



中国恒天  
CHTC

**经纬纺织机械股份有限公司**  
**JINGWEI TEXTILE MACHINERY CO., LTD.**

(於中華人民共和國註冊成立之股份有限公司)  
股份代號：0350.HK 000666.SZ

# INTERIM REPORT

**2013**

**半年度報告**



## Chapter I Important Notes, Contents and Definitions

The Board of Directors, Supervisory Committee, Directors, Supervisors and senior management of Jingwei Textile Machinery Company Limited (the “Company”) undertake that the information contained in this interim report is authentic, accurate and complete, and there are no misrepresentation, misleading statement or material omission in this report and are jointly and severally liable for this interim report.

This interim report was considered at the second meeting of the seventh session of the Board of the Company and was considered and approved unanimously by all the directors. The Company will not distribute cash dividend, bonus shares, nor increase share capital from capital reserve.

Mr. Ye Maoxin (Chairman), Mr. Yao Yuming (Director and General Manager), Mr. Mao Faqing (Financial Controller) and Mr. Wang Guofeng (Head of Finance Department) hereby confirm that the financial reports as disclosed in this interim report are authentic, accurate and complete. The interim financial report of the Company for this half year has not been audited.

This 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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## Definitions

<b>Item</b>	<b>Definition</b>
CSRC	China Securities Regulatory Commission
Shenzhen Stock Exchange	Shenzhen Stock Exchange
Company, the Company, JWTM	Jingwei Textile Machinery Co., Ltd.
CHG	China Hengtian Group Company Limited
CTMC	China Textile Machinery (Group) Company Limited
SASAC	State-owned Assets Supervision and Administration Commission of the State Council
Company Law	Company Law of the People's Republic of China
Securities Law	Securities Law of the People's Republic of China
China Securities Depository and Clearing Corporation	China Securities Depository and Clearing Corporation Limited
Board	Board of Jingwei Textile Machinery Co., Ltd.
Shareholders' Meeting	Shareholders' Meeting of Jingwei Textile Machinery Co., Ltd.
RMB, RMB'0000, RMB 100 million	Renminbi Yuan, Renminbi '0000, Renminbi 100 million
Huaying Securities	Huaying Securities Co., Ltd. (Securities company of the Company)
Zhongrong Trust	Zhongrong International Trust Co., Ltd.
CHTC Heavy Industry	CHTC Heavy Industry Co., Ltd.
KAMA	KAMA Co., Ltd.

## Chapter II Company Profile

### I. Corporate information

<b>Abbreviation of Shares</b>	經緯紡機	<b>Stock Codes</b>	000666/00350
<b>Stock Exchanges on which shares of the Company are listed</b>	Shenzhen Stock Exchange/The Stock Exchange of Hong Kong Limited		
<b>Name of the Company in Chinese</b>	經緯紡織機械股份有限公司		
<b>Chinese abbreviation (if any)</b>	經緯紡機		
<b>Name of the Company in English (if any)</b>	JINGWEI TEXTILE MACHINERY COMPANY LIMITED		
<b>Abbreviation of Company's English name (if any)</b>	JWTM		
<b>Legal representative of the Company</b>	Ye Maoxin		

### II. Contact Person and Contact Details

	<b>Company Secretary to the Board of Directors</b>	<b>Security Representative</b>
Name	Ye Xuehua	Zhang Yaxian
Contact address	Level 7, First Shanghai Centre, 39 Liangmaqiao Road, Chaoyang District, Beijing, the PRC	Level 7, First Shanghai Centre, 39 Liangmaqiao Road, Chaoyang District, Beijing, the PRC
Telephone	8610 84534078-8188	8610 84534078-8501
Facsimile	8610 84534135	8610 84534135
Email	yxh@jwgf.com	zhangyaxian@jwgf.com

### III. Other information

#### 1. Contact details of the Company

Registered address	8 Yongchangzhong Road, Beijing Economic & Technological Development Zone, Beijing, the PRC
Postal Code	100176
Business address of the Company	Level 7, First Shanghai Centre, 39 Liangmaqiao Road, Chaoyang District, Beijing, the PRC
Postal Code	100125
Worldwide website	<a href="http://www.jwgf.com">http://www.jwgf.com</a>
Email address	<a href="mailto:jwgf@jwgf.com">jwgf@jwgf.com</a>

#### 2. Information Disclosure and Place where Information is Available for Inspection

Designated newspapers for information disclosure	Securities Times
Designated websites for the publication of the annual report as approved by CSRC and other websites	website of CNINF ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ), website of the Hong Kong Stock Exchange ( <a href="http://www.hkex.com.hk">www.hkex.com.hk</a> ) and the website of the Company ( <a href="http://www.jwgf.com">www.jwgf.com</a> )
Places for inspection of the Company's Annual Report	The Office of the Board of the Company



3. Change in registration

	Date of registration	Place of registration	Registration number of corporate legal person business license	Taxation registration number	Organization code
Initial registration	15 August 1995	Taiyuan, Shanxi, PRC	11005252-2	140100520160045	11005252-2
Registration at the end of the reporting period	31 January 2013	Beijing, PRC	110000450005710	110192110052522	11005252-2
Change in the principal business since the listing of the Company (if any)	<p>The business scope of the Company for the initial registration includes: development, production and sales of textile machineries as well as specialised accessories and appliances, production of appliances, machineries, electronic products, casting and forging parts and universal parts related to the above products; consultancy services in respect of technology and economic information related to the products of the Company.</p> <p>The business scope of the Company since 31 October 2000 includes: development and production of textile machineries, other electrical products, automatic office equipment and their specialised accessories and appliances (products with specific requirements shall be reported and approved separately); development of computer application software; domestic and overseas sale of products manufactured by the Company; development of consultancy services (other than intermediary) in respect of technology and economic information related to the products of the Company.</p> <p>The business scope of the Company since 19 May 2010 includes: permitted business: production of textile machineries, other electrical products, automatic office equipment and their specialised accessories and appliances (products with specific requirements shall be reported and approved separately). General business: development of textile machineries, other electrical products, automatic office equipment and their specialised accessories and appliances (products with specific requirements shall be reported and approved separately); development of computer application software; domestic and overseas sale of products manufactured by the Company; development of consultancy services (other than intermediary) in respect of technology and economic information related to the products of the Company; wholesales (excluding import) of cotton and its by-products, textile products, cottonseed and short staple.</p>				
Changes in the controlling shareholders (if any)	No changes				

## Chapter III Summary of Accounting Data and Financial Indicators

### I. Key accounting data and financial indicators

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

##### 1.1 Key accounting data and financial indicators

The Company did not retroactively adjust or restate accounting data for previous year due to change of accounting policy and correction of accounting error

Unit: RMB

Major accounting figures	Reporting period	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)	5,342,976,791.58	4,261,526,730.95	25.38%
Net profit attributable to shareholders of the listed company (RMB)	304,304,596.01	278,289,787.01	9.35%
Net profit after extraordinary items attributable to shareholders of the listed company (RMB)	297,300,498.25	163,889,485.26	81.4%
Net cash flow generated from operating activities (RMB)	1,116,802,107.10	691,026,265.58	61.62%
Basic earnings per share (RMB/share)	0.43	0.46	-6.52%
Diluted earnings per share (RMB/share)	0.43	0.46	-6.52%
Weighted average net assets income rate(%)	3.74%	7.86%	-4.12%
	As of the end of the reporting period	As at the end of the previous year	Increase/Decrease at the end of the reporting period as compared to the end of the previous year(%)
Total assets (RMB)	17,667,530,423.43	15,553,487,258.76	13.59%
Net assets attributable to shareholders of the listed company (RMB)	4,824,460,589.34	4,702,154,830.44	2.6%

##### 1.2. Extraordinary gains/losses items and their amounts

Unit: RMB

Item	Amount	Description
Gains/losses from disposal of non-current assets (including the write-off part for which asset impairment has been provided)	-944,776.35	
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	10,581,099.74	
Debt restructuring gains/losses	406,935.60	
Profit or loss on changes in fair value arising from held-for-trading financial assets and held-for-trading financial liabilities (excluding the valid hedging business relating to the Company's business), as well as investment gains from disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets	122,466.98	
Other non-operating income and expense except above	446,853.12	
Less: Effect on taxation	-370,962.68	
Effect on minority interest (after-tax)	3,979,444.01	
Total	7,004,097.76	-



2. ACCOUNTS PREPARED IN ACCORDANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRS”) (unaudited)

**Condensed Consolidated Statement of Comprehensive Income**  
(For the six months ended 30 June 2013)

	<i>Notes</i>	<b>2013</b> <i>RMB'000</i>	<b>2012</b> <i>RMB'000</i>
<b>Continuing operations</b>			
<b>Turnover</b>		5,308,053	4,247,152
Cost of sales		<u>(2,463,069)</u>	<u>(2,294,247)</u>
<b>Gross profit</b>		2,844,984	1,952,905
Other income		55,742	188,787
(Loss)/gain on fair value changes of financial assets at fair value through profit or loss		(19,257)	47,874
Distribution and selling expenses		(81,087)	(79,498)
Administrative expenses		(1,398,268)	(1,110,418)
Finance costs		(84,401)	(72,469)
Share of profit of associates		<u>9,132</u>	<u>(2,127)</u>
<b>Profit before taxation</b>		1,326,845	925,054
Taxes		<u>(365,801)</u>	<u>(228,894)</u>
<b>Profit for the year</b>		<u>961,044</u>	<u>696,160</u>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss		(187,110)	37,756
Exchange difference on translation of a foreign operation		(866)	235
Fair value (loss)/gain on available-for-sale financial assets		(186,244)	37,521
Share of other comprehensive income of associates			
Income tax relating to components of other comprehensive income		<u>46,561</u>	<u>(9,380)</u>
<b>Other comprehensive (loss)/income for the year, net of income tax</b>		<u>(140,549)</u>	<u>28,376</u>
<b>Total comprehensive income for the year</b>		<u><u>820,495</u></u>	<u><u>724,536</u></u>
<b>Profit for the year attributable to:</b>			
Owners of the Company		306,608	278,290
Non-controlling interests		<u>654,436</u>	<u>417,870</u>
		<u><u>961,044</u></u>	<u><u>696,160</u></u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		253,462	288,824
Non-controlling interests		<u>567,033</u>	<u>435,712</u>
		<u><u>820,495</u></u>	<u><u>724,536</u></u>
<b>Earnings per share</b>			
From continuing and discontinued operations – Basic and diluted		<u>RMB0.44</u>	<u>RMB0.46</u>
From continuing operations – Basic and diluted		<u>RMB0.44</u>	<u>RMB0.46</u>



## Chapter IV Directors' Report

### I. Overview

Predecessor of Jingwei Textile Machinery is the former Jingwei Textile Machinery Factory with nearly 60 years of history. Over the years, the Company is dedicated to the development of China's textile machinery industry, and become the largest supplier of complete sets of cotton weaving equipments in China, and is the flagship in the textile machinery manufacturing industry in China, which enjoys great reputation in both domestic and international. In recent years, it actively expanded new business areas, acquired Zhongrong International Trust Co., Ltd. and other non-textile machinery enterprises, to construct an operation pattern with the principal business of textile machinery at its core and the joint development of financial trust businesses.

For textile machinery business: actively providing a full-flow of digital solution of textile machinery to its clients. The Company mainly has six products sectors including cotton weaving machinery, special parts of textile machinery, beamed yarn machinery, warp knitting machinery, dyeing and finishing machinery and twisting machinery. With the continuous new product generations, advanced technology, excellent product quality and thoughtful marketing services, all won the favor of customers both local and abroad.

For the financial business, it provides the Company with stronger profit margins and stable market value through accurately grasping the market opportunities and risks, actively promoting business transformation and implementing innovation-driven development strategies, which maintained a high market share and good profitability and realized a significant increase in the scale of the asset management, establishing a good image in capital market for the Company.

### II. Analysis of principal operations

#### 1. Overview

In 2013, the finance business of the Group continued to maintain good development momentum, and both operating revenue from principal activities and net profit achieved relatively big growth; facing severe operating situation, closely centered around the work guidelines of "Reinforcing Principal Activities, Deepening Adjustment, Enhancing Value" brought forward at the beginning of the year, textile machinery and non-textile machinery businesses achieved good results through active development of the market and stringent cost control and other measures.

For the six months ended 30 June 2013, under the financial report prepared in accordance with HKFRSs, the Group's turnover and the profit attributable to shareholders for the period were RMB5,308,053,000 and RMB306,608,000 respectively, representing an increase of 24.98% and 10.18% as compared with the corresponding period in the previous year. As at 30 June 2013, the Group's carrying bank balance was RMB8,323,086,000, borrowings due within one year was RMB1,661,755,000, of which borrowings in the U.S. dollars amounted to US\$21,319,000 (equivalent to RMB131,721,000 on an aggregated basis), and the remaining balances were borrowings in Renminbi. The interest rates were in the range of 2.3% to 10.44% 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 12.86%.

For the six months ended 30 June 2013, under the financial report prepared in accordance with the China Accounting Standards for Business Enterprises, total operating revenue of the Group amounted to RMB5,342,977,000, representing an increase of 25.38% as compared with the corresponding period in the previous year. Operating profit amounted to RMB1,313,039,000, representing an increase of 49.10% as compared with the corresponding period in the previous year. Net profit attributable to shareholders of the parent company amounted to RMB304,305,000, representing an increase of 9.35% as compared with the corresponding period in the previous year.

Major subsidiaries:

Interest and handling fee income and operating profit of Zhongrong International Trust Company Limited amounted to RMB2,630,036,000 and RMB1,440,262,000 respectively.

Operating revenue and operating profit of Changde Textile Machinery Company Limited amounted to RMB141,869,000 and RMB1,633,000 respectively.

Operating revenue and operating profit of Yichang Jingwei Textile Machinery Company Limited amounted to RMB123,259,000 and RMB14,748,000 respectively.

Operating revenue and operating profit of Beijing Jingwei Textile Machinery New Technology Company Limited amounted to RMB98,863,000 and RMB3,767,000 respectively.

## II. Analysis of principal operations (continued)

### 1. Overview (continued)

As at 30 June 2013, the Group have no cash and bank balances pledged to secure short-term bank loan granted to the Group.

As at 30 June 2013, none of the short-term investments of the Group were pledged as security for bank borrowings.

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

For the six months ended 30 June 2013, there was no major acquisition or disposal of subsidiaries and associates by the Company.

Save for the securities investment business engaged in by the Company's subsidiary Zhongrong International Trust Company Limited and save as disclosed in Part V of this section, the Group had no material investment.

### 2. Operating Problems and Difficulties

The textile machinery business faces greater challenges and its product competitiveness and market adaptability require further enhancement. For the non-textile machinery business, its market competitiveness and brand influence need strengthening while the innovative capability of the financial business wants breakthrough.

### 3. Changes in the major financial information as compared with the corresponding period in the previous year

*Unit: RMB*

	The Reporting Period	Corresponding period in the previous year	Increase/Decrease y-o-y (%)	Reasons for the change
Operating revenue	2,712,940,275.59	2,621,051,283.41	3.51%	
Operating cost	2,328,681,959.67	2,193,755,935.11	6.15%	
Selling expenses	81,087,480.17	79,498,141.01	2%	
Administrative expenses	1,358,770,416.13	1,054,948,860.53	28.8%	
Finance costs	74,600,424.46	69,205,181.03	7.8%	
Income tax expense	365,800,632.12	228,894,178.27	59.81%	The increase in the total profit of Zhongrong Trust resulted in the corresponding increase in the income tax expense provided.
R&D investment	96,419,401.01	66,324,083.80	45.38%	The Company increased its R&D investment in the new products
Net cash flow generated from operating activities	1,116,802,107.10	691,026,265.58	61.62%	Interest, handling fee income and commission income that Zhongrong Trust received increased as compared with the corresponding period in the previous year
Net cash flow generated from investing activities	-91,473,212.87	-78,702,923.64	-16.23%	
Net cash flow generated from financing activities	658,961,314.41	300,211,188.54	119.5%	Shareholders increased their capital injections to Zhongrong Trust and the investment from minority shareholders increased.
Net increase in cash and cash equivalents	1,684,396,914.99	912,649,890.68	84.56%	Interest, handling fee income and commission income that Zhongrong Trust received increased as compared with the corresponding period in the previous year

**II. Analysis of principal operations (continued)**
**3. Changes in the major financial information as compared with the corresponding period in the previous year (continued)**
*Unit: RMB*

	The Reporting Period	Corresponding period in the previous year	Increase/Decrease y-o-y (%)	Reasons for the change
Prepayment	659,707,664.51	463,173,676.21	42.43%	The increase in prepayment as compared with the beginning of the year was mainly due to the increase in the prepayments to raw materials.
Non-current asset due within one year	4,975,921.37	22,082,751.25	-77.47%	The decrease in non-current asset due within one year as compared with the beginning of the year was due to some payments for the goods on installment sales was due and received.
Other current asset	329,774.69	537,168.49	-38.61%	Less amount of corporate income tax was prepaid compared with the beginning of the year.
Available-for-sale financial assets	384,608,476.82	570,852,379.82	-32.63%	Decrease in available-for-sale financial assets compared with the beginning of the year was due to the decrease in the fair value of available-for-sale financial assets held by Zhongrong Trust during the accounting period.
Employee benefits payables	1,561,106,288.37	1,106,647,580.96	41.07%	Increase in employee benefits payables compared with the beginning of the year was mainly due to the increase in the salaries provided by Zhongrong Trust.
Interest payables	25,958,323.33	48,489,844.48	-46.47%	The decrease in interest payables compared with the beginning of the year was mainly due to less interest on bonds compared with the end of last year.
Dividend payables	57,314,988.71	5,009,834.99	1,044.05%	The increase in dividend payables compared with the beginning of the year was mainly due to the dividends payable to some shareholders had not been paid.
Non-current liabilities due within one year	15,175,290.01	93,654,888.58	-83.8%	The decrease in non-current liabilities due within one year compared with the beginning of the year was mainly due to less long-term borrowings due within one year.
Other non-current liabilities	129,697,386.56	96,755,977.44	34.05%	The increase in other non-current liabilities compared with the beginning of the year was mainly due to the increase in the government subsidies received.
Special reserve	7,680,800.14	5,377,780.42	42.82%	The increase in special reserve compared with the beginning of the year was mainly due to the increase in the safety production funds provided.
General risk preparation	105,787,961.36	56,712,015.61	86.54%	The increase in general risk preparation compared with the beginning of the year was mainly due to the increase in the risk provision of the Zhongrong Trust.

**II. Analysis of principal operations (continued)****3. Changes in the major financial information as compared with the corresponding period in the previous year (continued)***Unit: RMB*

	The Reporting Period	Corresponding period in the previous year	Increase/Decrease y-o-y (%)	Reasons for the change
Non-controlling interests	4,505,532,598.48	3,366,426,864.51	33.84%	The increase in non-controlling interests compared with the beginning of the year was due to Zhongrong Trust received the capital injection from minority shareholders and the increase in net profit resulted in the corresponding increase in profit or loss of minority shareholders.
Interest income	153,011,493.48	19,113,584.56	700.54%	It was due to Zhongrong Trust actively utilised its capital, which resulted in a significant growth in its interest income due from banks.
Fee and commission income	2,477,025,022.51	1,621,361,862.98	52.77%	It was due to the scale of trust for Zhongrong Trust grew significantly, which caused the handling fee realised during the period increased compared with the same period last year.
Interest expenses		450,333.30	-100%	It was due to there was no due from banks for Zhongrong Trust, no interest expenses occurred.
Sales taxes and levies	153,655,290.44	106,341,931.80	44.49%	It was mainly due to the revenue of Zhongrong Trust increased, and the resulting sales taxes and levies increased.
Gains from changes in fair values	-19,257,265.57	47,874,301.93	-140.22%	It was mainly due to the market value of trading financial assets of Zhongrong Trust decreased.
Investment income	-14,807,490.57	74,866,743.39	-119.78%	It was mainly due to the investment income generated from the disposal of the equity in Xianyang Jingwei Textile Machinery Company Limited.
Non-operating income	16,496,556.62	47,133,945.42	-65%	It was mainly due to the gains from the disposal of fixed assets during the period decreased compared with the corresponding period in the previous year.
Non-operating expenses	5,979,542.02	2,746,205.05	117.74%	It was mainly due to the losses from the disposal of fixed assets during the period increased compared with the corresponding period in the previous year.
Profits and losses attributable to minority interests	653,450,702.85	417,870,219.60	56.38%	It was mainly due to the increase in net profit of Zhongrong Trust, which resulted in the increase in the profits and losses attributable to minority interests.

There is no significant change in constitution or source of profit of the Company during the reporting period.

There is no disclosure of future development and planning continued during the reporting period in public documents such as IPO prospectus, offering prospectus and asset reconstruction report.

## II. Analysis of principal operations (continued)

### 4. Progress of operating plans disclosed in corporate review during the reporting period.

#### *(I) Enhancing the leading position in the industry*

The Company adhered to regarding improving the technological R&D level as the key link to enhance the core competitiveness of principal activities, further sorted out its thoughts on R&D of products, formulated systemic and scientific R&D planning, providing clear direction for the R&D work of products. In order to improve its manufacturing technological level, the Company engaged foreign experts to conduct quality diagnosis for its key products, and proactively introduced the advanced management concept from Europe. The Company selected R&D personnel, planned and conducted the improvements on the special technologies, built up a platform for the exchange of techniques and technologies, which laid a foundation for the improvement on the techniques and technologies. The international R&D centre was put into operation, and a platform linking with the internationally advanced technologies had been established.

#### *(II) Sound development of trust business*

Following the completion of capital injection, the net capital strength of the financial business was further enhanced. Upbeat results were achieved through enhancing our research and judgment of market situations, properly adjusting our business structure, exploring carrying on the merger and acquisition business and pushing for the cooperation among peers. The total assets under management increased by 95.06% as compared with the corresponding period in the previous year with steady improvement in its operating results. We proactively pushed for the business innovation work, constructed the differentiated investment management modes with its own characteristics, conducted the businesses which comply with the requirements of the regulatory body and are of the financial innovative nature, optimised the structure of our trust business, and basically realised the maximisation of comprehensive efficiency. We proactively dealt with the relationship between scale and efficiency, speed and quality, and maintained the legal, compliant, sound and stable development track.

#### *(III) Continuing to deepen the marketing integration*

The Company continued to push for the marketing integration, strengthened the management of the project process and went all out to seize market and strive for orders. We aroused the enthusiasm of the sales personnel through the implementation of a new mechanism of performance examination, laying a foundation for completing the full-year tasks. Through the full implementation of CRM system, the assessment of the integrated regions was strengthened, scientific and lean management was further realized and resources sharing and rapid dissemination of the market information was fully realized, which created good conditions for the link between production and sales. The construction of the integrated marketing system was improving, and Big Customer Department and Technology Service Department were established, facilitating the effective link between the sales of products and the technological services, strengthening the feedback and track of the market information relating to quality and fortifying the after-sales service management and further enhancing the market responsive speed.

#### *(IV) Continuing to improve management*

According to the overall requirements of “Special Improvement, Synergistic Advancement”, the Company promulgated its key measures for the management enhancement and improvement plans for areas and fostered strong atmosphere for the carrying on of the activities. Leveraging on the management improvement activities, enterprises optimized the management process, improved the management criteria and effectively consolidated the management basis.

**II. Analysis of principal operations (continued)****4. Progress of operating plans disclosed in corporate review during the reporting period. (continued)****(V) Continuing to enhance the risk control**

The risks prevention system was improving. The Company strengthened its legal review work on the economic contract, regulations and systems and material decision, and performed well the risk investigation in the implementation of the contracts, laying a foundation for pushing for the “Two Accountability” in the legal work. Enterprises proactively conducted its examination against criteria and improvement and enhancement for the three-year target of legal work, realized the standardization and systemization of legal work. We stepped up our examination on the corporate internal control evaluation quality, continuously track the defect rectification and strengthened the professional training and effectively facilitated the construction of the corporate internal control system. The rolling budget management was strengthened. We strictly implemented the rolling budget management mode of “Long Plan, Short Arrangement”, further detailed the budget criteria, and added the controllable budget criteria of sales of product and sub-items. We strengthened our examination of the implementation of budget, brought the budget in line with the practical conditions and guided the enterprises to improve management.

**5. Staff**

As at 30 June 2013, the total number of staff of the Group was 13,136. As at 30 June 2013, the total remuneration for the staff of the Group amounted to RMB1,153,829 thousand (RMB877,007 thousand for the corresponding period of last year). The remuneration is determined with reference to the standard of the position and performance of the staff.

**III. Composition of main business**

Unit: RMB

	Income from principal operations	Cost from principal operations	Gross profit ratio (%)	Increase/ decrease of operating revenue from principal operating as compared with same period last year (%)	Increase/ decrease of operating cost from principal operating as compared with same period last year (%)	Increase/ decrease of gross profit ratio as compared with same period last year (%)
<b>According to industries</b>						
Textile Machinery	2,153,319,058.93	1,875,662,846.44	12.89%	-1.52%	0.36%	-1.64%
Financial trust	2,630,036,515.99	0.00	100%	60.32%	-100%	0.03%
Non-textile machinery	289,374,758.76	250,754,760.92	13.35%	124.8%	106.42%	7.72%
<b>According to region</b>						
Mainland China	4,586,600,697.95	1,688,782,573.22	63.18%	26.87%	1.23%	9.33%
Foreign countries	486,129,635.73	437,635,034.14	9.98%	42.77%	35.72%	4.68%



#### IV. Analysis on Core Competitiveness

##### 1. Access to Enterprise Resources

As an A and H shares listed company and a company owns Zhongrong International Trust Co., Ltd., the Group has a strong financing capacity. All the customers, commercial banks, professional and technical personnel, special raw materials and bulk materials suppliers have a long-term stable cooperation with the Company. No matter key resources such as customers, capital, talents and raw materials, the acquisition abilities of the the Company are all keep leading in industry.

##### 2. Cost Control Abilities

In recent years, the Company gradually from many points to focus on cost control, such as standard cost management, research and development management, purchasing management and capital management, etc., so as to improve the Cost management of the Company on a variety of ways by centralizing fund management, adjusting the capital structure, reducing cost for centralize purchasing and design process.

##### 3. Product Marketing Abilities

The Company placed a complete product organization structure and management system, so as to improve management level and efficiency by information means. The Company has a comprehensive product line portfolio and adequate manufacturing capacity. Cotton manufacturing complete sets of equipment and JW-e system are the most prominent core capacity of the Company, the advanced complete sets of technology, the integrity of the product category and the reliability of the JINGWEI brand were accepted by masses of customers, and the products of the Company have strong competitiveness. Through marketing integration, the Company strengthen the maintenance of customer resources; the products market share was ensured by the marketing service system. The Company has basically formed the integration regions as the main market which covering the whole country and extend to overseas marketing.

##### 4. Self-innovation Capability of the Company

The Company set up a secondary product research and development system and has two state-level enterprise technology center, and five provincial enterprise technology center, and four municipal engineering technology research center, the Company established a postdoctoral workstation and Beijing textile machinery and machine vision engineering research center in Beijing. With the core technology for cotton manufacturing complete sets of equipment, the Company has formed a research and development level for production generation, research and development generation and reserve generation, and the transform ability for new technology put the research and development of new products in the leading domestic level and stand at the world, which strongly support the Company in the domestic leading position from the textile machinery enterprises.

##### 5. The trust business capability

The trust business team of the Company has acute market responsive capability, was able to made strategic adjustment against changes in market and policy conditions at first time, and possessed higher implementation efficiency and first mover advantage; we had efficient corporate management system, positioned the key management as the role of “builder of the Company”, improved their sense of responsibility, risk awareness and employee loyalty through the market-oriented mechanism of shared benefits and risks; we had scientific performance management mechanism, was able to arouse the employee’s enthusiasm, motivation and creativity to the fullest extent, and pushed the assets management capability of the Company to realise the healthy sustainable development; we had a comprehensive risk management system, and had professional risk management team, stringent business management flow and complete IT system, forming a risk prevention and control system of human control, computer control and system restriction taken together.

**V. Investment analysis**
**1. Foreign equity investment**
**(1) Foreign investment**
**Foreign investment**

	Investment for the reporting period (RMB)	Investment for corresponding period last year (RMB)	Changes (%)
	160,638,820.00	75,459,000.00	112.88%
<b>Invested company</b>			
Name	Main business	Proportion of equity in invested company for listed company (%)	
SSGA Fund management Co., Ltd	Fund raising and sales of funds	51%	
JW-PROTTI MACCHINE TESSILI S.R	Research and development, Manufacturing and sales of textile Manufacture	80%	
Suizhou Jinafu Engineering and Machinery Services Company Limited	Sales of automobile	40%	

**(2) Securities investment**

Type	Securities code	Securities short code	Initial investment Amount (RMB)	Numbers of shares held at beginning of period (Share)	Percentage of shares at beginning of period (%)	Numbers of shares held at end of period (Share)	Percentage of shares at end of period (%)	Book value at end of period (RMB)	Profit and loss during the reporting period (RMB)	Accounting calculation subject	Source of shares
Stock	000009	CBG	53,500,830.76	3,465,974	0.32%	3,735,394	0.34%	41,089,334.00	6,467,216.73		
Stock	600516	Fonda Carbon	41,066,662.67	2,907,969	0.23%	3,489,563	0.2%	28,265,460.30	3,315,086.28		
Stock	601377	Industrial Securities	30,658,602.42	2,055,471	0.09%	2,655,471	0.1%	24,111,676.68	-8,558,513.68		
Stock	600585	Anhui Conch Cement	31,828,640.33		0%	1,675,055	0.03%	22,412,235.90	-8,997,640.68		
Stock	601555	Soochow Securities	24,085,145.47	2,735,832	0.14%	2,735,832	0.14%	18,740,449.20	-3,173,565.12		
Stock	000425	XCMG	21,241,465.17		0%	1,670,925	0.08%	13,116,761.25	-7,907,483.67		
Stock	601688	Huatai Securities	16,446,645.44	1,059,600	0.02%	1,578,200	0.03%	12,720,292.00	-3,031,748.00		
Stock	000937	JZEG	33,399,367.55	1,417,400	0.06%	1,417,400	0.06%	12,515,642.00	-7,087,000.00		
Stock	601788	Everbright Securities	15,520,365.47		0%	1,044,700	0.03%	10,655,940.00	-4,768,313.07		
Stock	000776	GF Securities	12,587,678.61		0%	828,000	0.01%	9,174,240.00	-3,413,438.61		
Other securities investment held at end of period			58,658,586.37	12,708,530	-	3,558,900	-	35,121,983.00	-14,127,940.52	-	-
Total			338,993,990.26	26,350,776	-	24,389,440	-	227,924,014.33	-51,283,340.34	-	-





V. Investment analysis (continued)

2. Use of fund raised

(1) The general utilization of raised funds

*In ten thousand yuan*

Total of funds raised	93,708.22
Total investment of funds raised during reporting period	47,758.03
Total funds raised that have been accumulatively invested	90,366.26
Total funds raised whose uses have been changed during reporting period	0
Accumulative total funds raised whose uses have been changed	0
Ratio of Accumulative total funds raised with uses being changed (%)	0%

Description of the general use of the funds raised

In 2012, upon the approval of the Article [2012]1118 issued by China Securities Regulatory Commission, the Company directionally issued a total of 100,330,000 RMB ordinary shares to five investors including its controlling shareholders and beneficial controllers, which raised funds amounting to RMB 937,082,206.13, including cash of RMB 797,547,961.16 and debt-to-equity of RMB 139,534,244.97. After deduction of the costs associated with issuance, the net proceed is RMB 903,649,973.17. The funds of this non-public offering was all in place on November 30, 2012 and has been audited by Baker Tilly who has issued a capital verification report named "Baker Tilly Beijing QJ[2012]T348. As at 25 January 2013, the fund of this non-public offering was fully utilized.



V. Investment analysis (continued)

2. Use of fund raised (continued)

(2) Use of proceeds for projects undertaken

In ten thousand yuan

Projects promised to be invested and invested direction of over-raised funds	Whether the project had been changed or not (including partially changed)	Total amount of raised funds promised to be invested	Total invested amount after adjustment <sup>(1)</sup>	Invested amount of this reporting period	Accumulative invested amount as of the end of the period <sup>(2)</sup>	Investment progress as of the end of the period (%) (3)=(2)/(1)	Date of project to achieve intended use	Realized benefits at the reporting period	Whether the expected benefits had been achieved	There is significant changes on project feasibility or no
Project promised to be invested										
1. Capital injection to Zhongrong International Trust Co., Ltd. to increase its net capital	No	76,412.84	76,412.84	47,758.03	76,412.84	100%		0		否
2. Replacement of the corporate bonds held by CTM on behalf of the State which are not transferred to paid-in capital yet	No	13,953.42	13,953.42	0	13,953.42	100%		0		否
Sub-total of project promised to be invested	-	90,366.26	90,366.26	47,758.03	90,366.26	-	-	0	-	-
Investment direction of over-raised funds	No									
Total	-	90,366.26	90,366.26	47,758.03	90,366.26	-	-	0	-	-
Amount, use and progress of the use of the over-raised funds	Not applicable									
Particulars of the change in the places of the implementation of the projects for the raised funds	Not applicable									
Particulars of the adjustment in the ways of implementation for the projects invested for the raised funds	Not applicable									
Pre-investment and replacement of projects to be invested with raised funds	Applicable The Company made up-front investment of RMB 286,548,100 by its self-raised funds, being the initial capital injection to Zhongrong International Trust to increase its net capital. According to the non-public offering plan and approval at the extraordinary meeting of the sixth Board of Directors, the Company replaced the above initial self-raised funds with the proceeds from offering on 19 December 2012.									
Use and direction of unutilized raised funds	The proceeds of the Company had been fully utilised. For details, please refer to No. 2013-03 announcement of the Company on the website of CNINF.									

**V. Investment analysis (continued)**
**2. Use of fund raised (continued)**
**(3) Particulars of the projects for the proceed**

Overview of the projects for the proceed	Disclosure date	Disclosure index
Net proceed of RMB 903.6626 million by way of non-public offering of A Shares	20 March 2013	Company announcement on the website of CNINF

**3. Analysis on major subsidiaries and investees**
**Particulars of major subsidiaries and investees**
*Unit: RMB*

Name of Company	Type of Company	Industry	Principal products or services	Registered Capital	Total Assets	Net Assets	Operating Income	Operating Profit	Net Profit
Zhongrong International Trust Co., Ltd.	Subsidiary	Finance	Finance	1,600,000,000.00	8,502,996,454.67	6,675,282,009.79	2,660,910,146.95	1,440,262,182.33	1,074,573,268.76

**XI. Implementation of profit distribution by the Company during the reporting period**

Please refer to the announcement (No. of announcement: 2013-31) on the implementation of the equity distribution of the Company for the year of 2012 published on 27 June 2013

## Chapter V Significant Events

### I Corporate Governance

During the reporting period, in strict accordance with the requirements of the Company Law, Securities Law, Corporate Governance Standards of Listed Company, Rules Governing the Listing of Securities on the Shenzhen Stock Exchange, the Listing Rules of the Hong Kong Stock Exchange and other laws and regulations as well as the related regulation documents, the Company continued to improve the corporate legal governance structure, established and improved its internal management and control system, continued to deepen its corporate governance activities and improved the standard operation level of the Company. Meanwhile, pursuant to the requirements of Basic Standards of Corporate Internal Control, the Supporting Guidelines for Corporate Internal Control, Notice on Implementation of Enterprise Internal Control Regulated Systems by Main Board Listed Companies by Classes and by Batches in 2012 (關於2012年主板上市公司分類分批實施企業內部控制規範體系的通知) and Notice on Performing Well the Disclosure of 2013 Interim Report of Listed Companies by the Shenzhen Stock Exchange, the Company proactively conducted the construction of its internal control system, established and improved its internal control regulated system and effectively put it into practice. The Company is of the view that: during the reporting period, there were no differences between the actual conditions of the corporate governance and the requirements as required in the Company Law and the CSRC.

### II. Material contracts and execution

#### 1. 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	28/12/2012	15,000	27/12/2012	15,000	Joint liability	27/12/2012 – 26/12/2013	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)
Shenyang Hongda Textile Machinery Company Limited	7/9/2012	2,000	6/9/2012	2,000	Joint liability	6/9/2012 – 5/9/2013	No	No
Changde Textile Machinery Company Limited	9/10/2010	5,000	8/10/2012	5,000	Joint liability	8/10/2012 – 7/10/2013	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)		7,000		Balance of total actual guaranteed amount to subsidiaries as at the end of the reporting period (B4)		7,000		
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)		22,000		Balance of total actual guaranteed amount at the end of the reporting period (A4 + B4)		22,000		
Ratio of total actual guaranteed amount (A4 + B4) to the net asset of the Company of which:				4.56%				
Guaranteed amount provided for shareholders, parties which have de facto control and their related parties (C)				0				
Guaranteed amount provided directly or indirectly to parties with gearing ratio exceeding 70% (D)				0				
Total guaranteed amount in excess of 50% of net assets value (E)				0				
Total guaranteed amount of the above three items (C+D+E)				0				
Statement on the contingent joint liability in connection with unexpired guarantees (if any)				0				
Description of external guarantees in breach of the specified procedures (if any)				0				

Specific explanation of compound guarantees

### III. Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or extending to reporting period (continued)

Commitments	Committed Party	Content	Made on	Term	Performance status
Commitment on share segregation reform	CTMC	CTMC 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).	4 August 2006	Long-term	To be implemented
Commitments made in Initial public offering or re-financing	CTMC	<p>Relevant commitments regarding non-public offering of A – shares: 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"> <li>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.</li> <li>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.</li> <li>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.</li> <li>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).</li> <li>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.</li> </ol>	8 October 2011	Long-term	Proceeding



**III. Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or extending to reporting period (continued)**

Commitments	Committed Party	Content	Made on	Term	Performance status
	CTMC	<p>Relevant commitments regarding non-public offering of A – shares: 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> <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> </ol>	8 October 2011	Long-term	Proceeding



**III. Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or extending to reporting period (continued)**

Commitments	Committed Party	Content	Made on	Term	Performance status
	CTMC	Relevant commitments regarding non-public offering of A – shares: 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.	8 October 2011	14 December 2015	Proceeding
	CHG	Relevant commitments regarding non-public offering of A – shares: 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: 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. 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. 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.	8 October 2011	Long-term	Proceeding

**III. Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or extending to reporting period (continued)**

Commitments	Committed Party	Content	Made on	Term	Performance status
	CHG	<p>Relevant commitments regarding non-public offering of A – shares: Undertakings of 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> <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>	8 October 2011	Long-term	Proceeding





### III. Commitments made by the Company or shareholders holding above 5% shares of the Company in reporting period or extending to reporting period (continued)

Commitments	Committed Party	Content	Made on	Term	Performance status
	CHG	Relevant commitments regarding non-public offering of A – shares: 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.	8 October 2011	14 December 2015	Proceeding
	CHG	Relevant commitments regarding non-public offering of A – shares: 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.	8 October 2011	Long-term	Proceeding
Perform timely or not	Yes				

### IV. Significant Events

#### 1. 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.

#### 2. Corporate Governance Code

The Company has adopted the Corporate Governance Code 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 fully complied with the code provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules of the Stock Exchange of Hong Kong.

#### 3. 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 and results of the Group for the six months ended 30 June 2013.

#### 4. 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.



## Chapter VI Movements in Share Capital and Information on Shareholders

### I. Changes in Shares

	Before change		Increase/decrease (+,-)					After change	
	Number of shares	Proportion (%)	New issue	Bonus shares	Conversion from statutory surplus reserve	Others	Sub-total	Number of shares	Proportion (%)
A. Restricted floating shares subject to terms of lock-up	296,219,303	42.07%						296,219,303	42.07%
1. Shares owned by State legal person	229,591,931	32.61%						229,591,931	32.61%
2. Other domestic shares	66,378,069	9.43%						66,378,069	9.43%
Of which, shares owned by domestic legal persons	66,378,069	9.43%						66,378,069	9.43%
3. Shares owned by senior management	249,303	0.04%						249,303	0.04%
B. Unrestricted floating shares not subject to terms of lock-up	407,910,697	57.93%						407,910,697	57.93%
1. Domestically listed ordinary shares	227,110,697	32.25%						227,110,697	32.25%
2. Overseas listed foreign shares	180,800,000	25.68%						180,800,000	25.68%
C. Total number of shares	704,130,000	100%						704,130,000	100%

**II. Number of shareholders of the Company and shareholding**

Unit: Share

**Total shareholders at the end of the reporting period** 40,232

## Shareholdings of shareholders interested in more than 5% of the shares of the Company

Name of shareholders	Nature of shareholders	Percentage of shareholding (%)	Number of shares held at the end of the reporting period	Changes (increase or decrease) during the reporting period	Number of restricted shares held	Number of non-restricted shares held	Share pledged or locked-up	
							Status of shares	Number
China Textile Machinery (Group) Company Limited	State-owned legal person	31.13%	219,194,674	0	210,579,426	8,615,248	Pledge	206,855,248
							Lock-up	206,855,248
HKSCC Nominees Limited	Overseas legal person	25.54%	179,841,599	0	0	179,841,599		
HuaAn Funds – Industrial Bank-Tianjin Trust Co., Ltd.	State-owned legal person	4.56%	32,119,914	0	32,119,914	0		
Minsheng Royal Fund Management Company – Minsheng-Minsheng Royal Xiniu Private Placement Grading Asset Management Plan (民生加銀鑫牛定向增發分級資產管理計劃)	Others	3.62%	25,500,000	0	25,500,000	0		
China Hengtian Group Limited	State-owned legal person	2.7%	19,012,505	0	19,012,505	0		
Ping An UOB Fund Company – Ping An Bank – Ping An Trust Co., Ltd.	Others	1.24%	8,758,155	0	8,758,155	0		
PineBridge Investments LLC	Overseas legal person	0.23%	1,623,681	0	0	1,623,681		
China Resources SZITIC Trust Co.,Ltd.-Fuxiang Trust No. 3 for New Share for Subscription (華潤深國投信託有限公司-福祥新股申購3號信託)	Others	0.21%	1,457,061	0	0	1,457,061		
Beijing Zhong Sheng Mei Hua Commerce & Trading Company Limited	Domestic non-state-owned legal person	0.19%	1,348,000	0	0	1,348,000		
Wang Yueping	Domestic natural person	0.16%	1,155,694		0	1,155,694		
Connected relationship or concert – party relationship among the above shareholders	China Textile Machinery (Group) Company Limited and China Hengtian Group Company have associated relationships and fall within the meaning of parties acting in concert as defined in Administrative Measures for Information Disclosure of the Movement in Shareholding of Listed Companies. It is not aware whether any other shareholders are connected with each other and whether other shareholders are persons acting in concert.							

**II. Number of shareholders of the Company and shareholding (continued)****Top ten holders of shares without selling restrictions**

Name of shareholder	Number of unrestricted floating shares held at the end of reporting period	Class of shares	
		Class	Number
HKSCC Nominees Limited	179,841,599	Overseas listed foreign shares	179,841,599
China Textile Machinery (Group) Company Limited	8,615,248	RMB ordinary shares	8,615,248
PineBridge Investments LLC	1,623,681	RMB ordinary shares	1,623,681
China Resources SZITIC Trust Co.,Ltd.-Fuxiang Trust No. 3 for New Share for Subscription (華潤深國投信託有限公司－福祥新股申購3號信託)	1,457,061	RMB ordinary shares	1,457,061
Beijing Zhong Sheng Mei Hua Commerce & Trading Company Limited	1,348,000	RMB ordinary shares	1,348,000
Wang Yueping	1,155,694	RMB ordinary shares	1,155,694
Deng Zhenzhou	1,089,906	RMB ordinary shares	1,089,906
Ye Guoliang	1,080,000	RMB ordinary shares	1,080,000
Beijing Kangxunweiye Science and Technology Company Limited (北京康訊偉業科技有限責任公司)	895,293	RMB ordinary shares	895,293
Deng Zhenguo	853,670	RMB ordinary shares	853,670
Connected relationship or concert-party relationship among the top ten shareholders of whose shares without selling restrictions, and between the top ten shareholders of whose shares without selling restrictions and the top ten shareholders		China Textile Machinery (Group) Company Limited and China Hengtian Group Company have associated relationships and fall within the meaning of parties acting in concert as defined in Administrative Measures for Information Disclosure of the Movement in Shareholding of Listed Companies. It is not aware whether any other shareholders are connected with each other and whether other shareholders are persons acting in concert.	

Shareholders of the Company did not make the agreed repurchase transactions during the reporting period.

As at 30 June 2013, so far as the Directors, Supervisors and senior management of the Company were aware, the following persons (other than Directors, Supervisors or senior management of the Company) who had interests in the shares and underlying shares of the Company, which were required to be recorded in the register kept in accordance with section 336 of Part XV of the Securities and Futures Ordinance were as follows:

**II. Number of shareholders of the Company and shareholding (continued)**

Long positions and short positions in the H shares of the Company:

	Capacity	Number of H shares (shares)	Approximate % of total issued H share capital (%)	Approximate % of total issued share capital (%)
Deutsche Bank	Beneficial Owner	569,920 (L)	0.32	0.08
		568,194 (S)	0.31	0.08
Aktiengesellschaft	Person Having a Security Interest in Shares	8,612,000 (L)	4.76	1.22
Zhang Shenghan	Beneficial Owner	10,240,000	5.00 (Note)	1.70

(L): Long Position      (S): Short Position

Note:

Such information is extracted from the individual substantial shareholder notice of Zhang Sheng Han filed on 21 October 2003 as shown on the website of the Stock Exchange. However, the number of H Shares held by Zhang Sheng Han stated in such notice was 10,240,000 shares, 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 Han had not filed any individual substantial shareholder notice with the Company since 21 October 2003. The Company is also unable to ascertain the actual number of H Shares held by Zhang Sheng Han from the register of members of the Company as none of the H Shares was registered in the name of Zhang Sheng Han as at 30 June 2012.

Long positions in the A shares of the Company:

	Capacity	Number of A shares	Approximate % of total issued A share capital (%)	Approximate % of total issued share capital (%)
China Textile Machinery (Group) Company Limited	Beneficial Owner	21,994,674	41.88	31.13

Save as disclosed above, in accordance with the register required to be kept under Section 336 of Part XV of the Securities and Futures Ordinance, the Company had not received any notice regarding the interests or short positions in the shares and underlying shares of the Company as at 30 June 2013.



## Chapter VII Directors, Supervisors, Senior Management and Staff

### I. Change in shareholdings of directors, supervisors, senior management and staff

Name	Position	Status of Position	Number of shares held at the beginning of the period share(s)	Increased number of shares for the current period share(s)	Decreased number of shares for the current period share(s)	Number of shares held at the end of the period share(s)	Number of restricted Shares granted at the beginning of the period share(s)	Number of restricted Shares granted in the current period share(s)	Number of restricted Shares granted at the end of the period share(s)
Ye Maoxin	Chairman	In office	8,580	0	0	8,580	0	0	0
Yao Yuming	Director, General Manager	In office	81,304	0	0	81,304	0	0	0
Lin Jianwang	Standing Deputy General Manager	In office	40,000	0	0	40,000	0	0	0
Shi Jianping	Deputy General Manager	In office	40,000	0	0	40,000	0	0	0
Liu Xianming	Deputy General Manager	In office	42,520	0	0	42,520	0	0	0
Mao Faqing	Financial Controller	In office	40,000	0	0	40,000	0	0	0
Wang Xiqiao	Chief Economist	Resigned	40,000	0	0	40,000	0	0	0
Ye Xuehua	Deputy General Manager, Company Secretary	In office	40,000	0	0	40,000	0	0	0
Ding Yufei	Vice Chairman of the Supervisor Committee	In office	40,000	0	0	40,000	0	0	0
Total	-	-	372,404	0	0	372,404	0	0	0

Mr. Yao Yuming, Mr. Lin Jianwang, Mr. Shi Jianping, Mr. Mao Faqing, Mr. Ye Xuehua, Mr. Liu Yang, Mr. Fan Tao, Mr. Gao Xingshan indirectly held a total of 1.266 million H shares of the Company through China AMC Overseas Equity Classification Asset Management Plan on 26 June, 27 June and 28 June 2013. Save as disclosed above, as at 30 June 2013, none of the Directors, Supervisors, senior management and their respective spouses or children under the age of 18 had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance), nor had any of them been granted any rights or short positions to subscribe for any interest in the shares, underlying shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance) which was required to be recorded in the register established and maintained in accordance with section 352 of the Securities and Futures Ordinance or required to be notified to the Company and the Stock Exchange in accordance with Model Code for Securities Transactions by Directors of the Listed Issuers. During the reporting period, none of the Directors, Supervisors or senior management had any material interests in the contracts executed by the Company or its subsidiaries.

### II. Change in Directors, Supervisors and Senior Management

Name	Position	Type	Date	Reasons
Peng Zeqing	Vice chairman of the supervisor committee	Resignation	21 May 2013	Change in work
Ding Yufei	Vice chairman of the supervisor committee	Elected	21 May 2013	
Wang Weizhi	Deputy General Manager	Resignation	19 April 2013	Change in work
Wu Xudong	Deputy General Manager	Appointed	19 April 2013	
Wang Xiqiao	Chief Economist	Resigned at the expiry of term	15 August 2013	
Chen Zhongmin	Chief Economist	Appointed	15 August 2013	

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

### I. AUDIT

The interim financial report of the Company has not been audited.

### II. FINANCIAL STATEMENTS

The amount in the statements are in RMB.

#### 1. Consolidated balance sheet

Prepared by: Jingwei Textile Machinery Company Limited

*Unit: RMB*

Item	Opening balance	Ending balance
<b>Current Assets:</b>		
Currency funds	8,323,086,028.69	6,548,740,008.05
Held-for-trading financial assets	227,924,014.33	276,665,724.16
Bills receivable	1,357,593,112.17	1,376,597,049.14
Accounts receivable	851,417,981.17	698,770,042.46
Prepayments	659,707,664.51	463,173,676.21
Interest receivables		
Dividend receivables	10,265,494.00	10,265,494.00
Other receivables	338,464,035.33	283,950,683.69
Financial assets purchased under agreements to resale		
Inventories	1,599,525,629.39	1,484,581,205.31
Non-current assets due within one year	4,975,921.37	22,082,751.25
Other current assets	329,774.69	537,168.49
<b>Total current assets</b>	<b>13,373,289,655.65</b>	<b>11,165,363,802.76</b>
<b>Non-current Assets</b>		
Available-for-sale financial assets	384,608,476.82	570,852,379.82
Investment held-to-maturity		
Long-term receivables		
Long-term equity investments	233,136,107.00	218,004,243.80
Investment property		
Fixed assets	1,628,894,230.76	1,658,181,634.78
Construction in progress	330,198,375.50	268,578,405.91
Construction materials		
Disposal of fixed assets		
Intangible assets	503,252,041.35	506,237,411.28
Research and development expenses		
Goodwill	844,306,425.04	844,306,425.04
Long-term amortization expenses	29,567,305.14	33,060,441.34
Deferred income tax assets	340,277,806.17	288,902,514.03
Other non-current assets		
<b>Total non-current assets</b>	<b>4,294,240,767.78</b>	<b>4,388,123,456.00</b>
<b>TOTAL ASSETS</b>	<b>17,667,530,423.43</b>	<b>15,553,487,258.76</b>



## II. FINANCIAL STATEMENTS (continued)

## 1. Consolidated balance sheet (continued)

Unit: RMB

Item	Opening balance	Ending balance
<b>Current liabilities:</b>		
Short-term borrowings	1,661,755,427.98	1,455,761,360.52
Bills payable	302,024,801.37	379,795,024.10
Accounts payable	2,075,078,873.34	1,730,702,546.56
Advance receipts	567,107,176.44	566,497,450.34
Fee and commission payable		
Employee wages payable	1,561,106,288.37	1,106,647,580.96
Taxes payable	310,280,030.93	357,569,382.58
Interest payable	25,958,323.33	48,489,844.48
Dividend payables	57,314,988.71	5,009,834.99
Other payables	331,030,972.61	344,259,776.02
Non-current liabilities due within one year	15,175,290.01	93,654,888.58
<b>Total current liabilities</b>	<b>6,906,832,173.09</b>	<b>6,088,387,689.13</b>
<b>Non-current liabilities:</b>		
Long-term borrowings		
Bonds payable	1,200,000,000.00	1,200,000,000.00
Long-term payables	82,505,679.40	82,420,491.33
Special items payable	18,501,996.56	17,341,405.91
Liabilities expected		
Deferred income tax liabilities		
Other non-current liabilities	129,697,386.56	96,755,977.44
<b>Total non-current liabilities</b>	<b>1,430,705,062.52</b>	<b>1,396,517,874.68</b>
<b>Total liabilities</b>	<b>8,337,537,235.61</b>	<b>7,484,905,563.81</b>
<b>Equity holders' equity (or shareholders' equity):</b>		
Paid-up capital (share capital)	704,130,000.00	704,130,000.00
Capital reserves	1,884,072,788.74	1,997,154,774.06
Less: treasury shares		
Specialized reserves	7,680,800.14	5,377,780.42
Surplus reserves	733,425,418.69	733,425,418.69
Provision for ordinary risks	105,787,961.36	56,712,015.61
Unappropriated profit	1,393,564,144.40	1,208,748,494.14
Exchange difference in foreign currency statements	-4,200,523.99	-3,393,652.48
<b>Total equity holders equity attributable to the Parent</b>	<b>4,824,460,589.34</b>	<b>4,702,154,830.44</b>
Non-controlling interests	4,505,532,598.48	3,366,426,864.51
<b>Total equity holders' equity (or shareholders' equity)</b>	<b>9,329,993,187.82</b>	<b>8,068,581,694.95</b>
<b>Total liabilities and equity holders' equity (or shareholders' equity)</b>	<b>17,667,530,423.43</b>	<b>15,553,487,258.76</b>
Legal representative: <b>Ye Maoxin</b>	Person-in-charge of accounting function: <b>Mao Faqing</b>	Person-in-charge of accounting department: <b>Wang Guofeng</b>



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

Prepared by: Jingwei Textile Machinery Company Limited

*Unit: RMB*

Item	Opening balance	Ending balance
<b>Current assets:</b>		
Currency funds	482,641,216.10	1,058,965,290.65
Held-for-trading financial assets		
Bills receivable	1,115,902,790.14	942,499,755.88
Accounts receivable	675,999,429.42	589,567,295.13
Prepayments	571,297,178.47	472,758,914.17
Interest receivables		
Dividend receivables	171,845,943.46	171,845,943.46
Other receivables	1,034,711,505.37	797,763,957.33
Inventories	168,498,050.37	134,272,370.01
Non-current assets due within one year	2,085,921.37	19,192,751.25
Other current assets		
<b>Total current assets</b>	<u>4,222,982,034.70</u>	<u>4,186,866,277.88</u>
<b>Non-current assets:</b>		
Available-for-sale financial assets		
Investment held-to-maturity		
Long-term receivables	247,892,252.79	231,162,252.79
Long-term equity investments	3,493,088,131.40	3,005,667,348.55
Investment properties		
Fixed assets	262,008,537.77	275,654,722.48
Construction in progress	23,905,383.22	3,167,874.90
Construction materials		
Intangible assets	58,071,360.31	58,259,338.38
Research and development expenses		
Goodwill		
Deferred income tax assets		
Other non-current assets		
<b>Total non-current assets</b>	<u>4,084,965,665.49</u>	<u>3,573,911,537.10</u>
<b>Total assets</b>	<u>8,307,947,700.19</u>	<u>7,760,777,814.98</u>



## II. FINANCIAL STATEMENTS (continued)

## 2. Balance sheet of the parent company (continued)

Unit: RMB

Item	Opening balance	Ending balance
<b>Current liabilities:</b>		
Short-term borrowings	1,545,544,926.04	1,267,781,292.81
Bills payable	304,056,186.64	243,152,451.44
Accounts payable	1,238,659,850.47	883,262,478.76
Advance receipts	420,299,807.81	448,423,877.69
Employee wages payable	27,843,715.53	32,087,600.52
Taxes payable	15,282,023.46	18,006,874.52
Interest payable	25,949,740.73	48,426,666.65
Dividend payables	52,307,685.07	2,531.35
Other payables	139,637,318.28	177,827,077.25
Non-current liabilities due within one year	13,771,076.24	91,118,935.48
<b>Total current liabilities</b>	<b>3,783,352,330.27</b>	<b>3,210,089,786.47</b>
<b>Non-current liabilities:</b>		
Long-term borrowings		
Bonds payable	1,200,000,000.00	1,200,000,000.00
Long-term payables	26,311,819.16	25,035,315.23
Special items payable	4,000,000.00	4,000,000.00
Liabilities expected		
Deferred income tax liabilities		
Other non-current liabilities	22,634,578.97	16,028,578.97
<b>Total non-current liabilities</b>	<b>1,252,946,398.13</b>	<b>1,245,063,894.20</b>
<b>Total liabilities</b>	<b>5,036,298,728.40</b>	<b>4,455,153,680.67</b>
<b>Equity holders' equity (or shareholders' equity):</b>		
Paid-up capital (share capital)	704,130,000.00	704,130,000.00
Capital reserves	2,047,893,275.55	2,047,893,275.55
Less: treasury shares		
Specialized reserves	0.00	724.92
Surplus reserves	381,447,713.16	381,447,713.16
Provision for ordinary risks		
Unappropriated profit	138,177,983.08	172,152,420.68
Exchange difference in foreign currency statements		
<b>Total equity holders' equity (or shareholders' equity)</b>	<b>3,271,648,971.79</b>	<b>3,305,624,134.31</b>
<b>Total liabilities and equity holders' equity (or shareholders' equity)</b>	<b>8,307,947,700.19</b>	<b>7,760,777,814.98</b>
Legal representative: <b>Ye Maoxin</b>	Person-in-charge of accounting function: <b>Mao Faqing</b>	Person-in-charge of accounting department: <b>Wang Guofeng</b>

**II. FINANCIAL STATEMENTS (continued)**
**3. Consolidated income statement**

Prepared by: Jingwei Textile Machinery Company Limited

Unit: RMB

Item	Current period	Previous period
<b>1. Total operating income</b>	5,342,976,791.58	4,261,526,730.95
of which: Operating income	2,712,940,275.59	2,621,051,283.41
Interest income	153,011,493.48	19,113,584.56
Fee and commission income	2,477,025,022.51	1,621,361,862.98
<b>2. Total operating costs</b>	3,996,113,405.74	3,503,601,331.76
of which: Operating costs	2,328,681,959.67	2,193,755,935.11
Interest expenses		450,333.30
Sales taxes and levies	153,655,290.44	106,341,931.80
Selling and distribution expenses	81,087,480.17	79,498,141.01
Administrative expenses	1,358,770,416.13	1,054,948,860.53
Financial expenses	74,600,424.46	69,205,181.03
Impairment loss in respect of assets	-682,165.13	-599,051.02
Add: Gains from changes in fair values (losses are represented by “-”)	-19,257,265.57	47,874,301.93
Investment income (losses are represented by “-”) of which: Income from investment in associates and jointly controlled entities	-14,807,490.57	74,866,743.39
Foreign exchange gain (losses are represented by “-”)	9,131,863.20	-2,127,084.18
	240,286.68	
<b>3. Operating profit (losses are represented by “-”)</b>	1,313,038,916.38	880,666,444.51
Add: Non-operating income	16,496,556.62	47,133,945.42
Less: Non-operating expenses	5,979,542.02	2,746,205.05
Including: Loss from disposal of non-current assets	2,360,608.37	1,036,078.60
<b>4. Total profit (Total losses are represented by “-”)</b>	1,323,555,930.98	925,054,184.88
Less: Income tax expenses	365,800,632.12	228,894,178.27
<b>5. Net profit (losses are represented by “-”)</b>	957,755,298.86	696,160,006.61
Net profit attributable to shareholders of the parents	304,304,596.01	278,289,787.01
Minority interests	653,450,702.85	417,870,219.60
<b>6. Earnings per share</b>	-	-
(I) Basic earnings per share	0.43	0.46
(II) Diluted earnings per share	0.43	0.46
<b>7. other comprehensive income</b>	-140,549,003.58	28,376,145.41
<b>8. total comprehensive income</b>	817,206,295.28	724,536,152.02
<b>Total comprehensive profit attributable to shareholders of the parents</b>	251,158,531.66	288,824,366.45
<b>Total comprehensive profit attributable to minority shareholders</b>	<u>566,047,763.62</u>	<u>435,711,785.57</u>

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



## II. FINANCIAL STATEMENTS (continued)

## 4. Income statement of the parent company

Prepared by: Jingwei Textile Machinery Company Limited

Unit: RMB

Item	Current period	Previous period
<b>1. Total operating income</b>	1,718,753,672.26	1,864,665,063.69
Less: Operating costs	1,596,289,639.88	1,741,461,473.35
Sales taxes and levies	2,627,918.77	2,291,277.79
Selling and distribution expenses	38,015,849.81	37,422,645.33
Administrative expenses	83,890,281.55	77,615,010.19
Financial expenses	61,488,314.38	57,488,229.45
Impairment loss in respect of assets		0.00
Add: Gains from changes in fair values (losses are represented by “-”)		-1,253.73
Investment income (losses are represented by “-”) of which: Income from investment in associates and jointly controlled entities	99,724,129.83	39,464,568.26
	8,101,662.85	3,635,375.62
<b>2. Operating profit (losses are represented by “-”)</b>	36,165,797.70	-12,150,257.89
Add: Non-operating income	1,613,197.20	55,144,488.30
Less: Non-operating expenses	1,321,520.00	466,781.29
Including: Loss from disposal of non-current assets	1,298,679.24	413,728.44
<b>3. Total profit (Total losses are represented by “-”)</b>	36,457,474.90	42,527,449.12
Less: Income tax expenses	18,912.50	17,250.00
<b>4. Net profit (losses are represented by “-”)</b>	36,438,562.40	42,510,199.12
<b>5. Earnings per share</b>	-	-
(I) Basic earnings per share	0.05	0.07
(II) Diluted earnings per share	0.05	0.07
<b>6. other comprehensive income</b>	0.00	0.00
<b>7. total comprehensive income</b>	<u>36,438,562.40</u>	<u>42,510,199.12</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)**
**5. Consolidated cash flow statements**

Prepared by: Jingwei Textile Machinery Company Limited

*Unit: RMB*

Item	Current period	Previous period
<b>1. Cash flow from operating activities:</b>		
Cash receipts from sale of goods and the rendering of services	2,960,819,727.41	2,711,666,330.28
Net increase on disposal of held-for-trading financial assets		
Interest, fee and commission received	2,644,790,530.57	1,704,291,999.89
Receipts of tax refunds	9,581,011.73	3,444,075.15
Other cash receipts relating to operating activities	42,347,060.93	102,261,767.12
Sub-total of cash inflows from operating activities	5,657,538,330.64	4,521,664,172.44
Cash payments for goods purchased and services received	2,758,091,761.79	2,407,816,412.63
Interest, fee and commission paid		450,333.30
Cash payments to and on behalf of employees	735,214,463.30	566,651,199.08
Payments of all types of taxes	656,710,678.88	533,353,757.63
Other cash payments relating to operating activities	390,719,319.57	322,366,204.22
<b>Sub-total of cash outflows from operating activities</b>	<b>4,540,736,223.54</b>	<b>3,830,637,906.86</b>
<b>Net cash flows from operating activities</b>	<b>1,116,802,107.10</b>	<b>691,026,265.58</b>
<b>2. Cash flows from investing activities:</b>		
Cash receipts from disposals of investments	111,065,215.89	509,918,941.32
Cash receipts from returns on investments	10,514,570.22	37,967,488.58
Net cash receipts from disposals of fixed assets, intangible assets and other long term assets	23,129,991.96	38,480,323.52
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
<b>Sub-total of cash inflows from investing activities</b>	<b>144,709,778.07</b>	<b>629,453,530.01</b>
Cash payments to acquire fixed assets, intangible assets and other long-term assets	111,854,966.31	106,603,027.89
Cash payments to acquire investments	124,328,024.63	601,553,425.76
Other cash payments relating to investing activities	-	-
<b>Sub-total of cash outflows from investing activities</b>	<b>236,182,990.94</b>	<b>708,156,453.65</b>
<b>Net cash flows from investing activities</b>	<b>-91,473,212.87</b>	<b>-78,702,923.64</b>



II. FINANCIAL STATEMENTS (continued)

5. Consolidated cash flow statements (continued)

Unit: RMB

Item	Current period	Previous period
<b>3. Cash flows from financing activities:</b>		
Receipt of cash investment	669,419,700.00	
Of which: Capital injections to subsidiaries from minority shareholders	669,419,700.00	
Cash receipts from borrowings	907,588,277.93	1,415,973,371.09
Cash receipts from bond issue	–	1,196,400,000.00
Other cash receipts relating to financing activities	–	–
Sub-total of cash inflows from financing activities	1,577,007,977.93	2,612,373,371.09
Cash repayments of amounts borrowed	710,036,477.28	2,236,041,315.35
Cash payments for distribution of dividends, profits or interest expenses	190,662,327.00	58,687,769.30
Other cash payments relating to financing activities	17,347,859.24	17,433,097.90
<b>Sub-total of cash outflows from financing activities</b>	<b>918,046,663.52</b>	<b>2,312,162,182.55</b>
<b>Net cash flows from financing activities</b>	<b>658,961,314.41</b>	<b>300,211,188.54</b>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>106,706.35</b>	<b>115,360.20</b>
<b>5. Net increase in cash and cash equivalents:</b>	<b>1,684,396,914.99</b>	<b>912,649,890.68</b>
Add: Opening balance of cash and cash equivalents	6,456,694,048.29	3,807,850,611.00
<b>6. Closing balance of cash and cash equivalents</b>	<b>8,141,090,963.28</b>	<b>4,720,500,501.68</b>

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

**II. FINANCIAL STATEMENTS (continued)**
**6. Cash flow statements of the parent company**

Prepared by:Jingwei Textile Machinery Company Limited

*Unit: RMB*

Item	Current period	Previous period
<b>1. Cash flow from operating activities:</b>		
Cash receipts from sale of goods and the rendering of services	1,722,982,558.11	1,563,779,572.14
Receipts of tax refunds	87,177.23	
Other cash receipts relating to operating activities	233,677,169.98	276,881,370.61
<b>Sub-total of cash inflows from operating activities</b>	<b>1,956,746,905.32</b>	<b>1,840,660,942.75</b>
Cash payments for goods purchased and services received	1,672,835,684.90	1,445,660,024.65
Cash payments to and on behalf of employees	85,323,338.43	98,878,881.63
Payments of all types of taxes	45,447,694.97	42,034,698.33
Other cash payments relating to operating activities	355,982,607.20	237,018,321.04
<b>Sub-total of cash outflows from operating activities</b>	<b>2,159,589,325.50</b>	<b>1,823,591,925.65</b>
<b>Net cash flows from operating activities</b>	<b>-202,842,420.18</b>	<b>17,069,017.10</b>
<b>2. Cash flows from investing activities:</b>		
Cash receipts from returns on investments		47,139.39
Cash receipts from disposals of investments	91,622,466.98	
Net cash receipts from disposals of fixed assets, intangible assets and other long term assets	111,724.36	28,713,933.52
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
<b>Sub-total of cash inflows from investing activities</b>	<b>91,734,191.34</b>	<b>71,961,072.91</b>
Cash payments to acquire fixed assets, intangible assets and other long-term assets	7,343,486.41	16,391,225.82
Cash payments to acquire investments	477,580,300.00	152,431,313.00
Other cash payments relating to investing activities	9,670,000.00	
<b>Sub-total of cash outflows from investing activities</b>	<b>494,593,786.41</b>	<b>168,822,538.82</b>
<b>Net cash flows from investing activities</b>	<b>-402,859,595.07</b>	<b>-96,861,465.91</b>



## II. FINANCIAL STATEMENTS (continued)

## 6. Cash flow statements of the parent company (continued)

Unit: RMB

Item	Current period	Previous period
<b>3. Cash flows from financing activities</b>		
Receipt of cash investment		1,301,201,647.09
Cash receipts from borrowings	796,216,128.06	1,196,400,000.00
Cash receipts from bond issue	0.00	816,855,130.66
Other cash receipts relating to financing activities	149,951,571.83	
<b>Sub-total of cash inflows from financing activities</b>	<b>946,167,699.89</b>	<b>3,314,456,777.75</b>
Cash repayments of amounts borrowed	615,183,428.80	2,164,041,315.35
Cash payments for distribution of dividends, profits or interest expenses	21,335,159.72	53,488,309.16
Other cash payments relating to financing activities	316,877,503.51	969,702,665.43
<b>Sub-total of cash outflows from financing activities</b>	<b>953,396,092.03</b>	<b>3,187,232,289.94</b>
<b>Net cash flows from financing activities</b>	<b>-7,228,392.14</b>	<b>127,224,487.81</b>
<b>4. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>13,961.29</b>	
<b>5. Net increase in cash and cash equivalents:</b>	<b>-612,916,446.10</b>	<b>47,432,039.00</b>
Add: Opening balance of cash and cash equivalents	1,040,410,788.66	431,749,529.22
<b>6. Closing balance of cash and cash equivalents</b>	<b>427,494,342.56</b>	<b>479,181,568.22</b>
Legal representative: <b>Ye Maoxin</b>	Person-in-charge of accounting function: <b>Mao Faqing</b>	Person-in-charge of accounting department: <b>Wang Guofeng</b>



**II. FINANCIAL STATEMENTS (continued)**
**7. Consolidated statement of changes in shareholders' equity**

Prepared by: Jingwei Textile Machinery Company Limited

**Current period**
*Unit: RMB*

Item	Current period									
	Paid-in capital (or share capital)		Less: treasury shares	Owner's equity attributable to the Parent			Risk preparation	Undistributed profits	others	Minority interests
Capital reserve		Specialized reserves		Surplus Reserve						
<b>I. Balance brought forward</b>	704,130,000.00	1,997,154,774.06		5,377,780.42	733,425,418.69	56,712,015.61	1,208,748,494.14	-3,393,652.48	3,366,426,864.51	8,068,581,694.95
Add: Changes in accounting policies										
Previous period adjustments										
Other										
<b>II. Opening balance</b>	704,130,000.00	1,997,154,774.06		5,377,780.42	733,425,418.69	56,712,015.61	1,208,748,494.14	-3,393,652.48	3,366,426,864.51	8,068,581,694.95
<b>III. Increase or decrease for this period (Decrease is represented by "-")</b>										
	-	-113,081,985.32		2,303,019.72	-	49,075,945.75	184,815,650.26	-806,871.51	1,139,105,733.97	1,261,411,492.87
<b>(I) Net profit</b>							304,304,596.01		653,450,702.85	957,755,298.86
<b>(II) Other comprehensive income</b>		-52,339,192.84						-806,871.51	-87,402,939.23	-140,549,003.58
Sub-total of (I) and (II)		-52,339,192.84					304,304,596.01	-806,871.51	566,047,763.62	817,206,295.28
<b>(III) Capital injected and reduced by the owner</b>										
1. Capital injected by the owner		-60,742,792.48							730,572,197.48	669,829,405.00
2. Settlement by shares taken to shareholders equity		-							730,572,197.48	730,572,197.48
3. Others		-60,742,792.48								-60,742,792.48
<b>(IV) Profit appropriation</b>										
1. Withdrawal from surplus reserve										
2. Withdraw from general risk reserve										
3. Allocation to owner (or shareholder)										
4. Others										
<b>(V) Transfer within owner's equity</b>										
1. Capitalization of capital reserve										
2. Capitalization of surplus reserve										
3. Loss offset by surplus reserves										
<b>(VI) Special reserve</b>										
1. Withdraw in the current period										
2. Use in the current period										
<b>(VII) Other</b>										
<b>IV. Ending balance</b>	704,130,000.00	1,884,072,788.74	-	7,680,800.14	733,425,418.69	105,787,961.36	1,393,564,144.40	-4,200,523.99	4,505,532,598.48	9,329,993,187.82

**II. FINANCIAL STATEMENTS (continued)**
**7. Consolidated statement of changes in shareholders' equity (continued)**
**Previous period**
*Unit: RMB*

Item	Previous period									
	Paid-in capital (or share capital)		Less: treasury shares	Specialized reserves	Surplus Reserve	Risk preparation	Undistributed profits	others	Minority interests	Shareholders' equity
<b>I. Balance brought forward</b>	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
Add: Retro adjustment generated from consolidation of companies under common control										
Add: Changes in accounting policies										
Previous period adjustments										
Other										
<b>II. Opening balance</b>	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
<b>III. Increase or decrease for this period (Decrease is represented by "-")</b>	100,330,000.00	804,076,629.53		5,377,780.42	62,143,354.88	30,199,358.82	301,672,046.84	-32,681.29	1,033,511,267.32	2,337,277,756.52
<b>(I) Net profit</b>							430,242,760.54		951,884,896.22	1,382,127,656.76
<b>(II) Other comprehensive income</b>		-1,977,397.08						-32,681.29	-1,325,514.75	-3,335,593.12
Sub-total of (I) and (II)		-1,977,397.08					430,242,760.54	-32,681.29	950,559,381.47	1,378,792,063.64
<b>(III) Capital injected and reduced by the owner</b>	100,330,000.00	806,054,026.61							87,681,818.05	994,065,844.66
1. Capital injected by the owner	100,330,000.00	803,319,973.17							88,358,090.62	992,008,063.79
2. Settlement by shares taken to shareholders equity										
3. Others		2,734,053.44							-676,272.57	2,057,780.87
<b>(IV) Profit appropriation</b>					62,143,354.88	30,199,358.82	-128,570,713.70		-6,212,739.17	-42,440,739.17
1. Withdrawal from surplus reserve					62,143,354.88		-62,143,354.88			
2. Withdrawal for risk preparation						30,199,358.82	-30,199,358.82			
3. Allocation to owner (or shareholder)							-36,228,000.00		-6,212,739.17	-42,440,739.17
<b>(V) Transfer within owner's equity</b>										
1. Capitalization of capital reserve										
2. Capitalization of surplus reserve										
3. Loss offset by surplus reserves										
<b>(VI) Special reserve</b>				5,377,780.42					1,482,806.97	6,860,587.39
1. Withdraw in the current period				11,484,367.67					2,913,452.40	14,397,820.07
2. Use in the current period				-6,106,587.25					-1,430,645.43	-7,537,232.68
<b>(VII) Others</b>										
<b>IV. Ending balance</b>	704,130,000.00	1,997,154,774.06		5,377,780.42	733,425,418.69	56,712,015.61	1,208,748,494.14	-3,393,652.48	3,366,426,864.51	8,068,581,694.95

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

**II. FINANCIAL STATEMENTS (continued)**
**8. Statement of changes in shareholders' equity of the parent company**

Prepared by: Jingwei Textile Machinery Company Limited

**Current period**
*Unit: RMB*

Item	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	704,130,000.00	2,047,893,275.55		724.92	381,447,713.16		172,152,420.68	3,305,624,134.31
II. Opening balance	704,130,000.00	2,047,893,275.55		724.92	381,447,713.16		172,152,420.68	3,305,624,134.31
III. Increase or decrease for this period (Decrease is represented by "-")				-724.92			-33,974,437.60	-33,975,162.52
(I) Net profit							36,438,562.40	36,438,562.40
(II) Other comprehensive income								
Sub-total of (I) and (II)							36,438,562.40	36,438,562.40
(III) Capital injected and reduced by the owner								
(IV) Profit appropriation							-70,413,000.00	-70,413,000.00
1. Withdrawal from surplus reserve								
2. General risk reserve								
3. Allocation to owner (or shareholder)							-70,413,000.00	-70,413,000.00
(V) Transfer within owner's equity								
(VI) Special reserve					-724.92			-724.92
1. Withdraw in the current period					1,518,434.02			1,518,434.02
2. Use in the current period					-1,519,158.94			-1,519,158.94
IV. Ending balance	<u>704,130,000.00</u>	<u>2,047,893,275.55</u>		<u>-</u>	<u>381,447,713.16</u>		<u>138,177,983.08</u>	<u>3,271,648,971.79</u>



## II. FINANCIAL STATEMENTS (continued)

## 8. Statement of changes in shareholders' equity of the parent company (continued)

## Previous period

Unit: RMB

Item	Paid-in capital (or share capital)	Capital reserve	Less: treasury shares	Previous 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 "-")	100,330,000.00	802,154,069.85		724.92	1,704,609.47		-28,662,330.82	875,527,073.42
(I) Net profit							17,046,094.71	17,046,094.71
(II) Other comprehensive income		-1,165,903.32						-1,165,903.32
Sub-total of (I) and (II)		-1,165,903.32					17,046,094.71	15,880,191.39
(III) Capital injected and reduced by the owner	100,330,000.00	803,319,973.17						903,649,973.17
1. Capital injected by the owner	100,330,000.00	803,319,973.17						903,649,973.17
(IV) Profit appropriation					1,704,609.47		-45,708,425.53	-44,003,816.06
1. Withdrawal from surplus reserve					1,704,609.47		-1,704,609.47	
2. General risk reserve								
3. Allocation to owner (or shareholder)							-36,228,000.00	-36,228,000.00
4. Other							-7,775,816.06	-7,775,816.06
(V) Transfer within owner's equity								
(VI) Special reserve				724.92				724.92
1. Withdraw in the current period				1,542,777.11				1,542,777.11
2. Use in the current period				-1,542,052.19				-1,542,052.19
IV. Ending balance	<u>704,130,000.00</u>	<u>2,047,893,275.55</u>		<u>724.92</u>	<u>381,447,713.16</u>		<u>172,152,420.68</u>	<u>3,305,624,134.31</u>

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

### III. GENERAL

Jingwei Textile Machinery Company Limited (the “Company”) was established on 15 August 1995 by China Textile Machinery (Group) Company Limited (“CTMC”, formerly known as China National Textile Machinery Corporation). There were 220,000,000 state-owned shares when the Company was set up. The legal representative of the Company is Ye Maoxin and the registered address is No. 8 Yongchangzhong Road, Beijing Economic & Technological Development Zone, Beijing, the People’s Republic of China (the “PRC”).

After the approval by Chinese Securities Regulatory Commission (“CSRC”) under the State Council in the document entitled No. 2 (1996), the Company was listed on the Stock Exchange of Hong Kong with issuance of 180,800,000 H shares in February 1996. It was granted as a foreign invested company limited by the former Ministry of Foreign Trade and Economic Cooperation in March 1996. In November 1996, the Company, after being approved by CSRC with 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. In November 2012, after the approval by China Securities Regulatory Commission with regulatory approval [2012] No. 1118, the Company privately issued 100,330,000 A shares. Subsequent to these issuances, the total number of shares issued by the Company amounted to 704,130,000.

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

### IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

#### 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 the February 15, in 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 2013, the Company’s and Group’s results of operations and cash flows for the first half of 2013.

#### 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. Original currency of foreign subsidiaries Hongkong Huaming Co., Limited, Hi-Tech Huanyu (International) Limited and China Hi-Tech (International) Limited is Hong Kong Dollar. Original currency of foreign subsidiaries CHTC Europe Holding B.V., Ginaf Trucks Nederland B.V. and JW-PROTTI MACCHZNE TESSILIS.R is Euro Dollar. The Group adopts RMB as the functional currency for the preparation of the financial statements.

**IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (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. 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, as well as costs incurred by the acquirer that are directly attributable to the business combination.

The cost of audit, legal services and assets appraisal intermediary costs and other administrative expenses incurred for business combination are charged to profit or loss in current period. The cost of issuing the equity securities and debt securities should recognize as the Initial recognized cost of equity securities and 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 recognized 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 recognizes the remaining difference immediately in profit or loss for the current period.

#### IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

##### 5. Business combination (continued)

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

- b. For a business combination achieved in stages that involves multiple exchange transactions
  - (a) In individual financial statement, investment cost should be calculated by amount of additional investment cost and the carrying amount of net asset value of equity being invested in the date of acquisition. Any other comprehensive income of equity being invested before the day of acquisition should be transferred to investment income on the day of disposal of investment, for example, fair value change on available-for-sale financial assets.
  - (b) In consolidated financial statement, equity investment before acquisition should be revalued in the day of acquisition and the difference between the fair value and book value should be transferred to investment income. Other comprehensive income for equity before acquisition should be also transferred to investment income.

##### 6. Preparation of consolidated financial statements

###### (1) *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.



**IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)**

**7. Cash and cash equivalents**

Cash comprises cash at bank and demand deposits.

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.

**8. Translation of foreign currency and financial statements denominated in foreign currencies**

**(1) Foreign currency transactions**

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 non-monetary 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 or shareholders' equity for the period.

**(2) The foreign operation translation of financial statements**

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.

**9. Recognition Standards and methods for provision for bad debts of receivables**

The Group assesses the receivables value at each balance sheet date. Provisions for impairment should be made if there are significant indicators of impairment on the financial assets. Significant indicators might include: (1) Significant financial difficulties of the debtor; (2) Debtors may go into liquidation or under other financial reorganization; and (3) Other significant indicator.

**(1) Providing for bad debts of receivables with significant single amounts**

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

The Group classifies receivables with amounts over 10million (including 10 million) as receivables with significant single amounts.

Provision-making method on individual receivables above significant level

The Group conducts independent impairment tests for receivables with significant single amounts. With regard to the receivables with insignificant single amounts, an independent impairment test may be carried out, or they may be included in a combination of receivables with similar credit risk features so as to carry out an impairment test. Receivables not impaired upon independent tests (including receivables with or without significant single amounts) 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.





IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Recognition Standards and methods for provision for bad debts of receivables (continued)

(2) *Providing for bad debts of receivables according to combination of receivables*

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

**IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)****10. Inventories****(1) Classification of Inventory**

Inventories of the Group mainly include raw materials, work-in-progress, finished goods, revolving materials, 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**

Valuation method: weighted average method.

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

**(3) The recognized criterion of net realizable value and 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, after taking 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 recognized. 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 practicably 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 recognized 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 in the current period; the reversal is limited to the amount of original written down.

**(4) Perpetual inventory system**

The perpetual inventory system is adopted by the Company for stock count.

**(5) Amortization method for low-value consumables and packaging materials**

Low-value consumables

Amortization method: One-off amortization method.

Packaging materials

Amortization method: One-off amortization method.

#### IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

##### 11. 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 cost of acquisition. 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, and 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 be declared but not yet paid or profits, the investing enterprises shall recognize the investee enterprise's cash dividends or profits declared as its return on the 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 in 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. 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. (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 recognized 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. (d) Loss of control of investment arising from disposal or other reason: In individual financial statement, accounting treatment for the amount of equity disposed should be recognized based on aforementioned section. Residual balance should be recognized as long-term equity investment or other financial assets. If residual balance can maintain control to long-term equity investment, the balance would be changed from cost method to equity method and recognized according to corresponding accounting standard. In consolidated financial statement, fair value of the amount of equity retained should be revalued at the date of loss of control. Result on disposal of equity should be recognized by the difference between consideration received and fair value of amount of equity retained, and share portion of net asset value of subsidiaries from the date of acquisition. Other comprehensive income for long-term equity investment should be transfer to investment income on the date of disposal.

**IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)****11. Long-term equity investment (continued)****(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) Impairments test and impairments provision method**

The Group reviews whether there are possibility for Indication of impairment at every balance sheet date, if it exist the indication, then the Group will revalue the recoverable amount. If the recoverable amount is lower the carrying amount, then the difference between recoverable amount and carrying amount will be provided for impairment of assets and will be transferred to profit or loss in the current period. Goodwill due to business combination will be test no matter if there is indication of impairment. The test will be together with the related asset portfolio or combination of asset portfolio. If the allocated goodwill in reasonable way to related asset portfolio lowers the carrying amount, the Group will recognize the provision for impairment of asset. The amount of provision should be firstly reduced the allocated goodwill to related asset portfolio, then according to the carrying amount of each assets proportion of portfolio except for the allotted goodwill reduce the carrying amount of each assets. Once an impairment loss on the above assets is recognized, it is not reversed in a subsequent period.

**12. Fixed assets****(1) The recognition of fixed assets**

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) The recognition and measurement of fixed assets with finance lease**

The fixed assets with finance lease are initially measured at lower of fair value and present value at finance lease date, and depreciated according to the depreciation policy of fixed assets. Conforming to random conditions below will be recognized the fixed assets with finance lease. 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 that 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.



## IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

## 12. Fixed assets (continued)

## (3) Depreciation of each category

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. The useful lives, estimated net residual values rates and annual depreciation rates of each class of fixed assets are as follows:

Classes	Useful lives	Estimated net residual values rates	Annual depreciation rates
Buildings and plants	9-50 years	5%	1.90%-10.56%
Machinery and equipment	5-22 years	5%	4.32%-19.00%
Electronic equipment	5-22 years	5%	4.32%-19.00%
Motor vehicles	5-14 years	5%	6.79%-19.00%

## (4) The impairment test and impairment provision for fixed assets

The Group reviews whether there is the probability of indication of impairment at each balance sheet date, if it exists, the Group will revalue the recoverable amount. If the recoverable amount lowers the carrying amount, the difference will be provided for impairment and transferred to profit or loss in the current period.

## 13. Construction in progress

## (1) The classification of construction in progress

The construction in progress are included the construction projects, installation project, installing equipment, technological transformation project, considerable repaired project and other projects.

## (2) The point of time and recognition of transfer to fixed assets

Cost of construction in progress is determined as the expenditure actually incurred for the construction, comprising all expenditure incurred for construction projects, capitalized 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) The impairment test and impairment provision for construction in progress

The Group reviews whether there is the probability of indication of impairment, if it exists, the Group will revalue the recoverable amount at each balance sheet date. If the recoverable amount lowers than the carrying amount, the difference will be provided for impairment and transferred to profit or loss in the current period.



**IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)**

**14. Intangible assets**

*(1) The measurement of intangible assets*

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) The useful life estimate of the definite 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.

The Group reviews the useful life and amortization method 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	50 years of land-use right

*(3) The principle of determine for 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. If the Group cannot establish the economic useful life of this intangible asset by using the above methods, this intangible asset is regarded as intangible asset with indefinite useful life.

*(4) The impairment provision for Intangible assets*

The Group reviews whether there is the probability of indication of impairment of Intangible assets, if it exists, the Group will revalue the recoverable amount at each balance sheet date. If the recoverable amount lowers than the carrying amount, the difference will be provided for impairment and transferred to profit or loss in the current period.

*(5) The standard of distinguishing research 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. The research phase is the planning survey and research for obtaining the new technology and knowledge. The development phase is applying the result of research or other knowledge to some plans or designs for producing new or substantial improvements materials, equipments, product etc. before production for commercial and using.

#### IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

##### 14. Intangible assets (continued)

###### (6) *The measurement for internal research and development*

Expenditure on the research phase is recognized in profit or 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;
- (5) Its ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

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

##### 15. Long-term prepaid expenses

Long-term prepaid expenses are recognized on actual incurred and amortized according to the straight-line method in the benefit period or stipulated amortized period. If the long-term prepaid expenses could not make the subsequent accounting years enjoy benefits, then the rest of them should transferred to profit or loss in the reporting period.

##### 16. Revenue

###### (1) *The point of time and recognition standards of revenue from sale of goods*

Revenue from sale of goods is recognized 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) *Transfer of assets ownership*

The amount of interest income is determined according to the length of time for which the Group's monetary funds are used by others and the effective interest rate.

Fee income is determined according to contracts charging time and charging methods.

#### IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

##### 16. Revenue (continued)

###### (3) *Recognition standards of rendering of services*

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction shall be recognized by reference to the stage of completion of the transaction at the end of the reporting period.

The outcome of a transaction can be estimated reliably when all the following conditions are satisfied: (a) The amount of revenue can be measured reliably; (b) It is probable that the economic benefits associated with the transaction will flow to the Group; (c) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and (d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognized only to the extent of the expenses recognized that are recoverable, and the costs incurred are recognized as an expense. When it is not probable that the costs incurred will be recovered, revenue is not recognized.

###### (4) *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.

##### 17. Government grants

###### (1) *The type of government grants*

Government grants are the transfer of monetary assets or non-monetary assets from the Government to the Group at no consideration, excluding capital contribution from the Government as an owner of the Group to the Group. Government grants are classified into government grants related to assets and government grants related to income. A government grant is recognized when the Group complies with the conditions attaching to the grant and when the Group is able to receive the grant.

###### (2) *The accounting treatment*

If a government grant is in the form of a transfer of a monetary asset, the item is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, the item is measured at fair value. If fair value is not reliably determinable, the item is measured at a nominal amount. A government grant measured at a nominal amount is recognized immediately in profit or loss for the current period.

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.

For the repayment of a government grant already recognized, if there is any related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognized in profit or loss for the current period; if there is no related deferred income, the repayment is recognized immediately in profit or loss for the current period.



#### IV. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

##### 18. Other major accounting policies, accounting estimates and the compilation of the financial statements.

In the process of applying of the Group's accounting policies, the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the uncertainty in certain operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The Group regularly reviews the aforesaid judgment, estimation and assumption on the basis of continuous operation. Where the changes in accounting estimation only impact the current period, the impact shall be recognized during the current period; where such changes impact both the current and future periods, the impact shall be confirmed during the current or future period when such changes occur.

Other accounting policies of the Group are consisted with the accounting policies disclosed in 2012 annual report.

#### V. TAXATION

##### 1. Main taxes and tax rates of the Company

Taxes	Tax basis	Tax rate
VAT	VAT payable is the balance of output VAT subtracting the deductible input tax. Output VAT is calculated at 17%,13%,6% and 4% halved of sales amount according to the tax law.	19%(Nederland), 17%, 13%, 6% and 4% halved
Business tax	The Group calculates and pays the business tax at 5% of the taxable income.	5%
Urban maintenance and construction tax	According to the different locations of the Companies, urban maintenance and construction tax should be calculated and paid at 7%, 5% and 1% of the turnover tax.	7%, 5%, 1%
Corporate income tax	Income tax should be calculated and paid according to the taxable income	25%, 24%, 16.5% (Hong Kong), 15%

##### *The executive tax rate of branches*

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 and identified as high-tech enterprises. Pursuant to the law of the PRC on Enterprise Income Tax promulgated on 16 March 2007 and the requirements of relevant policies, the enterprise income tax rate of 15% became effective since 1 January 2008.



## V. TAXATION (continued)

### 2. Tax incentives and official approval documents

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 2013.

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 2013.

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 2013.

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 2013.

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 2013.

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 2013.

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 2013.

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 2013.

## V. TAXATION (continued)

### 2. Tax incentives and official approval documents (continued)

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 2013.

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 2013.

Pursuant to the approval document No. GR201261000045 jointly issued by four government authorities including National Taxation Bureau of Shaanxi Province, Xianyang Jingwei Textile Machinery Company Limited (“Xianyang Textile”), a subsidiary of the Company, is designated as a new and hi-tech enterprise and enjoys the preferential income tax rate of 15% for 2013.

Pursuant to the approval document No. GF201121000037 jointly issued by four government authorities including National Taxation Bureau of Liaoning Province, Aushan Jingwei Haihong Agricultural Machinery Company Limited (“Aushan Haihong”), a subsidiary of the Company, is designated as a new and hi-tech enterprise and enjoys the preferential income tax rate of 15% for 2013.

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 [2008] No. 1, Shanghai Huayuan enjoyed the preferential tax of two avoid three halve and the year of 2012 do not subject to enterprise income tax.

Hong Kong Huaming Company Limited, a subsidiary of the Company, is registered in Hong Kong which is subject to 16.5% income tax rate.

Hi-Tech Huanyu (International) Limited, a subsidiary of the Company, and its subsidiary China Hi-Tech (International) Limited, is registered in Hong Kong which is subject to 16.5% income tax rate.

CHTC Europe Holding B.V. and Ginaf Trucks Nederland B.V., subsidiaries of Hi-Tech Huanyu (International) Limited, were registered in Netherland. 20% would be chargeable for first EUR200,000 tax income, and then the balance would be chargeable on 25%. Tax loss could be carry forward up to 9 years.

### 3. Other notes

All other subsidiaries are subjected to 25% income tax rate.

## VI. COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

### 1. Subsidiaries

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

*Unit: RMB*

Name of Subsidiaries	Type	Place of incorporation	Nature of business	Registered capital	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 interests' share in such subsidiary at beginning of year
Beijing Jingpeng Investment Management Company Limited	Limited Liability Company	Beijing	Investment management	100,000,000.00	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	T&M	40,000,000.00		98.5%	100%	Yes	89,600.27		
Beijing Jingwei Textile Machinery New Technology Company Limited	Limited Liability Company	Beijing	M&S	100,000,000.00	T&M	100,000,000.00		100%	100%	Yes		0.00	
Yichang Jingwei Textile Machinery Company Limited	Limited Liability Company	Yichang	M&S	20,000,000.00	T&M	20,000,000.00		100%	100%	Yes		0.00	
Tianjin Jingwei New Type Textile Machinery Company Limited	Limited Liability Company	Tianjin	M&S	16,000,000.00	T&M	16,000,000.00		100%	100%	Yes		0.00	
Shanghai Chuangan Trading Company Limited	Limited Liability Company	Shanghai	Sales	5,000,000.00	T&M	1,800,000.00		36%	66.67%	Yes	9,746,096.45		
Shanghai Weixin Electrical and Machinery Company Limited	Limited Liability Company	Shanghai	M&S	16,000,000.00	T&M	16,000,000.00		100%	100%	Yes		0.00	
Shanghai Jingwei Dongxing Blowing Carding Machinery Company Limited	Limited Liability Company	Shanghai	M&S	50,000,000.00	T&M	46,247,088.00		100%	100%	Yes		0.00	
Shanghai WSP Mould and Injection Plastic Company Limited	Limited Liability Company	Shanghai	M&S	5,256,800.00	T&M	2,628,410.50		50%	100%	Yes	5,484,782.19		
Jingwei Textile Machinery Yuci Material Company Limited	Limited Liability Company	Jimzhong	Sales	5,000,000.00	T&M	5,000,000.00		99.92%	100%	Yes		660.12	
Shanxi Jingwei Textile Machinery and Special Parts Company Limited	Limited Liability Company	Jimzhong	M&S	40,000,000.00	T&M	35,860,000.00		89.65%	89.65%	Yes	4,080,807.39		
Hongkong Huaming Co., Limited	Limited Liability Company	HongKong	Sales	USD7,700,000.00	T&M	7,700,000.00		100%	100%	Yes		0.00	
山西经纬精密机械製造有限公司	Limited Liability Company	Jimzhong	manufacturing of mould	25,000,000.00	T&M	17,200,000.00		68.8%	68.8%	Yes	4,592,281.63		

**VI. COMBINATIONS AND CONSOLIDATED 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	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 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	T&M	48,680,000.00		97.36%	97.36%	Yes	1,227,411.45		
Hubei Xinchufeng Automobile Company Limited	Limited Liability Company	Suizhou	Automobile manufacture	200,000,000.00	Automobile	150,000,000.00		75%	75%	Yes	37,290,051.32		
Hengtian Motor Vehicles Company Limited	Limited Liability Company	Suizhou	Automobile sales	50,000,000.00	Automobile	50,000,000.00		100%	100%	Yes	-20,505.65		
Beijing Zhongrong Dingxin Investment Management Company Limited	Limited Liability Company	Beijing	Equity investment	100,000,000.00	Equity Investment	100,000,000.00		100%	100%	Yes	0.00		
Shanghai Shenxin Machinery Technology Co., Ltd	Limited Liability Company	Shanghai	M&S	2,000,000.00	M&S	2,000,000.00		100%	100%	Yes	742,942.75		
Beijing Jimwei Huaqing Medical Technology Co., Ltd.	Limited Liability Company	Beijing	M&S	1,000,000.00	M&S	1,000,000.00		100%	100%	Yes	-344,050.84		
Yichang Jingwei Machinery Company Limited	Limited Liability Company	Yichang	M&S	80,000,000.00	M&S	78,927,593.34		100%	100%	Yes	0.00		
Hubei Hengtian Motor Co., Ltd	Limited Liability Company	Suizhou	Automobile sales	43,350,000.00	Automobile sales	26,130,000.00		60%	60%	Yes	17,394,536.19		
Jingwei Tsudakoma Textile Machinery (Xianyang) Co., Ltd.	Limited Liability Company	Xianyang	M&S	126,000,000.00	M&S	64,260,000.00		51%	51%	Yes	60,795,472.38		
道富基金管理有限公司	Limited Liability Company	Beijing	Investment management	300,000,000.00	Fund raising sales funds	153,000,000.00		51%	51%	Yes	120,174,186.72		
JW-PROTTIMACCHINE TESSILI S.R	Limited Liability Company			EUR250,000		1,638,820.00		80%	80%	Yes	200,907.92		

Other notes for the subsidiaries acquired or incorporated by the Group

**VI. COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**1. Subsidiaries (continued)**
**(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	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 interests' share in such subsidiary at beginning of year
Shenyang Hongda Textile Machinery Company Limited	Limited Liability Company	Shenyang	M&S	81,994,300.00	T&M	80,354,414.00		98%	98%	Yes	2,141,108.17		
Shanxi Jingwei Heli Machinery Manufacturing Company Limited	Limited Liability Company	Jinzhong	M&S	100,000,000.00	T&M	30,000,000.00		30%	71.43%	Yes	23,836,617.31		
Shanxi Jingwei Heli Supplementary Machinery Company Limited	Limited Liability Company	Jinzhong	M&S	1,260,000.00	T&M	1,260,000.00		100%	100%	Yes	0.00		
Shanxi Jingwei Heli Electronic Machinery Company Limited	Limited Liability Company	Jinzhong	M&S	250,000.00	T&M	250,000.00		100%	100%	Yes	0.00		
Shanxi Jingwei Heli General Machinery Company Limited	Limited Liability Company	Jinzhong	M&S	4,207,950.00	T&M	4,207,950.00		100%	100%	Yes	0.00		
Changde Textile Machinery Company Limited	Limited Liability Company	Changde	M&S	42,349,900.00	T&M	40,232,400.00		95%	95%	Yes	9,108,186.94		
Tianjin Hongda Textile Machinery Company Limited	Limited Liability Company	Tianjin	M&S	96,084,000.00	T&M	96,084,000.00		100%	100%	Yes	0.00		
Qingdao Hongda Textile Machinery Company Limited	Limited Liability Company	Qingdao	M&S	114,000,000.00	T&M	111,335,820.00		97.66%	97.66%	Yes	6,879,161.09		
Wuxi Jingwei Textile Technology Testing Company Limited	Limited Liability Company	Wuxi	M&S	49,530,000.00	Textile	49,530,000.00		100%	100%	Yes	0.00		
Wuxi Jingwei Textile Technology Sales Company Limited	Limited Liability Company	Wuxi	Sales	1,000,000.00	T&M	1,000,000.00		100%	100%	Yes	0.00		
Zhengzhou Hongda New Textile Machinery Company Limited	Limited Liability Company	Zhengzhou	M&S	74,500,000.00	T&M	73,010,000.00		98%	98%	Yes	1,690,227.78		

Other notes for the subsidiaries through a business combination involving enterprises under common control

**VI. COMBINATIONS AND CONSOLIDATED 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	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 and loss thereof	Amount of parent's interests offsetting current loss shared by minority 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	T&M	7,000,000.00		35%	51.25%	Yes	53,430,529.24		
Taiyuan Jingwei Electrical Company Limited	Limited Liability Company	Taiyuan	M&S	5,000,000.00	T&M	5,000,000.00		100%	100%	Yes	0.00		
Huangshi Jingwei Textile Machinery Company Limited	Limited Liability Company	Huangshi	M&S	32,000,000.00	T&M	10,800,000.00		45%	60%	Yes	3,517,099.40		
Anshan Jingwei Haihong Agricultural Machinery Company Limited	Limited Liability Company	Anshan	M&S	40,000,000.00	A&M	38,855,400.00		51%	51%	Yes	12,137,348.58		
Shanghai Huayuan Hyperthermia Technology Company Limited	Limited Liability Company	Shanghai	M&S	20,000,000.00	M&D	4,998,000.00		51%	51%	Yes	15,800,660.70		
Zhongrong International Trust Company Limited	Limited Liability Company	Harbin	Trust	1,600,000,000.00	Trust	2,063,145,321.62		37.47%	57.14%	Yes	4,100,696,690.70		
Jimzhong Jingwei Chemical Fiber Machinery Company Limited	Limited Liability Company	Jimzhong	M&S	31,000,000.00	T&M	23,300,000.00		65.48%	65.48%	Yes	11,296,212.47		
Hi-Tech Huanyu (International) Limited	Limited Liability Company	Hong Kong	Equity investment	HKD5,000,000.00	Equity investment	4,974,976.00		100%	100%	Yes	-81,784.02		
China Hi-Tech (International) Limited	Limited Liability Company	Hong Kong	Equity investment	HKD10,000.00	Equity investment	10,000.00		100%	100%	Yes	0.00		
CHTC Europe Holding B.V.	Limited Liability Company	Netherlands	Equity investment	EUR1,500,002.04	Equity investment	1,500,002.04		100%	100%	Yes	0.00		
Ginaf Trucks Nederland B.V.	Limited Liability Company	Netherlands	Automobiles sales	EUR2,000,000.00	Automobiles sale	2,000,000.00		100%	100%	Yes	0.00		
Jimzhong Jingwei Hengxin Machinery Fiber Company Limited	Limited Liability Company	Jimzhong	M&S	7,900,000.00	T&M	4,029,000.00		51%	51%	Yes	3,625,359.83		

Other notes for the subsidiaries acquired through a business combination not under common control



**VI. COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**2. Description of change in scope of consolidation**

**Description of change in scope of consolidated statements**

Compared with last year, there were two new entities included in the consolidation, which was due to during the year(period):

Zhongrong International Trust Co., Ltd., the subsidiary of the Company, invested RMB153,000,000 to incorporate SSGA Fund Management Co., Ltd. with 51% equity interest. SSGA Fund Management Co. is included in the scope of consolidation for the year.

During the reporting period, the Company invested Euro 200,000 to incorporate JW-PROTTI MACCHINE TESSILI S.R with 80% equity interest. JWPROTTIMACCHINE TESSILI S.R is included in the scope of consolidation for the year.

**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
道富基金管理有限公司	266,836,798.38	-33,163,201.62
JW-PROTTI MACCHINE TESSILI S.R	1,004,539.62	-1,009,428.67





## VI. COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4. 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. In the balance sheet, both assets and liabilities items are translated at the closing exchange rate of 0.7966. All equity items, except for retained earnings, are translated at the historical rate. The revenue and expenses are translated using the spot exchange rate or its approximation when the transaction occurred in the income statements. The translation difference has been recognised as exchange reserve in consolidation.

Hi-Tech Huanyu (International) Limited, a subsidiary of the Company, is registered in Hong Kong, PRC. In the balance sheet, both assets and liabilities items are translated at the closing exchange rate of 0.7966. All equity items, except for retained earnings, are translated at the historical rate. The revenue and expenses are 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.

China Hi-Tech (International) Limited, a subsidiary of Hi-Tech Huanyu (International) Limited and an indirect subsidiary of the Company, is registered in Hong Kong, PRC. In the balance sheet, both assets and liabilities items are translated at the closing exchange rate of 0.7966. All equity items, except for retained earnings, are translated at the historical rate. The revenue and expenses are 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.

CHTC Europe Holding B.V. and Ginaf Trucks Nederland B.V., subsidiaries of Hi-Tech Huanyu (International) Limited and an indirect subsidiary of the Company, is registered in Netherland. In the balance sheet, both assets and liabilities items are translated at the closing exchange rate of 8.0536. All equity items, except for retained earnings, are translated at the historical rate. The revenue and expenses are 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.

JW-PROTTI MACCHINE TESSILI S.R, a subsidiary of the Company, is registered in Italy. In the balance sheet, both assets and liabilities items are translated at the closing exchange rate of 8.0536. All equity items, except for retained earnings, are translated at the historical rate. The revenue and expenses are 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.



## VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Currency funds

Unit: RMB

Item	At end of period			At beginning of period		
	Original currency	Exchange rate	RMB equivalent	Original currency	Exchange rate	RMB equivalent
Cash:	-	-	673,490.48	-	-	958,851.87
RMB	-	-	599,555.50	-	-	826,985.03
Cash-USD	2,154.00	617.87%	13,308.92	5,754.00	628.55%	36,166.77
Cash-HKD	31,850.00	79.66%	25,371.71	31,850.00	81.08%	25,823.98
Cash-Euro	186.78	805.36%	1,504.25	3,776.78	831.76%	31,413.75
Cash-JPY	375,192.01	6.26%	23,487.02	375,401.78	7.3%	27,404.33
Cash-GBP	1,050.00	942.13%	9,892.37	1,050.00	1,016.11%	10,669.16
Cash-CHF	57.00	650.34%	370.71	57.00	682.19%	388.85
Cash at bank:	-	-	8,140,198,726.16	-	-	6,440,035,225.72
RMB	-	-	7,959,511,788.84	-	-	6,417,357,372.74
Cash at bank-USD	3,152,121.01	617.87%	19,476,010.05	3,071,001.72	628.55%	19,302,781.28
Cash at bank-HKD	185,434,812.33	79.66%	147,717,371.50	771,780.37	81.08%	625,759.52
Cash at bank-Euro	1,602,587.29	805.36%	12,906,596.99	220,590.90	831.76%	1,834,786.86
Cash at bank-CHF	90,254.14	650.34%	586,958.78	134,057.27	682.19%	914,525.32
Other cash and bank balances:	-	-	182,213,812.05	-	-	107,745,930.46
RMB	-	-	176,697,235.66	-	-	107,743,840.85
Other cash and bank balances-USD	892,728.48	617.87%	5,515,901.49	-	-	-
Other cash and bank balances-HKD	847.23	79.66%	674.90	2,577.22	81.08%	2,089.61
Total	-	-	<u>8,323,086,028.69</u>	-	-	<u>6,548,740,008.05</u>

At the balance sheet date, pledged deposit amounted to RMB 181,995,065.41, which was used as security deposit.

## 2. Held-for-trading financial assets

## (1) Held-for-trading financial assets

Unit: RMB

Item	Fair value at end of period	Fair value at beginning of period
Held-for-trading securities	<u>227,924,014.33</u>	<u>276,665,724.16</u>
Total	<u>227,924,014.33</u>	<u>276,665,724.16</u>



## VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 3. Bills receivable

## (1) By categories

Unit: RMB

Category	At end of period	At beginning of period
Bank acceptance bills	1,340,652,754.17	1,330,747,049.14
Commercial acceptance bills	16,940,358.00	45,850,000.00
Total	<u>1,357,593,112.17</u>	<u>1,376,597,049.14</u>

## (2) Pledged bills receivable at the balance sheet date

Unit: RMB

Name of Drawer	Date of issue	Due date	Balance	Remark
Junma Tyre Cord Company Ltd.	May 30, 2013	November 30, 2013	8,250,000.00	
Far Eastern Leasing Company Limited	March 21, 2013	September 21, 2013	6,741,000.00	
Far Eastern Leasing Company Limited	January 29, 2013	July 29, 2013	6,741,000.00	
Fujian Strait Textile Technology Co., Ltd.	March 28, 2013	September 28, 2013	6,000,000.00	
諸暨夢麗特針織品有限公司	February 17, 2013	August 16, 2013	4,154,200.00	
Others			66,372,600.00	
Total	—	—	<u>98,258,800.00</u>	—

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

Unit: RMB

Name of Drawer	Date of issue	Due date	Balance	Remark
湖北力達紡織有限公司	April 8, 2013	October 8, 2013	12,936,000.00	Bank acceptance bill
Jingwei Textile Machinery Company Limited	April 8, 2013	October 8, 2013	12,700,000.00	Bank acceptance bill
Jingwei Textile Machinery Company Limited	May 9, 2013	November 9, 2013	11,000,000.00	Bank acceptance bill
Shandong Gaomi Dachang Co., Ltd.	June 5, 2013	December 5, 2013	10,000,000.00	Bank acceptance bill
Jingwei Textile Machinery Company Limited	April 8, 2013	October 8, 2013	10,000,000.00	Bank acceptance bill
Others			777,042,125.90	Bank acceptance bill
Total	—	—	<u>833,678,125.90</u>	—



## VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 4. Dividend receivables

Unit: RMB

Item	At beginning of period	Increase	Decrease	At end of period	Reason for non-settlement	Impairment
Dividend receivables less than 1 year of which:	7,385,494.00			7,385,494.00		
China Texmatech Company Limited	785,494.00			785,494.00		
Jingwei Machinery (Group) Company Limited	1,600,000.00			1,600,000.00		
Beijing Hang Tang Wealth Investment Management Company Limited	5,000,000.00			5,000,000.00		
Dividend receivables more than 1 year of which:	2,880,000.00			2,880,000.00		
Total	<u>10,265,494.00</u>	<u>-</u>	<u>-</u>	<u>10,265,494.00</u>		

## 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	177,385,546.09	20.07%	216,292.06	0.12%	20,168,810.80	2.75%	274,600.82	1.36%
Aggregate balance under assessment of impairment by category	697,977,872.30	78.99%	28,120,197.37	4.03%	704,472,538.82	96%	32,685,164.78	4.64%
Subtotal	697,977,872.30	78.99%	28,120,197.37	4.03%	704,472,538.82	96%	32,685,164.78	4.64%
Insignificant balance under assessment of impairment individually	8,300,120.83	0.94%	3,909,068.62	47.1%	9,189,842.57	1.25%	2,101,384.13	22.87%
Total	<u>883,663,539.22</u>	-	<u>32,245,558.05</u>	-	<u>733,831,192.19</u>	-	<u>35,061,149.73</u>	-

Explanation of categories of accounts receivable

**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**5. Accounts receivable (continued)**
**(1) By categories (continued)**
**Significant balance under assessment of impairment individually**
*Unit: RMB*

Particulars	Carrying value	Bad debt provision	Provision ratio (%)	Reasons
China Texmatech Company Limited	177,385,546.09	216,292.06	0.12%	
Total	<u>177,385,546.09</u>	<u>216,292.06</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			Carrying value		
	Amount	Ratio (%)		Amount	Ratio (%)	
Less than 1 year						
Of which:	-	-	-	-	-	-
	644,413,816.46	92.33%		639,186,118.07	90.74%	
Subtotal	644,413,816.46	92.33%		639,186,118.07	90.74%	
1-2 years	25,560,270.01	3.66%	5,112,054.00	34,184,182.29	4.85%	6,836,836.45
2-3 years	9,991,284.94	1.43%	4,995,642.48	10,507,820.32	1.49%	5,253,910.19
Over 3 years	18,012,500.89	2.58%	18,012,500.89	20,594,418.14	2.92%	20,594,418.14
Over 5 years						32,685,164.78
Total	<u>697,977,872.30</u>	-	<u>28,120,197.37</u>	<u>704,472,538.82</u>	-	<u>32,685,164.78</u>

**Insignificant balance under assessment of impairment individually**
*Unit: RMB*

Particulars	Carrying value	Bad debt provision	Provision ratio (%)	Reasons
Jinan Distribution of Tianjin Textile Machinery Factory	694,547.24		0%	
Taifeng Textile Group Company Limited	457,122.04		0%	
Chuzhou Dream Home Textile Company Limited	424,540.00	90,000.00	21.2%	
Hunan Yunjin Group Co., Ltd.	400,000.00	80,000.00	20%	
Xinjiang Xie Li Textile Share Co., Ltd.	140,328.51	40,164.26	28.62%	
Others	6,183,583.04	3,698,904.36	59.82%	
Total	<u>8,300,120.83</u>	<u>3,909,068.62</u>	-	-



## VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 5. Accounts receivable (continued)

## (2) Accounts receivables for which bad debt had been provided in previous periods and recovered during the reporting period

Unit:RMB

Particulars	Reason for recovery	Reason of provision of bad debt provided in previous periods	Accumulated impairment amount	Recovered amount
福建省永泰縣美爾奇紡織有限公司	Balance Collected	According to the accounting policy	23,057.70	23,057.70
山東濱州環宇紡織集團有限責任公司	Balance Collected	According to the accounting policy	18,303.79	18,303.79
陝西龍源佳泰電器設備有限公司	Balance Collected	According to the accounting policy	10,515.00	10,515.00
Xianyang Juli Petroleum Machineries Manufacture Co., Ltd.	Balance Collected	According to the accounting policy	16,024.43	16,024.43
Others			61,980.03	61,980.03
Total	-	-	<u>129,880.95</u>	-

## (3) Accounts receivable written-off during the reporting period

Unit:RMB

Name	Nature	Date of written-off	Amount	Reasons	Connected transaction or not
OERLION TEXTILE COMPONENTS GMBH	Loan		233,602.04		No
晉江聚興紡織機械工業有限公司	Loan		165,000.00		No
尉氏縣久龍橡塑集團有限公司	Loan		80,140.00		No
Others	Loan		<u>2,561,795.24</u>		
Total	-	-	<u>3,040,537.28</u>	-	-

**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**
**5. Accounts receivable (continued)**

(4) *Accounts receivable include any balance due from shareholders hold 5% or more equity interest in the Company*

*Unit:RMB*

Name of company	At end of period		At beginning of period	
	Balance	Provision for bad debt	Balance	Provision for bad debt
China Hengtian Group Company Limited	63,998.00		63,998.00	
Total	<u>63,998.00</u>	<u>0.00</u>	<u>63,998.00</u>	

(5) *Top five accounts receivable outstanding are as follows*

*Unit:RMB*

Name of Company	Relationship with the Group	Balance	Aging	Proportion
China Texmatech Company Limited	Associate	177,385,546.09	Less than 1 year	20.07%
China Harzone Industry Corp., Ltd.	Third party	63,750,000.00	Less than 1 year	7.21%
Xinjiang Jinyu Textile Company Limited	Third party	55,197,263.53	Less than 1 year	6.25%
Jingwei Machinery (Group) Company Limited	Associate	40,295,657.78	Less than 1 year	4.56%
圖木舒克市前海棉紡織有限責任公司	Third party	24,768,986.20	Less than 1 year	2.8%
Total	-	<u>361,397,453.60</u>	-	<u>40.89%</u>



## VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 5. Accounts receivable (continued)

## (6) The situation of accounts receivable from related parties

Unit: RMB

Name of Company	Relationship with the Group	Balance	Proportion
China Hengtian Group Company Limited	Actual controller	63,998.00	0.01%
Shandong Helon Polytex Chemical Fibre Co., Ltd.	Company controlled by the same actual controller	589,169.50	0.07%
China Textile Machinery Industry Corporation Sales Technology Service Company	Company controlled by the same parent company	140,641.73	0.02%
Handan Hongda Chemical Fiber Machinery Company Limited	Company controlled by the same actual controller	443,622.95	0.05%
CHTC Heavy Industry Company Limited	Company controlled by the same actual controller	2,682,563.15	0.3%
Hengyang Textile Machinery Company Limited	Company controlled by the same actual controller	295,034.82	0.03%
Jiang Xi KAIMA BAILUJIA bus co., LTD	Company controlled by the same actual controller	2,300,000.00	0.26%
Lixinmen Fushi Textile Machinery (Shenzhen) Company Limited	Company controlled by the same actual controller	2,453.43	0%
Shaoyang Textile Machinery Company Limited	Company controlled by the same actual controller	34,268.80	0%
China Textile Industrial Corporation for Foreign Economic and Technical Cooperation	Company controlled by the same actual controller	1,631,706.03	0.18%
China Texmatech Company Limited	Associate	177,385,546.09	20.07%
Jingwei Machinery (Group) Company Limited	Associate	40,295,657.78	4.56%
Jingwei Machinery (Group) General Machinery Company Limited	Associate	46,444.03	0.01%
Qingdao Textile Machinery Manufacturing Company Limited	Under control or influence of key personnel	1,399,238.22	0.16%
Shenyang Textile Machinery Manufacturing Company Limited	Under control or influence of key personnel	29,946.01	0%
Shenyang Textile Machinery Company Limited Textile Machinery Branch	Under control or influence of key personnel	3,505.44	0%
Tianjin Tianfangji Textile Machinery Parts Distribution Company Limited	Under control or influence of key personnel	30,383.74	0%
Total	—	<u>227,374,179.72</u>	<u>25.72%</u>



**Notes to the Financial Statements**  
**For the six months ended 30 June 2013**  
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**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**6. Other receivables**

**(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	101,368,561.91	29.35%			113,368,561.91	38.42%		
Aggregate balance under assessment of impairment by category of:	228,926,062.76	66.28%	5,938,387.92	2.59%	134,477,981.51	45.58%	6,250,067.11	4.65%
Subtotal	228,926,062.76	66.28%	5,938,387.92	2.59%	134,477,981.51	45.58%	6,250,067.11	4.65%
Insignificant balance under assessment of impairment individually	15,097,414.93	4.37%	989,616.35	6.55%	47,214,703.52	16%	4,860,496.14	10.29%
<b>Total</b>	<b>345,392,039.60</b>	<b>-</b>	<b>6,928,004.27</b>	<b>-</b>	<b>295,061,246.94</b>	<b>-</b>	<b>11,110,563.25</b>	<b>-</b>

Explanation of categories of other receivables

**Significant balance under assessment of impairment individually**

*Unit: RMB*

Category	Amount	Provision for bad debt	Proportion	Provision grounds
Beijing Guanghe Realty Company Limited	58,000,000.00			
The Anhui Huamao Jingwei New Textile Company Limited	24,168,561.91			
Beijing Liangyou Investment Management Company Limited	19,200,000.00			
<b>Total</b>	<b>101,368,561.91</b>	<b>-</b>	<b>-</b>	

**Aging analysis on a portfolio of other receivables is as follows:**

*Unit: RMB*

Aging	At end of period		Bad debt Provision	At beginning of period		Bad debt Provision
	Amount	Ratio (%)		Amount	Ratio (%)	
Less than 1 year	215,864,255.66	94.29%		121,314,185.46	90.21%	
Of which:						
Sub-total of less than 1 year	215,864,255.66	94.29%		121,314,185.46	90.21%	
1-2 years	8,350,407.76	3.65%	1,670,081.55	8,202,224.70	6.1%	1,640,444.94
2-3 years	886,185.95	0.39%	443,092.98	703,898.37	0.52%	351,949.19
Over 3 years	3,825,213.39	1.67%	3,825,213.39	4,257,672.98	3.17%	4,257,672.98
<b>Total</b>	<b>228,926,062.76</b>	<b>-</b>	<b>5,938,387.92</b>	<b>134,477,981.51</b>	<b>-</b>	<b>6,250,067.11</b>



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

**6. Other receivables (continued)**

**(1) By categories (continued)**

**Insignificant balance under assessment of impairment individually:**

*Unit: RMB*

Category	Amount	Provision for bad debt	Proportion(%)	Provision grounds
Xianyang construction labor fund coordination office	1,161,200.00		0%	
Housing reform refund	468,542.06	468,542.06	100%	
Reserve fund	435,474.00		0%	
Aviation Industry of China Corporation 613 Research Institute	291,000.00	291,000.00	100%	
Guarantee deposit	438,000.00		0%	
Others	12,303,198.87	230,074.29	1.87%	
<b>Total</b>	<b>15,097,414.93</b>	<b>989,616.35</b>	<b>-</b>	<b>-</b>

**(2) Other receivables written-off:**

*Unit: RMB*

Name	Nature	Date of written-off	Amount	Reasons	Connected transaction or not
長治惠豐機械廠			309,000.00	Uncollectible	No
肖山紡織器材供應站			171,415.60	Uncollectible	No
榆次市長凝塗河魚場			112,260.00	Uncollectible	No
Others			3,541,553.38	Uncollectible	No
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,134,228.98</b>	<b>-</b>	<b>-</b>

**Notes to the Financial Statements**  
**For the six months ended 30 June 2013**  
 (All amounts are stated in RMB Yuan unless otherwise stated)

**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**6. Other receivables (continued)**

**(3) Top five other receivables outstanding are as follows:**

*Unit: RMB*

Name	Relationship with the Group	Amount	Aging	Proportion
Beijing Guanghe Realty Company Limited	Third party	58,000,000.00	1-2 years	16.79%
Beijing Bohong Real Estate Company Limited	Company controlled by the same actual controller	41,160,000.00	Less than 1 year	11.92%
The Anhui Huamao Jingwei New Textile Company Limited	Associate	24,168,561.91	Over 3 years	7%
DURABUS D.O.O.	Third party	22,880,360.08	Less than 1 year	6.62%
Beijing Liangyou Investment Management Company Limited	Third party	19,200,000.00	Over 3 years	5.56%
Total	-	<u>165,408,921.99</u>	-	<u>47.89%</u>

**(4) Other receivables from related parties**

*Unit: RMB*

Name of company	Relationship with the Group	Balance	Proportion
Beijing Bohong Real Estate Company Limited	Company controlled by the same actual controller	41,160,000.00	11.92%
Xianyang Jingwei Textile Machinery Company Limited	Associate	4,146,544.04	1.2%
The Anhui Huamao Jingwei New Textile Company Limited	Associate	24,168,561.91	7%
Total	-	<u>69,475,105.95</u>	<u>20.12%</u>

**7. Prepayments**

**(1) Aging analysis**

*Unit: RMB*

Aging	At end of period		At beginning of period	
	Balance	Proportion	Balance	Proportion
Less than 1 year	462,986,985.63	70.18%	378,858,991.57	81.8%
1-2 years	126,005,445.96	19.1%	25,300,802.04	5.46%
2-3 years	49,846,076.60	7.56%	46,252,268.92	9.99%
Over 3 years	20,869,156.32	3.16%	12,761,613.68	2.76%
Total	<u>659,707,664.51</u>	-	<u>463,173,676.21</u>	-

**Notes to the Financial Statements**  
**For the six months ended 30 June 2013**  
 (All amounts are stated in RMB Yuan unless otherwise stated)

**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**7. Prepayments (continued)**

**(2) Top five prepayments are as follow:**

*Unit: RMB*

Name of company	Relationship with the Group	Balance	Time	Reason for non-settlement
石河子天盛實業有限公司	Third party	58,944,609.59		Advance payment for goods
China National Technical Import and Export Corporation	Third party	56,769,436.00		Advance payment for goods
Xinjiang Tiansheng Industrial Company Limited	Third party	52,375,016.55		Advance payment for goods
Tianjin Textile Machinery Manufacturing Co., Ltd	Under control or influence of key personnel	50,905,687.67		Advance payment for goods
Hengtian Heavy Industries Company Limited	Company controlled by the same actual controller	46,412,717.27		Advance payment for goods
Total	-	<u>265,407,467.08</u>	-	-

**8. Inventories**

**(1) By categories**

*Unit: RMB*

Category	Book value	At end of period Inventories		At beginning of period Inventories		
		Provision	Carrying value	Book value	Provision	Carrying value
Raw materials	469,693,641.83	26,091,586.12	443,602,055.71	467,324,226.32	26,621,802.71	440,702,423.61
Work-in-progress	516,946,450.48	30,586,217.41	486,360,233.07	551,933,858.16	30,708,660.76	521,225,197.40
Finished goods	648,183,526.97	48,690,517.79	599,493,009.18	571,964,094.66	52,210,828.76	519,753,265.90
Revolving materials	71,362,410.92	1,292,079.49	70,070,331.43	4,192,397.89	1,292,079.49	2,900,318.40
Total	<u>1,706,186,030.20</u>	<u>106,660,400.81</u>	<u>1,599,525,629.39</u>	<u>1,595,414,577.03</u>	<u>110,833,371.72</u>	<u>1,484,581,205.31</u>

**(2) Accumulated inventories write-down**

*Unit: RMB*

Category	At beginning of period	Provision	Decrease		At end of period
			Reverse	Written-down	
Raw materials	26,621,802.71	170,259.84	450,259.84	250,216.59	26,091,586.12
Work-in-progress	30,708,660.76	77,556.65	200,000.00	0.00	30,586,217.41
Finished goods	52,210,828.76	475,986.67	814,466.97	3,181,830.67	48,690,517.79
Revolving materials	1,292,079.49				1,292,079.49
Total	<u>110,833,371.72</u>	<u>723,803.16</u>	<u>1,464,726.81</u>	<u>3,432,047.26</u>	<u>106,660,400.81</u>

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

**9. Other current assets**

*Unit: RMB*

Categories	At end of period	At beginning of period
Prepaid income tax	329,774.69	537,168.49
Total	<u>329,774.69</u>	<u>537,168.49</u>

**10. Available-for-sale financial assets**

**(1) Available-for-sale financial assets**

*Unit: RMB*

Category	Fair value at end of period	Fair value at beginning of period
Available for sale debentures	29,605,350.00	29,605,350.00
Available for sale equity instruments	355,003,126.82	541,247,029.82
Total	<u>384,608,476.82</u>	<u>570,852,379.82</u>

**(2) Long-term debt investments of available for sale financial assets**

*Unit: RMB*

Bond project	Bond type	Par value	Investment cost	Due date	Beginning Balance	Interest	Accumulated interest	Ending balance
09 Mianyang commercial bond	Financial bonds	30,000,000.00	27,804,060.00	28-DEC-2019	29,605,350.00			29,605,350.00
Total	-	<u>-</u>	<u>27,804,060.00</u>	-	<u>29,605,350.00</u>			<u>29,605,350.00</u>

**11. Investments to joint ventures and associates**

*Unit: RMB*

Name of Investee	Percentage of shareholding (%)	Percentage of voting right held (%)	Total assets	Total liabilities	Total net assets	Total operating revenues	Net profit
(1) joint ventures							
(2) associates							
Shenzhen Huarong Equity Investment and Fund Management Company Limited	49%	49%	13,019,559.87		13,019,559.87		6,469.18
China Texmatech Company Limited	25%	25%	1,891,593,621.68	1,612,298,039.65	279,295,582.03	2,053,449,343.58	12,288,762.10
Hongda Research Company Limited	40%	40%	91,084,959.83	71,277,410.78	19,807,549.05	15,226,082.61	-10,323,844.34
Jingwei Machinery (Group) Company Limited	18.83%	18.83%	769,802,509.58	717,749,512.18	52,052,997.40	122,657,005.65	-10,246,725.71
Beijing Hang Tang Wealth Investment Management Company Limited	20%	20%	288,107,020.56	104,907,985.42	183,199,035.14	457,610,797.24	58,484,017.48
Anhui Huamao Jingwei New Type Textile Company Limited	25%	25%	310,358,216.44	323,032,979.13	-12,674,762.69	139,328,182.09	-8,327,577.53
Xianyang Jingwei Machinery Manufacture Company Limited	25%	25%	108,781,687.05	94,639,441.43	14,142,245.62	105,000.00	-2,433,339.96
Xinhu Wealth Company Limited	23.08%	23.08%	189,219,352.53	99,617,409.38	89,601,943.15	342,649,587.55	4,442,525.49
Suizhou Jinafu Engineering and Machinery Services Company Limited	40%	40%	6,965,491.00	0.00	6,965,491.00		



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

**12. Long-term equity investment**

**(1) By details**

*Unit: RMB*

Name of Investee	Accounting	Investment cost	At beginning of period	Changes	At end of period	Proportion of ownership held by the Group	Proportion of voting rights held by the Group (%)	Inconsistency between these two items	Impairment provision	Impairment provision of the current period	Cash dividends
Jianghai Securities Company Limited	By cost	28,673,400.00	28,673,400.00		28,673,400.00	2.1%	2.1%				
China Aviation Investment Holdings Co., Ltd	By cost	3,390,947.82	3,390,947.82		3,390,947.82	0.44%	0.44%		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%				
Qingdao Textile Machinery Manufacturing Company Limited	By cost	15,802,027.04	15,802,027.04		15,802,027.04	17%	17%				
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%				
The Wuxi Guochuang Investment Management Company Limited	By cost	980,000.00	980,000.00		980,000.00	0.49%	0.49%				
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	6,376,414.36	3,169.90	6,379,584.26	49%	49%				
China Texmatech Company Limited	By equity	30,000,000.00	57,875,797.98	3,072,190.52	60,947,988.50	25%	25%				
Hongda Research Company Limited	By equity	20,000,000.00	12,052,557.35	-4,129,537.73	7,923,019.62	40%	40%				
Jingwei Machinery (Group) Company Limited	By equity	8,000,000.00	11,351,892.22	-1,929,458.45	9,422,433.77	18.83%	18.83%				
Beijing Hang Tang Wealth Investment Management Company Limited	By equity	10,000,000.00	24,519,984.91	11,696,803.50	36,216,788.41	20%	20%				
Anhui Huamao Jingwei New Type Textile Company Limited	By equity	11,344,404.85				25%	25%				
Xianyang Jingwei Machinery Manufacture Company Limited	By equity	27,453,333.33	26,371,964.29	-608,334.99	25,763,629.30	25%	25%				
Xinhu Wealth Company Limited	By equity	15,000,000.00	13,327,822.06	1,027,030.45	14,354,852.51	23.08%	23.08%				
Suizhou Jinafu Engineering and Machinery Services Company Limited	By equity	6,000,000.00		6,000,000.00	6,000,000.00	40%	40%				
<b>Total</b>	-	<u>223,397,251.92</u>	<u>242,575,946.91</u>	<u>15,131,863.20</u>	<u>257,707,810.11</u>	-	-	-	<u>24,571,703.11</u>		

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

**13. Fixed Assets**

**(1) Listed by details**

*Unit: RMB*

Item	At beginning of period	Increase	Decrease	At end of period	
1. Cost	3,195,029,414.21	51,228,784.05	38,283,432.69	3,207,974,765.57	
Building and plant	1,352,826,726.02	13,581,546.87	1,375,572.10	1,365,032,700.79	
Machinery and equipment	1,696,456,158.82	32,874,156.77	34,312,390.82	1,695,017,924.77	
Motor vehicle	145,746,529.37	4,773,080.41	2,595,469.77	147,924,140.01	
	At beginning of period	Increase	Provision	Decrease	At end of period
2. Accumulated depreciation	1,521,895,512.96	71,624,092.04	28,967,195.83	1,564,552,409.17	
Building and plant	370,509,810.63	20,120,622.59	493,862.51	390,136,570.71	
Machinery and equipment	1,074,185,531.90	44,872,424.33	26,571,291.73	1,092,486,664.50	
Motor vehicle	77,200,170.43	6,631,045.12	1,902,041.59	81,929,173.96	
	At beginning of period	Increase	Provision	Decrease	At end of period
3. Net book value	1,673,133,901.25				1,643,422,356.40
Building and plant	982,316,915.39				974,896,130.08
Machinery and equipment	622,270,626.92				602,531,260.27
Motor vehicle	68,546,358.94				65,994,966.05
4. Accumulated provision for impairment	14,952,266.47				14,528,125.64
Building and plant	1,155,327.60				1,124,077.80
Machinery and equipment	13,725,989.54				13,333,098.51
Motor vehicle	70,949.33				70,949.33
5. Net book value	1,658,181,634.78				1,628,894,230.76
Building and plant	981,161,587.79				973,772,052.28
Machinery and equipment	608,544,637.38				589,198,161.76
Motor vehicle	68,475,409.61				65,924,016.72

The depreciation expense of this period was RMB71,624,092.04 and the fixed assets transferred from construction in progress was RMB32,105,536.98.

**(2) Temporarily idle fixed assets**

*Unit: RMB*

Item	Cost	Accumulated depreciation	Impairment provision	Net book value	Notes
Machinery and equipment	<u>2,179,982.91</u>	<u>1,217,420.78</u>	<u>0.00</u>	<u>962,562.13</u>	

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**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**13. Fixed Assets (continued)**

**(3) Fixed assets leased under operating leases**

*Unit: RMB*

Item	Book value at end of period
Building and plant	14,025,809.64
Machinery and equipment	15,764,250.59
Motor vehicle	1,358,439.57

**14. Construction in progress**

**(1) Listed by details**

*Unit: RMB*

Item	At end of period			At beginning of period		
	Book value	Impairment provision	Carrying value	Book value	Impairment provision	Carrying value
New plant in Tianjin industry zone	126,059,964.53		126,059,964.53	113,885,168.22		113,885,168.22
Jingwei new plant project in Xianyang	55,577,798.07		55,577,798.07	39,800,833.13		39,800,833.13
Changde Textile New Plant Project	30,866,237.90		30,866,237.90	22,281,745.25		22,281,745.25
Qingdao Hongda Laoshan the Second Phase of the Project				12,375,484.96		12,375,484.96
Yichang Xiaoting New Plant Construction Project	47,355,755.00		47,355,755.00	35,860,355.00		35,860,355.00
Others	70,338,620.00		70,338,620.00	44,374,819.35		44,374,819.35
Total	330,198,375.50		330,198,375.50	268,578,405.91		268,578,405.91

**(2) Movements on significant construction in progress**

*Unit: RMB*

Item	Budget	At beginning of period	Additions	Transferred into fixed assets	Other reduction	construction investment in budget (%)	Proportion of Progress	Total amount of interest capitalized	Amount of interest capitalized of this period	Rate of Capitalization (%)	Funding	At end of period
New plant in Tianjin industry zone	237,510,000.00	113,885,168.22	12,404,396.31	229,600.00			99%	23,820,788.18	3,175,263.81		Self-raised funds, loans	126,059,964.53
Jingwei new plant project in Xianyang	121,000,000.00	39,800,833.13	15,780,603.68		3,638.74	84%	90%	3,214,767.11	3,214,767.11	6%	Self-raised funds	55,577,798.07
Changde Textile New Plant Project	100,000,000.00	22,281,745.25	8,584,492.65								Self-raised funds	30,866,237.90
Qingdao Hongda Laoshan the Second Phase of the Project	130,000,000.00	12,375,484.96		12,375,484.96							Self-raised funds	0.00
Yichang Xiaoting New Plant Construction Project	100,000,000.00	35,860,355.00	11,495,400.00								Self-raised funds	47,355,755.00
Others		44,374,819.35	45,600,831.05	19,500,452.02	136,578.38			126,193.33	126,193.33		Self-raised funds	70,338,620.00
Total	688,510,000.00	268,578,405.91	93,865,723.69	32,105,536.98	140,217.12	-	-	27,161,748.62	6,516,224.25	-	-	330,198,375.50



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**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**15. Intangible assets**

*(1) Listed by details*

*Unit: RMB*

Item	At beginning of period	Increase	Decrease	At end of period
1. Cost	616,598,874.74	9,343,121.77	462,065.68	625,479,930.83
Land use rights	529,525,912.03			529,525,912.03
Computer software	41,605,046.54	9,343,121.77		50,948,168.31
Patents	22,515,818.60			22,515,818.60
Non-patented technology	20,682,384.57		462,065.68	20,220,318.89
Others	2,269,713.00			2,269,713.00
2. Accumulated amortization	110,361,463.46	11,866,426.02	0.00	122,227,889.48
Land use rights	75,366,945.46	5,551,413.56		80,918,359.02
Computer software	15,656,855.90	4,279,347.47		19,936,203.37
Patents	13,263,763.31	1,691,141.09		14,954,904.40
Non-patented technology	4,485,100.11	231,038.28		4,716,138.39
Others	1,588,798.68	113,485.62		1,702,284.30
3. Net book value	506,237,411.28	-2,523,304.25	462,065.68	503,252,041.35
Land use rights	454,158,966.57	-5,551,413.56	0.00	448,607,553.01
Computer software	25,948,190.64	5,063,774.30	0.00	31,011,964.94
Patents	9,252,055.29	-1,691,141.09	0.00	7,560,914.20
Non-patented technology	16,197,284.46	-231,038.28	462,065.68	15,504,180.50
Others	680,914.32	-113,485.62	0.00	567,428.70

Amortization for the period amounted to RMB11,866,426.02.

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

**16. Goodwill**

*Unit: RMB*

Name of investee	At beginning of period	Increase	Decrease	At end of period	Provision for impairment
Wuxi Hongda Textile Machinery and Special Parts Company Limited	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 Fiber Machinery Company Limited	2,475,698.35			2,475,698.35	
Jinzhong Jingwei Hengxin Machinery Co., Ltd.	556,468.53			556,468.53	
Total	<u>844,306,425.04</u>			<u>844,306,425.04</u>	

**17. Long-term prepaid expenses**

*Unit: RMB*

Item	At beginning of period	Increase	Decrease	Other reductions	At end of period	Other reasons for reductions
Leasehold improvements expenses on operating leases of fixed assets	25,390,441.34	3,029,212.56	5,857,548.76		22,562,105.14	
Expenses on product announcements and customer resources	7,670,000.00		664,800.00		7,005,200.00	
Total	<u>33,060,441.34</u>	<u>3,029,212.56</u>	<u>6,522,348.76</u>		<u>29,567,305.14</u>	-

**18. Deferred tax assets and deferred tax liabilities**

***Before offsetting deferred tax assets and liabilities components***

Recognized deferred tax assets and deferred tax liabilities

*Unit: RMB*

Item	At end of period	At beginning of period
Deferred tax assets:		
Asset impairment provision	4,418,858.13	4,418,858.13
Wages payable	251,093,346.93	251,093,346.93
Elimination of unrealized profits of inventories	3,761,711.33	3,761,711.33
Changes in fair value of held-for-trading financial assets	22,953,177.59	22,953,177.59
Changes in fair value of available-for-sale financial assets	58,050,712.19	6,675,420.05
Others		
Total	<u>340,277,806.17</u>	<u>288,902,514.03</u>

Deferred tax liabilities:

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

**19. Provision for impairment**

*Unit: RMB*

Item	At beginning of period	Increase	Reversals	Decrease	
				Written-off	At end of period
1. Provision for bad debts	101,903,600.27	189,039.47	130,280.95	11,697,891.98	90,264,466.81
2. Provision for inventories written-down	110,833,371.72	723,803.16	1,464,726.81	3,432,047.26	106,660,400.81
5. Provision for impairment on long-term equity investments	24,571,703.11				24,571,703.11
7. Provision for impairment of fixed assets	14,952,266.47			424,140.83	14,528,125.64
<b>Total</b>	<b>252,260,941.57</b>	<b>912,842.63</b>	<b>1,595,007.76</b>	<b>15,554,080.07</b>	<b>236,024,696.37</b>

**20. Short-term borrowings**

**(1) By categories**

*Unit: RMB*

Category	At end of period	At beginning of period
Pledged loans	10,856,000.00	63,713,831.00
Mortgage loans	145,454,501.94	46,000,000.00
Guaranteed loans	4,900,000.00	52,920,828.71
Credit loans	1,500,544,926.04	1,293,126,700.81
<b>Total</b>	<b>1,661,755,427.98</b>	<b>1,455,761,360.52</b>

**21. Bills payables**

*Unit: RMB*

Category	At end of period	At beginning of period
Commercial bills under acceptance	25,924,201.11	18,613,439.06
Bank bills under acceptance	276,100,600.26	361,181,585.04
<b>Total</b>	<b>302,024,801.37</b>	<b>379,795,024.10</b>



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

**22. Accounts payables**

**(1) By aging**

*Unit: RMB*

Item	At end of period	At beginning of period
Less than 1 year	1,999,018,176.78	1,589,893,455.29
1-2 years	47,725,683.38	87,449,721.59
2-3 years	11,895,620.89	31,539,429.86
Over 3 years	16,439,392.29	21,819,939.82
Total	<u>2,075,078,873.34</u>	<u>1,730,702,546.56</u>

**(2) Accounts payables due to related parties or the shareholders with 5% or more voting right in the Company in the report period**

*Unit: RMB*

Company name	At end of period	At beginning of period
China Textile Machinery (Group) Co., Ltd	6,301,379.63	6,301,379.63
Total	<u>6,301,379.63</u>	<u>6,301,379.63</u>

**23. Advances from customers**

**(1) By aging**

*Unit: RMB*

Item	At end of period	At beginning of period
Less than 1 year	453,558,963.59	419,349,469.92
1-2 years	46,598,972.22	99,382,639.55
2-3 years	38,832,499.45	22,057,414.03
Over 3 years	28,116,741.18	25,707,926.84
Total	<u>567,107,176.44</u>	<u>566,497,450.34</u>

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

**24. Employee benefits payables**

*Unit: RMB*

Item	At beginning of period	Increase	Decrease	At end of period
I. Salaries, bonuses, allowances and subsidies	1,047,037,203.54	997,777,971.92	557,977,130.54	1,486,838,044.92
II. Staff welfare	1,994,989.49	22,646,141.08	21,389,877.78	3,251,252.79
III. Social insurance	25,909,389.13	91,105,467.19	76,814,835.53	40,200,020.79
Including:				
1. Medical insurance	1,968,326.22	26,291,790.05	26,425,463.52	1,834,652.75
2. Basic pension contributions	20,811,474.53	54,482,145.49	40,515,228.84	34,778,391.18
3. Annuity payments	0.00	0.00	0.00	0.00
4. Unemployment insurance	1,976,357.33	5,941,349.58	5,809,898.25	2,107,808.66
5. Work Physical injury insurance	825,586.37	2,521,967.01	2,431,581.70	915,971.68
6. Maternity insurance	327,644.68	1,868,215.06	1,632,663.22	563,196.52
IV. Housing funds	8,632,155.90	22,905,156.82	23,447,764.88	8,089,547.84
V. Compensation to employees for termination of employment relationship	9,057,378.82	3,203,441.74	5,659,331.71	6,601,488.85
VI. Others	14,016,464.08	16,190,929.81	14,081,460.71	16,125,933.18
<b>Total</b>	<u>1,106,647,580.96</u>	<u>1,153,829,108.56</u>	<u>699,370,401.15</u>	<u>1,561,106,288.37</u>

Overdue employee benefits payable was nil.

Labor union and employees education fund amounted to RMB13,954,961.50, non-monetary benefits was nil and dismissal compensation amounted to RMB5,659,331.71.

**25. Taxation payables**

*Unit: RMB*

Tax items	At end of period	At beginning of period
VAT	16,979,369.77	-692,391.81
Business tax	67,867,356.69	91,596,453.83
Enterprise income tax	187,560,511.02	177,749,171.34
Individual income tax	1,674,064.35	48,783,562.11
Urban maintenance and construction tax	7,787,581.74	10,151,672.82
Education surcharges	6,946,423.30	9,229,542.70
Land use tax	4,334,303.94	4,231,126.78
Property Tax	12,102,111.51	10,380,618.08
Others	5,028,308.61	6,139,626.73
<b>Total</b>	<u>310,280,030.93</u>	<u>357,569,382.58</u>

**26. Interest payables**

*Unit: RMB*

Item	At end of period	At beginning of period
Interests on corporate bonds	17,138,333.33	47,221,666.65
Interest payables for short-term borrowings	8,819,990.00	1,268,177.83
<b>Total</b>	<u>25,958,323.33</u>	<u>48,489,844.48</u>



**Notes to the Financial Statements**  
**For the six months ended 30 June 2013**  
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**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**27. Dividend payables**

*Unit: RMB*

Investor	At end of period	At beginning of period	Reason for not yet paid over one year
Jingwei Machinery (Group) Company Limited	21,919,467.40		
China Hengtian Group Company Limited	1,901,250.50		
Changde Textile Machinery Factory	2,901,357.98	2,901,357.98	
Shenyang Textile Machinery Manufacturing Company Limited	38,806.67	38,806.67	
Others	30,554,106.16	2,069,670.34	
Total	<u>57,314,988.71</u>	<u>5,009,834.99</u>	-

**28. Other payables**

**(1) By aging**

*Unit: RMB*

Item	At end of period	At beginning of period
Less than 1 year	208,629,897.80	129,126,896.19
1-2 years	29,052,142.71	111,785,582.18
2-3 years	6,153,092.46	40,448,203.08
Over 3 years	87,195,839.64	62,899,094.57
Total	<u>331,030,972.61</u>	<u>344,259,776.02</u>

**(2) For other payables due to shareholders with 5% or more of the voting shares of the Group and other related parties.**

*Unit: RMB*

Company name	At end of period	At beginning of period
China Textile Machinery (Group) Co., Ltd	20,231,020.72	20,231,020.72
Total	<u>20,231,020.72</u>	<u>20,231,020.72</u>



**Notes to the Financial Statements**  
**For the six months ended 30 June 2013**  
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**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**29. Non-current liabilities due within one year**

**(1) Non-current liabilities due within one year**

*Unit: RMB*

Item	At end of period	At beginning of period
Long-term borrowings due within one year	0.00	60,000,000.00
Debenture payables due within one year	0.00	
Long-term payables due within one year	15,175,290.01	33,654,888.58
	<u>15,175,290.01</u>	<u>33,654,888.58</u>
Total	<u>15,175,290.01</u>	<u>93,654,888.58</u>

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

*Unit: RMB*

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

**30. Bonds Payable**

*Unit: RMB*

Name of bond	Amount	Issue date	Term	Principal	Accrued interest at the beginning of the period	Accrued interest for the period	Interest paid during the period	Accrued interest at the end of period	Ending balance
Medium term notes	1,200,000,000.00	2012/4/24	5 years	1,200,000,000.00	47,221,666.65	34,653,333.32	64,736,666.64	17,138,333.33	1,200,000,000.00

**31. Long-term payables**

**(1) Top five long-term payables**

*Unit: RMB*

Units	Term	Initial amount	Rate (%)	Accrued interest	At end of period	Borrowing conditions
CMB Finance Lease Company Limited		150,000,000.00			26,311,819.16	
Suizhou City Investment Group Company Limited		29,994,000.00			29,994,000.00	
Retirement and supplemental benefit obligation					25,998,520.32	



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

**31. Long-term payables (continued)**

**(2) Details of finance leases payable in long-term payable**

*Unit: RMB*

Unit	At end of period		At beginning of period	
	Foreign currency	RMB	Foreign currency	RMB
CMB Finance Lease Company Limited		26,311,819.16		25,035,315.23
Total		<u>26,311,819.16</u>		<u>25,035,315.23</u>

**32. Special payables**

*Unit: RMB*

Item	At beginning of period	Additions	Reductions	At end of period	Notes
Earmarks of the capacity expansion project for annual output of 100 biaxial and multi-axial warp knitting machines	5,200,000.00			5,200,000.00	
Relocation grants	6,141,405.91		2,238,786.11	3,902,619.80	
New spinning frames and its manufacturing processing facilities construction projects	4,000,000.00			4,000,000.00	
Enterprise information technology upgrade projects	2,000,000.00			2,000,000.00	
Multifunctional magnetic induction hyperthermia system R&D funding		880,000.00		880,000.00	
Safety production expenses		1,369,376.76		1,369,376.76	
Grant for investment on the industrialization of efficient modern weaving machine project		1,150,000.00		1,150,000.00	
Total	<u>17,341,405.91</u>	<u>3,399,376.76</u>	<u>2,238,786.11</u>	<u>18,501,996.56</u>	-



**Notes to the Financial Statements**  
**For the six months ended 30 June 2013**  
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**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**33. Other non-current liabilities**

*Unit: RMB*

Item	At end of period	At beginning of period
Government grants related to assets		
Relocation grant	40,467,224.29	40,467,224.29
Mechanical engineering construction grant	28,985,600.00	
Grant for investment on the industrialization of efficient modern weaving machine project	13,309,081.47	21,609,946.71
Refund of acquisition cost of land	9,417,652.52	9,417,652.52
Development and industrialization investment grant for efficient intelligent coarse spinner series products	4,000,000.00	7,605,120.01
Grant on investment on high point twisting machine project	2,336,250.00	3,115,000.00
Grant on investment on the project of textile machinery special precise super-speed bearing and spindle	3,045,000.00	3,045,000.00
Oil free dry type car of ring spinning spindle project		1,408,000.00
Leading enterprise of agricultural industrialization infrastructure subsidies		1,312,500.00
Precision winding, digital control network and the equipment industrialization project		1,330,000.00
New suction type of rotor spinning machine's R&D and manufacturing		1,040,000.00
Hubei Wujiagang Industrial Area Management Committee Land Subsidy	574,080.00	574,080.00
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		288,300.00
New type Air-jet loom special grant	147,619.31	174,553.91
Others	480,000.00	250,000.00
Government grants related to income		
G4729 textile machinery funds	1,400,000.00	1,400,000.00
The multifunctional magnetic induction hyperthermia system R&D funding	827,600.00	827,600.00
Others	24,317,278.97	2,501,000.00
<b>Total</b>	<b>129,697,386.56</b>	<b>96,755,977.44</b>

**34. Share capital**

*Unit: RMB*

	As at beginning of period	New issue	Bonus share	Changes (+/-)		Subtotal	As at end of period
				Reserve transfer to shares	Others		
Total shares	704,130,000.00						704,130,000.00

**35. Special reserve**

**Notes to the special reserve**

According to CaiQi [2012] No.16, "Measures for the usage management and accrual of the Production safety funds", issued by Ministry of Finance ("MOF") and Safety Production General Bureau, the Group is required to accrue a "Production safety funds" from this accounting period.



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

**36. Capital reserve**

*Unit: RMB*

Item	At beginning of period	Additions	Reductions	At end of period
Capital premium(Share premium)	2,002,674,552.92		60,742,792.48	1,941,931,760.44
Other capital reserves	-5,519,778.86		52,339,192.84	-57,858,971.70
Total	<u>1,997,154,774.06</u>		<u>113,081,985.32</u>	<u>1,884,072,788.74</u>

**37. Surplus reserve**

*Unit: RMB*

Item	At beginning of period	Additions	Reductions	At end of period
Statutory surplus reserve	553,805,844.01			553,805,844.01
Discretionary surplus reserve	179,619,574.68			179,619,574.68
Total	<u>733,425,418.69</u>			<u>733,425,418.69</u>

**38. General Risk Reserve**

**Notes to the general risk reserve**

Trust compensation reserve should be withdrawn at 5% of its net profit according to Article 49 of "Trust Company Management Approach". Zhongrong International Trust Company Limited, a subsidiary of the Company, withdraws trust compensation reserve until it reached 20% of the registered capital or above. Trust compensation reserves are mainly used to make up trust property losses which caused by mismanagement.

General risk reserve is extracted in accordance with 1% of risk assets as a profit distribution, which was based on the Ministry of Finance [2005] No. 49, "Usage Management of extract of provision for doubtful debts of financial companies". General risk reserve is used to cover the potential losses that not yet identified.

General risk reserve was restored based on the shares that attributable to the owners of the Company.

**39. Undistributed profits**

*Unit: RMB*

Item	Amount	Proportion of appropriation
At the end of previous as year before adjustment	1,208,748,494.14	—
At the beginning of the year after adjustment	1,208,748,494.14	—
Add: Net profit of the period attributable to the owner of parent company	304,304,596.01	—
Withdraw general risk reserve	49,075,945.75	
Dividend payable of ordinary shares	70,413,000.00	
Undistributed profit at the end of period	1,393,564,144.40	—

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

**40. Operating revenue and operating cost**

**(1) Operating revenue and operating cost**

*Unit: RMB*

Item	Current period	Previous period
Principal operating revenue	5,072,730,333.68	3,955,754,767.85
Other operating revenue	270,246,457.90	305,771,963.10
Operating cost	2,328,681,959.67	2,193,755,935.11

**(2) Main business (by industry)**

*Unit: RMB*

Name of industry	Current period		Previous period	
	Principal operating revenue	Principal operating cost	Principal operating revenue	Principal operating cost
Textile machinery	2,153,319,058.93	1,875,662,846.44	2,186,555,168.34	1,868,872,757.49
Finance and trust	2,630,036,515.99		1,640,475,447.54	450,333.30
Non textile machinery	289,374,758.76	250,754,760.92	128,724,151.97	121,476,919.40
Total	<u>5,072,730,333.68</u>	<u>2,126,417,607.36</u>	<u>3,955,754,767.85</u>	<u>1,990,800,010.19</u>

**(3) Main business (by geographical area)**

*Unit: RMB*

Name of geographical area	Current period		Previous period	
	Principal operating revenue	Principal operating cost	Principal operating revenue	Principal operating cost
Domestic	4,586,600,697.95	1,688,782,573.22	3,615,261,703.26	1,668,344,475.71
Overseas	486,129,635.73	437,635,034.14	340,493,064.59	322,455,534.48
Total	<u>5,072,730,333.68</u>	<u>2,126,417,607.36</u>	<u>3,955,754,767.85</u>	<u>1,990,800,010.19</u>

**(4) Operating revenue from the top five customers**

*Unit: RMB*

Customer name	Principal operating revenue	Proportion
China Textile Machinery Technology Import and Export Company Limited	450,701,186.60	8.44%
China Nat.Tech.Import	57,817,599.76	1.08%
Xuzhou Texhong Times Textile Co., Ltd.	47,934,431.24	0.9%
Far Eastern Leasing Company Limited	44,819,658.11	0.84%
Xuzhou Texhong Yinfeng Textile Co., Ltd.	41,449,746.15	0.78%
Total	<u>642,722,621.86</u>	<u>12.04%</u>



**Notes to the Financial Statements**  
**For the six months ended 30 June 2013**  
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**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**41. Sales taxes and levies**

*Unit: RMB*

Item	Current period	Previous period	Standard charge rate
Business tax	143,586,603.87	85,042,215.45	
City construction tax	5,698,766.24	11,324,325.92	
Education surcharge tax	2,342,332.54	7,905,073.56	
Others	2,027,587.79	2,070,316.87	
Total	<u>153,655,290.44</u>	<u>106,341,931.80</u>	-

**42. Selling and distribution expenses**

*Unit: RMB*

Item	Current period	Previous period
Employee benefits	32,459,621.14	27,808,514.32
Travelling expenses	10,727,872.82	10,601,986.49
Transportation expenses	8,432,781.96	6,949,353.13
Labor expenses	4,629,511.46	5,173,357.54
Exhibition expenses	2,653,641.87	7,064,559.09
Office expenses	2,635,438.36	1,730,164.94
Advertisement expenses	2,610,182.99	1,546,178.83
Others	16,938,429.57	18,624,026.67
Total	<u>81,087,480.17</u>	<u>79,498,141.01</u>

**43. Administrative expenses**

*Unit: RMB*

Item	Current period	Previous period
Employee benefits	888,406,004.80	650,996,519.42
Consultancy fee	125,337,267.03	130,830,521.86
Research and development expenses	96,419,401.01	66,324,083.80
Rent	36,182,013.86	32,577,800.40
Start-up expenses	29,743,961.55	21,420.00
Travelling expenses	22,445,611.88	19,605,792.95
Depreciation expenses	22,209,265.16	20,259,465.73
Office expenses	17,851,891.88	16,573,591.01
Others	120,174,998.96	117,759,665.36
Total	<u>1,358,770,416.13</u>	<u>1,054,948,860.53</u>

**Notes to the Financial Statements**  
**For the six months ended 30 June 2013**  
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**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**44. Financial expenses**

*Unit: RMB*

Item	Current period	Previous period
Interest expense	84,400,606.11	72,019,035.10
Interest income	-14,631,331.09	-9,148,529.48
Exchange loss	2,709,373.51	738,577.36
Exchange gain	-2,290,658.97	
Fee	4,412,434.90	5,596,098.05
Total	<u>74,600,424.46</u>	<u>69,205,181.03</u>

**45. Gains from changes in fair value**

*Unit: RMB*

Source	Current period	Previous period
Held-for-trading financial assets	-19,257,265.57	47,874,301.93
Total	<u>-19,257,265.57</u>	<u>47,874,301.93</u>

**46. Investment income**

**(1) Disclosure of investment income by item is as follows:**

*Unit: RMB*

Item	Current period	Previous period
Income from long-term equity investment under the cost method	350,000.00	0.00
Income from long-term equity investment under the equity method	9,131,863.20	-2,127,084.18
Gain on disposal of long-term equity investments		78,351,127.43
Gain on disposal of held-for-trading financial assets	-32,148,541.75	-48,603,901.05
Gain on disposal of available-for-sale financial assets	7,736,721.00	47,246,601.19
Others	122,466.98	
Total	<u>-14,807,490.57</u>	<u>74,866,743.39</u>

**(2) Long-term equity investment income under cost method**

*Unit: RMB*

Investee	Current period	Previous period	Reason for changes
Qingdao Textile Machinery Company Limited	350,000.00		
Total	<u>350,000.00</u>		-

**Notes to the Financial Statements**  
**For the six months ended 30 June 2013**  
 (All amounts are stated in RMB Yuan unless otherwise stated)

**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**46. Investment income (continued)**

**(3) Long-term equity investment income under equity method**

*Unit: RMB*

investee	Current period	Previous period	Reason for changes
Shenzhen Huarong Equity Investment & Fund Management Company Limited	3,169.90		
China Texmatech Company Limited	3,072,190.52	1,288,549.22	
Hongda Research Institute Company Limited	-4,129,537.73	-4,074,339.50	
Jingwei Mechanics (Group) Ltd Company	-1,929,458.45	2,000.00	
Beijing Hang Tang Wealth Investment Management Company Limited	11,696,803.50	6,600,000.00	
Xianyang Jingwei Textile Machinery Company Limited	-608,334.99	-180,834.10	
Xinhu Wealth Investment Management Company Limited	1,027,030.45		
Anhui Huamao Jingwei New Textile Company Limited		-5,762,459.80	
<b>Total</b>	<u><u>9,131,863.20</u></u>	<u><u>-2,127,084.18</u></u>	-

**47. Assets impairment losses**

*Unit: RMB*

Item	Current period	Previous period
1. Bad debts	58,758.52	676,803.34
2. Written-down of inventories	-740,923.65	-1,275,854.36
<b>Total</b>	<u><u>-682,165.13</u></u>	<u><u>-599,051.02</u></u>

**48. Non-operating income**

**(1) Disclosure of non-operating income by item is as follows**

*Unit: RMB*

Item	Current period	Previous period	Included in the current non-recurring items
Total gains on disposal of non-current assets	1,415,832.02	28,517,542.29	1,415,832.02
Including: Gains on disposal of fixed assets	1,415,832.02	28,517,542.29	1,415,832.02
Receipt from debt restructuring	406,935.60	606,578.99	406,935.60
Government grants	10,581,099.74	11,867,908.58	10,581,099.74
Others	4,092,689.26	6,141,915.56	4,092,689.26
<b>Total</b>	<u><u>16,496,556.62</u></u>	<u><u>47,133,945.42</u></u>	<u><u>16,496,556.62</u></u>

**Notes to the Financial Statements**  
**For the six months ended 30 June 2013**  
 (All amounts are stated in RMB Yuan unless otherwise stated)

**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**48. Non-operating income (continued)**

**(2) Details of government grants**

*Unit: RMB*

Item	Current period	Previous period	Notes
Relocation grant	2,238,786.11		
Technology innovation grant for “precision winding and digital control network” project	1,330,000.00		
VAT Refund	1,336,557.90	2,837,034.49	
Grant on high performance expansion and reconstruction industrialization of the warp knitting machine		2,300,000.00	
Grant on embedded composite spinning key technology research and application demonstration		1,720,000.00	
Others	5,675,755.73	5,010,874.09	
<b>Total</b>	<b><u>10,581,099.74</u></b>	<b><u>11,867,908.58</u></b>	–

**49. Non-operating expenses**

*Unit: RMB*

Item	Current period	Previous period	Included in the current non-recurring items
Total loss on disposal of non-current assets	2,360,608.37	1,036,078.60	
Including: Loss on disposal of fixed assets	2,360,608.37	1,036,078.60	
Loss from debt restructuring		19,810.08	
Donations	1,728,500.00	61,000.00	
Others	1,890,433.65	1,629,316.37	
<b>Total</b>	<b><u>5,979,542.02</u></b>	<b><u>2,746,205.05</u></b>	

**50. Income tax expenses**

*Unit: RMB*

Item	Current period	Previous period
Current income tax calculated in accordance with the tax law and related regulations	370,614,948.51	216,964,130.68
Deferred income tax adjustment	-4,814,316.39	11,930,047.59
<b>Total</b>	<b><u>365,800,632.12</u></b>	<b><u>228,894,178.27</u></b>



**Notes to the Financial Statements**  
**For the six months ended 30 June 2013**  
 (All amounts are stated in RMB Yuan unless otherwise stated)

**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**51. Calculation process of basic earnings per share and diluted earnings per share**

Basic EPS =  $P \div S = P / (S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k)$  Where: P refers to net profit attributable to ordinary shareholders or net profit (excluding non-recurring profit or loss) attributable to ordinary shareholders; S refers to weighted average amount of ordinary shares issued; S<sub>0</sub> refers to the sum of shares at the beginning of the period; S<sub>1</sub> refers to the increases of shares due to transferred from capital reserve or share dividend; S<sub>i</sub> refers to the increases of shares due to right issue or debt to equity; S<sub>j</sub> refers to the decreases of shares due to shares repurchase; S<sub>k</sub> refers to the decreases of shares due to stock reserve split-up in the reporting period; M<sub>0</sub> refers to the amount of months in the reporting period; M<sub>i</sub> refers to the amount of months from the next month of that increase of shares to the end of the period; M<sub>j</sub> refers to the amount of months from the next month of that decrease of shares to the end of the period;

Diluted EPS =  $P_1 / (S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k + \text{increase of weighted average amount of ordinary shares due to warrant, share option or convertible bond})$ . Where: P<sub>1</sub> refers to net profit attributable to ordinary shareholders and net profit (exclusive of non-recurring profit or loss) attributable to ordinary shareholders, considering the effects of the dilution potential ordinary shares and modulating it according to “Enterprise Accounting Principle” and the relevant regulations. When calculating the diluted earnings per share, all effects of diluted potential ordinary shares on P<sub>1</sub> and weighted average shares shall be taken into consideration. The dilution potential ordinary shares shall be included in diluted EPS according to the degree of dilution in descending order, until the diluted earnings per share reach the minimum amount.

**52. Other comprehensive income**

*Unit: RMB*

Item	Current period	Previous period
1. Gain (Loss) arising from available-for-sale financial assets	-186,243,903.00	37,521,695.00
Less: Income tax effect arising from available-for-sale financial assets	<u>-46,560,975.75</u>	<u>9,380,423.75</u>
Sub-total	<u>-139,682,927.25</u>	<u>28,141,271.25</u>
2. Exchange differences arising from translation of financial statements denominated in foreign currencies	<u>-866,076.33</u>	<u>234,874.16</u>
Sub-total	<u>-866,076.33</u>	<u>234,874.16</u>
Total	<u><u>-140,549,003.58</u></u>	<u><u>28,376,145.41</u></u>

**53. Notes to the cash flow statement**

**(1) Other cash receipts relating to operating activities**

*Unit: RMB*

Item	Amount
Interest income, deposit and employee borrowing received	<u>42,347,060.93</u>
Total	<u><u>42,347,060.93</u></u>



**Notes to the Financial Statements**  
**For the six months ended 30 June 2013**  
 (All amounts are stated in RMB Yuan unless otherwise stated)

**VII. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**53. Notes to the cash flow statement (continued)**

**(2) Other cash payments relating to operating activities**

*Unit: RMB*

<b>Item</b>	<b>Amount</b>
Payments of service fees, travel expenses and office expenses	390,719,319.57
<b>Total</b>	<b><u>390,719,319.57</u></b>

**(3) Other cash payments relating to financing activities**

*Unit: RMB*

<b>Item</b>	<b>Amount</b>
Payments of financing lease	17,347,859.24
<b>Total</b>	<b><u>17,347,859.24</u></b>

**54. Supplementary information of the cash flow statement**

**(1) Supplementary information of the cash flow statement**

*Unit: RMB*

<b>Supplementary information</b>	<b>Current period</b>	<b>Previous period</b>
1. Adjust net profit to cash flow from operating activities:	—	—
Net profit	957,755,298.86	696,160,006.61
Add: Provision for impairment of assets	-682,165.13	-599,051.02
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of productive biological assets	71,624,092.04	59,898,040.20
Amortization of intangible assets	11,866,426.02	7,826,143.41
Amortization of long-term deferred payment	6,522,348.76	5,610,651.42
Loss on disposal of fixed assets, intangible assets and other long-term assets (gain expressed in “-”)	944,776.35	-27,481,463.69
Loss on retirement of fixed assets (gain expressed in “-”)	0.00	51,940.96
Loss on fair value changes (gain expressed in “-”)	19,257,265.57	-47,874,301.93
Finance cost (gain expressed in “-”)	84,400,606.11	72,019,035.10
Investment losses (gain expressed in “-”)	14,807,490.57	-74,866,743.39
Decrease in deferred tax assets (increase expressed in “-”)	-51,375,292.14	20,501,729.73
Increase in deferred tax liabilities (decrease expressed in “-”)	0.00	0.00
Decrease in inventories (increase expressed in “-”)	-114,944,424.08	108,058,596.60
Decrease in trade and other receivables (increase expressed in “-”)	-187,547,627.28	97,284,563.68
Increase in trade and other payables (decrease expressed in “-”)	304,173,311.45	-225,562,882.10
Others	0.00	0.00
Net cash flow from operating activities	<b><u>1,116,802,107.10</u></b>	<b><u>691,026,265.58</u></b>
2. Significant Investing and financing activities not involved in cash receipts and payments:	—	—
3. Net changes of cash and cash equivalents:	—	—
Closing balance of cash	8,141,090,963.28	4,720,500,501.68
Less: Opening balance of cash	6,456,694,048.29	3,807,850,611.00
Net increase in cash and cash equivalents	<b><u>1,684,396,914.99</u></b>	<b><u>912,649,890.68</u></b>

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

### VIII. RELATED PARTIES AND TRANSACTIONS

#### 1. Related Party Transactions

##### (1) Purchases of goods and services for related party transactions

*Unit: RMB*

Related party	Content	Pricing	Current period Amount	Ratio (%)	Previous period Amount	Ratio (%)
Under control or influence of key personnel	Purchased of casting	agreement	23,220,462.88	100%	21,178,270.07	100%
	Total		<u>23,220,462.88</u>	<u>100%</u>	<u>21,178,270.07</u>	<u>100%</u>
Associates	Purchased of packaging materials	agreement	10,170.94	0%	6,538.46	0.05%
Under control or influence of key personnel	Purchased of packaging materials	agreement	10,302,279.86	100%	12,699,491.55	99.95%
	Total		<u>10,312,450.80</u>	<u>100%</u>	<u>12,706,030.01</u>	<u>100%</u>
Companies controlled by the same actual controller	Purchased of energy	agreement	19,140.58	100%	6,981.52	0.61%
Companies controlled by the same parent company	Purchased of energy	agreement				
Under Control or influence of key personnel	Purchased of energy	agreement			1,131,338.73	99.39%
	Total		<u>19,140.58</u>	<u>100%</u>	<u>1,138,320.25</u>	<u>100%</u>
Companies controlled by the same actual controller	Purchased of raw materials and parts	agreement	250,991.14	0%	410,469.38	0.28%
Companies controlled by the same parent company	Purchased of raw materials and parts	agreement	2,963,874.37	2%	3,331,444.19	2.27%
Associates	Purchased of raw materials and parts	agreement	69,926,233.73	41%	41,560,779.73	28.33%
Under control or influence of key personnel	Purchased of raw materials and parts	agreement	98,331,778.51	57%	101,387,159.62	69.12%
	Total		<u>171,472,877.75</u>	<u>100%</u>	<u>146,689,852.92</u>	<u>100%</u>
Company controlled by the same actual controller	Purchased of finished goods	agreement	214,071,040.38	89%	170,080,761.72	85.02%
Company controlled by the same parent company	Purchased of finished goods	agreement				
Under control or influence of key personnel	Purchased of finished goods	agreement	26,177,270.10	11%	29,960,395.47	14.98%
	Total		<u>240,248,310.48</u>	<u>100%</u>	<u>200,041,157.19</u>	<u>100%</u>
Companies controlled by the same parent company	Processing expenses	agreement	42,808.81	1%	48,328.20	0.7%
Associates	Processing expenses	agreement	9,311.68	0%	358,613.00	5.19%
Under control or influence of key personnel	Processing expenses	agreement	7,593,298.96	99%	6,500,394.93	94.11%
	Total		<u>7,645,419.45</u>	<u>100%</u>	<u>6,907,336.13</u>	<u>100%</u>

**Notes to the Financial Statements**

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

**VIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)**
**1. Related Party Transactions (continued)**
**(1) Purchases of goods and services for related party transactions (continued)**
*Unit: RMB*

Related party	Content	Pricing	Current period Amount	Ratio (%)	Previous period Amount	Ratio (%)
Companies controlled by the same parent company	Transportation services expenses	agreement	1,911,588.78	100%	1,109,679.69	100%
		Total	<u>1,911,588.78</u>	<u>100%</u>	<u>1,109,679.69</u>	<u>100%</u>
Companies controlled by the same parent company	Repair and maintenance expenses	agreement	39,107.49	2%	2,178,951.52	36.36%
Associate	Repair and maintenance expenses	agreement	2,477,814.59	98%	3,814,027.91	63.64%
		Total	<u>2,516,922.08</u>	<u>100%</u>	<u>5,992,979.43</u>	<u>100%</u>
Companies controlled by the same actual controller	Other supporting service expenses	agreement	17,949.14	1%	17,935.08	0.5%
Companies controlled by the same parent company	Other supporting service expenses	agreement	2,087,391.54	65%	2,087,391.54	58.53%
Associate	Other supporting service expenses	agreement	304,772.64	10%	185,343.80	5.2%
Under control or influence of key personnel	Other supporting service expenses	agreement	747,855.62	24%	1,275,466.95	35.77%
		Total	<u>3,157,968.94</u>	<u>100%</u>	<u>3,566,137.37</u>	<u>100%</u>
Companies controlled by the same actual controller	Rental expense	agreement	44,884.00	2%	53,860.80	1.26%
Companies controlled by the same parent company	Rental expense	agreement	126,000.00	4%	126,000.00	2.96%
Associates	Rental expense	agreement	66,962.00	2%	26,952.00	0.63%
Under control or influence of key personnel	Rental expense	agreement	2,585,292.08	92%	4,054,213.91	95.15%
		Total	<u>2,823,138.08</u>	<u>100%</u>	<u>4,261,026.71</u>	<u>100%</u>

**Notes to the Financial Statements**

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

**VIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)**
**1. Related Party Transactions (continued)**
**(1) Purchases of goods and services for related party transactions (continued)**
*Unit: RMB*

## Sales of goods and services for related party transactions

Related party	Content	Pricing	Current period Amount	Ratio (%)	Previous period Amount	Ratio (%)
Companies controlled by the same actual controller	Sales of finished goods	agreement	16,761,337.53	3%	3,464,216.56	1.02%
Companies controlled by the same parent company	Sales of finished goods	agreement				
Associates	Sales of finished goods	agreement	474,328,333.59	97%	335,054,856.00	98.47%
Under control or influence of key personnel	Sales of finished goods	agreement	408,482.02	0%	1,737,645.03	0.51%
			<u>491,498,153.14</u>	<u>100%</u>	<u>340,256,717.59</u>	<u>100%</u>
Companies controlled by the same actual controller	Sold of raw materials and parts	agreement	1,821,255.73	6%	305,111.02	4%
Companies controlled by the same parent company	Sold of raw materials and parts	agreement				
Associates	Sold of raw materials and parts	agreement	26,381,993.78	82%	5,455,858.00	71.61%
Under control or influence of key personnel	Sold of raw materials and parts	agreement	3,829,998.91	12%	1,858,374.95	24.39%
			<u>32,033,248.42</u>	<u>100%</u>	<u>7,619,343.97</u>	<u>100%</u>
Companies controlled by the same parent company	Processing fee income	agreement				
Associates	Processing fee income	agreement	121,632.82	100%	212,173.80	100%
			<u>121,632.82</u>	<u>100%</u>	<u>212,173.80</u>	<u>100%</u>
Companies controlled by the same actual controller	Other supporting services income	agreement			76,923.08	5.07%
Companies controlled by the same parent company	Other supporting services income	agreement	147,533.98	14%	183,501.68	12.1%
Associates	Other supporting services income	agreement	939,858.36	86%	1,256,476.23	82.83%
			<u>1,087,392.34</u>	<u>100%</u>	<u>1,516,900.99</u>	<u>100%</u>
Companies controlled by the same actual controller	Rental income	agreement	1,386,117.74	100%	1,576,339.25	100%
			<u>1,386,117.74</u>	<u>100%</u>	<u>1,576,339.25</u>	<u>100%</u>

**Notes to the Financial Statements**

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

**VIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)**

**1. Related Party Transactions (continued)**

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

The Group as lessor

*Unit: RMB*

Lessor Name	Lessee name	Types of leased assets	Lease commence date	Lease termination date	Basis of pricing	Annual rental income recognized
Zhengzhou Hongda New Textile Machinery Company Limited	CHTC Heavy Industry Company Limited	Machinery	2011/1/1	2013/12/31	Agreement Price	1,386,117.74

The Group as lessee

*Unit: RMB*

Lessor Name	Lessee name	Types of leased assets	Lease commence date	Lease termination date	Basis of pricing	Annual rental income recognized
Qingdao Textile Machinery Company Limited	Qingdao Hongda Textile Machinery Company Limited	Buildings and land use right	2011/01/01	2015/12/31	Agreement Price	2,585,292.08
Jingwei Machinery (Group) Company Limited	Jingwei Textile Machinery Company Limited	Buildings	2011/01/01	2013/12/31	Agreement price	66,962.00
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	44,884.00



**Notes to the Financial Statements**

(Prepared in accordance with the PRC Accounting Standards for Business Enterprises)  
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**VIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)**

**2. Amount due from/to related parties**

Amount due from related parties

Unit: RMB

Item	Relation	At end of period		At beginning of period	
		Carrying Amount	Bad debt provision	Carrying Amount	Bad debt provision
Accounts receivable	Actual controller	63,998.00	0.00	63,998.00	0.00
Accounts receivable	Parent Company		0.00		0.00
Accounts receivable	Companies controlled by the same actual controller	7,978,818.68	0.00	8,651,619.68	0.00
Accounts receivable	Companies controlled by the same parent company	140,641.73	0.00	147,641.73	0.00
Accounts receivable	Associates	217,727,647.90	0.00	85,427,532.15	0.00
Accounts receivable	Under control or influence of key personnel	1,463,073.41	0.00	2,856,051.06	0.00
	<b>Total</b>	<b>227,374,179.72</b>	<b>0.00</b>	<b>97,146,842.62</b>	<b>0.00</b>
Advances to suppliers	Actual controller		0.00		0.00
Advances to suppliers	Parent Company		0.00		0.00
Advances to suppliers	Companies controlled by the same actual controller	47,444,290.24	0.00	54,914,602.28	0.00
Advances to suppliers	Companies controlled by the same parent company	990,032.16	0.00		0.00
Advances to suppliers	Associates	30,211,619.34	0.00		0.00
Advances to suppliers	Under control or influence of key personnel	61,858,088.58	0.00	52,456,221.42	0.00
	<b>Total</b>	<b>140,504,030.32</b>	<b>0.00</b>	<b>107,370,823.70</b>	<b>0.00</b>
Bills receivable	Actual controller		0.00		0.00
Bills receivable	Parent Company		0.00		0.00
Bills receivable	Companies controlled by the same actual controller	7,600,000.00	0.00	400,000.00	0.00
Bills receivable	Companies controlled by the same parent company		0.00	250,000.00	0.00
Bills receivable	Associates	30,752,134.87	0.00	27,682,677.44	0.00
Bills receivable	Under control or influence of key personnel	1,710,000.00	0.00	3,680,000.00	0.00
	<b>Total</b>	<b>40,062,134.87</b>	<b>0.00</b>	<b>32,012,677.44</b>	<b>0.00</b>
Other receivables	Actual controller		0.00		0.00
Other receivables	Parent Company		0.00		0.00
Other receivables	Companies controlled by the same actual controller	41,160,000.00	0.00	41,160,000.00	0.00
Other receivables	Companies controlled by the same parent company		0.00		0.00
Other receivables	Associates	28,315,105.95	0.00	30,315,105.95	0.00
Other receivables	Under control or influence of key personnel		0.00		0.00
	<b>Total</b>	<b>69,475,105.95</b>	<b>0.00</b>	<b>71,475,105.95</b>	<b>0.00</b>
Dividend receivable	Actual controller		0.00		0.00
Dividend receivable	Parent Company		0.00		0.00
Dividend receivable	Companies controlled by the same actual controller	2,880,000.00	0.00	2,880,000.00	0.00
Dividend receivable	Companies controlled by the same parent company		0.00		0.00
Dividend receivable	Associates	7,385,494.00	0.00	7,385,494.00	0.00
Dividend receivable	Under control or influence of key personnel		0.00		0.00
	<b>Total</b>	<b>10,265,494.00</b>	<b>0.00</b>	<b>10,265,494.00</b>	<b>0.00</b>

**Notes to the Financial Statements**

(Prepared in accordance with the PRC Accounting Standards for Business Enterprises)  
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**VIII. RELATED PARTIES AND TRANSACTIONS (CONTINUED)**
**2. Amount due from/to related parties**

Amount due to related parties

*Unit: RMB*

Item	Relation	At end of period	At beginning of period
Accounts payable	Actual controller		
Accounts payable	Parent Company	6,301,379.63	6,301,379.63
Accounts payable	Companies controlled by the same actual controller	169,874,765.91	122,717,348.93
Accounts payable	Companies controlled by the same parent company	945,225.00	3,280,787.80
Accounts payable	Associates	39,400,421.17	74,167,051.59
Accounts payable	Under control or influence of key personnel	84,403,843.84	72,305,973.69
	<b>Total</b>	<b>300,925,635.55</b>	<b>278,772,541.64</b>
Advance from customers	Actual controller		
Advance from customers	Parent Company		
Advance from customers	Companies controlled by the same actual controller	1,848,008.40	5,700.00
Advance from customers	Companies controlled by the same parent company		
Advance from customers	Associates	14,439,957.40	14,170,472.30
Advance from customers	Under control or influence of key personnel	935.17	
	<b>Total</b>	<b>16,288,900.97</b>	<b>14,176,172.30</b>
Bills payable	Actual controller		
Bills payable	Parent Company		
Bills payable	Companies controlled by the same actual controller		50,000.00
Bills payable	Companies controlled by the same parent company	20,450,000.00	410,220.00
Bills payable	Associates		
Bills payable	Under control or influence of key personnel	44,670,169.00	58,026,300.00
	<b>Total</b>	<b>65,120,169.00</b>	<b>58,486,520.00</b>
Other payables	Actual controller		
Other payables	Parent Company	20,231,020.72	20,231,020.72
Other payables	Companies controlled by the same actual controller	21,500,000.00	36,609,040.40
Other payables	Companies controlled by the same parent company	15,679,237.32	15,657,241.63
Other payables	Associates		352,755.76
Other payables	Under control or influence of key personnel		
	<b>Total</b>	<b>57,410,258.04</b>	<b>72,850,058.51</b>
Dividend payables	Actual controller	1,901,250.50	
Dividend payables	Parent Company	21,919,467.40	
Dividend payables	Companies controlled by the same actual controller	11,932.15	11,932.15
Dividend payables	Companies controlled by the same parent company	2,901,357.98	2,901,357.98
Dividend payables	Associates		
Dividend payables	Under control or influence of key personnel	38,806.67	38,806.67
	<b>Total</b>	<b>26,772,814.70</b>	<b>2,952,096.80</b>

**Notes to the Financial Statements**

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

**IX. CONTINGENT LIABILITIES****1. Contingent liabilities by providing guarantee and impact on financial reports**

Item	At beginning of period	At end of period
Guarantees to third parties:		
Guarantee provided for bank borrowings to a third party (Note 1)	150,000,000.00	150,000,000.00
Guarantees to subsidiaries:		
Guarantee provided for bank credit granted to the subsidiaries (Note 2)	70,000,000.00	70,000,000.00
Guarantee provided for issuing small-and-medium sized enterprises collective bonds		
Provision of joint liability guarantee for lease acquired by subsidiaries		5,000,000.00
Total	<u>220,000,000.00</u>	<u>225,000,000.00</u>

Note 1: The Company provided an irrecoverable joint guarantee responsibility for Beijing Hualian Group Investment Holding Company ("Hualian Group") for a line of credit amounted to RMB150,000,000.00, which was applied in China Merchants Bank. Meanwhile, as a consideration, certain related parties of Beijing Hualian Group Investment Holding Company provided a guarantee for the Company's credit limit of RMB150,000,000.00.

Note 2: As at 30 June 2013, The Company has provided guarantees to its subsidiaries such as Shenyang Hongda Textile Machinery Company Limited and Changde Textile Machinery Company Limited to obtain comprehensive credit, of which RMB30,000,000.00 was used. Such remaining comprehensive credit amounted to RMB40,000,000.00.

**X. OTHER IMPORTANT MATTERS****1. Assets and liabilities measured at fair value***Unit: RMB*

Item	Opening balance	Gain or loss in fair value during the year	Cumulative fair value changes included in equity	Provision for impairment for current year	Closing balance
Financial assets					
1. Financial assets measured at fair value through profit or loss for the current period (derivative financial assets excluded)	276,665,724.16	-19,257,265.57	-19,257,265.57		227,924,014.33
3. Available-for-sale financial assets	570,852,379.82		-139,682,927.25		384,608,476.82
Total	<u>847,518,103.98</u>	<u>-19,257,265.57</u>	<u>-139,682,927.25</u>		<u>612,532,491.15</u>
Financial liabilities Total	0.00				0.00



**Notes to the Financial Statements**

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

**X. OTHER IMPORTANT MATTERS (CONTINUED)**
**2. Financial assets and liabilities denominated in foreign currencies**
*Unit: RMB*

Item	Opening balance	Gain or loss due to change in fair value during the year	Cumulative change in fair value included in equity	Provision for impairment during the year	Closing balance
Financial assets					
3. Loans and receivables	107,327,039.60				70,132,253.28
Sub-total of financial assets	107,327,039.60				70,132,253.28
Financial liabilities	161,363,311.51				158,747,759.67

**3. Business segments**

Details of business segments from January to June 2013:

*Unit: RMB*

Item	Textile machinery equipment	Trust and fiduciary services	Other segment	Elimination	Total
	Current period	Current period	Current period	Current period	Current period
1. External sales	2,391,971,973.58	290,094,671.05	2,660,910,146.95		5,342,976,791.58
2. Inter-segment sales	31,535,036.51			-31,535,036.51	0.00
3. Investment gain from associates and joint ventures	8,101,662.85	1,030,200.35			9,131,863.20
4. Asset impairment losses	-682,165.13				-682,165.13
5. Depreciation and amortization expense	67,304,246.94	13,860,006.50	8,848,613.38		90,012,866.82
6. Total profit (total loss)	-28,853,426.73	1,380,793,996.93	-28,384,639.22		1,323,555,930.98
7. Income tax expense	2,276,721.58	363,988,796.57	-464,886.03		365,800,632.12
8. Net profit (net loss)	-31,130,148.31	1,016,805,200.36	-27,919,753.19		957,755,298.86
9. Total assets	10,254,007,939.09	8,502,996,454.67	880,240,677.91	-1,969,714,648.24	17,667,530,423.43
10. Total liabilities	6,393,436,958.73	1,827,714,444.88	657,105,713.94	-540,719,881.94	8,337,537,235.61



**Notes to the Financial Statements**

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

**XI. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY**

**1. Accounts receivable**

*(1) Accounts receivable*

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	510,182,142.41	74.95%	216,292.06	0.04%	256,291,590.18	43.13%	216,292.06	0.08%
Aggregate balance under assessment by category of: Aging analysis	134,616,656.13	19.78%	2,655,375.85	1.97%	310,129,856.57	52.19%	4,379,164.29	1.41%
Subtotal	134,616,656.13	19.78%	2,655,375.85	1.97%	310,129,856.57	52.19%	4,379,164.29	1.41%
Insignificant balance under assessment of impairment individually	35,867,517.19	5.27%	1,795,218.40	5.01%	27,812,734.69	4.68%	71,429.96	0.26%
Total	680,666,315.73	-	4,666,886.31	-	594,234,181.44	-	4,666,886.31	-

**Significant balance under assessment of impairment individually**

Unit: RMB

The contents of accounts receivable	Amount RMB	Provision for bad debt	Proportion	Provision grounds
China Textile Machinery and Technology Import and Export Corporation	142,989,239.80	216,292.06		
Tianjin Hongda Textile Machinery Company Limited	76,682,013.60			
Xinjiang Jinyu Textile Company Limited	55,197,263.53			
Jingwei Machinery (Group) Corporation Limited	37,019,653.54			
Qingdao Hongda Textile Machinery Company Limited	36,442,918.41			
Others	161,851,053.53			
Total	510,182,142.41	216,292.06	-	-

**Notes to the Financial Statements**

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

**XI. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)**
**1. Accounts receivable (continued)**
**(1) Accounts receivable**
**Aging analysis of accounts receivable for impairment assessment on a portfolio basis**
*Unit: RMB*

Age	At end of period		Bad debt provision	At beginning of period		Bad debt provision
	Carrying value			Carrying value		
	Amount	Ratio (%)		Amount	Ratio (%)	
Less than 1 year						
Of which:	-	-	-	-	-	-
	127,239,411.71	94.52%		295,596,609.58	95.31%	
Subtotal	127,239,411.71	94.52%		295,596,609.58	95.31%	2,267,359.24
1-2 years	5,009,452.25	3.72%	1,001,890.45	11,336,796.22	3.66%	2,267,359.24
2-3 years	1,428,613.55	1.06%	714,306.78	2,169,291.45	0.7%	1,084,645.73
Over 3 years	939,178.62	0.7%	939,178.62	1,027,159.32	0.33%	1,027,159.32
Total	<u>134,616,656.13</u>	-	<u>2,655,375.85</u>	<u>310,129,856.57</u>	-	<u>4,379,164.29</u>

**Insignificant balance under assessment of impairment individually**
*Unit: RMB*

The contents of accounts receivable	Amount	Provision for bad debt	Proportion (%)	Provision grounds
Aushan Jingwei Haihong Agricultural Machinery Company Limited	8,319,660.62			
Xianyang Jingwei Textile Machinery Company Limited	6,137,278.61			
Changde Textile Machinery Company Limited	4,761,645.48			
Beijing Jingwei Textile Machinery New Technology Co., Ltd.	3,564,433.83			
Shenyang Hongda Huaming Textile Machinery Company Limited	3,111,351.58			
Others	9,973,147.07	1,795,218.40	18%	
Total	<u>35,867,517.19</u>	<u>1,795,218.40</u>	-	-

**Notes to the Financial Statements**

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

**XI. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)**
**1. Accounts receivable (continued)**
**(2) Top five accounts receivable outstanding**
*Unit: RMB*

Name	Relationship with the Company	Balance	Aging	Proportion(%)
China Texmatech Company Limited	Associate	142,989,239.80	Less than 1 year	21.01%
Tianjin Hongda Textile Machinery Company Limited	Subsidiary	76,682,013.60	Less than 1 year	11.27%
Xinjiang Jinyu Textile Company Limited	Third party	55,197,263.53	Less than 1 year	8.11%
Jingwei Machinery (Group) Company Limited	Associate	37,019,653.54	Less than 1 year	5.44%
Qingdao Hongda Textile Machinery Company Limited	Subsidiary	36,442,918.41	Less than 1 year	5.35%
Total	-	<u>348,331,088.88</u>	-	<u>51.18%</u>

**2. Other receivables**
**(1) Other receivables**
*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	974,150,036.85	94.13%			675,099,467.94	84.6%		
Provided in group	26,877,132.45	2.6%	207,454.69	0.77%	57,108,876.19	7.16%	207,454.67	0.36%
Subtotal	<u>26,877,132.45</u>	<u>2.6%</u>	<u>207,454.69</u>	<u>0.77%</u>	<u>57,108,876.19</u>	<u>7.16%</u>	<u>207,454.67</u>	<u>0.36%</u>
Insignificant balance under assessment of impairment individually	33,891,790.76	3.27%			65,763,067.87	8.24%		
Total	<u>1,034,918,960.06</u>	-	<u>207,454.69</u>	-	<u>797,971,412.00</u>	-	<u>207,454.67</u>	-

Explanation of categories of other receivables

**Significant balance under assessment of impairment individually**
*Unit: RMB*

Other receivables	Amount RMB
Hubei Xinchufeng Automobile Company Limited	285,216,231.00
Tianjin Hongda Textile Machinery Company Limited	256,333,729.41
Xianyang Jingwei Textile Machinery Company Limited	98,546,339.42
Wuxi Jingwei Textile Technology Testing Company Limited	62,795,188.00
Qingdao Hongda Textile Machinery Company Limited	48,280,000.00
Others	222,978,549.02
Total	<u>974,150,036.85</u>

**Notes to the Financial Statements**

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

**XI. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)**
**2. Other receivables (continued)**
**(1) Other receivables (continued)**
**Aging analysis of other receivables for impairment assessment on a portfolio basis**
*Unit: RMB*

Age	At end of period		Bad debt provision	At beginning of period		Bad debt provision
	Amount	Ratio (%)		Amount	Ratio (%)	
Less than 1 year	-	-	-	-	-	-
Of which:						
	26,076,417.78	97.02%		56,308,161.56	98.6%	
Subtotal	26,076,417.78	97.02%		56,308,161.56	98.6%	
1-2 years	725,558.85	2.7%	145,111.77	725,558.85	1.27%	145,111.77
2-3 years	25,625.81	0.1%	12,812.91	25,625.77	0.04%	12,812.89
Over 3 years	49,530.01	0.18%	49,530.01	49,530.01	0.09%	49,530.01
Total	<u>26,877,132.45</u>	-	<u>207,454.69</u>	<u>57,108,876.19</u>	-	<u>207,454.67</u>

*Unit: RMB*

Other receivables	Amount		
CMB Financial Leasing Company Limited	7,500,000.00		
Shenyang Hongda Textile Machinery Company Limited	7,305,372.03		
Shanghai Weixin Electrical and Machinery Company Limited	5,100,000.00		
Shanghai Chuangan Trading Company Limited	3,800,000.00		
Hong Kong Huaming Co., Limited	3,527,836.05		
Others	6,658,582.68		
Total	<u>33,891,790.76</u>	-	-

**(2) Top five other receivables outstanding**
*Unit: RMB*

Name	Relationship with the Company	Balance	Aging	Proportion
Hubei Xinchufeng Automobile Co., Ltd	Subsidiary	285,216,231.00	Within 1 year	27.56%
Tianjin Hongda Textile Machinery Company Limited	Subsidiary	256,333,729.41	Within 1 year	24.77%
Xianyang Jingwei Textile Machinery Company Limited	Subsidiary	98,546,339.42	Within 1 year	9.52%
Wuxi Jingwei Textile Technology Testing Company Limited	Subsidiary	62,795,188.00	Within 1 year	6.07%
Qingdao Hongda Textile Machinery Company Limited	Subsidiary	48,280,000.00	Within 1 year	4.67%
Total	-	<u>751,171,487.83</u>	-	<u>72.59%</u>

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

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

**3. Long-term equity investment**

*Unit: RMB*

Name of Investee	Accounting method	Cost	Opening balance	Increase/Decrease	Ending balance	Equity held (%)	Proportion of vote (%)	Inconsistency between these two items	Impairment provision	Impairment provision in current period	Cash dividends of the current period
China Textmatech Company Limited	Equity method	30,000,000.00	57,875,797.98	3,072,190.52	60,947,988.50	25%	25%				
Hongda Research Company Limited	Equity method	20,000,000.00	12,052,557.35	-4,129,537.73	7,923,019.62	40%	40%				
Jingwei Machinery (Group) Company Limited	Equity method	8,000,000.00	11,351,892.20	-1,929,458.45	9,422,433.75	18.83%	18.83%				
Beijing Hengtian Fortune Investment Management Company Limited	Equity method	10,000,000.00	24,519,984.91	11,696,803.50	36,216,788.41	20%	20%				
Xi'an Jingwei Machinery Manufacture Company Limited	Equity method	7,102,828.08	6,050,439.76	-608,334.99	5,442,104.77	24.33%	24.33%				
Hongda Investment Company Limited	Cost method	24,866,602.17	24,866,602.17		24,866,602.17	9.38%	9.38%		14,823,871.42		
Qingdao Hongda Textile Machinery Company Limited	Cost method	44,100,000.00	96,009,790.51		96,009,790.51	97.66%	97.66%				
Zhenzhou Hongda New Textile Machinery Company Limited	Cost method	23,010,000.00	80,805,191.00		80,805,191.00	98%	98%				
Shenyang Hongda Textile Machinery Company Limited	Cost method	69,580,000.00	92,076,407.00		92,076,407.00	98%	98%				
Tianjin Hongda Textile Machinery Company Limited	Cost method	76,930,000.00	88,237,953.00		88,237,953.00	98%	98%				
Changde Textile Machinery Company Limited	Cost method	29,644,900.00	35,279,928.00		35,279,928.00	70%	70%				
Beijing Jingwei Textile Machinery New Technology Company Limited	Cost method	98,400,000.00	98,407,084.00		98,407,084.00	98.4%	98.4%				
Tianjin Jingwei New Type Textile Machinery Company Limited	Cost method	12,000,000.00	12,000,000.00		12,000,000.00	75%	75%				
Wuxi Hongda Textile Machinery and Special Parts Company Limited	Cost method	2,000,000.00	4,765,534.00		4,765,534.00	10%	51.25%	The Company held less than 50% interest in Wuxi Hongda Textile Machinery and Special Parts Company Limited. But pursuant to the Articles of Association of Wuxi Special Parts, the Group has more than half of the seats of the Board of Directors and hence has actual control over the Board.			
Wuxi Jingwei Textile Technology Testing Company Limited	Cost method	32,960,000.00	34,152,507.00		34,152,507.00	66.55%	66.55%				
Shantui Jingwei Heli Machinery Manufacture Company Limited	Cost method	30,000,000.00	39,288,285.00		39,288,285.00	30%	71.43%	The Company held less than 50% interest in Shantui Jingwei Heli Machinery Manufacturing Company Limited. But pursuant to the Articles of Association of Jingwei Heli, the Group has more than half of the seats of the Board of Directors and hence has actual control over the Board.			
Yichang Jingwei Textile Machinery Company Limited	Cost method	15,000,000.00	15,000,000.00		15,000,000.00	75%	75%				
Beijing Jingpeng Investment Management Company Limited	Cost method	96,000,000.00	96,000,000.00		96,000,000.00	96%	96%				
Jingwei Textile Machinery Yuci Material Company Limited	Cost method	4,960,000.00	5,000,000.00		5,000,000.00	99.92%	99.92%				
Shanghai Wetxin Electrical and Machinery Company Limited	Cost method	14,400,000.00	14,400,000.00		14,400,000.00	90%	90%				

**Notes to the Financial Statements**(Prepared in accordance with the PRC Accounting Standards for Business Enterprises)  
(All amounts are stated in RMB Yuan unless otherwise stated)**XI. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)****3. Long-term equity investment (continued)***Unit: RMB*

Name of Investee	Accounting method	Cost	Opening balance	Increase/Decrease	Ending balance	Equity held (%)	Proportion of vote (%)	Inconsistency between these two items	Impairment provision	Impairment provision in current period	Cash dividends of the current period
Shanghai Chuangan Trading Company Limited	Cost method	1,800,000.00	1,800,000.00		1,800,000.00	36%	60%	The Company held less than 50% interest in Shanghai Chuangan Trading Company Limited. But pursuant to the Articles of Association of Shanghai Chuangan, the Group has more than half of the seats of the Board of Directors and hence has actual control over the Board			
Hongkong Huaming Co. Limited	Cost method	4,966,416.00	62,559,880.00		62,559,880.00	100%	100%				
Huangshi Jingwei Textile Machinery Company Limited	Cost method	17,851,007.41	17,851,007.41		17,851,007.41	45%	60%	The Company held less than 50% interest in Huangshi Jingwei Textile Machinery Company Limited. But pursuant to the Articles of Association of Huangshi Jingwei, the Group has three of five seats of this company's Board of Directors and hence has actual control over the Board.	7,051,007.42		
Wuxi Jingwei Textile Machinery Sales Service Company Limited	Cost method	4,793,503.17	4,793,503.17		4,793,503.17	100%	100%				
Aushan Jingwei Haihong Agricultural Machinery Company Limited	Cost method	38,855,400.00	38,855,400.00		38,855,400.00	51%	51%				
Hubei Xinchufeng Automobile Co., Ltd	Cost method	100,000,000.00	150,000,000.00		150,000,000.00	75%	75%				
Xiayang Jingwei Textile Machinery Company Limited	Cost method	57,468,693.00	48,680,000.00		48,680,000.00	97.36%	97.36%				
Zhongrong International Trust Co., Ltd	Cost method	1,585,565,021.62	1,585,565,021.62	477,580,300.00	2,063,145,321.62	37.47%	57.14%	The Company held less than 50% interest in Zhongrong International Trust Company Limited. But pursuant to the Articles of Association of Zhongrong Trust, the Group has more than half of the seats of this company's Board of Directors and hence has actual control over the Board.			
Yichang Jingwei Machinery Company Limited	Cost method	78,927,593.34	78,927,593.34		78,927,593.34	100%	100%				
Jingwei Tsudakoma Textile Machinery (Xiayang) Company Limited	Cost method	64,260,000.00	64,260,000.00		64,260,000.00	51%	51%				
Shanxi Jingwei Textile Machinery and Special Parts Company Limited	Cost method	35,850,000.00	35,860,000.00		35,860,000.00	89.65%	89.65%				
Taiyuan Jingwei Electrical Company Limited	Cost method	4,900,000.00	5,212,000.00	100,000.00	5,312,000.00	98%	98%				
Shanghai Jingwei Dongxing Blowing Carding Machinery Company Limited	Cost method	42,383,554.97	40,357,554.97		40,357,554.97	78%	78%				
Jinzhong Jingwei Foundry Company Limited	Cost method	17,200,000.00	17,200,000.00		17,200,000.00	68.8%	68.8%				
Jinzhong Jingwei Chemical Fiber Machinery Company Limited	Cost method	18,810,000.00	23,451,313.00		23,451,313.00	65.48%	65.48%				
Jinzhong Jingwei Hengxin Machinery Co., Ltd.	Cost method	4,029,000.00	4,029,000.00		4,029,000.00	51%	51%				
JW-PROTTI MACCHINE TESSILI S.R.	Cost method	1,638,820.00		1,638,820.00	1,638,820.00	80%	80%				
<b>Total</b>		<b>2,278,253,339.76</b>	<b>3,027,542,227.39</b>	<b>487,420,782.85</b>	<b>3,514,963,010.24</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>21,874,878.84</b>	<b>0.00</b>

**Notes to the Financial Statements**

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

**XI. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)**
**4. Operating income and operating costs**
**(1) Operating income**
*Unit: RMB*

Item	Current period	Previous period
Principal operating income	1,402,175,969.11	1,431,442,999.88
Other operating income	316,577,703.15	433,222,063.81
Total	<u>1,718,753,672.26</u>	<u>1,864,665,063.69</u>
Operating Cost	<u>1,596,289,639.88</u>	<u>1,741,461,473.35</u>

**(2) Principal operation by industry**
*Unit: RMB*

Industry name	Current period		Previous period	
	Principal operating income	Principal operating costs	Principal operating income	Principal operating costs
Textile machinery	<u>1,402,175,969.11</u>	<u>1,296,225,915.57</u>	1,431,442,999.88	1,323,546,522.47
Total	<u>1,402,175,969.11</u>	<u>1,296,225,915.57</u>	<u>1,431,442,999.88</u>	<u>1,323,546,522.47</u>

**(3) Principal operation by region**
*Unit: RMB*

Region	Current period		Previous period	
	Principal operating income	Principal operating costs	Principal operating income	Principal operating costs
Domestic	1,062,598,600.55	982,501,704.02	1,183,311,459.10	1,082,343,172.76
Oversea	<u>339,577,368.56</u>	<u>313,724,211.55</u>	248,131,540.78	241,203,349.71
Total	<u>1,402,175,969.11</u>	<u>1,296,225,915.57</u>	<u>1,431,442,999.88</u>	<u>1,323,546,522.47</u>

**(4) Operating income from the top five customers**
*Unit: RMB*

Customers	Operating income	Proportion (%)
China Texmatech Company Limited	330,536,762.60	19.23%
Xuzhou Texhong Times Textile Co., Ltd.	47,893,111.11	2.79%
Qingdao Hongda Textile Machinery Company Limited	45,912,340.70	2.67%
Xuzhou Texhong Yinfeng Textile Co., Ltd.	41,340,200.85	2.41%
Weifang Textile Industrial supply and Sale Company Limited	<u>38,829,672.76</u>	<u>2.26%</u>
Total	<u>504,512,088.02</u>	<u>29.36%</u>



**Notes to the Financial Statements**

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

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

**5. Investment income**

*(1) Details*

*Unit: RMB*

Item	Current period	Previous period
Investment income under cost method	91,500,000.00	
Investment income under equity method	8,101,662.85	3,635,375.62
Gain on disposal of long-term equity investment		35,882,553.25
Gain on disposal of held-for-trading financial assets		-53,360.61
Other	122,466.98	
<b>Total</b>	<b><u>99,724,129.83</u></b>	<b><u>39,464,568.26</u></b>

*(2) Investment income under the cost method*

*Unit: RMB*

Name of investee	Current period	Previous period	Reason of change
Zhongrong International Trust Co., Ltd.	91,500,000.00	0.00	
<b>Total</b>	<b><u>91,500,000.00</u></b>	<b><u>0.00</u></b>	-

*(3) Investment income under the equity method*

*Unit: RMB*

Name of investee	Current period	Previous period	Reason of change
China Texmatech Company Limited	3,072,190.52	1,288,549.22	
Hongda Research Company Limited	-4,129,537.73	-4,074,339.50	
Jingwei Machinery (Group) Company Limited	-1,929,458.45	2,000.00	
Beijing Hengtian Fortune Investment Management Company Limited	11,696,803.50	6,600,000.00	
Xianyang Jingwei Machinery Manufacture Company Limited	-608,334.99	-180,834.10	
<b>Total</b>	<b><u>8,101,662.85</u></b>	<b><u>3,635,375.62</u></b>	-

**Notes to the Financial Statements**(Prepared in accordance with the PRC Accounting Standards for Business Enterprises)  
(All amounts are stated in RMB Yuan unless otherwise stated)**XI. NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (CONTINUED)****6. Supplementary information of the cash flow statement***Unit: RMB*

Supplementary Information	Current period	Previous period
1. Reconciliation of net profit to cash flow from operating activities:	—	—
Net profit	36,438,562.40	42,510,199.12
Add: Provision for impairment loss		
Depreciation of fixed assets, depletion of oil and gas assets and productive biological assets	11,760,073.31	10,222,875.64
Amortization of intangible assets	2,343,071.02	887,086.20
Amortization of long-term deferred payment		
Loss on disposal of fixed assets, intangible assets and other long-term assets (gains expressed with “-”)	1,216,689.79	10,481,879.43
Loss on retirement of fixed assets (gains expressed with “-”)		
Loss on fair value change (gains expressed with “-”)		1,253.73
Finance cost (gains expressed with “-”)	61,149,775.13	58,966,264.52
Investment losses (gains expressed with “-”)	-99,724,129.83	-39,464,568.26
Decrease in deferred tax assets (gains expressed with “-”)		
Increase in deferred tax liabilities (loss expressed with “-”)		
Decrease in inventories (gains expressed with “-”)	-34,225,680.36	97,807,235.70
Decrease in trade receivables (gains expressed with “-”)	-524,906,786.47	-65,314,999.82
Increase in trade payables (loss expressed with “-”)	343,106,004.83	-99,028,209.16
Others		
Net cash flow from operating activities	<u>-202,842,420.18</u>	<u>17,069,017.10</u>
2. Significant Investing and financing activities not involved cash receipts and payments	—	—
3. Net increase in cash and cash equivalents	—	—
Closing balance of cash	427,494,342.56	479,181,568.22
Less: opening balance of cash	1,040,410,788.66	431,749,529.22
Net increase in cash and cash equivalents	<u>-612,916,446.10</u>	<u>47,432,039.00</u>

**Notes to the Financial Statements**

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

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

Profits of the report period	Weighted average rate of return on net assets	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders	3.74%	0.43	0.43
Net profit attribute to ordinary shareholders after extraordinary profit and loss	3.66%	0.42	0.42

**2. Variances and reasons**

Item	Amount at the end of period (Current period)	Amount at the beginning of period (Previous period)	Variance	Notes
Prepayment	659,707,664.51	463,173,676.21	42.43%	Note 1
Non-current asset due within one year	4,975,921.37	22,082,751.25	-77.47%	Note 2
Other current asset	329,774.69	537,168.49	-38.61%	Note 3
Financial assets available for sale	384,608,476.82	570,852,379.82	-32.63%	Note 4
Employee benefits payables	1,561,106,288.37	1,106,647,580.96	41.07%	Note 5
Interest payables	25,958,323.33	48,489,844.48	-46.47%	Note 6
Dividend payable	57,314,988.71	5,009,834.99	1044.05%	Note 7
Non-current liabilities due within one year	15,175,290.01	93,654,888.58	-83.80%	Note 8
Other non-current liabilities	129,697,386.56	96,755,977.44	34.05%	Note 9
Special Reserve	7,680,800.14	5,377,780.42	42.82%	Note 10
General risk reserve	105,787,961.36	56,712,015.61	86.54%	Note 11
Non-controlling interest	4,505,532,598.48	3,366,426,864.51	33.84%	Note 12
Interest income	153,011,493.48	19,113,584.56	700.54%	Note 13
Fee and commission income	2,477,025,022.51	1,621,361,862.98	52.77%	Note 14
Interest expense		450,333.30	-100.00%	Note 15
Sales taxes and levies	153,655,290.44	106,341,931.80	44.49%	Note 16
Gains on fair value changes	-19,257,265.57	47,874,301.93	-140.22%	Note 17
Investment income	-14,807,490.57	74,866,743.39	-119.78%	Note 18
Non-operating income	16,496,556.62	47,133,945.42	-65.00%	Note 19
Non-operating expenses	5,979,542.02	2,746,205.05	117.74%	Note 20
Income tax expense	365,800,632.12	228,894,178.27	59.81%	Note 21
Minority interests	653,450,702.85	417,870,219.60	56.38%	Note 22

**Notes to the Financial Statements**

(Prepared in accordance with the PRC Accounting Standards for Business Enterprises)

(All amounts are stated in RMB Yuan unless otherwise stated)

**XII. SUPPLEMENTARY INFORMATION (CONTINUED)****2. Variances and reasons (continued)**

- Note 1:* The increase in prepayment as compared with the beginning of the year was mainly due to the increase in the prepayments to raw materials.
- Note 2:* The decrease in non-current asset due within one year as compared with the beginning of the year was due to some payments for the goods on installment sales was due and received.
- Note 3:* Other current asset decreased compared with the beginning of the year mainly because less amount of income tax was prepaid.
- Note 4:* Decrease in available-for-sale financial assets compared with the beginning of the year was due to the decrease in the fair value of available-for-sale financial assets held by Zhongrong Trust during the accounting period.
- Note 5:* Increase in employee benefits payables compared with the beginning of the year was mainly due to the increase in the salaries provided by Zhongrong Trust.
- Note 6:* The decrease in interest payables compared with the beginning of the year was mainly due to less interest on bonds was provided compared with the end of last year.
- Note 7:* The increase in dividend payables compared with the beginning of the year was mainly due to the dividends payable to some shareholders had not been paid.
- Note 8:* The decrease in non-current liabilities due within one year compared with the beginning of the year was mainly due to less long-term borrowings due within one year.
- Note 9:* The increase in other non-current liabilities compared with the beginning of the year was mainly due to the increase in the government subsidies received.
- Note 10:* The increase in special reserve compared with the beginning of the year was mainly due to the increase in the safety production funds provided.
- Note 11:* The increase in general risk preparation compared with the beginning of the year was mainly due to the increase in the risk provision of the Zhongrong Trust.
- Note 12:* The increase in non-controlling interests compared with the beginning of the year was due to Zhongrong Trust received the capital injection from minority shareholders and the increase in net profit resulted in the corresponding increase in profit or loss of minority shareholders.
- Note 13:* It was due to Zhongrong Trust actively utilised its capital, which resulted in a significant growth in its interest income of due from banks.
- Note 14:* It was due to the scale of trust for Zhongrong Trust grew significantly, which caused the handling fee realised during the period increased compared with the same period last year.
- Note 15:* It was due to there was no due from banks for Zhongrong Trust, no interest expenses occurred.
- Note 16:* It was mainly due to the revenue of Zhongrong Trust increased, and the resulting sales taxes and levies increased.
- Note 17:* It was mainly due to the market value of trading financial assets of Zhongrong Trust decreased.
- Note 18:* It was mainly due to the investment income generated from the disposal of the equity in Xianyang Jingwei Textile Machinery Company Limited.
- Note 19:* It was mainly due to the gains from the disposal of fixed assets during the period decreased compared with the corresponding period in the previous year.
- Note 20:* It was mainly due to the losses from the disposal of fixed assets during the period increased compared with the corresponding period in the previous year.
- Note 21:* The increase in the total profit of Zhongrong Trust resulted in the corresponding increase in the income tax expense provided.
- Note 22:* It was mainly due to the increase in net profit of Zhongrong Trust, which resulted in the increase in the profits and losses attributable to minority interests.

## Chapter IX Condensed Interim Financial Statements Prepared in Accordance with Hong Kong Financial Reporting Standard (Unaudited)

### Condensed Consolidated Statement of Comprehensive Income (For the six months ended 30 June 2013)

	<i>Notes</i>	<b>2013</b> <i>RMB'000</i>	<b>2012</b> <i>RMB'000</i>
<b>Continuing operations</b>			
<b>Turnover</b>		5,308,053	4,247,152
Cost of sales		<u>(2,463,069)</u>	<u>(2,294,247)</u>
<b>Gross profit</b>		2,844,984	1,952,905
Other income		55,742	188,787
(Loss)/gain on fair value changes of financial assets at fair value through profit or loss		(19,257)	47,874
Distribution and selling expenses		(81,087)	(79,498)
Administrative expenses		(1,398,268)	(1,110,418)
Finance costs		(84,401)	(72,469)
Share of profit of associates		<u>9,132</u>	<u>(2,127)</u>
<b>Profit before taxation</b>		1,326,845	925,054
Income tax expense		<u>(365,801)</u>	<u>(228,894)</u>
<b>Profit for the year</b>		<u>961,044</u>	<u>696,160</u>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss		(187,110)	37,756
Exchange difference on translation of a foreign operation		(866)	235
Fair value (loss)/gain on available-for-sale financial assets		(186,244)	37,521
Share of other comprehensive income of associates			
Income tax relating to components of other comprehensive income		<u>46,561</u>	<u>(9,380)</u>
<b>Other comprehensive (loss)/income for the year, net of income tax</b>		<u>(140,549)</u>	<u>28,376</u>
<b>Total comprehensive income for the year</b>		<u><u>820,495</u></u>	<u><u>724,536</u></u>
<b>Profit for the year attributable to:</b>			
Owners of the Company		306,608	278,290
Non-controlling interests		<u>654,436</u>	<u>417,870</u>
		<u><u>961,044</u></u>	<u><u>696,160</u></u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		253,462	288,824
Non-controlling interests		<u>567,033</u>	<u>435,712</u>
		<u><u>820,495</u></u>	<u><u>724,536</u></u>
<b>Earnings per share</b>			
From continuing and discontinued operations			
– Basic and diluted		<u>RMB0.44</u>	<u>RMB0.46</u>
From continuing operations			
– Basic and diluted		<u>RMB0.44</u>	<u>RMB0.46</u>



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

	<i>Notes</i>	<b>30 June 2013</b>	<b>31 December 2012</b>
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		1,988,660	1,959,820
Prepaid lease payments		438,367	444,021
Intangible assets		54,077	51,398
Goodwill		844,307	844,307
Interests in associates		161,008	151,876
Available-for-sale financial assets		456,736	636,980
Deferred tax assets		340,278	288,902
		<u>4,283,433</u>	<u>4,377,304</u>
<b>Current assets</b>			
Inventories		1,599,526	1,484,581
Trade and other receivables		2,799,774	2,595,563
Prepaid lease payments		10,808	10,817
Amounts due from a holding company		64	64
Amounts due from fellow subsidiaries		108,194	108,404
Amounts due from associates		314,392	150,811
Current tax assets		330	537
Financial assets at fair value through profit or loss		227,924	276,666
Pledged bank deposits		181,995	68,981
Cash and cash equivalents		8,141,091	6,479,759
		<u>13,384,098</u>	<u>11,176,183</u>
<b>Current liabilities</b>			
Trade and other payables		4,706,613	4,065,991
Amounts due to holding companies		50,353	26,532
Amounts due to fellow subsidiaries		212,761	181,233
Amounts due to associates		74,290	89,100
Current tax liabilities		186,807	177,749
Borrowings-amount due within one year		1,661,755	1,515,761
Obligations under finance leases		14,253	32,021
		<u>6,906,832</u>	<u>6,088,387</u>
<b>Net current assets</b>		<u>6,477,266</u>	<u>5,087,796</u>
<b>Total assets less current liabilities</b>		<u>10,760,699</u>	<u>9,465,100</u>
<b>Non-current liabilities</b>			
Borrowings-amount due after one year		1,200,000	1,200,000
Obligations under finance leases		26,312	25,243
Other non-current liabilities		204,393	171,275
		<u>1,430,705</u>	<u>1,396,518</u>
		<u>9,329,994</u>	<u>8,068,582</u>
<b>Capital and reserves</b>			
Share capital		704,130	704,130
Reserves		4,120,331	3,998,025
Equity attributable to owners of the Company		4,824,461	4,702,155
Non-controlling interests		4,505,533	3,366,427
		<u>9,329,994</u>	<u>8,068,582</u>

**Consolidated Statement of Changes in Equity**  
(For the six months ended 30 June 2013)

	Share capital RMB '000	Share premium RMB '000	Statutory surplus reserve RMB '000	Discretionary surplus reserve RMB '000	Regulatory reserve RMB '000	Investment revaluation reserve RMB '000	Production safety fund surplus reserve RMB '000	Foreign currency translation reserve RMB '000	Retained profits RMB '000	Attributable to owners of the Company RMB '000	Non-controlling interests RMB '000	Total RMB '000
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	-	-	-	-	-	-	-	-	435,621	435,621	953,368	1,388,989
Other comprehensive loss for the year, net of income tax	-	-	-	-	-	(1,977)	-	(33)	-	(2,010)	(1,326)	(3,336)
Total comprehensive income for the year	-	-	-	-	-	(1,977)	-	(33)	435,621	433,611	952,042	1,385,653
Appropriation to reserve	-	-	61,431	713	30,199	-	-	-	(92,343)	-	-	-
Provision for production safety fund surplus reserve	-	-	-	-	-	-	11,484	-	(11,484)	-	-	-
Utilisation of production safety fund surplus reserve	-	-	-	-	-	-	(6,106)	-	6,106	-	-	-
Issue of shares	100,330	836,752	-	-	-	-	-	-	937,082	-	-	937,082
Share issue costs	-	(33,432)	-	-	-	-	-	-	(33,432)	-	-	(33,432)
Non-controlling interests arising on business combination	-	-	-	-	-	-	-	-	-	-	3,336	3,336
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	79,380	79,380
Changes in ownership interest in a subsidiary that do not result in a loss of control	-	2,735	-	-	-	-	-	-	-	2,735	4,964	7,699
Payment of dividends approved in respect of previous year	-	-	-	-	-	-	-	-	(36,228)	(36,228)	-	(36,228)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(6,213)	(6,213)
At 31 December 2012	704,130	2,002,674	553,805	179,621	56,712	(5,519)	5,378	(3,395)	1,208,749	4,702,155	3,366,427	8,068,582
At 1 January 2013	704,130	2,002,674	553,805	179,621	56,712	(5,519)	5,378	(3,395)	1,208,749	4,702,155	3,366,427	8,068,582
Profit for the year	-	-	-	-	-	-	-	-	306,608	306,608	654,436	961,044
Other comprehensive loss for the year, net of income tax	-	-	-	-	-	(52,339)	-	(807)	-	(53,146)	(87,403)	(140,549)
Total comprehensive income for the year	-	-	-	-	-	(52,339)	-	(807)	306,608	253,462	567,033	820,495
Appropriation to reserve	-	-	-	-	49,076	-	-	-	(49,076)	-	-	-
Provision for production safety fund surplus reserve	-	-	-	-	-	-	6,088	-	(6,088)	-	-	-
Utilisation of production safety fund surplus reserve	-	-	-	-	-	-	(3,785)	-	3,785	-	-	-
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	730,572	730,572
Changes in ownership interest in a subsidiary that do not result in a loss of control	-	(60,743)	-	-	-	-	-	-	-	(60,743)	-	(60,743)
Payment of dividends approved in respect of previous year	-	-	-	-	-	-	-	-	(70,413)	(70,413)	-	(70,413)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(158,500)	(158,500)
At 30 June 2013	704,130	1,941,931	553,805	179,621	105,788	(57,858)	7,681	(4,202)	1,393,565	4,824,461	4,505,532	9,329,993

**CONDENSED Consolidated Statement of Cash Flows**(Prepared in accordance with HKFRSs)  
(For the six months ended 30 June 2013)

<i>Notes</i>	<b>2013</b> <i>RMB'000</i>	<b>2012</b> <i>RMB'000</i>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(111,855)	(106,603)
Gains from disposal of property, plant and equipment	23,130	38,480
Gains from disposal of subsidiaries	–	41,087
Net cash of monetary investments	<u>(2,748)</u>	<u>(46,920)</u>
Net cash used in investing activities	<u>(91,473)</u>	<u>(73,956)</u>
<b>Financing activities</b>		
Dividends paid and interest paid	(190,662)	(58,688)
Proceeds from issue of bonds	–	1,196,400
Cash of borrowings	907,588	1,415,973
Repayment of borrowings due	(727,384)	(2,253,474)
Capital injection from non-controlling interests	669,420	–
Acquisition of additional interests in subsidiaries	<u>(102,880)</u>	<u>(4,641)</u>
Net cash generated from financing activities	<u>556,082</u>	<u>295,570</u>
Net increase in cash and cash equivalents	1,684,290	912,535
Cash and cash equivalents as at 1 January	6,456,694	3,807,851
Effect of foreign exchange rate changes	<u>107</u>	<u>115</u>
Cash and cash equivalents as at 30 June	<u><u>8,141,091</u></u>	<u><u>4,720,501</u></u>



**Notes to the Unaudited Condensed Consolidated Financial Statements**  
(Prepared in Accordance with HKFRSs)

**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 31.13% of the equity interest in the Company with controlling interest. 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 which holds 2.70% of the equity interest in the Company. The remaining 66.71% of the Company’s shares are widely held by other Shareholders. 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 2013 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 Hong Kong Accounting Standards 34, Interim Financial Reporting, and should be read in conjunction with the annual financial statements for the year ended 31 December 2012 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 2012, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements.

The adoption of these new and revised HKFRSs had no material effect on the unaudited condensed consolidated financial information, except for the followings:

Amendments to HKAS 1 (revised) require the entity’s other comprehensive income items to be classified into two categories, namely (i) items that may be reclassified subsequently to profit or loss; and (ii) items that will not be reclassified to profit or loss. The adoption of these amendments had only affected the presentation of the condensed consolidated income statement.

The Group has not early applied any new HKFRSs that have been issued but are not yet effective.

**3. TURNOVER**

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

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>RMB’000</i>	<i>RMB’000</i>
Manufacture and sales of textile machinery and related material, parts and component	2,357,568	2,406,353
Provision of trust and fiduciary services	2,660,910	1,711,770
Manufacture and sales of other non-textile products	289,575	129,029
	<u>5,308,053</u>	<u>4,247,152</u>

**Notes to the Unaudited Condensed Consolidated Financial Statements**  
(Prepared in Accordance with HKFRSs)

**4. BUSINESS SEGMENTS**

Segment information about these businesses is presented below:

	<b>Manufacture and sales of textile machinery and related materials, parts and component</b> <i>RMB'000</i>	<b>Provision of trust and fiduciary services</b> <i>RMB'000</i>	<b>Manufacture and sales of other non-textile products</b> <i>RMB'000</i>	<b>Elimination</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Six months ended 30 June 2013</b>					
<b>TURNOVER</b>					
External sales	2,357,568	2,660,910	289,575	–	5,308,053
Inter-segment sales	31,535	–	–	(31,535)	–
Total from continuing operations	<u>2,389,103</u>	<u>2,660,910</u>	<u>289,575</u>	<u>(31,535)</u>	<u>5,308,053</u>
Inter-segment sales are charged at prevailing market rates.					
<b>RESULT</b>					
Segment result (continuing operations)	<u>(37,628)</u>	<u>1,456,789</u>	<u>(12,421)</u>	<u>–</u>	<u>1,406,740</u>
Unallocated income					14,631
Finance costs					(84,401)
Gain on fair value changes of financial assets at fair value through profit or loss					(19,257)
Share of profit of associates					<u>9,132</u>
Profit before taxation (continuing operations)					1,326,845
Income tax expense					<u>(365,801)</u>
Profit for the year (continuing operations)					<u>961,044</u>

**Notes to the Unaudited Condensed Consolidated Financial Statements**  
(Prepared in Accordance with HKFRSs)

**4. BUSINESS SEGMENTS (continued)**

	<b>Manufacture and sales of textile machinery and related materials, parts and component <i>RMB'000</i></b>	<b>Provision of trust and fiduciary services <i>RMB'000</i></b>	<b>Manufacture and sales of other non-textile products <i>RMB'000</i></b>	<b>Elimination <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
<b>Six months ended 30 June 2012</b>					
<b>TURNOVER</b>					
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.					
<b>RESULT</b>					
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>

**5. OTHER INCOME**

	<b>For the six months ended 30 June</b>	
	<b>2013 <i>RMB'000</i></b>	<b>2012 <i>RMB'000</i></b>
Interest income from banks	14,631	9,148
Government subsidies	10,581	11,868
Gain on disposal of a subsidiary	–	78,351
Net gain on disposal of property, plant and equipment	(945)	27,481
Net foreign exchange gains	(178)	(738)
Rental income	3,154	2,868
Available-for-sale financial assets carried at fair value: reclassified from equity – gain on disposal	–	47,247
Others	28,499	12,562
	<u>55,742</u>	<u>188,787</u>



**Notes to the Unaudited Condensed Consolidated Financial Statements**  
(Prepared in Accordance with HKFRSs)

**6. FINANCE COSTS**

**Continuing operations**

	<b>For the six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expenses on borrowings wholly repayable within five years	<u>84,401</u>	<u>72,469</u>

**7. PROFIT BEFORE TAXATION**

	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation after charging/(crediting) of the following items:		
Total staff costs (including directors' remuneration)	1,044,570	842,245
Auditor's remuneration	–	1,774
Amortisation:		
– intangible assets	6,202	3,519
– prepaid lease payments	5,665	5,771
Depreciation of property, plant and equipment	54,771	65,509
Minimum lease payments paid under operating lease in respect of land and buildings	42,429	32,578
Research and development costs	96,419	66,324
Write-down of inventories	<u>(741)</u>	<u>(1,074)</u>

**8. INCOME TAX EXPENSE**

**Continuing operations**

	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Current tax</b>		
– PRC Enterprise Income Tax	370,615	216,964
Deferred tax credit for the year	<u>(4,814)</u>	<u>11,930</u>
	<u>365,801</u>	<u>228,894</u>

**9. EARNINGS PER SHARE**

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB306,608,000 (January to June 2012: profit of RMB278,290,000) and the number of shares of 704,130,000 (January to June 2012: 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 2013 (January to June 2012: nil).

**Notes to the Unaudited Condensed Consolidated Financial Statements**  
(Prepared in Accordance with HKFRSs)

**11. PROPERTY, PLANT AND EQUIPMENT**

	<b>Buildings</b> <i>RMB'000</i>	<b>Machinery and equipment</b> <i>RMB'000</i>	<b>Motor vehicles</b> <i>RMB'000</i>	<b>Construction in progress</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>COST</b>					
As at 1 January 2013	1,013,243	609,859	68,140	268,578	1,959,820
Additions	17,108	1,250	5,108	93,866	117,332
Assigned assets after construction	482	31,624	–	(32,106)	–
Depreciation	(20,121)	(44,872)	(6,631)	–	(71,624)
Sales, disposals and other reductions	(7,373)	(8,662)	(693)	(140)	(16,868)
Net amount as at 30 June 2013	<u>1,003,339</u>	<u>589,199</u>	<u>65,924</u>	<u>330,198</u>	<u>1,988,660</u>
As at 1 January 2012	<u>920,743</u>	<u>608,722</u>	<u>68,587</u>	<u>327,182</u>	<u>1,925,234</u>
Additions	47,822	79,502	19,434	230,147	376,905
Assigned assets after construction	167,838	64,013	2,492	(234,343)	–
Depreciation	(47,074)	(101,939)	(16,510)	–	(165,523)
Sales, disposals and other reductions	(76,086)	(40,439)	(5,863)	(54,408)	(176,796)
Net amount as at 31 December 2012	<u>1,013,243</u>	<u>609,859</u>	<u>68,140</u>	<u>268,578</u>	<u>1,959,820</u>

**12. INTANGIBLE ASSETS**

	<b>Patents and licences</b> <i>RMB'000</i>	<b>Software</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Cost</b>			
As at 1 January 2013	25,449	25,949	51,398
Additions	–	9,343	9,343
Amortisation	(2,384)	(4,279)	(6,663)
Net amount as at 30 June 2013	<u>23,065</u>	<u>31,013</u>	<u>54,078</u>
As at 1 January 2012	11,527	12,762	24,289
Additions	18,797	19,004	37,801
Amortisation	(4,875)	(5,817)	(10,692)
Net amount as at 31 December 2012	<u>25,449</u>	<u>25,949</u>	<u>51,398</u>

**13. INVENTORIES**

	<b>30 June 2013</b> <i>RMB'000</i>	<b>31 December 2012</b> <i>RMB'000</i>
Raw materials	513,673	443,603
Work in progress	486,360	521,225
Finished goods	599,493	519,753
	<u>1,599,526</u>	<u>1,484,581</u>



**Notes to the Unaudited Condensed Consolidated Financial Statements**  
(Prepared in Accordance with HKFRSs)

**14. TRADE AND OTHER RECEIVABLES**

	<b>30 June 2013</b>	<b>31 December 2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivable	657,752	639,541
Less: Provision for doubtful debts	(32,246)	(35,061)
	<u>625,506</u>	<u>604,480</u>
Bills receivable	1,319,241	1,348,266
Deposits and other receivables	268,989	212,474
Prepayments	581,062	408,260
Non-current assets (due within one year)	4,976	22,083
	<u>2,799,774</u>	<u>2,595,563</u>

**15. TRADE AND OTHER PAYABLES**

	<b>30 June 2013</b>	<b>31 December 2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	1,858,557	1,524,236
Bills payable	281,575	379,335
Other payables and accrued charges	2,566,481	2,162,420
	<u>4,706,613</u>	<u>4,065,991</u>

**16. SHARE CAPITAL**

	<b>1 January 2013</b>	<b>Increase/ (decrease)</b>	<b>30 June 2013</b>
<b>Number of shares</b>			
Registered, issued and fully paid			
– restricted	295,986,053	233,250	296,219,303
– others	227,343,947	(233,250)	227,110,697
H shares, RMB1.00 each	180,800,000	–	180,800,000
	<u>704,130,000</u>	<u>–</u>	<u>704,130,000</u>
<b>RMB'000</b>			
Registered, issued and fully paid			
– restricted	295,986	233	296,219
– others	227,344	(233)	227,111
H shares, RMB1.00 each	180,800	–	180,800
	<u>704,130</u>	<u>–</u>	<u>704,130</u>

**Notes to the Unaudited Condensed Consolidated Financial Statements**  
(Prepared in Accordance with HKFRSs)

**17. CONTINGENT LIABILITIES**

	<b>30 June 2013</b>	<b>31 December 2012</b>
	<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 fellow subsidiaries**

	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of goods and services		
Sale of finished goods	16,761	3,464
Sale of raw materials, parts and components	1,821	305
Other supporting services income received	148	261
Rental income received	1,386	–
	<u>20,116</u>	<u>4,030</u>
Purchase of goods and services		
Purchase of finished goods	214,071	170,081
Purchase of raw materials, parts and components	3,215	3,742
Purchase of power	19	7
Processing fee paid	43	48
Transportation services expense paid	1,912	1,110
Repairs and maintenance services expense paid	39	2,179
Other supporting services expense paid	2,105	2,105
Rental expense paid	171	180
	<u>221,575</u>	<u>179,452</u>
Total		



**Notes to the Unaudited Condensed Consolidated Financial Statements**  
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**18. RELATED PARTIES TRANSACTIONS (continued)****(2) Transactions with associated companies**

	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of goods and services		
Sale of finished goods	474,328	335,055
Sale of materials, parts and components	26,382	5,456
Processing fee received	122	212
Support service fee received	940	1,256
	<hr/>	<hr/>
Total	<u>501,772</u>	<u>341,979</u>
Purchase of goods and services		
Purchase of materials, parts and components	67,364	39,482
Purchase of tools and mold	2,563	2,079
Processing fee paid	9	359
Purchase of package	10	7
Payment for repair and maintenance service	2,478	3,814
Payment for other support service fee	305	185
Rental expense paid	67	27
	<hr/>	<hr/>
Total	<u>72,796</u>	<u>45,953</u>

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

	<b>Six months ended 30 June</b>	
	<b>2013</b>	<b>2012</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of goods and services		
Sale of finished goods	408	1,738
Sale of materials, parts and components	3,830	1,858
	<hr/>	<hr/>
Total	<u>4,238</u>	<u>3,596</u>
Purchase of goods and services		
Purchase of finished goods	26,177	29,960
Purchase of materials, parts and components	98,332	101,387
Purchase of castings	23,220	21,178
Purchase of power	-	1,131
Purchase of package	10,302	12,699
Processing fee paid	7,593	6,500
Payment for other support service fee	748	1,275
Rental expense paid	2,585	4,054
	<hr/>	<hr/>
Total	<u>168,957</u>	<u>178,184</u>



## **Chapter X Documents Available for Inspection**

1. The accounting statements duly signed and sealed by the authorized representative, the person in charge of finance and the person in charge of accounting;
2. Original of all documents and public announcements which had been disclosed in the newspapers for company information disclosure during the reporting period and original of such manuscripts;
3. 2013 annual reports (both English and Chinese versions).