ratio (%)	
	Amount	Ratio (%)		Amount	Ratio (%)	
Less than 1 year						
Of which:						
	295,267,874.47	98.2%		136,560,479.18	93.07%	
Subtotal	295,267,874.47	98.2%		136,560,479.18	93.07%	
1-2 years	932,835.50	0.31%	186,567.10	1,554,691.73	1.06%	310,938.35
2-3 years	85,294.19	0.03%	42,647.10	108,074.90	0.07%	54,037.45
Over 3 years	4,380,132.60	1.46%	4,380,132.60	8,507,232.75	5.8%	8,507,232.75
Total	<u>300,666,136.76</u>	<u>-</u>	<u>4,609,346.80</u>	<u>-</u>	<u>-</u>	<u>-</u>

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

(1) By category (continued)

Insignificant balance under assessment of impairment individually:

Unit: RMB

Other receivables	Carrying value	Bad debt provision	Provision ratio	Reasons
CMB Finance Lease Ltd	7,500,000.00			Deposit
Other	21,630,073.80	5,903,482.78	27.29%	
Total	29,130,073.80	5,903,482.78	20.27%	-

(2) Amounts significant

Unit: RMB

Entity	Amount	Nature	Proportion (%)
Beijing Guanghe Real Estate Limited	72,000,000.00	Consideration for equity transfer	18.44%
Total	72,000,000.00	-	18.44%

(3) Top five other receivables outstanding

Unit: RMB

Entity	Relationship	Balance	Aging	Proportion (%)
Beijing Guanghe Real Estate Limited	Third party	72,000,000.00	Less than 1 year	18.44%
Beijing Bohong Property Development Company Limited	Under common control of the ultimate controlling company	41,160,000.00	Less than 1 year	10.54%
Anhui Huamao Jingwei New Type Textile Company Limited	Associate	31,451,289.92	Over 3 years	8.06%
Beijing Liangyou Investment Government Ltd.	Third party	29,200,000.00	2-3 years	7.48%
GINAF TRUCKS NEDERLAND B.V	Joint venture	12,327,519.36	Less than 1 year	3.16%
Total	-	186,138,809.28	-	47.68%

(4) Accounts receivable from related parties

Unit: RMB

Entity	Relationship	Balance	Proportion (%)
Beijing Bohong Property Development Company Limited	Under common control of ultimate controlling company	41,160,000.00	10.54%
Xianyang Jingwei Textile Machinery Company Limited	Associate	4,146,544.04	1.06%
Anhui Huamao Jingwei New Type Textile Company Limited	Associate	31,451,289.92	8.06%
GINAF TRUCKS NEDERLAND B.V	Joint venture	12,327,519.36	3.16%
Total	-	89,085,353.32	22.82%

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Prepayment

(1) By age

Unit: RMB

Age	At end of period		At beginning of period	
	Amount	Ratio (%)	Amount	Ratio (%)
Less than one year	434,862,563.21	86.32%	222,113,145.02	65.35%
1-2 years	44,951,307.62	8.92%	99,650,034.40	29.32%
2-3 years	21,652,519.51	4.3%	17,584,713.46	5.17%
Over 3 years	2,289,548.75	0.45%	555,902.42	0.16%
Total	<u>503,755,939.09</u>	<u>—</u>	<u>339,903,795.30</u>	<u>—</u>

(2) Top five

Unit: RMB

Entity	Relationship	Balance	Time	Reasons for unsettlement
Xinjiang Tiansheng Industrial Company Limited	Third party	69,689,053.73		Prepayment for goods not yet received
Tianjin Textile Machinery Manufacturing Co., Ltd	Under control of key personnel	44,381,918.12		Prepayment for goods not yet received
Jingwei Machinery (Group) Company Limited	Associate	30,000,000.00		Prepayment for goods not yet received
Uster Technologies AG	Third party	28,036,359.03		Prepayment for goods not yet received
Hengtian Huanyu (International) Company Limited	Joint venture	26,766,850.00		Prepayment for goods not yet received
Total	—	<u>198,874,180.88</u>	—	—

8. Inventories

(1) By category

Unit: RMB

Item	Book value	At end of period		Book value	At beginning of period	
		Impairment provision	Carrying value		Impairment provision	Carrying value
Raw materials	370,343,868.72	24,594,976.43	345,748,892.29	368,621,799.24	25,388,581.11	343,233,218.13
Work-in-progress	411,201,556.60	33,708,314.19	377,493,242.41	449,403,331.70	34,188,074.48	415,215,257.22
Finished goods	690,980,906.41	47,962,109.37	643,018,797.04	804,898,549.27	50,309,046.39	754,589,502.88
Revolving materials	42,896,543.13	1,292,079.49	41,604,463.64	4,178,093.24	1,292,079.49	2,886,013.75
Total	<u>1,515,422,874.86</u>	<u>107,557,479.48</u>	<u>1,407,865,395.38</u>	<u>1,627,101,773.45</u>	<u>111,177,781.47</u>	<u>1,515,923,991.98</u>

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Inventories (continued)

(2) Impairment provision

Unit: RMB

Category	Book value at beginning of period	Provision	Reduction		Book value at end of period
			Reversed	Written-off	
Raw materials	25,388,581.11	0.00	712,608.75	80,995.93	24,594,976.43
Work-in-progress	34,188,074.48	75,706.51	555,307.65	159.15	33,708,314.19
Finished goods	50,309,046.39	223,157.07	781,557.77	1,788,536.32	47,962,109.37
Revolving materials	1,292,079.49	0.00	0.00	0.00	1,292,079.49
Total	111,177,781.47	298,863.58	2,049,474.17	1,869,691.40	107,557,479.48

9. Other current assets

Unit: RMB

Item	At end of period	At beginning of period
Enterprise income tax prepaid	2,207,716.26	1,225,749.22
Total	2,207,716.26	1,225,749.22

10. Available-for-sale financial assets

Unit: RMB

Item	Fair value at end of period	Fair value at beginning of period
Available for sale debentures		
Available for sale equity instruments	593,267,025.98	589,545,330.98
Other		
Total	593,267,025.98	589,545,330.98

11. Long-term receivables

Unit: RMB

Category	At end of period	At beginning of period
Receivables from sales of good by installments		14,693,407.10
Total		14,693,407.10

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Investment in joint ventures and associates

Unit: RMB

Investee	Type	Place of registration	Legal representative	Activities	Registered capital	Currency	Equity held (%)	Voting right held (%)	Total assets at end of period	Total liabilities at end of period	Net assets at end of period	Total operating income in current period	Net profit in current period
1. Joint venture													
Hengnan Huanyu (International) Company Limited	Limited Liability Company	Hong Kong, China	Li Baozhi	Sales of textile machine accessories	5,000,000.00	CNY	50%	50%	20,861,606.00	21,180,109.00	-318,503.00	0.00	0.00
2. Associate													
Shenzhen Huarong Equity Investment and Fund Management Company Limited	Limited Liability Company	Shenzhen, Guangdong Province	Xie Wei	Entrusted fund of equity investment	10,000,000.00	CNY	49%	49%	9,993,260.26	0.00	9,993,260.26	0.00	0.00
CTMTC	Limited Liability Company	Beijing	Zhu Baolin	Import and export of products (other than those operated solely by governmental organizations and appointed companies) and technology	120,000,000.00	CNY	25%	25%	1,565,367,728.98	1,293,879,912.31	271,487,816.67	1,853,737,005.78	5,154,196.88
Hongda Research Company Limited	Other Limited Liability Company	Beijing	Zhu Baolin	Goods and technology import and export	50,000,000.00	CNY	40%	40%	110,009,867.01	90,477,051.21	19,532,815.80	9,839,990.22	-10,185,848.74
Jingwei Machinery (Group) Company Limited	Limited Liability Company	Jizhong, Shanxi Province	Wu Xudong	Development, manufacture, distribution of textile machinery, general machinery, coal machinery, agricultural machinery, vehicles (excluding limo) and its equipment and accessory, specialized equipment, hydraulic equipment and component, electronic appliance, mechanical parts and accessories, instruments, measuring tools and mould	40,000,000.00	CNY	20%	20%	711,439,400.65	659,618,419.53	51,820,981.12	169,779,153.60	10,000.00
Beijing Heng Tian Wealth Investment Management Company Limited	Other Limited Liability Company	Beijing	Liang Yue	Investment management, trading consultancy	50,000,000.00	CNY	20%	20%	162,472,469.25	77,544,633.60	84,927,835.65	282,149,605.94	33,000,000.00
Anhui Huihao Jingwei New Type Textile Company Limited	Limited Liability Company and domestic joint venture (Taiwan, Hong Kong and Macao)	Anqing, Anhui Province	Zhan Lingzhi	Manufacturing, processing and sales of yarn and textile	50,000,000.00	CNY	25%	25%	360,800,638.46	351,287,272.89	9,513,365.57	155,044,915.14	-23,049,839.19
Xianyang Jingwei Textile Machinery Company Limited	Limited Liability Company	Xianyan, Shanxi Province	Cheng Jianrong	Development of jet, spray, shuttleless and multi-arm machine and related technology	75,079,600.00	CNY	25%	25%	111,610,421.34	85,022,471.19	26,587,950.15	67,500.00	-723,336.40

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Long-term equity investment

Breakdown

Unit: RMB

Investee	Accounting	Initial investment	Opening balance	Changes	Ending balance	Equity held (%)	Voting right held (%)	Inconsistency between these two items	Impairment provision	Impairment provision in current period	Cash dividend of current period
Jianghai Securities Company Limited	By cost	28,673,400.00	28,673,400.00		28,673,400.00	2.1%	2.1%				
North Asia (Group) Company Limited	By cost	3,390,947.82	3,390,947.82		3,390,947.82				3,390,947.82		
Hongda Investment Company Limited	By cost	24,866,602.17	24,866,602.17		24,866,602.17	9.38%	9.38%		14,823,871.42		
Shenyang Textile Machinery Manufacturing Company Limited	By cost	1,200,000.00	1,200,000.00		1,200,000.00	10%	10%				
BSI Management Systems Certification Company Limited	By cost	725,193.50	725,193.50		725,193.50	25%	25%				
Qingdao Textile Machinery Manufacturing Company Limited	By cost	15,802,027.04	15,802,027.04		15,802,027.04	17%	17%				
Hengtian Real Estate Company Limited	By cost	144,539,700.00									
Changde Tianhe Powder Metallurgy Company Limited	By cost	200,000.00	200,000.00		200,000.00	10%	10%				
Qingdao Jinyi Pressing and Casting Company Limited	By cost	1,057,000.00	1,057,000.00		1,057,000.00	27%	27%				
Qingdao Qingfeng Forging Company Limited	By cost	5,000,000.00	5,000,000.00		5,000,000.00	20%	20%		5,000,000.00		
Jiangsu Hongyuan Textile Machinery Company Limited	By cost	1,422,652.84	1,422,652.84		1,422,652.84	0.7%	0.7%				
Tianjin Textile Machinery Company Limited	By cost	6,750,000.00	6,750,000.00		6,750,000.00	15%	15%				
Others	By cost	1,356,883.87	1,356,883.87		1,356,883.87				1,356,883.87		
Shenzhen Huarong Equity Investment and Fund Management Company Limited	By equity	4,900,000.00	4,896,697.53		4,896,697.53	49%	49%				
Shanghai Rongling Equity Investment and Fund Management Enterprise (Limited Partnership)	By equity	1,600,000.00	1,570,613.35	-1,570,613.35							
China Textile Machinery Technology Import and Export Company Limited	By equity	30,000,000.00	62,373,971.72	1,288,549.22	63,662,520.94	25%	25%				
Hongda Research Company Limited	By equity	20,000,000.00	11,887,465.82	-4,074,339.50	7,813,126.32	40%	40%				
Jingwei Machinery (Group) Company Limited	By equity	8,000,000.00	10,316,833.69	2,000.00	10,318,833.69	20%	20%				
Beijing Hang Tang Wealth Investment & Management Co., Ltd.	By equity	10,000,000.00	15,597,017.50	6,600,000.00	22,197,017.50	20%	20%				
Anhui Huamao Jingwei New Type Textile Company Limited	By equity	11,344,404.85	8,196,357.86	-5,762,459.80	2,433,898.06	25%	25%				
Xianyang Jingwei Machinery Manufacturing Company Limited	By equity	15,492,482.25		27,272,499.23	27,272,499.23	25%	25%				
Hengtian Huanpu (International) Company Limited	By equity	1,539,000.00		1,539,000.00	1,539,000.00	50%	50%				
Total	-	337,860,294.34	205,283,664.71	25,294,655.80	230,578,300.51	-	-	-	24,571,703.11	0.00	0.00



Notes to the Financial Statements
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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Fixed assets

(1) Details

Unit: RMB

Item	Carrying value at beginning of period	Increase		Decrease		Carrying value at end of period
		Increase	Provision made in the period	Decrease	Carrying value at end of period	
I. Total cost	3,161,950,702.23	74,094,263.36		237,031,380.18		2,999,013,585.41
Of which: Buildings	1,269,493,087.54	80,732.54		95,569,568.86		1,174,004,251.22
Machinery and equipment	1,750,178,793.58	65,094,406.44		129,622,622.76		1,685,650,577.26
Motor vehicle	142,278,821.11	8,919,124.38		11,839,188.56		139,358,756.93
II. Accumulated depreciation	1,558,615,604.02	0.00	94,013,926.66	161,540,675.64	1,491,088,855.04	
Of which: Buildings	365,990,707.30	0.00	27,674,086.78	40,140,927.64	353,523,866.44	
Machinery and equipment	1,119,004,424.16	0.00	59,131,682.13	112,454,797.83	1,065,681,308.46	
Motor vehicle	73,620,472.56	0.00	7,208,157.75	8,944,950.17	71,883,680.14	
III. Total net value	1,603,335,098.21					1,507,924,730.37
Of which: Buildings	903,502,380.24					820,480,384.78
Machinery and equipment	631,174,369.42					619,969,268.80
Motor vehicle	68,658,348.55					67,475,076.79
IV. Total impairment provision	23,903,130.36					22,582,176.15
Of which: Buildings	1,378,136.16					1,378,136.16
Machinery and equipment	22,454,044.87					21,133,090.66
Motor vehicle	70,949.33					70,949.33
V. Total carrying value	1,579,431,967.85					1,485,342,554.22
Of which: Buildings	902,124,244.08					819,102,248.62
Machinery and equipment	608,720,324.55					598,836,178.14
Motor vehicle	68,587,399.22					67,404,127.46

The depreciation expense of this period was RMB94,013,926.66, and the fixed assets transferred from construction in progress was RMB30,375,737.44.

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Fixed assets (continued)

(2) Temporarily idle fixed assets

Unit: RMB

Item	Cost	Accumulated depreciation	Impairment provision	Net book value	Notes
Buildings	8,350,113.97	3,519,576.20		4,830,537.77	
Machinery and equipment	12,380,668.02	5,850,614.46		6,530,053.56	
Motor vehicle	134,962.62	104,396.19		30,566.43	
Total	<u>20,865,744.61</u>	<u>9,474,586.85</u>		<u>11,391,157.76</u>	

(3) Assets held under finance lease

Unit: RMB

Item	Cost	Accumulated depreciation	Net book value
Buildings			
Machinery and equipment	271,827,599.12	120,424,100.89	151,403,498.23
Motor vehicle			

(4) Assets held under operating leases

Unit: RMB

Category	Book value at end of period
Buildings	15,153,401.21
Machinery and equipment	20,014,598.37
Motor vehicle	1,829,829.16
Total	<u>36,997,828.74</u>



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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Construction in progress

(1)

Unit: RMB

Item	Carrying value	Impairment provision at end of period	Book value	Carrying value	Impairment provision at beginning of period	Book value
New plant in Tianjin industry zone	234,739,518.62		234,739,518.62	214,664,782.14		214,664,782.14
Jingwei new plant project in Xianyang	15,160,686.40		15,160,686.40	6,044,930.18		6,044,930.18
Hengtian Motor Vehicle Plant Project Period I	2,155,540.80		2,155,540.80			
Changde Textile New Plant Project	22,305,090.25		22,305,090.25	15,426,192.25		15,426,192.25
Qingdao Hongda Laoshan the Second Phase of the Project	629,595.12		629,595.12	10,002,323.02		10,002,323.02
Qingdao Hongda Sifang Factory Heating Facilities				5,614,482.10		5,614,482.10
Yichang Xiaoting New Plant Construction Project	37,092,850.80		37,092,850.80	18,800,000.00		18,800,000.00
Others	43,236,151.48		43,236,151.48	44,544,031.39		44,544,031.39
Total	355,319,433.47		355,319,433.47	315,096,741.08		315,096,741.08

(2) *Movements on significant construction in progress*

Unit: RMB

	Budget	At beginning of period	Increase	Transferred into fixed assets	Other reduction	Proportion of construction investment in budget (%)	Progress	Total amount of interest capitalized	Amount of interest capitalized in the period	Rate of capitalization (%)	Funding	At end of period
New plant in Tianjin industry zone	237,510,000.00	214,664,782.14	20,074,736.48			99%	99%	15,521,783.66	6,664,500.00		Self-raised funds, borrowings	234,739,518.62
Jingwei new plant project in Xianyang	121,000,000.00	6,044,930.18	9,170,647.76	54,891.54		40%	40%	51,022.22	51,022.22		Self-raised funds	15,160,686.40
Hengtian Motor Vehicle Plant Project Period I	85,170,000.00		2,155,540.80			100%	100%				Self-raised funds	2,155,540.80
Changde Textile New Plant Project	100,000,000.00	15,426,192.25	6,878,898.00			32%	32%				Self-raised funds	22,305,090.25
Qingdao Hongda Laoshan the Second Phase of the Project	130,000,000.00	10,002,323.02		9,372,727.90		97%	97%				Self-raised funds	629,595.12
Qingdao Hongda Sifang Factory Heating Facilities	5,800,000.00	5,614,482.10		5,614,482.10		95%	95%				Self-raised funds	0.00
Yichang Xiaoting New Plant Construction Project	100,000,000.00	18,800,000.00	18,292,850.80			40%	40%				Self-raised funds	37,092,850.80
Others		44,544,031.39	21,220,503.20	15,333,635.90	7,194,747.21			0.00	0.00		Self-raised funds	43,236,151.48
Total	779,480,000.00	315,096,741.08	77,793,177.04	30,375,737.44	7,194,747.21	-	-	15,572,805.88	6,715,522.22	-	-	355,319,433.47

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Construction materials

Unit: RMB

Item	At beginning of period	Increase	Decrease	At end of period
Prepaid machinery money	12,086,403.58	20,806,442.68	1,316,343.81	31,576,502.45
Total	12,086,403.58	20,806,442.68	1,316,343.81	31,576,502.45

17. Intangible assets

(1) Details

Unit: RMB

Item	Carrying value at beginning of period	Increase	Decrease	Carrying value at end of period
I. Total cost	617,603,477.56	39,620,058.29	62,789,412.33	594,434,123.52
Of which: Land use rights	562,166,140.09	30,127,085.69	62,767,308.06	529,525,917.72
Computer software	28,002,389.15	7,252,972.60	22,104.27	35,233,257.48
Patents	21,795,767.32	2,240,000.00		24,035,767.32
Non-patented technology	3,369,468.00			3,369,468.00
Others	2,269,713.00			2,269,713.00
II. Total accumulated amortization	99,454,153.59	9,404,161.92	4,726,710.96	104,131,604.55
Of which: Land use rights	69,214,205.00	5,771,225.99	4,726,710.96	70,258,720.03
Computer software	15,240,127.31	1,839,885.36		17,080,012.67
Patents	10,268,525.84	1,679,564.95		11,948,090.79
Non-patented technology	3,369,468.00			3,369,468.00
Others	1,361,827.44	113,485.62		1,475,313.06
III. Total net value	518,149,323.97	30,215,896.37	58,062,701.37	490,302,518.97
Of which: Land use rights	492,951,935.09	24,355,859.70	58,040,597.10	459,267,197.69
Computer software	12,762,261.84	5,413,087.24	22,104.27	18,153,244.81
Patents	11,527,241.48	560,435.05		12,087,676.53
Non-patented technology				
Others	907,885.56	-113,485.62		794,399.94
IV. Total impairment provision				
Of which: Land use rights				
Computer software				
Patents				
Non-patented technology				
Others				
V. Total carrying value	518,149,323.97	30,215,896.37	58,062,701.37	490,302,518.97
Of which: Land use rights	492,951,935.09	24,355,859.70	58,040,597.10	459,267,197.69
Computer software	12,762,261.84	5,413,087.24	22,104.27	18,153,244.81
Patents	11,527,241.48	560,435.05		12,087,676.53
Non-patented technology				
Others	907,885.56	-113,485.62		794,399.94

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Intangible assets (continued)

(2) Development and research of internally

Unit: RMB

	At beginning of period	Increase	Decrease		At end of period
			Recognize in profit or loss	Recognized as intangible asset	
JWF1612 ring spinning spindle		1,980,264.68	1,980,264.68		
JWG1732 Rapier		1,771,521.52	1,771,521.52		
E2178/4T-170 high speed Raschel		1,535,646.61	1,535,646.61		
E2528/4-186-EL high speed warp knitting machine		1,193,783.99	1,193,783.99		
Other projects		59,842,867.00	59,842,867.00		
Total		<u>66,324,083.80</u>	<u>66,324,083.80</u>		

(3) Intangible assets with no ownership certificate

As at 30 June 2012, intangible assets with no ownership certificate amounted to RMB33,599,500.00.

18. Goodwill

Unit: RMB

Investee	At beginning of period	Increase	Decrease	At end of period	Impairment provision at end of period
Wuxi Hongda Textile Machinery and Special Parts Co., Ltd	375,995.00			375,995.00	
Anshan Jingwei Haihong Agricultural Machinery Company Limited	7,341,351.32			7,341,351.32	
Shanghai Huayuan Hyperthermia Technology Company Limited	168,039.33			168,039.33	
Zhongrong International Trust Co., Ltd	833,388,872.51			833,388,872.51	
Jinzhong Jingwei Chemical Fibre Machinery Company Limited	2,475,698.35			2,475,698.35	
Total	<u>845,632,373.51</u>		<u>1,882,417.00</u>	<u>843,749,956.51</u>	



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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. Long-term prepaid expenses

Unit: RMB

	At beginning of period	Increase	Decrease	Other reductions	At end of period	Reasons of reductions
Improvement of operating lease expenses of fixed assets	18,618,554.54	10,111,619.12	5,036,238.31		23,693,935.35	
Marketing fee	0.00	9,000,000.00	532,000.00		8,468,000.00	
Total	18,618,554.54	19,111,619.12	5,568,238.31		32,161,935.35	-

20. Deferred tax assets and deferred tax liabilities

After offsetting deferred tax assets and liabilities components

Items after offsetting

Unit: RMB

	The deductible or taxable temporary differences as at end of period	Deferred tax assets and deferred tax liabilities as at end of period	The deductible or taxable temporary differences as at beginning of period	Deferred tax assets and deferred tax liabilities as at beginning of period
Deferred tax assets:				
Asset impairment provision		24,364,663.24	3,993,794.27	24,364,663.24
Start-up costs				
Deductible losses				
Wages payable	554,884,109.13	138,721,027.30	554,884,109.13	138,721,027.28
Elimination of unrealized profits of inventory	2,922,432.67	438,364.90	2,922,432.67	438,364.90
Changes in fair value for held-for-trading financial assets	87,145,546.37	21,786,386.59	134,865,736.70	33,716,434.18
Changes in fair value for available-for-sale financial assets	-13,517,025.98	-3,379,256.49	24,004,669.02	6,001,167.26
Others	5,871,610.74	880,741.59	480,000.00	72,000.00
Sub-total	661,671,336.17	162,441,058.16	741,521,610.76	182,942,787.89



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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Provision for impairment

Unit: RMB

	Carrying value at beginning of period	Increase	Reversed	Decrease Written-off	Carrying value at end of period
I. Bad debt provision	100,218,714.51	837,095.41	157,843.97	44,349,127.14	56,548,838.81
II. Provision for inventories	111,177,781.47	298,863.58	2,049,474.17	1,869,691.40	107,557,479.48
III. Provision for impairment loss of long-term equity investment					
IV. Impairment provision for investment held-to-maturity					
V. Impairment provision for long-term investment	24,571,703.11				24,571,703.11
VI. Impairment provision for investment property					
VII. Provision for impairment loss of fixed assets	23,903,130.36			1,320,954.21	22,582,176.15
VIII. Impairment provision for construction materials					
IX. Impairment provision for construction in progress					
X. Impairment provision for productive biological assets Of which: Impairment provision for matured productive biological assets					
XI. Impairment provision for oil and gas assets					
XII. Impairment provision for intangible assets					
XIII. Impairment provision for goodwill					
XIV. Others					
Total	<u>259,871,329.45</u>	<u>1,135,958.99</u>	<u>2,207,318.14</u>	<u>47,539,772.75</u>	<u>211,260,197.55</u>

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Short-term borrowings

Category

Unit: RMB

Item	At end of period	At beginning of period
Pledged loans	59,093,000.00	10,650,000.00
Mortgage loans	42,000,000.00	15,000,000.00
Guaranteed borrowings		118,000,000.00
Credit loans	1,052,864,832.56	1,572,001,450.37
Total	<u>1,153,957,832.56</u>	<u>1,715,651,450.37</u>

23. Bills payable

Unit: RMB

Category	At end of period	At beginning of period
Commercial bills under acceptance	14,235,668.26	7,485,162.38
Bank bills under acceptance	378,343,339.79	391,756,303.99
Total	<u>392,579,008.05</u>	<u>399,241,466.37</u>

24. Accounts payable

(1)

Unit: RMB

Item	At end of period	At beginning of period
Less than 1 year	1,657,178,537.43	1,969,110,759.04
1-2 years	25,445,964.87	54,356,792.95
2-3 years	9,325,307.81	14,910,539.75
Over 3 years	20,703,807.12	13,974,357.39
Total	<u>1,712,653,617.23</u>	<u>2,052,352,449.13</u>

(2) Amount due to shareholders holding 5% or more voting rights in the Company

Unit: RMB

Entity	At end of period	At beginning of period
Jingwei Machinery (Group) Company Limited	6,301,379.63	6,301,379.63
Total	<u>6,301,379.63</u>	<u>6,301,379.63</u>



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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Advances from customers

(1)

Unit: RMB

Item	At end of period	At beginning of period
Less than 1 year	552,251,683.83	777,944,492.95
1-2 years	147,364,757.90	89,368,895.64
2-3 years	6,833,611.31	5,146,330.38
Over 3 years	33,251,036.95	33,711,820.29
Total	<u>739,701,089.99</u>	<u>906,171,539.26</u>

(2) *Advance from shareholders holding 5% or more voting rights in the Company*

Unit: RMB

Entity	At end of period	At beginning of period
Jingwei Machinery (Group) Company Limited	1,000,087.16	1,000,087.16
Total	<u>1,000,087.16</u>	<u>1,000,087.16</u>

26. Employee benefits payable

Unit: RMB

Item	Carrying value at beginning of period	Increase	Decrease	Carrying value at end of period
I. Salaries, bonus, allowance and subsidies	603,452,875.02	752,054,198.37	440,512,138.58	914,994,934.81
II. Staff welfare	1,750,000.00	14,996,857.45	14,236,577.60	2,510,279.85
III. Social insurance	18,500,496.80	80,302,504.75	77,897,012.28	20,905,989.27
Including: 1. Medical insurance	1,029,554.99	22,855,933.63	22,723,176.90	1,162,311.72
2. Basic pension contribution	15,561,292.31	48,849,526.15	46,149,830.82	18,260,987.64
3. Annuity payments				
4. Unemployment insurance	1,205,276.96	4,776,240.34	5,200,031.60	781,485.70
5. Work injury insurance	364,090.68	2,247,415.35	2,252,969.92	358,536.11
6. Maternity insurance	340,281.86	1,573,389.28	1,571,003.04	342,668.10
IV. Housing funds	11,211,482.03	18,535,511.86	19,229,988.95	10,517,004.94
V. Compensation for termination of employment	21,058,190.57	1,123,006.39	6,534,826.61	15,646,370.35
VI. Others	14,443,727.97	9,995,136.14	10,108,710.96	14,330,153.15
1. Union running costs	5,130,186.46	3,748,719.22	3,710,391.09	5,168,514.59
2. Employee education costs	7,479,286.23	3,485,169.50	3,632,949.75	7,331,505.98
3. Non-monetary benefits				
4. to employees	1,834,255.28	2,761,247.42	2,765,370.12	1,830,132.58
Total	<u>670,416,772.39</u>	<u>877,007,214.96</u>	<u>568,519,254.98</u>	<u>978,904,732.37</u>

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Taxation payable

Unit: RMB

Item	At end of period	At beginning of period
Value added tax	-2,200,014.39	-33,561,158.82
Business tax	44,035,148.37	79,424,393.64
Enterprise income tax	94,680,053.74	150,695,962.96
Individual income tax	1,348,042.04	39,724,691.94
City maintenance and construction tax	5,905,016.97	8,222,850.84
Land use tax	9,243,412.89	17,803,261.36
Property Tax	4,321,831.21	4,384,916.63
Education surcharge	6,029,247.74	7,546,362.08
Others	-1,801,830.52	5,534,958.09
Total	<u>161,560,908.05</u>	<u>279,776,238.72</u>

28. Interest payable

Unit: RMB

Item	At end of period	At beginning of period
Interest on corporate bonds	<u>14,458,853.88</u>	<u>370,520.55</u>
Total	<u>14,458,853.88</u>	<u>370,520.55</u>

29. Dividend payable

Unit: RMB

Entity	At end of period	At beginning of period	Reason of non-payment over one year
Jingwei Machinery (Group) Company Limited	12,255,314.88		
Changde Textile Machinery Factory	2,251,856.06	2,251,856.06	
Shenyang Textile Machinery Manufacturing Company Limited	0.42	219,886.42	
Others	<u>26,658,143.85</u>	<u>1,585,458.73</u>	
Total	<u>41,165,315.21</u>	<u>4,057,201.21</u>	<u>—</u>



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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Other payables

(1)

Unit: RMB

Item	At end of period	At beginning of period
Less than 1 year	203,973,578.75	254,911,106.65
1-2 years	51,670,474.35	69,452,618.68
2-3 years	37,701,109.20	17,610,439.11
Over 3 years	59,496,400.76	72,162,768.07
Total	<u>352,841,563.06</u>	<u>414,136,932.51</u>

(2) *Amount due to shareholders holding 5% or more voting rights in the Company*

Unit: RMB

Entity	At end of period	At beginning of period
Jingwei Machinery (Group) Company Limited	20,231,020.72	20,231,020.72
Total	<u>20,231,020.72</u>	<u>20,231,020.72</u>

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Long-term payables due within one year

(1)

Unit: RMB

Item	At end of period	At beginning of period
Long-term borrowings	160,000,000.00	208,370,000.00
Debenture payables	60,000,000.00	60,000,000.00
Long-term payables	32,265,177.85	133,054,295.29
	<u>252,265,177.85</u>	<u>401,424,295.29</u>
Total	<u>252,265,177.85</u>	<u>401,424,295.29</u>

(2) *Long-term borrowings due within one year*

Long-term borrowings due within one year

Unit: RMB

Item	At end of period	At beginning of period
Pledged loans		8,370,000.00
Mortgage loans		
Guaranteed borrowings		
Credit loans	160,000,000.00	200,000,000.00
	<u>160,000,000.00</u>	<u>208,370,000.00</u>
Total	<u>160,000,000.00</u>	<u>208,370,000.00</u>

Top five in amount

Unit: RMB

Lender	Start date	Maturity	Currency	Rate (%)	At end of period		At beginning of period	
					In foreign currency	In RMB	In foreign currency	In RMB
China Merchants Bank Jianguo Road Branch	2011/01/21	2012/12/30	CNY	6.2%	50,000,000.00		50,000,000.00	
Guangdong Development Bank, Olympic Village Branch	2009/12/25	2012/12/25	CNY	4.86%	50,000,000.00		50,000,000.00	
Guangdong Development Bank, Olympic Village Branch	2010/05/27	2013/05/27	CNY	4.86%	60,000,000.00			
China Construction Bank of Chang Hewan Branch	2010/03/30	2012/03/29	CNY	4.86%			100,000,000.00	
Beijing Branch of Industrial Bank of France	2009/08/03	2012/06/08	CNY	4.86%			8,370,000.00	
Total	-	-	-	-	160,000,000.00		208,370,000.00	



**Notes to the Financial Statements
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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Long-term payables due within one year (continued)

(3) Debenture payables due within one year

Unit: RMB

Bonds	Book value	Issue date	Term	Issue amount	Interest payable at beginning of period	Interest accrued in the period	Interest paid	Interest payable at end of period	At end of period
Small-and-medium sized collective bonds	60,000,000.00	15 November 2010	2 years	60,000,000.00	370,520.55	1,470,000.00		1,840,520.55	60,000,000.00

(4) Long-term payables due within one year

Unit: RMB

Lender	Term	Initial amount	Rate (%)	Interest accrued	At end of period	Condition
CMB Finance Lease Company Limited	5 years	150,000,000.00	6.4%		30,699,029.15	
Wanxiang Lease Company Limited	2 years	1,350,000.00	3.5%		648,170.79	
Retirement and supplemental benefit obligation					917,977.91	
Total					<u>32,265,177.85</u>	

32. Long-term borrowings

Category

Unit: RMB

Item	At end of period	At beginning of period
Credit loans		60,000,000.00
Total	<u></u>	<u>60,000,000.00</u>

33. Debentures payable

Unit: RMB

Bonds	Book value	Issue date	Term	Issue amount	Interest payable at beginning of period	Interest accrued in the period	Interest paid	Interest payable at end of period	At end of period
Medium-term notes	100.00	25 April 2012	5 years	1,200,000,000.00		12,618,333.33		12,618,333.33	1,200,000,000.00

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. Long-term payables

(1) Top 5 by amount

Unit: RMB

Entity	Term	Initial amount	Rate (%)	Interest accrued	At end of period	Conditions
CMB Finance Lease Company Limited	5 years	150,000,000.00	6.4%		42,765,765.19	
Suizhou City Investment Group Company Limited		29,994,000.00			29,994,000.00	
Wanxiang Lease Company Limited	2 years	1,350,000.00	3.5%		323,142.53	
Retirement and supplemental benefit obligation					38,812,941.41	
Total					<u>111,895,849.13</u>	

35. Special payables

Unit: RMB

Item	At beginning of period	Increase	Decrease	At end of period
Refund of custom duty and VAT of imported winding machines	79,534,244.97			79,534,244.97
Central state capital budget	60,000,000.00			60,000,000.00
New jammed and manufacturing processing facilities construction project	<u>2,000,000.00</u>	<u>2,000,000.00</u>		<u>4,000,000.00</u>
Total	<u>141,534,244.97</u>	<u>2,000,000.00</u>		<u>143,534,244.97</u>



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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

36. Other non-current liabilities

Item	Carrying value at end of period	Carrying value at beginning of period
		<i>Unit: RMB</i>
Grant on investment on the modernization of weaving machine project	29,539,546.69	26,514,854.69
Refund of acquisition cost of land use right	9,623,953.78	9,623,953.78
Development and industrialization investment grant for efficient intelligent coarse spinner series products	8,000,000.00	8,000,000.00
Grant on investment on high point twisting machine project	3,893,750.00	3,893,750.00
Grant on investment on high efficient warp knitting machine industrialization project	1,300,000.00	3,600,000.00
Grant on investment on the project of textile machinery special precise super-speed bearing and spindle	2,838,698.74	3,480,000.00
Research and application demonstration project of embedded and composite spinning's key technology		1,720,000.00
Carbon fiber multilayer league woven equipment and technology R&D program	1,600,000.00	1,600,000.00
Oil free dry type car of ring spinning spindle project		1,408,000.00
Leading enterprise of agricultural industrialization infrastructure subsidies	1,350,000.00	1,387,500.00
Precision winding, digital control network and the equipment industrialization project	1,330,000.00	1,330,000.00
New suction type of rotor spinning machine's R&D and manufacturing		1,040,000.00
Textile machinery specialized precision high-speed bearing and spindle project	800,000.00	800,000.00
JWF1561 type of ring spinning frame project		750,000.00
Hubei Wujiagang Industrial Area Management Committee Land Subsidy	586,040.00	586,040.00
The industrialization of LED high efficiency and energy saving lighting lamps projects	390,000.00	390,000.00
Corn united harvest machine patent technology transformation funds	306,900.00	325,500.00
Efficient and short flow scotching combination machine in project		300,000.00
New type Air-jet loom special grant	201,488.51	228,423.11
Automatic revolving spinning machine and modern automatic and continuous cotton ingots production model project		250,000.00
Development of key technology of manufacturing integration and collaboration	1,340,000.00	
Industry backbone enterprise integrated collaborative demonstration system project		200,000.00
China-Italy corporation JWK3612 type of Polyamide fiber draw texturing machine		100,000.00
Collection bill discount		
Specialized reward on network control and management system of cotton textile equipment	1,000,000.00	
Total	64,100,377.72	67,528,021.58

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Share capital

Unit: RMB

	At beginning of period	New issue	Bonus shares	Changes(+/-) Reserve transferred to shares	Others	Sub-total	At end of period
Total	<u>603,800,000</u>						<u>603,800,000</u>

38. Capital reserve

Unit: RMB

Item	At beginning of period	Increase	Decrease	At end of period
Share premium	1,196,620,526.31			1,196,620,526.31
Other capital reserves	-3,542,381.78	10,337,519.81	71,164.20	6,723,973.83
Total	<u>1,193,078,144.53</u>	<u>10,337,519.81</u>	<u>71,164.20</u>	<u>1,203,344,500.14</u>

39. Surplus reserve

Unit: RMB

Item	At beginning of period	Increase	Decrease	At end of period
Statutory surplus reserve	492,375,261.21			492,375,261.21
Discretionary surplus reserve	178,906,802.60			178,906,802.60
Total	<u>671,282,063.81</u>			<u>671,282,063.81</u>

40. Regulatory reserve

Description:

Trust compensation reserve should be withdrawn according 5% of its net profit according to “trust company management approach-Article 49”. Zhongrong International Trust Company Limited, a subsidiary of the Company, withdraws trust compensation reserve until it reached 20% of the registered capital and above. Trust compensation reserves are mainly used to make up trust property losses which caused by mismanagement.

General risk reserve is based on the Ministry of Finance [2005] No. 49 “allowance for doubtful debts of financial companies extract the management approach”, and provided in accordance with 1% of risk assets as a profit distribution. General risk reserve is used to cover potential losses not yet identified.

Regulatory reserve was restored based on the share attributable to owners of the Company.

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Retained profits

Unit: RMB

Item	Amount
At the end of last year	907,076,447.30
At the beginning of this year	
At the beginning of this year as adjusted	907,076,447.30
Add: Net profit at beginning of this year attributable to the parent company	278,289,787.01
Less: Withdraw legal surplus reserve	
Withdraw discretionary surplus reserve	
Appropriation to general risk reserve	
Dividend payable on ordinary shares	36,228,000.00
Appropriation to share capital	
At the end of period	1,149,138,234.31

42. Operating revenue and operating cost

(1) Operating revenue and operating cost

Unit: RMB

Item	Current period	Previous period
Principal operating revenue	3,955,754,767.85	4,867,387,858.95
Other operating revenue	305,771,963.10	439,664,734.72
Operating cost	2,193,755,935.11	3,265,376,175.83

(2) Principal operation by industry

Unit: RMB

Segment	Current period		Previous period	
	Principal operating revenue	Principal operating cost	Principal operating revenue	Principal operating cost
Textile machinery	2,186,555,168.34	1,868,872,757.49	3,306,773,974.99	2,814,106,350.53
Finance and trust	1,640,475,447.54	450,333.30	1,418,958,759.37	504,000.00
Non-textile machinery	128,724,151.97	121,476,919.40	141,655,124.59	132,703,639.11
Total	<u>3,955,754,767.85</u>	<u>1,990,800,010.19</u>	<u>4,867,387,858.95</u>	<u>2,947,313,989.64</u>

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Operating revenue and operating cost (continued)

(3) Principal operation by region

Unit: RMB

Region	Current period		Previous period	
	Principal operating revenue	Principal operating cost	Principal operating revenue	Principal operating cost
Domestic	3,615,261,703.26	1,668,344,475.71	4,680,908,858.95	2,779,714,234.75
Overseas	340,493,064.59	322,455,534.48	186,479,000.00	167,599,754.89
Total	<u>3,955,754,767.85</u>	<u>1,990,800,010.19</u>	<u>4,867,387,858.95</u>	<u>2,947,313,989.64</u>

(4) Operating income from the top five customers

Unit: RMB

Customer	Operating Income	Proportion (%)
CTMTC	325,272,545.93	7.63%
Huafang Wuhe Textile Co., Ltd.	142,617,359.48	3.35%
Weihai Weiqiao Science And Technology Industry Park Co., Ltd.	27,550,854.70	0.65%
Perforamnce Fibers Kaiping Company Limited	24,384,079.97	0.57%
Xinjiang Liufu Textile Industrial Area Company Limited	23,052,205.12	0.54%
Total	<u>542,877,045.20</u>	<u>12.74%</u>

43. Business taxes and levies

Unit: RMB

Item	Current period	Previous period	Standard charge rate
Business tax	85,042,215.45	76,703,123.14	
City construction tax	11,324,325.92	12,910,728.24	
Education surcharge tax	7,905,073.56	7,672,916.40	
Others	2,070,316.87	1,860,804.65	
Total	<u>106,341,931.80</u>	<u>99,147,572.43</u>	—



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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Gains from changes in fair values

Unit: RMB

Source	Current period	Previous period
Held-for-trading financial assets	47,874,301.93	-14,029,236.58
Total	<u>47,874,301.93</u>	<u>-14,029,236.58</u>

45. Investment income

(1) Details

Unit: RMB

Item	Current period	Previous period
Income from long-term equity investment carried at cost under the cost method		
Income from long-term equity investment under the equity method	-2,127,084.18	7,916,945.59
Gain on disposal of long-term equity investment	78,351,127.43	
Gain on held-for-trading financial assets		
Gain on held-to-maturity financial assets		
Gain on available-for-sale financial assets		
Gain on disposal of held-for-trading financial assets	-48,603,901.05	19,933,156.61
Income from held-to-maturity financial assets		
Investment income from available-for-sale financial assets	47,246,601.19	17,454,935.90
Total	<u>74,866,743.39</u>	<u>45,305,038.10</u>

(2) Under cost method

Unit: RMB

Investee	Current period	Previous period
CTMTC	1,288,549.22	3,643,515.05
Hongda Research Company Limited	-4,074,339.50	616,000.00
Jingwei Machinery (Group) Company Limited	2,000.00	2,208,472.35
Beijing Hang Tang Wealth Investment & Management Co., Ltd.	6,600,000.00	252,114.03
Anhui Huamao Jingwei New Type Textile Co., Ltd	-5,762,459.80	1,196,844.16
Xianyang Jingwei Machinery Manufacturing Company Limited	-180,834.10	
Total	<u>-2,127,084.18</u>	<u>7,916,945.59</u>

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

46. Assets impairment loss

Unit: RMB

Item	Current period	Previous period
Bad debt	676,803.34	-1,624,305.16
Loss of inventories	-1,275,854.36	11,297,770.78
Total	<u>-599,051.02</u>	<u>9,673,465.62</u>

47. Non-operating income

(1)

Unit: RMB

Item	Current period	Previous period
Gains on disposal of non-current assets	28,517,542.29	2,091,521.58
Including: Gains on disposal of fixed assets	28,517,542.29	2,091,521.58
Receipt from debt restructuring	606,578.99	229,471.13
Government grants	11,867,908.58	4,807,877.63
Others	6,141,915.56	633,316.26
Total	<u>47,133,945.42</u>	<u>7,762,186.60</u>

(2) **Government grants**

Unit: RMB

Category	Current period	Previous period
High performance tricot machine capacity industrialization reconstruction project	2,300,000.00	
Research and application of embedded and composite spinning's key technology	1,720,000.00	
VAT Refund	2,837,034.49	1,785,999.72
Others	5,010,874.09	3,021,877.91
Total	<u>11,867,908.58</u>	<u>4,807,877.63</u>

48. Non-operating expenses

Unit: RMB

Category	Current period	Previous period
Losses on disposal of non-current assets	1,036,078.60	2,036,872.26
Including: Losses on disposal of fixed assets	1,036,078.60	2,036,872.26
Receipt from debt restructuring	19,810.08	202,347.00
Donation	61,000.00	1,113,164.40
Others	1,629,316.37	450,905.83
Total	<u>2,746,205.05</u>	<u>3,803,289.49</u>



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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

49. Income tax

Unit: RMB

Item	Current period	Previous period
Income tax	216,964,130.68	198,241,217.98
Adjustment of deferred tax expense	11,930,047.59	3,243,100.46
Total	<u>228,894,178.27</u>	<u>201,484,318.44</u>

50. Calculation of basic earnings per share and diluted earnings per share

Basic earnings per share $= \frac{P - S}{S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k}$ where: P represents Net profit attributable to owners of the Company or Net profit attributable to owners of the Company after extraordinary gains/losses; S represents weighted average number of ordinary stock offered publicly; S₀ represents total number of stocks in the beginning of the reporting period; S₁ represents the increased number of stocks from reserves to share capital or stock dividend distribution during the reporting period; S_i represents the increased number of stocks by offering new shares or debt-equity swap during the reporting period; S_j represents the decreased number of stocks by repurchasing during the reporting period; S_k represents the number of stock-shrunk during the reporting period; M₀ represents the number of months during the reporting period; M_i represents the accumulative number of months from the next month of increasing the stocks to the ending of the reporting period; M_j represents the accumulative number of months from the next month of decreasing the stocks to the ending of the reporting period.

Diluted earnings per share $= \frac{P_1}{S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k + \text{weighted average number of ordinary stock added by warrants/Share Options/Convertible Bonds and so on}}$, P₁ represents Net profit attributable to Shareholders of the Company or net profit attributable to Shareholders of the Company after extraordinary gains/losses. The company should consider the influence of all ordinary stock with potential dilution until to minimize the diluted earnings per share when calculating it.

51. Other comprehensive income

Unit: RMB

Item	Current period	Previous period
1. Fair value gain (loss) on available-for-sale financial assets	37,521,695.00	-61,800,000.00
Less: Fair value gain(loss) on available-for-sale financial assets arising from tax effect	9,380,423.75	-15,450,000.00
Sub-total	<u>28,141,271.25</u>	<u>-46,350,000.00</u>
2. Exchange differences arising on translation of financial statements of foreign subsidiaries	234,874.16	-89,828.02
Sub-total	<u>234,874.16</u>	<u>-89,828.02</u>
Total	<u>28,376,145.41</u>	<u>-46,439,828.02</u>

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. Notes to the cash flow statement

(1) Other cash receipts relating to operating activities

Unit: RMB

Item	Amount
Interest income, deposit and loan of employee	102,261,767.12
Total	<u>102,261,767.12</u>

(2) Other cash payments relating to operating activities

Unit: RMB

Item	Amount
Service fee, travelling fee and office expenses	322,366,204.22
Total	<u>322,366,204.22</u>

(3) Other cash receipts relating to investing activities

Unit: RMB

Item	Amount
Fund for construction of new-type spinning machine and its manufacturing and processing facilities	2,000,000.00
Total	<u>2,000,000.00</u>

(4) Other cash payments relating to financing activities

Unit: RMB

Item	Amount
Rent paid to CMB Finance Lease Ltd	17,433,097.90
Total	<u>17,433,097.90</u>

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VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

53. Supplementary information of the consolidated cash flow statement

(1) Supplementary information of the consolidated cash flow statement

Unit: RMB

Supplementary information	Current period	Previous period
1. Reconciliation of net profit to cash flow from operating activities	—	—
Net profit	696,160,006.61	663,097,152.86
Add: Impairment loss	-599,051.02	9,673,465.62
Depreciation of fixed assets, oil and gas assets and productive biological assets	59,898,040.20	67,601,058.79
Amortization of intangible assets	7,826,143.41	6,904,085.36
Amortization of long-term deferred payment	5,610,651.42	2,290,668.93
Loss on disposal of fixed assets, intangible assets and other long-term assets	-27,481,463.69	-54,649.32
Loss on retirement of fixed assets	51,940.96	
Loss on fair value changes	-47,874,301.93	14,029,236.58
Finance cost	72,019,035.10	47,550,739.00
Investment losses	-74,866,743.39	-45,305,038.10
Decrease in deferred tax assets	20,501,729.73	-3,243,100.46
Increase in deferred tax liabilities		
Decrease in inventories	108,058,596.60	-407,456,772.88
Decrease in trade and other receivables	97,284,563.68	-237,699,487.18
Increase in trade and other payables	-225,562,882.10	682,459,032.78
Others		
Net cash flow from operating activities	691,026,265.58	799,846,391.98
2. Significant investing and financing activities not involving cash balance	—	—
Capitalization of debts		
Convertible corporate bonds due within one year		
Fixed assets held under finance lease		
3. Net changes in cash and cash equivalents	—	—
Closing balance of cash	4,720,500,501.68	2,296,233,901.33
Less: Opening balance of cash	3,807,850,611.00	2,350,591,630.16
Add: Net increase in cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	912,649,890.68	-54,357,728.83

(2) Components of cash and cash equivalents

Unit: RMB

Item	Current period	Previous period
I. Cash	4,720,500,501.68	3,807,850,611.00
Including: Cash on hand	732,345.12	769,922.45
Cash at bank that can be readily withdrawn on demand	4,683,337,198.08	3,752,588,950.56
Other monetary fund that can be readily withdrawn on demand	36,430,958.48	54,491,737.99
II. Cash equivalents		
Including: bond investment due within three months		
III. Cash and cash equivalent at end of period	4,720,500,501.68	3,807,850,611.00

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VIII. RELATED PARTIES AND TRANSACTIONS

1. The parent company

Unit: RMB

Name	Relationship	Type	Place of incorporation	Legal representative	Nature of business	Registered capital	Currency	Shareholding in the Company	Voting rights of the Company	Ultimate controlling party of the Company	Code of the organization
China Textile Machinery (Group) Company Limited	Controlling shareholder	Limited liability company	Beijing	Zhang Jie	Manufacturing and trading of textile machinery	2,735,820,000.00	CNY	33.83%	33.83%	China Hi-tech Group Corporation	101518554

2. Details of subsidiaries

Unit: RMB

Name of subsidiaries	Relationship	Type	Place of incorporation	Legal representative	Principal activities	Registered capital	Currency (%)	Percentage of shareholding (%)	Percentage of voting right held (%)	Organization code
Beijing Jingpeng Investment Management Company Limited	Controlling Subsidiaries	Limited Liability Company	Beijing	Yao Yuming	Investment Management	100,000,000.00	CNY	100%	100%	10256839-3
Shenyang Hongda Huaming Textile Machinery Company Limited	Controlling Subsidiaries	Limited Liability Company	Shenyang	Wang Jue	T&M	40,000,000.00	CNY	100%	100%	77481871-1
Beijing Jingwei Textile Machinery New Technology Company Limited	Controlling Subsidiaries	Limited Liability Company	Beijing	Yao Yuming	T&M	100,000,000.00	CNY	100%	100%	70024399-4
Yichang Jingwei Textile Machinery Company Limited	Controlling Subsidiaries	Limited Liability Company	Yichang	Ye Maoxin	T&M	20,000,000.00	CNY	100%	100%	79591603-8
Tianjin Jingwei New Type Textile Machinery Company Limited	Controlling Subsidiaries	Limited Liability Company	Tianjin	Zhang Jianguo	T&M	16,000,000.00	CNY	100%	100%	77732301-X
Shanghai Chuangan Trading Company Limited	Controlling Subsidiaries	Limited Liability Company	Shanghai	Yao Yuming	T&M	2,000,000.00	CNY	90%	90%	70336610-5
Shanghai Weixin Electrical and Machinery Company Limited	Controlling Subsidiaries	Limited Liability Company	Shanghai	Yao Yuming	T&M	16,000,000.00	CNY	100%	100%	60727498-0
Shanghai Jingwei Dongxing Blowing Carding Machinery Company Limited	Controlling Subsidiaries	Limited Liability Company	Shanghai	Wu Xudong	T&M	50,000,000.00	CNY	100%	100%	72944813-3
Shanghai WSP Mould and Injection Plastic Company Limited	Controlling Subsidiaries	Limited Liability Company	Shanghai	Lin Jianwang	T&M	5,256,800.00	CNY	100%	100%	74929286-9
Jingwei Textile Machinery Yuci Material Company Limited	Controlling Subsidiaries	Limited Liability Company	Jimzhong	Ren Yansheng	T&M	5,000,000.00	CNY	100%	100%	11278984-3
Shanxi Jingwei Textile Machinery and Special Parts Company Limited	Controlling Subsidiaries	Limited Liability Company	Jimzhong	Wu Xudong	T&M	40,000,000.00	CNY	89.65%	89.65%	11274383-7
Hongkong Huaming Co. Limited	Controlling Subsidiaries	Limited Liability Company	HongKong	Ye Maoxin	T&M	7,700,000.00	USD	100%	100%	
Jimzhong Jingwei Foundry Company Limited	Controlling Subsidiaries	Limited Liability Company	Jimzhong	Ku Guanqun	T&M	25,000,000.00	CNY	68.8%	68.8%	69223011-3
Shenyang Hongda Textile Machinery Company Limited	Controlling Subsidiaries	Limited Liability Company	Shenyang	Wang Jue	T&M	71,000,000.00	CNY	98%	98%	71579925-8
Shanxi Jingwei Heli Machinery Manufacturing Company Limited	Controlling Subsidiaries	Limited Liability Company	Jimzhong	Wu Xudong	T&M	100,000,000.00	CNY	71.43%	71.43%	11278606-0
Changde Textile Machinery Company Limited	Controlling Subsidiaries	Limited Liability Company	Changde	Yao Yuming	T&M	42,349,900.00	CNY	95%	95%	73474692-8
Tianjin Hongda Textile Machinery Company Limited	Controlling Subsidiaries	Limited Liability Company	Tianjin	Zhang Jianguo	T&M	78,500,000.00	CNY	100%	100%	71294571-5
Qingdao Hongda Textile Machinery Company Limited	Controlling Subsidiaries	Limited Liability Company	Qingdao	Ji Xin	T&M	114,000,000.00	CNY	97.66%	97.66%	71376206-4
Wuxi Jingwei Textile Technology Testing Company Limited	Controlling Subsidiaries	Limited Liability Company	Wuxi	Lin Jianwang	T&M	49,530,000.00	CNY	100%	100%	75000921-5
Wuxi Jingwei Textile Technology Sales Company Limited	Controlling Subsidiaries	Limited Liability Company	Wuxi	Shi Jianping	T&M	1,000,000.00	CNY	100%	100%	77050566-2
Zhengzhou Hongda New Textile Machinery Company Limited	Controlling Subsidiaries	Limited Liability Company	Zhengzhou	Yao Yuming	T&M	74,500,000.00	CNY	98%	98%	71676538-3



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VIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)**2. Details of subsidiaries (continued)***Unit: RMB*

Name of subsidiaries	Relationship	Type	Place of incorporation	Legal representative	Principal activities	Registered capital	Currency (%)	Percentage of shareholding (%)	Percentage of voting right held (%)	Organization code
Wuxi Hongda Textile Machinery and Special Parts Company Limited	Controlling Subsidiaries	Limited Liability Company	Wuxi	Xiong Jianlin	T&M	20,000,000.00	CNY	51.25%	51.25%	13589190-4
Taiyuan Jingwei Electrical Company Limited	Controlling Subsidiaries	Limited Liability Company	Taiyuan	Guan Youping	T&M	5,000,000.00	CNY	100%	100%	60207789-X
Huangshi Jingwei Textile Machinery Company Limited	Controlling Subsidiaries	Limited Liability Company	Huangshi	Liu Xianming	T&M	32,000,000.00	CNY	60%	60%	17841272-3
Xianyang Jingwei Textile Machinery Company Limited	Controlling Subsidiaries	Limited Liability Company	Xianyang	Cheng Jianrong	T&M	50,000,000.00	CNY	97.33%	97.33%	56375549-0
Hubei Xinchufeng Automobile Company Limited	Controlling Subsidiaries	Limited Liability Company	Suizhou	Ye Maoxin	Automobile	200,000,000.00	CNY	75%	75%	79876653-0
Anshan Jingwei Haihong Agricultural Machinery Company Limited	Controlling Subsidiaries	Limited Liability Company	Anshan	Yao Yuming	A&M	40,000,000.00	CNY	51%	51%	68007495-0
Shanghai Huayuan Hyperthermia Technology Company Limited	Controlling Subsidiaries	Limited Liability Company	Shanghai	Yao Yuming	M&D	20,000,000.00	CNY	51%	51%	76839464-1
Zhongrong International Trust Company Limited	Controlling Subsidiaries	Limited Liability Company	Harbin	Liu Yang	Trust	1,475,000,000.00	CNY	57.14%	57.14%	12704434-2
Hengjian Motor Vehicle Company Limited	Controlling Subsidiaries	Limited Liability Company	Hubei	Ye Maoxin	Automobile	50,000,000.00	CNY	100%	100%	57371112-5
Jinzhong Jingwei Chemical Fiber Machinery Company Limited	Controlling Subsidiaries	Limited Liability Company	Shanxi	Wu Xudong	T&M	31,000,000.00	CNY	65.48%	65.48%	74350587-8
Beijing Zhongrong Dingxin Investment Management Company Limited	Controlling Subsidiaries	Limited Liability Company	Beijing	Zhang Dong	Equity Investment	100,000,000.00	CNY	100%	100%	58766588-7
Yichang Jingwei Textile Machinery Company Limited	Controlling Subsidiaries	Limited Liability Company	Yichang	Yang Huaming	T&M	80,000,000.00	CNY	100%	100%	59146114-X
Hubei Hengjian Bus Co., Ltd.	Controlling Subsidiaries	Limited Liability Company	Suizhou	Ye Maoxin	Automobile	43,550,000.00	CNY	60%	60%	58822497-9

3. Details of associates and joint ventures*Unit: RMB*

Name of Investee	Type	Place of incorporation	Legal representative	Principal activities	Registered capital	Currency	Percentage of shareholding	Percentage of voting held	Total assets at end of period	Total liabilities at end of period	Total net assets at end of period	Total operating income of the period	Net profit of the period	Relationship	Organization code
1. Joint venture															
Hengjian Huayu (International) Company Limited	Limited Liability Company	Hong Kong, China	Li Baochi	Sale of textile machine accessory	5,000,000.00	CNY	50%	50%	20,861,606.00	21,180,109.00	-318,503.00	0.00	0.00	Joint venture	
2. Associate															
CTMTC	Limited Liability Company	Beijing	Zhu Baolin	Import and export of textile machinery	120,000,000.00	CNY	25%	25%	1,565,347,728.98	1,293,879,912.31	271,467,816.67	1,853,737,005.78	5,154,196.88	Associates	10000283-9
Hongda Research Company Limited	Limited Liability Company	Beijing	Liu Yujun	Sales of textile machinery products	50,000,000.00	CNY	40%	40%	110,009,867.01	90,477,051.21	19,522,815.80	9,839,990.22	-10,185,848.74	Associates	72634111-1
Anhui Huamao Jingwei New Type Textile Company Limited	Limited Liability Company	Anqing	Zhan Lingzhi	Production & sales of Textile machinery	50,000,000.00	CNY	25%	25%	360,800,638.46	351,287,272.89	9,513,365.57	155,044,915.14	-23,049,839.19	Associates	7804734-9
Jingwei Machinery (Group) Company Limited	Limited Liability Company	Jinzhong	Wu Xiaodong	Production & sales of textile machinery	40,000,000.00	CNY	20%	40%	711,439,400.65	659,618,419.53	51,820,981.12	169,779,153.60	10,000.00	Associates	11273104-3
Beijing Hang Tang Wealth Investment & Management Co., Ltd.	Limited Liability Company	Beijing	Liang Yue	Investment Management	50,000,000.00	CNY	20%	20%	162,472,469.25	77,544,633.60	84,927,835.65	282,149,605.94	33,000,000.00	Associates	56952241-X
Shenzhen Huarong Equity Investment and Fund Management Company Limited	Limited Liability Company	Shenzhen	Xie Wei	Investment Management	10,000,000.00	CNY	49%	49%	9,993,260.26		9,993,260.26			Associates	5763934-5
Xianyang Jingwei Textile Machinery Manufacturing Company Limited	Limited Liability Company	Xianyang, Shaanxi Province	Cheng Jianrong	Development of jet, spray, shuttleless and multi-arm machine and related technology	75,079,600.00	CNY	25%	25%	111,610,421.34	85,022,471.19	26,587,950.15	67,500.00	-723,336.40	Associate	71350210-7

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VIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

4. Details of other related parties

Name of related parties	Relationship with the Group	Organization Code
Changde Textile Machinery Factory	Company controlled by the same parent company	186481286
State-run yichang textile machinery	Company controlled by the same parent company	17921223X
Hongda Industrial Company Limited	Company controlled by the same parent company	710925710
Wuxi Textile Machinery Research Institution	Company controlled by the same parent company	46628536X
Xianyang Textile Machinery Plant	Company controlled by the same parent company	220524623
Yichang Zhongfang Hotel	Company controlled by the same parent company	179212395
Yichang Zhongfang Industry Company Limited	Company controlled by the same parent company	71469741X
China Textile Machinery Industry Corporation Sales Technology Service Company	Company controlled by the same parent company	101476286
Beijing Bohong Real Estate Development Company Limited	Company controlled by the same actual controller	80294840X
Chifeng huayuan Huayuan MaoYe Company Limited	Company controlled by the same actual controller	701280084
Handan Hongda Chemical Fiber Machinery Company Limited	Company controlled by the same actual controller	715835167
Hengtian Real Estate Company Limited	Company controlled by the same actual controller	717825763
CHTC Heavy Industry Company Limited	Company controlled by the same actual controller	739080782
Hengyang Textile Machinery Company Limited	Company controlled by the same actual controller	18500076X

5. Related party transactions

(1) Purchases of goods and receiving services

Unit: RMB

Related party	Transaction	Pricing	Current period		Previous period	
			Amount	Ratio (%)	Amount	Ratio (%)
under control or influence of key personnel	Purchase of casting	Agreed price	21,178,270.07	100%	52,066,695.96	100%
			<u>21,178,270.07</u>	<u>100%</u>	<u>52,066,695.96</u>	<u>100%</u>
associate under control or influence of key personnel	Purchase of packaging	Agreed price	6,538.46	0.05%		
	Purchase of packaging	Agreed price	12,699,491.55	99.95%	26,830,792.26	100%
			<u>12,706,030.01</u>	<u>100%</u>	<u>26,830,792.26</u>	<u>100%</u>
under control of the ultimate parent company	Purchase of power	Agreed price	6,981.52	0.61%	23,709.08	1.54%
	Purchase of power	Agreed price			16,740.00	1.08%
under common control of the parent company	Purchase of power	Agreed price	1,131,338.73	99.39%	1,502,447.16	97.38%
			<u>1,138,320.25</u>	<u>100%</u>	<u>1,542,896.24</u>	<u>100%</u>

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VIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(1) Purchases of goods and receiving services (continued)

Unit: RMB

Related party	Transaction	Pricing	Current period		Previous period	
			Amount	Ratio (%)	Amount	Ratio (%)
under control of the ultimate parent company	Purchase of raw material and accessory	Agreed price	410,469.38	0.28%	159,620.68	0.06%
under common control of the parent company	Purchase of raw material and accessory	Agreed price	3,331,444.19	2.27%	953,603.37	0.38%
associate	Purchase of raw material and accessory	Agreed price	41,560,779.73	28.33%	26,337,208.61	10.6%
under control or influence of key personnel	Purchase of raw material and accessory	Agreed price	101,387,159.62	69.12%	221,067,166.58	88.95%
	Sub-total		<u>146,689,852.93</u>	<u>100%</u>	<u>248,517,599.24</u>	<u>100%</u>
under control of the ultimate parent company	Purchase of finished goods	Agreed price	170,080,761.72	85.02%	212,208,200.35	72.39%
under common control of the parent company	Purchase of finished goods	Agreed price			2,779.60	0%
under control or influence of key personnel	Purchase of finished goods	Agreed price	29,960,395.47	14.98%	80,915,481.30	27.6%
	Sub-total		<u>200,041,157.19</u>	<u>100%</u>	<u>293,126,461.25</u>	<u>100%</u>
under common control of the parent company	payment for processing fee	Agreed price	48,328.20	0.7%	649,062.87	13.69%
associate	payment for processing fee	Agreed price	358,613.00	5.19%		
under control or influence of key personnel	payment for processing fee	Agreed price	6,500,394.93	94.11%	4,091,208.54	86.31%
	Sub-total		<u>6,907,336.13</u>	<u>100%</u>	<u>4,740,271.41</u>	<u>100%</u>
under common control of the parent company	payment for transportation fee	Agreed price	1,109,679.69	100%	1,899,260.47	100%
	Sub-total		<u>1,109,679.69</u>	<u>100%</u>	<u>1,899,260.47</u>	<u>100%</u>
under common control of the parent company	payment for repair and maintenance fee	Agreed price	2,178,951.52	36.36%	2,409,997.39	100%
associate	payment for repair and maintenance fee	Agreed price	3,814,027.91	63.64%		
	Sub-total		<u>5,992,979.43</u>	<u>100%</u>	<u>2,409,997.39</u>	<u>100%</u>

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VIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(1) Purchases of goods and receiving services (continued)

Unit: RMB

Related party	Transaction	Pricing	Current period		Previous period	
			Amount	Ratio (%)	Amount	Ratio (%)
under control of the ultimate parent company	payment for other supporting service	Agreed price	17,935.08	0.5%	380,849.62	6.58%
under common control of the parent company	payment for other supporting service	Agreed price	2,087,391.54	58.53%	2,551,256.27	44.06%
associate	payment for other supporting service	Agreed price	185,343.80	5.2%		
under control or influence of key personnel	payment for other supporting service	Agreed price	1,275,466.95	35.77%	2,858,781.98	49.37%
	Sub-total		<u>3,566,137.37</u>	<u>100%</u>	<u>5,790,887.87</u>	<u>100%</u>
under control of the ultimate parent company	rental expenses	Agreed price	53,860.80	1.26%		
under common control of the parent company	rental expenses	Agreed price	126,000.00	2.96%	153,999.99	21.12%
associate	rental expenses	Agreed price	26,952.00	0.63%		
under control or influence of key personnel	rental expenses	Agreed price	4,054,213.91	95.15%	575,111.71	78.88%
	Sub-total		<u>4,261,026.71</u>	<u>100%</u>	<u>729,111.70</u>	<u>100%</u>

(2) Sales of goods and provision of services

Unit: RMB

Related party	Transaction	Pricing	Current period		Previous period	
			Amount	Ratio (%)	Amount	Ratio (%)
under control of the ultimate parent company	sales of finished goods	Agreed price	3,464,216.56	1.02%	22,266,812.32	11.49%
under common control of the parent company	sales of finished goods	Agreed price			8,974.35	0%
associate	sales of finished goods	Agreed price	335,054,856.00	98.47%	169,160,285.15	87.31%
under control or influence of key personnel	sales of finished goods	Agreed price	1,737,645.03	0.51%	2,309,311.26	1.19%
	Sub-total		<u>340,256,717.59</u>	<u>100%</u>	<u>193,745,383.08</u>	<u>100%</u>



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VIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(2) Sales of goods and provision of services (continued)

Unit: RMB

Related party	Transaction	Pricing	Current period		Previous period	
			Amount	Ratio (%)	Amount	Ratio (%)
under control of the ultimate parent company	sales of raw material and accessory	Agreed price	305,111.02	4%	32,152,860.55	90.05%
under common control of the parent company	sales of raw material and accessory	Agreed price			8,254.53	0.02%
associate	sales of raw material and accessory	Agreed price	5,455,858.00	71.61%	118,373.85	0.33%
under control or influence of key personnel	sales of raw material and accessory	Agreed price	1,858,374.95	24.39%	3,427,730.49	9.6%
		Sub-total	<u>7,619,343.98</u>	<u>100%</u>	<u>35,707,219.42</u>	<u>100%</u>
under common control of the parent company	income from processing fee	Agreed price			11,251.28	100%
associate	income from processing fee	Agreed price	212,173.80	100%		
		Sub-total	<u>212,173.80</u>	<u>100%</u>	<u>11,251.28</u>	<u>100%</u>
under control of the ultimate parent company	income from providing supporting services	Agreed price	76,923.08	5.07%		
under common control of the parent company	income from providing supporting services	Agreed price	183,501.68	12.1%	195,899.35	100%
associate	income from providing supporting services	Agreed price	1,256,476.23	82.83%		
		Sub-total	<u>1,516,900.99</u>	<u>100%</u>	<u>195,899.35</u>	<u>100%</u>
under control of the ultimate parent company	Rental income	Agreed price	1,576,339.25	100%	1,704,437.16	100%
		Sub-total	<u>1,576,339.25</u>	<u>100%</u>	<u>1,704,437.16</u>	<u>100%</u>

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VIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

5. Related party transactions (continued)

(3) Leasing service received and provided from/to related parties

The Group as lessor

Unit: RMB

Lessor Name	Lessee name	Types of leased assets	Condition of leased assets	Amount involved	Inception of the lease	Lease termination date	Pricing based on rental income	Annual rental income recognized	Impact on the Company
Zhengzhou Hongda New Textile Machinery Company Limited	CHTC Heavy Industry Company Limited	Machinery			2011/1/1	2013/12/31	Agreement Price	1,576,339.25	

The Group as lessee

Unit: RMB

Lessor Name	Lessee name	Types of leased assets	Condition of leased assets	Amount involved	Inception of the lease	Lease termination date	Pricing based on rental income	Annual rental income recognized	Impact on the Company
Qingdao Textile Machinery Manufacturing Company Limited	Qingdao Hongda Textile Machinery Company Limited	Buildings			2012/01/01	2012/12/31	Agreement Price	1,476,153.36	
Qingdao Textile Machinery Manufacturing Company Limited	Qingdao Hongda Textile Machinery Company Limited	Land use right			2011/01/01	2015/12/31	Agreement Price	1,422,108.00	
Tianjin Textile Machinery Company Limited	Tianjin Hongda Textile Machinery Company Limited	Buildings			2012/01/01	2012/12/31	Agreement Price	1,155,952.55	
Jingwei Machinery (Group) Company Limited	Jingwei Textile Machinery Company Limited	Buildings			2011/01/01	2013/12/31	Agreement Price	26,952.00	
Changde Textile Machinery Factory	Changde Textile Machinery Company Limited	Buildings			2011/01/01	2013/12/31	Agreement Price	126,000.00	
CHTC Heavy Industry Company Limited	Jingwei Textile Machinery Company Limited	Buildings			2011/01/01	2013/12/31	Agreement Price	53,860.80	



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VIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amount due from/to related parties

Amount due from related parties

Unit: RMB

Item	Related party	At end of period	At beginning of period
account receivable	ultimate controlling company	63,998.00	63,998.00
account receivable	associate	124,656,361.04	78,686,321.80
account receivable	under common control of the parent company	140,641.73	147,641.73
account receivable	under control of beneficial controller	1,889,480.07	7,748,690.35
account receivable	under influence of key personnel	2,541,860.41	1,724,371.69
	total	<u>129,292,341.25</u>	<u>88,371,023.57</u>
bill receivable	associate	19,421,283.52	75,542,839.36
bill receivable	under common control of the parent company	0	100,000.00
bill receivable	under control of beneficial controller	450,000.00	6,657,000.00
bill receivable	under influence of key personnel	770,000.00	2,700,000.00
	total	<u>20,641,283.52</u>	<u>84,999,839.36</u>
prepayment	joint venture	26,766,850.00	
prepayment	associate	32,242,442.39	
prepayment	under common control of the parent company	317,611.24	
prepayment	under control of beneficial controller	17,281,615.38	12,899,631.74
prepayment	under influence of key personnel	46,189,000.18	43,062,769.39
	total	<u>122,797,519.19</u>	<u>55,962,401.13</u>
other receivable	joint venture	12,327,519.36	
other receivable	associate	35,597,833.96	50,668,561.91
other receivable	under control of beneficial controller	41,160,000.00	
	total	<u>89,085,353.32</u>	<u>50,668,561.91</u>
Dividend receivable	under control of beneficial controller	2,880,000.00	2,880,000.00
	total	<u>2,880,000.00</u>	<u>2,880,000.00</u>

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VIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)

6. Amount due from/to related parties (continued)

Amount due to related parties

Unit: RMB

Item	Related party	At end of period	At beginning of period
bill payable	associate	8,600,000.00	5,900,000.00
bill payable	under control of beneficial controller	263,543.20	
bill payable	under influence of key personnel	33,648,104.00	60,536,656.00
	Total	<u>42,511,647.20</u>	<u>66,436,656.00</u>
account payable	controlling company	6,301,379.63	6,301,379.63
account payable	associate	26,118,884.10	11,515,915.93
account payable	under common control of the parent company	595,225.00	911,386.53
account payable	under control of beneficial controller	200,874,110.17	156,013,164.57
account payable	under influence of key personnel	195,005,233.98	184,457,787.80
	Total	<u>428,894,832.88</u>	<u>359,199,634.46</u>
advance	controlling company	1,000,087.16	1,000,087.16
advance	associate	2,172,393.50	14,663,635.49
advance	under common control of the parent company	399.30	367,581.11
advance	under control of beneficial controller	50,829.60	506,589.60
advance	under influence of key personnel	322,210.55	303,545.26
	Total	<u>3,545,920.11</u>	<u>16,841,438.62</u>
other payable	controlling company	20,231,020.72	20,231,020.72
other payable	associate	1,294,876.42	4,479,109.68
other payable	under common control of the parent company	21,751,544.42	26,742,430.40
other payable	under control of beneficial controller	28,500,000.00	97,727,466.49
other payable	under influence of key personnel	3,338,037.80	613,917.34
	Total	<u>75,115,479.36</u>	<u>149,793,944.63</u>
dividend payable	under common control of the parent company	2,251,856.06	2,251,856.06
dividend payable	under influence of key personnel	0.42	219,886.42
dividend payable	controlling company	12,255,314.88	
	Total	<u>14,507,171.36</u>	<u>2,471,742.48</u>

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IX. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

(1) By categories

Unit: RMB

Category	At end of period				At beginning of period			
	Carrying value Amount	Ratio (%)	Bad debt provision Amount	Ratio (%)	Carrying value Amount	Ratio (%)	Bad debt provision Amount	Ratio (%)
Significant balance under assessment of impairment individually Provided in group	60,651,787.00	9.86%			76,864,789.87	16.37%		
Subtotal	<u>550,505,360.06</u>	<u>89.49%</u>	<u>3,418,276.97</u>	<u>0.62%</u>	<u>389,808,108.95</u>	<u>83.02%</u>	<u>13,621,970.30</u>	<u>3.49%</u>
Insignificant balance under assessment of impairment individually	4,031,898.00	0.66%	2,642,940.46	65.55%	2,881,157.79	0.61%	1,805,903.42	62.68%
Total	<u>615,189,045.06</u>	<u>-</u>	<u>6,061,217.43</u>	<u>-</u>	<u>469,554,056.61</u>	<u>-</u>	<u>15,427,873.72</u>	<u>-</u>

Significant balance under assessment of impairment individually:

Unit: RMB

Accounts receivable	Carrying value
Beida Xianxing Taian Technology Industry Corporation	60,651,787.00
Total	<u>60,651,787.00</u>

Provided in group by age:

Unit: RMB

Age	At end of period			At beginning of period		
	Carrying value Amount	Ratio (%)	Bad debt provision	Carrying value Amount	Ratio (%)	Bad debt provision
Less than 1 year						
Of which:						
Subtotal	544,699,669.38	98.95%		372,343,387.32	95.52%	
1-2 years	2,763,721.97	0.5%	552,744.39	4,766,285.04	1.22%	953,257.01
2-3 years	352,872.27	0.06%	176,436.14	59,446.60	0.02%	29,723.30
Over 3 years	2,689,096.44	0.49%	2,689,096.44	12,638,989.99	3.24%	12,638,989.99
Total	<u>550,505,360.06</u>	<u>-</u>	<u>3,418,276.97</u>	<u>389,808,108.95</u>	<u>-</u>	<u>13,621,970.30</u>

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IX. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

1. Accounts receivable (continued)

(1) By categories (continued)

Insignificant balance under assessment of impairment individually:

Unit: RMB

Accounts receivable	Carrying value	Bad debt provision	Provision ratio	Reasons
Huafang Group Cotton Spinning Company Limited	613,121.20	313,121.20	51.07%	Pledge overdue
Dezhou Junqing Textile Co.,Ltd	30,000.00	30,000.00	100%	Aged over three years
Others	3,388,776.80	2,299,819.26	67.87%	
Total	4,031,898.00	2,642,940.46	65.55%	—

(2) Bad debts reversed or recovered

Unit: RMB

Name	Reason for recovery	Reason of provision of bad debt provided in previous periods
Jinzhongda (Xiamen) Textile Co., Ltd	1,936,240.00	1,936,240.00
Anyang Man-made Fibre Textile Mill	1,196,500.00	1,196,500.00
Others	3,393,102.68	3,393,102.68
Total	6,525,842.68	—

(3) Top five accounts receivable outstanding

Unit: RMB

Entity	Relationship	Balance	Aging	Proportion (%)
Beida Xianxing Taian Techonology Industry Corporation	Third party	60,651,787.00	1-2years	9.86%
CTMTC	Associate	66,128,216.76	Less than 1 year	10.75%
Beijing New Century Hongkee Investment & Guaranty Co. Ltd.	Third party	36,100,000.00	Less than 1 year	5.87%
Shanghai Suoyuan Trading Company Limited	Third party	26,550,000.00	Less than 1 year	4.31%
Shanghai Zhongtian Industrial Development Co., Ltd	Third party	17,672,000.00	Less than 1 year	2.87%
total	—	207,102,003.76	—	33.66%



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IX. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

1. Accounts receivable (continued)

(4) Accounts receivable from related parties

Unit: RMB

Entity	Relationship	Balance	Proportion (%)
CTMTC	Associate	66,128,216.76	10.75%
Jingwei Machinery (Group) General Machinery Company Limited	Associate	49,301.46	0%
CHTC Heavy Industry Company Limited	Under common control of ultimate controlling company	647,537.40	0.11%
Hengyang Textile Machinery Company Limited	Under common control of ultimate controlling company	295,034.82	0.05%
Anhui Huamao Jingwei New Type Textile Company Limited	Associate	22,135.04	0%
Total	-	<u>101,343,633.59</u>	<u>16.47%</u>

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IX. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables

(1) By category

Unit: RMB

Category	At end of period				At beginning of period			
	Carrying value Amount	Ratio (%)	Bad debt provision Amount	Ratio (%)	Carrying value Amount	Ratio (%)	Bad debt provision Amount	Ratio (%)
Significant balance under assessment of impairment individually	60,651,289.92	8.54%		0%	474,887,523.72	88.57%		
Provided in group	641,729,122.89	90.38%	93,423.80	0.01%	25,069,774.99	4.68%	103,447.70	0.41%
Subtotal	641,729,122.89	90.38%	93,423.80	0.01%	25,069,774.99	4.68%	103,447.70	0.41%
Insignificant balance under assessment of impairment individually	7,620,112.00	1.07%		0%	36,241,018.96	6.75%	39,976.10	0.11%
Total	710,000,524.81	-	93,423.80	-	536,198,317.67	-	143,423.80	-

Significant balance under assessment of impairment individually:

Unit: RMB

Other receivables	Carrying value
Anhui Huamao Jingwei New Type Textile Company Limited	31,451,289.92
Beijing Liangyou Investment Government Ltd.	29,200,000.00
Total	60,651,289.92

Provided in group by age:

Unit: RMB

Age	At end of period		Bad debt provision	At beginning of period		Bad debt provision
	Carrying value Amount	Ratio (%)		Carrying value Amount	Ratio (%)	
Less than 1 year						
Of which:	-	-	-	-	-	-
Subtotal	641,381,932.20	99.95%		24,752,536.49	98.73%	
1-2 years	267,238.50	0.04%	53,447.70	267,238.50	1.07%	53,447.70
2-3 years	79,952.19	0.01%	39,976.10		0%	
Over 3 years		0%		50,000.00	0.2%	50,000.00
Total	641,729,122.89	-	93,423.80	25,069,774.99	-	103,447.70



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IX. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

2. Other receivables (continued)

(2) Top five other receivables outstanding

Unit: RMB

Entity	Relationship	Balance	Aging	Proportion (%)
Tianjin Hongda Textile Machinery Company Limited	Subsidiary	215,565,852.00	Less than 1 year	30.36%
Qingdao Hongda Textile Machinery Company Limited	Subsidiary	78,280,000.00	Less than 1 year	11.03%
Xianyang Jingwei Machinery Manufacturing Company Limited	Subsidiary	69,205,379.00	Less than 1 year	9.75%
Hubei Xinchufeng Automobile Company Limited	Subsidiary	50,000,000.00	Less than 1 year	7.04%
Wuxi Jingwei Textile Technology Testing Company Limited	Subsidiary	47,795,188.00	Less than 1 year	6.73%
Total	–	460,846,419.00	–	64.91%

(3) Accounts receivable from related parties

Unit: RMB

Entity	Relationship	Balance	Proportion (%)
Tianjin Hongda Textile Machinery Company Limited	Subsidiary	215,565,852.00	30.36%
Qingdao Hongda Textile Machinery Company Limited	Subsidiary	78,280,000.00	11.03%
Xianyang Jingwei Machinery Manufacturing Company Limited	Subsidiary	69,205,379.00	9.75%
Hubei Xinchufeng Automobile Company Limited	Subsidiary	50,000,000.00	7.04%
Wuxi Jingwei Textile Technology Testing Company Limited	Subsidiary	47,795,188.00	6.73%
Total	–	460,846,419.00	64.91%



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IX. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

3. Long-term equity investment

Unit: RMB

Investee	Accounting	Initial investment	Opening balance	Changes	Ending balance	Equity held (%)	Voting right held (%)	Inconsistency between these two items	Impairment provision	Impairment provision in current period	Cash dividend of current period
CTMTC	By equity	30,000,000.00	62,373,971.72	1,288,549.22	63,662,520.94	25%	25%				
Hongda Research Company Limited	By equity	20,000,000.00	11,887,465.82	-4,074,339.50	7,813,126.32	40%	40%				
Jingwei Machinery (Group) Company Limited	By equity	8,000,000.00	10,316,833.68	2,000.00	10,318,833.68	20%	20%				
Beijing Hang Tang Wealth Investment & Management Co., Ltd.	By equity	10,000,000.00	15,597,017.50	6,600,000.00	22,197,017.50	20%	20%				
Hongda investment Company Limited	By cost	24,866,602.17	24,866,602.17		24,866,602.17	9.38%	9.38%	14,823,871.42	2,150,000.00		
Beijing Jingpeng Investment Management Company Limited	By cost	96,000,000.00	96,000,000.00		96,000,000.00	96%	96%				
Shenyang Hongda Textile Machinery Company Limited	By cost	69,580,000.00	81,301,993.00	10,774,414.00	92,076,407.00	98%	98%				
Beijing Jingwei Textile Machinery New Technology Company Limited	By cost	98,400,000.00	98,407,084.00		98,407,084.00	98.4%	98.4%				
Shanxi Jingwei Heli Machinery Manufacturing Company Limited	By cost	30,000,000.00	39,288,285.00		39,288,285.00	30%	30%				
Changde Textile Machinery Company Limited	By cost	29,644,900.00	35,279,928.00		35,279,928.00	70%	70%				
Yichang Jingwei Textile Machinery Company Limited	By cost	15,000,000.00	15,000,000.00		15,000,000.00	75%	75%				
Tianjin Hongda Textile Machinery Company Limited	By cost	76,930,000.00	71,005,633.00	17,232,320.00	88,237,953.00	98%	98%				
Tianjin Jingwei New Type Textile Machinery Company Limited	By cost	12,000,000.00	12,000,000.00		12,000,000.00	75%	75%				
Qingdao Hongda Textile Machinery Company Limited	By cost	44,100,000.00	96,009,790.51		96,009,790.51	97.66%	97.66%				
Shanghai Changnan Trading Company Limited	By cost	1,800,000.00	1,800,000.00		1,800,000.00	90%	90%				
Shanghai Weixin Electrical and Machinery Company Limited	By cost	14,400,000.00	14,400,000.00		14,400,000.00	90%	90%				
Shanghai Jingwei Dongxing Blowing Carding Machinery Company Limited	By cost	42,383,554.97	40,357,554.97		40,357,554.97	78%	78%				
Wuxi Hongda Textile Machinery and Special Parts Company Limited	By cost	2,000,000.00	4,765,534.00		4,765,534.00	10%	10%				
Wuxi Jingwei Textile Technology Testing Company Limited	By cost	32,960,000.00	34,152,507.00		34,152,507.00	66.55%	66.55%				
Wuxi Jingwei Textile Technology Sales Company Limited	By cost	4,793,503.17	4,793,503.17		4,793,503.17	100%	100%				
Xianyang Jingwei Machinery Manufacturing Company Limited	By equity	57,468,693.00	61,469,929.00	-53,941,383.30	7,528,545.70	24.33%	24.33%				
Zhengzhou Hongda New Textile Machinery Company Limited	By cost	23,010,000.00	80,805,191.00		80,805,191.00	98%	98%				
Jingwei Textile Machinery Yuci Material Company Limited	By cost	4,960,000.00	5,000,000.00		5,000,000.00	99.92%	99.92%				
Shanxi Jingwei Textile Machinery and Special Parts Company Limited	By cost	35,850,000.00	35,860,000.00		35,860,000.00	89.65%	89.65%				
Taiyuan Jingwei Electrical Company Limited	By cost	4,900,000.00	5,212,000.00		5,212,000.00	98%	98%				
Hongkong Huaming Co. Limited	By cost	4,966,416.00	62,559,880.00		62,559,880.00	100%	100%				



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IX. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

3. Long-term equity investment (continued)

Unit: RMB

Investee	Accounting	Initial investment	Opening balance	Changes	Ending balance	Equity held (%)	Voting right held (%)	Inconsistency between these two items	Impairment provision	Impairment provision in current period	Cash dividend of current period
Huangshi Jingwei Textile Machinery Company Limited	By cost	17,851,007.41	17,851,007.41		17,851,007.41	45%	45%		7,051,007.42		
Jinzhong Jingwei Foundry Company Limited	By cost	17,200,000.00	17,200,000.00		17,200,000.00	68.8%	68.8%				
Xianyang Jingwei Textile Machinery Company Limited	By cost	48,200,000.00	48,200,000.00		48,200,000.00	97.33%	97.33%				
Hubei Xinchufeng Automobile Company Limited	By cost	150,000,000.00	150,000,000.00		150,000,000.00	75%	75%				
Anshan Jingwei Haihong Agricultural Machinery Company Limited	By cost	38,855,400.00	38,855,400.00		38,855,400.00	51%	51%				
Zhongrong International Trust Company Limited	By cost	1,585,565,021.62	1,585,565,021.62		1,585,565,021.62	36.6%	36.6%				
Jinzhong Jingwei Chemical Fiber Machinery Company Limited	By cost	18,810,000.00	18,810,000.00	4,641,313.00	23,451,313.00	51%	51%				
Yichang Jingwei Textile Machinery Company Limited		78,927,593.34		78,927,593.34	78,927,593.34						
Total		- 2,749,422,691.68	2,896,992,132.57	61,450,466.76	2,958,442,599.33	-	-	-	21,874,878.84	2,150,000.00	

4. Operating revenue and operating cost

(1) Operating revenue and operating cost

Unit: RMB

Item	Current period	Previous period
Principal operating revenue	1,431,442,999.88	1,906,643,412.06
Other operating revenue	433,222,063.81	662,581,130.87
Operating cost	1,741,461,473.35	2,409,269,246.07

(2) Principal operation by industry

Unit: RMB

Segment	Current period		Previous period	
	Principal operating revenue	Principal operating cost	Principal operating revenue	Principal operating cost
Textile machinery	1,431,442,999.88	1,323,546,522.47	1,906,643,412.06	1,777,335,328.67
Total	1,431,442,999.88	1,323,546,522.47	1,906,643,412.06	1,777,335,328.67

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IX. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

4. Operating revenue and operating cost (continued)

(3) Principal operation by region

Unit: RMB

Region	Current period		Previous period	
	Principal operating revenue	Principal operating cost	Principal operating revenue	Principal operating cost
Domestic income	1,183,311,459.10	1,082,343,172.76	1,789,108,245.83	1,663,538,229.94
Overseas income	248,131,540.78	241,203,349.71	117,535,166.23	113,797,098.73
Total	<u>1,431,442,999.88</u>	<u>1,323,546,522.47</u>	<u>1,906,643,412.06</u>	<u>1,777,335,328.67</u>

(4) Operating income from the top five customers

Unit: RMB

Customer	Operating Income	Proportion (%)
CTMTC	246,827,709.16	13.24%
Huafang Group Cotton Spinning Company Limited	142,617,359.48	7.65%
Weihai Weiqiao Science And Technology Industry Park Co., Ltd.	27,550,854.70	1.48%
Xinjiang Liufu Textile Industrial Area Company Limited	23,052,205.12	1.24%
Huafang Xiuwu Textile Co., Ltd.	19,592,888.88	1.05%
Total	<u>459,641,017.34</u>	<u>24.65%</u>

5. Investment income

(1) Details

Unit: RMB

Item	Current period	Previous period
Income from long-term equity investment under the equity method	3,635,375.62	6,720,101.43
Gain on disposal of long-term equity investment	35,882,553.25	
Gain on held-for-trading financial assets	-53,360.61	20,688.24
Total	<u>39,464,568.26</u>	<u>6,740,789.67</u>



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IX. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)

5. Investment income (continued)

(2) Equity method

Unit: RMB

Investee	Current period	Previous period	Reason for changes
CTMTC	1,288,549.22	3,643,515.05	
Hongda Research Company Limited	-4,074,339.50	616,000.00	
Jingwei Machinery (Group) Company Limited	2,000.00	2,208,472.35	
Beijing Hang Tang Wealth Investment & Management Co., Ltd.	6,600,000.00	252,114.03	
Xianyang Jingwei Machinery Manufacturing Company Limited	-180,834.10		
Total	<u>3,635,375.62</u>	<u>6,720,101.43</u>	—

6. Supplementary information of the consolidated cash flow statement

Unit: RMB

Supplementary information	Current period	Previous period
1. Reconciliation of net profit to cash flow from operating activities	—	—
Net profit	42,510,199.12	22,070,864.98
Add: Impairment loss		-569,845.38
Depreciation of fixed assets, oil and gas assets and productive biological assets	10,222,875.64	13,815,179.20
Amortization of intangible assets	887,086.20	1,806,313.74
Amortization of long-term deferred payment		
Loss on disposal of fixed assets, intangible assets and other long-term assets	10,481,879.43	-298,387.32
Loss on retirement of fixed assets		
Loss on fair value changes	1,253.73	80,472.22
Finance cost	58,966,264.52	35,463,765.64
Investment losses	-39,464,568.26	-6,740,789.67
Decrease in deferred tax assets		
Increase in deferred tax liabilities		
Decrease in inventories	97,807,235.70	-53,130,139.42
Decrease in trade and other receivables	-65,314,999.82	-67,224,992.84
Increase in trade and other payables	-99,028,209.16	122,688,517.69
Others		
Net cash flow from operating activities	17,069,017.10	67,960,958.84
2. Significant investing and financing activities not involving cash balance	—	—
Capitalization of debts		
Convertible corporate bonds due within one year		
Fixed assets held under finance lease		
3. Net changes in cash and cash equivalents	—	—
Closing balance of cash	479,181,568.22	761,366,105.94
Less: Opening balance of cash	431,749,529.22	1,091,932,650.31
Add: Net increase in cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	47,432,039.00	-330,566,544.37

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X. SUPPLEMENTARY INFORMATION
1. Rate of return on net assets and earnings per share
Unit: RMB

Net profit of the reporting period	Weighted average rate of return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to ordinary shares	7.86%	0.46	0.46
Net profit attribute to ordinary shares after extraordinary profit and loss	4.63%	0.27	0.27

2. Variances and reasons

Item	30 June 2012	31 December 2011	Variance	Description
Prepayment	503,755,939.09	339,903,795.30	48.21%	Note 1
Other receivables	379,934,670.90	231,697,609.34	63.98%	Note 2
Other current assets	2,207,716.26	1,225,749.22	80.11%	Note 3
Long-term receivables	0.00	14,693,407.10	-100.00%	Note 4
Construction material	31,576,502.45	12,086,403.58	161.26%	Note 5
Long-term prepaid expenses	32,161,935.35	18,618,554.54	72.74%	Note 6
Short-term borrowings	1,153,957,832.56	1,715,651,450.37	-32.74%	Note 7
Wages payable	978,904,732.37	670,416,772.39	46.01%	Note 8
Tax payable	161,560,908.05	279,776,238.72	-42.25%	Note 9
Interest payable	14,458,853.88	370,520.55	3802.31%	Note 10
Dividend payable	41,165,315.21	4,057,201.21	914.62%	Note 11
Non-current liabilities due within one year	252,265,177.85	401,424,295.29	-37.16%	Note 12
Long-term borrowings		60,000,000.00	-100.00%	Note 13
Bonds payable	1,200,000,000.00			Note 14

Item	Jan-Jun 2012	Jan-Jun 2011	Variance	Description
Operating cost	2,193,755,935.11	3,265,376,175.83	-32.82%	Note 15
Finance cost	69,205,181.03	40,328,785.01	71.60%	Note 16
Asset impairment loss	-599,051.02	9,673,465.62	-106.19%	Note 17
Gain from changes in fair value	47,874,301.93	-14,029,236.58	441.25%	Note 18
Investment gain	74,866,743.39	45,305,038.10	65.25%	Note 19
Non-operating income	47,133,945.42	7,762,186.60	507.23%	Note 20

Item	Jan-Jun 2012	Jan-Jun 2011	Variance	Description
Net cash flow from operating activities	691,026,265.58	799,846,391.98	-13.61%	Note 21
Net cash flow from investing activities	-78,702,923.64	-1,100,287,458.31	92.85%	Note 22
Net cash flow from financing activities	300,211,188.54	246,359,525.88	21.86%	Note 23

**Notes to the Financial Statements
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X. SUPPLEMENTARY INFORMATION (CONTINUED)

2. Variances and reasons (continued)

- Note 1: The increase in prepayments as compared with the beginning of the year was mainly due to increase in purchase of certain commodities during the reporting period and accordingly prepayments thereof increased.
- Note 2: The increase in other receivables as compared with the beginning year was mainly due to sale of 75% equity interest in the subsidiary Xianyang Jingwei Machinery Manufacturing Company Limited during the reporting period.
- Note 3: The increase in other current assets as compared with the beginning of the year was mainly due to increase in Income tax prepaid.
- Note 4: The decrease in long-term receivables as compared with the beginning of the year was mainly due to receipt of payment in installments.
- Note 5: The increase in construction material as compared with the beginning of the year was mainly due to increase in prepayment for equipment.
- Note 6: The increase in long-term prepaid expenses as compared with the beginning of the year was mainly due to increase in improvement expenses of fixed assets rented.
- Note 7: The decrease in short-term borrowings as compared with the beginning of the year was mainly due to payment therefor.
- Note 8: The increase in wages payable as compared with the beginning of the year was mainly due to increase in salary of the subsidiary Zhongrong International Trust Co., Ltd..
- Note 9: The decrease in tax payable as compared with the beginning of the year was mainly due to payment for income tax and business tax.
- Note 10: The increase in interest payables as compared with the beginning of the year was mainly due to provision for interest of middle-term bonds.
- Note 11: The increase in dividend payables as compared with the beginning of the year was mainly due to withdrawal of dividend as resolved in 2011 general meeting.
- Note 12: The decrease in non-current liabilities due within one year as compared with the beginning of the year was mainly due to payment for equity transfer to Zhongzhi Enterprise Group Co., Ltd..
- Note 13: The decrease in long-term borrowings as compared with the beginning of the year was mainly due to bank borrowing due.
- Note 14: The increase in bonds payables as compared with the beginning of the year was mainly due to issue of middle-term bonds.
- Note 15: The decrease in operating cost as compared with same period last year was due to decrease in income from textile machine.
- Note 16: The increase in finance cost as compared with same period last year was due to increase in interest payable resulting from increase in bond payable.
- Note 17: The decrease in assets impairment loss as compared with the same period last year was mainly due to decrease in provision for assets impairment and bad debt.
- Note 18: The increase in gains from changes in fair value as compared with the same period last year was mainly due to increase in market capitalization of held-for-sale financial assets held by Zhongrong International Trust Co., Ltd..
- Note 19: The increase in investment gains as compared with the same period last year was mainly due to sale of 75% equity interest of Xianyang Jingwei Machinery Company Limited during the reporting period.
- Note 20: The increase in non-operating income as compared with the same period last year was mainly due to higher gains from disposal of non-current assets and government grants as compared with the same period last year.
- Note 21: The increase in net cash flow from operating activities as compared with the same period last year was mainly due to decrease in income from textile machine resulting in less payment for goods.
- Note 22: The increase in net cash flow from investment activities as compared with the same period last year was mainly due to decrease in securities investment by Zhongrong International Trust Co., Ltd..
- Note 23: The increase in net cash flow from financing activities as compared with the same period last year was mainly due to issue of middle-term bonds.

Chapter VII Accounts Prepared in Accordance with Hong Kong Financial Reporting Standards (unaudited)

Condensed Consolidated Statement of Comprehensive Income (Prepared in accordance with HKFRSs) (For the six months ended 30 June 2012)

	<i>Notes</i>	2012 <i>RMB '000</i> (unaudited)	2011 <i>RMB '000</i> (unaudited)
Continuing operations			
Turnover	3	4,247,152	5,206,319
Cost of sales		<u>(2,294,247)</u>	<u>(3,347,301)</u>
Gross profit		1,952,905	1,859,018
Other income	5	188,787	135,804
(Loss)/gain on fair value changes of financial assets at fair value through profit or loss		47,874	(14,029)
Distribution and selling expenses		(79,498)	(74,731)
Administrative expenses		(1,110,418)	(1,001,847)
Finance costs	6	(72,469)	(47,551)
Share of profit of associates		<u>(2,127)</u>	<u>7,917</u>
Profit before taxation		925,054	864,581
Income tax expense	8	<u>(228,894)</u>	<u>(201,484)</u>
Profit for the year from continuing operations		696,160	663,097
Discontinued operations			
Profit for the year from discontinued operations		<u>—</u>	<u>—</u>
Profit for the year		<u>696,160</u>	<u>663,097</u>
Other comprehensive income			
Exchange difference on translation of a foreign operation		235	(90)
Fair value (loss)/gain on available-for-sale financial assets		37,521	(61,800)
Share of other comprehensive income of associates			
Income tax relating to components of other comprehensive income		<u>(9,380)</u>	<u>(15,450)</u>
Other comprehensive (expense)/income for the year, net of income tax		<u>28,376</u>	<u>(46,440)</u>
Total comprehensive income for the year		<u><u>724,536</u></u>	<u><u>616,657</u></u>
Profit for the year attributable to:			
Owners of the Company		278,290	305,542
Non-controlling interests		<u>417,870</u>	<u>357,555</u>
		<u>696,160</u>	<u>663,097</u>
Total comprehensive income attributable to:			
Owners of the Company		288,824	288,766
Non-controlling interests		<u>435,712</u>	<u>327,891</u>
		<u>724,536</u>	<u>616,657</u>
Earnings per share			
From continuing and discontinued operations			
– Basic and diluted		<u>RMB0.46</u>	<u>RMB 0.51</u>
From continuing operations			
– Basic and diluted		<u>RMB 0.46</u>	<u>RMB 0.51</u>

Condensed Consolidated Statement of Financial Position
(Prepared in accordance with HKFRSs)

	<i>Notes</i>	30 June 2012 <i>RMB '000</i> (unaudited)	31 December 2011 <i>RMB '000</i> (audited)
Non-current assets			
Property, plant and equipment	11	1,904,400	1,925,234
Prepaid lease payments		449,244	482,390
Intangible assets	12	30,241	24,289
Goodwill		843,750	845,633
Interests in associates		140,134	114,839
Available-for-sale financial assets		659,140	655,418
Deferred tax assets		162,441	182,943
Other non-current assets			14,693
		<hr/>	<hr/>
		4,189,350	4,245,439
Current assets			
Inventories	13	1,407,865	1,515,294
Trade and other receivables	14	2,733,929	2,718,958
Prepaid lease payments		10,817	11,470
Amounts due from a holding company		64	64
Amounts due from fellow subsidiaries		64,119	30,433
Amounts due from associates		211,918	204,900
Amounts due from joint ventures		39,094	–
Current tax assets		2,208	1,225
Financial assets at fair value through profit or loss		283,298	253,226
Pledged bank deposits		87,895	180,339
Cash and cash equivalents		4,720,501	3,807,851
		<hr/>	<hr/>
		9,561,708	8,724,390
Current liabilities			
Trade and other payables	15	3,980,097	4,328,922
Amounts due to holding companies		27,532	27,532
Amounts due to fellow subsidiaries		254,288	284,520
Amounts due to associates		38,186	36,559
Current tax liabilities		94,680	150,696
Borrowings-amount due within one year		1,373,958	1,984,022
Obligations under finance leases		31,347	31,347
		<hr/>	<hr/>
		5,800,088	6,843,598
Net current assets		<hr/>	<hr/>
		3,761,620	1,880,792
Total assets less current liabilities		<hr/>	<hr/>
		7,950,970	6,126,231
Non-current liabilities			
Borrowings-amount due after one year		1,200,000	60,000
Obligations under finance leases		43,089	57,834
Other non-current liabilities		276,442	277,092
		<hr/>	<hr/>
		1,519,531	394,926
		<hr/>	<hr/>
		6,431,439	5,731,305
Capital and reserves			
Share capital	16	603,800	603,800
Reserves		3,047,151	2,794,587
		<hr/>	<hr/>
Equity attributable to owners of the Company		3,650,951	3,398,837
Non-controlling interests		2,780,488	2,332,918
		<hr/>	<hr/>
		6,431,439	5,731,305
		<hr/>	<hr/>

Consolidated Statement of Changes in Equity
(For the six months ended 30 June 2012)

	Share capital	Share premium	Statutory surplus reserve	Discretionary surplus reserve	Regulatory reserve	Investment revaluation reserve	Foreign currency translation reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011	603,800	1,248,790	424,844	177,764	7,715	58,217	(3,033)	546,022	3,064,119	1,254,397	4,318,516
Profit for the year	-	-	-	-	-	-	-	490,793	490,793	673,174	1,163,967
Other comprehensive loss for the year, net of income tax	-	-	-	-	-	(61,759)	(329)	-	(62,088)	(108,786)	(170,874)
Total comprehensive income for the year	-	-	-	-	-	(61,759)	(329)	490,793	428,705	564,388	993,093
Appropriation to reserve	-	-	67,530	1,144	18,798	-	-	(87,472)	-	-	-
Non-controlling interests arising on business combination	-	-	-	-	-	-	-	-	-	15,694	15,694
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	572,400	572,400
Changes in ownership interest in a subsidiary that do not result in a loss of control	-	(52,171)	-	-	-	-	-	-	(52,171)	(64,777)	(116,948)
Payment of dividends approved in respect of previous year	-	-	-	-	-	-	-	(42,266)	(42,266)	-	(42,266)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(9,184)	(9,184)
At 31 December 2011	<u>603,800</u>	<u>1,196,619</u>	<u>492,374</u>	<u>178,908</u>	<u>26,513</u>	<u>(3,542)</u>	<u>(3,362)</u>	<u>907,077</u>	<u>3,398,387</u>	<u>2,332,918</u>	<u>5,731,305</u>
At 1 January 2012	603,800	1,196,619	492,374	178,908	26,513	(3,542)	(3,362)	907,077	3,398,387	2,332,918	5,731,305
Profit for the year	-	-	-	-	-	-	-	278,289	278,289	417,870	696,159
Other comprehensive loss for the year, net of income tax	-	-	-	-	-	10,299	236	-	10,535	17,842	28,377
Total comprehensive income for the year	-	-	-	-	-	10,299	236	-	10,535	17,842	28,377
Appropriation to reserve	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests arising on business combination	-	-	-	-	-	-	-	-	-	-	-
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	17,640	17,640
Changes in ownership interest in a subsidiary that do not result in a loss of control	-	(32)	-	-	-	-	-	-	(32)	(4,682)	(4,714)
Payment of dividends approved in respect of previous year	-	-	-	-	-	-	-	(36,228)	(36,228)	-	(36,228)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(1,100)	(1,100)
At 30 June 2012	<u>603,800</u>	<u>1,196,587</u>	<u>492,374</u>	<u>178,908</u>	<u>26,513</u>	<u>6,757</u>	<u>(3,126)</u>	<u>1,149,138</u>	<u>3,650,951</u>	<u>2,780,488</u>	<u>6,431,439</u>

CONDENSED Consolidated Statement of Cash Flows
(Prepared in accordance with HKFRSs)

	For the six months ended 30 June	
<i>Notes</i>	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Investing activities		
Purchase of property, plant and equipment	(106,603)	(126,527)
Gains from disposal of property, plant and equipment	38,480	1,311
Gains from disposal of subsidiaries	41,087	
Net cash of monetary investments	<u>(46,920)</u>	<u>(975,071)</u>
Net cash used in investing activities	<u>(73,956)</u>	<u>(1,100,287)</u>
Financing activities		
Dividends paid and interest paid	(58,688)	(11,780)
Proceeds from issue of bonds	1,196,400	
Cash of borrowings	1,415,973	1,932,824
Repayment of borrowings due	(2,253,474)	(1,674,684)
Acquisition of additional interests in subsidiaries	<u>(4,641)</u>	
Net cash generated from financing activities	<u>295,570</u>	<u>246,360</u>
Net decrease in cash and cash equivalents	912,535	(54,081)
Cash and cash equivalents as at 1 January	3,807,851	2,350,592
Effect of foreign exchange rate changes	<u>115</u>	<u>(277)</u>
Cash and cash equivalents as at 30 June	<u><u>4,720,501</u></u>	<u><u>2,296,234</u></u>

Notes to the Unaudited Condensed Consolidated Financial Statements

(Prepared in Accordance with HKFRS)
(For the six months ended 30 June 2012)

1. GENERAL INFORMATION

Jingwei Textile Machinery Company Limited (the “Company”) is a public limited company incorporated in the People’s Republic of China (the “PRC”) with its shares listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange of Hong Kong”) and Shenzhen Stock Exchange. Its immediate substantial shareholder is China Textile Machinery (Group) Company Limited (“CTMC”), a company established in the PRC which holds 33.83% of the equity interest in the Company with controlling interest. The remaining 66.17% of the Company’s shares are widely held. The directors regard the Company’s parent company is CTMC and the Company’s ultimate holding company is China Hengtian Group Company (“China Hengtian”). China Hengtian is a state-owned enterprise established in the PRC. The addresses of the registered office and principal place of business of the Company are disclosed in the Corporate Information section of the annual report.

The consolidated financial statements are presented in Renminbi (“RMB”) which is also the functional currency of the Company.

The Company and its subsidiaries (the “Group”) are principally engaged in manufacturing and sales of textile machinery and provision of trust and fiduciary services mainly in the PRC.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and International Accounting Standards 34, Interim Financial Reporting, and should be read in conjunction with the annual financial statements for the year ended 31 December 2011 prepared in accordance with HKFRS issued by Hong Kong Institute of Certified Public Accountants.

The condensed consolidated interim financial information has been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2011, except for the accounting policy changes that are expected to be reflected in the 2012 annual financial statements. Details of these changes in accounting policies are set out in note 2(a) below.

(a) New and amended HKFRSs adopted

The followings HKFRSs were mandatory since the accounting period commenced on 1 January 2012:

HKFRS 7 (revised)	Disclosures – Transfers of Financial Assets
HKAS 12 (revised)	Deferred tax: Recovery of Underlying Assets

The adoption of these revised HKFRSs had no material effect on the amount and disclosures herein.

(b) New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective for the accounting period commenced on 1 January 2012.

HKFRS 7 (revised)	Disclosures – Offsetting Financial Assets and Financial Liabilities ²
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
HKAS 1 (revised)	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (revised)	Offsetting Financial Assets and Financial Liabilities ³
HK(IFRIC)-Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine ²
Annual improvements to HKFRSs	Annual improvements (2009-2011 cycle) ²

¹ Effective for annual periods beginning on or after 1 July 2012.

² Effective for annual periods beginning on or after 1 January 2013.

³ Effective for annual periods beginning on or after 1 January 2014.

⁴ Effective for annual periods beginning on or after 1 January 2015.

The directors of the Company expect that the adoption of these new and revised HKFRSs will have no material impact on the Group’s operating results and financial position.

Notes to the Unaudited Condensed Consolidated Financial Statements

 (Prepared in Accordance with HKFRS)
 (For the six months ended 30 June 2012)

3. TURNOVER

Turnover from continuing operations represents the amount received and receivable for goods and properties sold by the Group to outsiders for the year and is analysed as follows:

	For the six months ended 30 June	
	2012	2011
	<i>RMB '000</i>	<i>RMB '000</i>
Manufacture and sales of textile machinery and related material, parts and component	2,406,353	3,645,548
Provision of trust and fiduciary services	1,711,770	1,418,959
Manufacture and sales of other non-textile products	129,029	141,812
	<u>4,247,152</u>	<u>5,206,319</u>

4. BUSINESS SEGMENTS

Segment information about these businesses is presented below:

	Manufacture and sales of textile machinery and related materials, parts and component <i>RMB '000</i>	Provision of trust and fiduciary services <i>RMB '000</i>	Manufacture and sales of other non-textile products <i>RMB '000</i>	Elimination <i>RMB '000</i>	Total <i>RMB '000</i>
Six months ended 30 June 2012					
TURNOVER					
External sales	2,406,353	1,711,770	129,029	–	4,247,152
Inter-segment sales	1,274	–	–	(1,274)	–
Total from continuing operations	<u>2,407,627</u>	<u>1,711,770</u>	<u>129,029</u>	<u>(1,274)</u>	<u>4,247,152</u>
Inter-segment sales are charged at prevailing market rates.					
RESULT					
Segment result (continuing operations)	<u>106,744</u>	<u>850,924</u>	<u>(15,040)</u>	<u>–</u>	942,628
Unallocated income					9,148
Finance costs					(72,469)
Gain on fair value changes of financial assets at fair value through profit or loss					47,874
Share of profit of associates					<u>(2,127)</u>
Profit before taxation (continuing operations)					925,054
Income tax expense					<u>(228,894)</u>
Profit for the year (continuing operations)					<u>696,160</u>

Notes to the Unaudited Condensed Consolidated Financial Statements

 (Prepared in Accordance with HKFRS)
 (For the six months ended 30 June 2012)

4. BUSINESS SEGMENTS (continued)

	Manufacture and sales of textile machinery and related materials, parts and component RMB'000	Provision of trust and fiduciary services RMB'000	Manufacture and sales of other non-textile products RMB'000	Elimination RMB'000	Total RMB'000
Six months ended 30 June 2011					
TURNOVER					
External sales	3,645,548	1,418,959	141,812	–	5,206,319
Inter-segment sales	1,205	–	–	(1,205)	–
Total from continuing operations	<u>3,646,753</u>	<u>1,418,959</u>	<u>141,812</u>	<u>(1,205)</u>	<u>5,206,319</u>
Inter-segment sales are charged at prevailing market rates.					
RESULT					
Segment result (continuing operations)	<u>161,895</u>	<u>749,063</u>	<u>(2,044)</u>	<u>–</u>	908,914
Unallocated income					9,834
Finance costs					(48,055)
Gain on fair value changes of financial assets at fair value through profit or loss					(14,029)
Share of profit of associates					<u>7,917</u>
Profit before taxation (continuing operations)					864,581
Income tax expense					<u>(201,484)</u>
Profit for the year (continuing operations)					<u>663,097</u>

5. OTHER INCOME

	For the six months ended 30 June	
	2012 RMB'000	2011 RMB'000
Interest income from banks	9,148	9,834
Government subsidies	11,868	4,808
Gain on disposal of a subsidiary	78,351	–
Net gain on disposal of property, plant and equipment	27,481	55
Net foreign exchange gains	(738)	107
Rental income	2,868	2,145
Available-for-sale financial assets carried at fair value: reclassified from equity – gain on disposal	47,247	
Others	12,562	118,855
	<u>188,787</u>	<u>135,804</u>

Notes to the Unaudited Condensed Consolidated Financial Statements

(Prepared in Accordance with HKFRS)
(For the six months ended 30 June 2012)

6. FINANCE COSTS

Continuing operations

	For the six months ended 30 June	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expenses on borrowings wholly repayable within five years	<u>72,469</u>	<u>47,551</u>

7. PROFIT BEFORE TAXATION

Continuing operations

	Six months ended 30 June	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation after charging of the following items:		
Amortisation of intangible assets	3,519	2,878
Amortisation of land use rights	5,771	6,088
Depreciation of property, plant and equipment	65,509	67,601
Auditor's remuneration	1,774	2,240
Provision (write back) for doubtful debts	677	(1,624)
Provision (write back) for inventories	(1,751)	(11,298)
Operating lease expense-land and buildings	32,578	21,301
Research and development costs	66,324	63,570
Staff costs, including directors' and supervisors' emoluments	<u>842,245</u>	<u>788,528</u>

8. INCOME TAX EXPENSE

Continuing operations

	Six months ended 30 June	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
– PRC Enterprise Income Tax	216,964	198,241
Deferred tax credit for the year	<u>11,930</u>	<u>3,243</u>
	<u>228,894</u>	<u>201,484</u>

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB278,290,000 (January to June 2011: profit of RMB305,542,000) and the number of shares of 603,800,000 (2011: 603,800,000) in issue during the year.

No diluted earnings per share are presented as the Group does not have any potential dilutive shares for both years.

10. DIVIDEND

No dividend was proposed by the Company for the six months ended 30 June 2012 (January to June 2011: nil).

Notes to the Unaudited Condensed Consolidated Financial Statements

 (Prepared in Accordance with HKFRS)
 (For the six months ended 30 June 2012)

11. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
COST					
As at 1 January 2012	920,743	608,722	68,587	327,182	1,925,234
Additions	12,930	49,239	8,919	98,600	169,688
Assigned assets after construction	6,262	15,855		(22,117)	0
Depreciation	(33,241)	(59,131)	(7,208)		(99,580)
Sales, disposals and other reductions	(55,429)	(15,849)	(2,894)	(16,770)	(90,942)
Net amount as at 30 June 2012	851,265	598,836	67,404	386,895	1,904,400
As at 1 January 2011	812,782	581,332	58,485	226,942	1,679,631
Additions	919	178,941	17,589	160,051	357,500
Assigned assets after construction	19,191	8,217			27,408
Depreciation	(22,631)	(168,775)	(6,917)		(198,323)
Sales, disposals and other reductions	(4,867)	(11,249)	(4,416)	(4,832)	(25,364)
Net amount as at 30 June 2011	767,102	572,032	64,741	382,161	1,786,036

12. INTANGIBLE ASSETS

	Patents and licences <i>RMB'000</i>	Software <i>RMB'000</i>	Total <i>RMB'000</i>
Cost			
As at 1 January 2012	11,527	12,762	24,289
Additions	2,240	7,231	9,471
Amortisation	(1,680)	(1,839)	(3,519)
Net amount as at 30 June 2012	12,087	18,154	30,241
As at 1 January 2011	12,423	14,096	26,519
Additions		435	435
Amortisation	(1,245)	(1,518)	(2,763)
Net amount as at 30 June 2011	11,178	13,013	24,191

13. INVENTORIES

	30 June 2012 <i>RMB'000</i>	31 December 2011 <i>RMB'000</i>
Raw materials	387,353	346,119
Work in progress	377,493	415,215
Finished goods	643,019	754,590
	<u>1,407,865</u>	<u>1,515,924</u>



Notes to the Unaudited Condensed Consolidated Financial Statements

(Prepared in Accordance with HKFRS)
(For the six months ended 30 June 2012)

14. TRADE AND OTHER RECEIVABLES

	30 June 2012	31 December 2011
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivable	526,494	467,466
Less: Provision for doubtful debts	(34,415)	(78,084)
	<u>492,079</u>	<u>389,382</u>
Bills receivable	1,458,683	1,752,397
Prepayments, deposits and other receivables	783,167	577,179
	<u>2,733,929</u>	<u>2,718,958</u>

15. TRADE AND OTHER PAYABLES

	30 June 2012	31 December 2011
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	1,478,764	1,877,611
Bills payable	383,715	393,340
Contingent consideration relating to the acquisition of Zhongrong International Trust Co., Ltd. ("Zhongrong Trust")		98,598
Accrued charges and other payables	2,117,618	1,959,373
	<u>3,980,097</u>	<u>4,328,922</u>

16. SHARE CAPITAL

	1 January 2012	Increase/ (decrease)	30 June 2012
Number of shares			
Registered, issued and fully paid			
– restricted	195,656,053		195,656,053
– others	227,343,947		227,343,947
H shares, RMB1.00 each	180,800,000	–	180,800,000
	<u>603,800,000</u>	<u>–</u>	<u>603,800,000</u>
RMB'000			
Registered, issued and fully paid			
– restricted	195,656		195,656
– others	227,344		227,344
H shares, RMB1.00 each	180,800	–	180,800
	<u>603,800</u>	<u>–</u>	<u>603,800</u>

Notes to the Unaudited Condensed Consolidated Financial Statements

(Prepared in Accordance with HKFRS)
(For the six months ended 30 June 2012)

17. CONTINGENT LIABILITIES

	30 June 2012	31 December 2011
	<i>RMB'000</i>	<i>RMB'000</i>
Guarantees for bank loans of third party	<u>150,000</u>	<u>150,000</u>

18. RELATED PARTIES TRANSACTIONS

For the six months ended on 30 June 2012, the Group has the following material transactions with its related companies:

(1) Transactions with holding companies

	Six months ended 30 June	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Fee of supporting services received	<u>0</u>	<u>0</u>

(2) Transactions with fellow subsidiaries

	Six months ended 30 June	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of goods and services		
Sale of finished goods	3,464	22,276
Sale of raw materials, parts and components	305	32,161
Processing fee received	–	11
Other supporting services income received	261	196
Rental income received	<u>1,576</u>	<u>1,704</u>
	<u>5,606</u>	<u>56,348</u>
Purchase of goods and services		
Purchase of finished goods	170,081	212,211
Purchase of raw materials, parts and components	3,742	1,113
Purchase of power	7	40
Processing fee paid	48	649
Transportation services expense paid	1,110	1,899
Repairs and maintenance services expense paid	2,179	2,410
Other supporting services expense paid	2,105	2,932
Rental expense paid	<u>180</u>	<u>154</u>
Total	<u>179,452</u>	<u>221,409</u>



Notes to the Unaudited Condensed Consolidated Financial Statements

(Prepared in Accordance with HKFRS)
(For the six months ended 30 June 2012)

18. RELATED PARTIES TRANSACTIONS (continued)

(3) Transactions with associated companies

	Six months ended 30 June	
	2012	2011
	RMB '000	RMB '000
Sale of goods and services		
Sale of finished goods	335,055	207,716
Sale of materials, parts and components	5,456	120,817
Processing fee received	212	1,244
Support service fee received	1,256	1,780
Total	<u>341,979</u>	<u>331,556</u>
Purchase of goods and services		
Purchase of materials, parts and components	39,482	137,922
Purchase of tools and mold	2,079	3,712
Processing fee paid	359	28,285
Purchase of package	7	182
Payment for transportation services	–	509
Payment for repair and maintenance service	3,814	5,734
Payment for other support service	185	364
Rental expense paid	27	
Total	<u>45,953</u>	<u>176,709</u>

(4) Transactions with companies in which certain key management personnel of the subsidiaries of the Company had influence in

	Six months ended 30 June	
	2012	2011
	RMB '000	RMB '000
Sale of goods and services		
Sale of finished goods	1,738	2,309
Sale of materials, parts and components	1,858	3,428
Total	<u>3,596</u>	<u>5,737</u>
Purchase of goods and services		
Purchase of finished goods	29,960	80,915
Purchase of materials, parts and components	101,387	221,067
Purchase of tools and mold	–	
Purchase of castings	21,178	52,067
Purchase of power	1,131	1,502
Purchase of package	12,699	26,831
Processing fee paid	6,500	4,091
Payment for other support service	1,275	2,859
Rental expense paid	4,054	575
Total	<u>178,184</u>	<u>389,908</u>

Chapter VIII Documents Available for Inspection

1. The interim report for the year 2012;
2. The financial reports which bear the original signatures and seal of by the officer in charge of the Company, the officer in charge of the Company's accounting matter and the person in charge of accounting department;
3. All documents which were publicly disclosed in the newspapers specified by the China Securities Regulatory Commission during the reporting period; and
4. Articles of Association of the Company.

Ye Maoxin
Chairman
Jingwei Textile Machinery Company Limited

Publish approved by the Board on
30 August 2012