



## Chapter III Movement in Share Capital and Information on Shareholders

### Section 1 Changes in the number of shares during the year

		Before change		Increase/decrease (+/-)					After change	
		('000 shares)		('000 shares)					('000 shares)	
		Number of shares	Proportion	New issue	Bonus shares	Conversion from statutory surplus reserve	Others	Sub-total	Number of shares	Proportion
A.	Non-circulating unlisted shares									
1.	Shares held by the Promoter Including:	220,000	36.44%	—	—	—	—	—	220,000	36.44%
	State-owned shares	—	—	—	—	—	—	—	—	—
	Shares owned by domestic legal persons	220,000	36.44%	—	—	—	—	—	220,000	36.44%
	Shares owned by foreign legal persons	—	—	—	—	—	—	—	—	—
	Others	—	—	—	—	—	—	—	—	—
2.	Subscriber legal person shares	—	—	—	—	—	—	—	—	—
3.	Employee shares	—	—	—	—	—	—	—	—	—
4.	Preferential shares or other shares	—	—	—	—	—	—	—	—	—
	Sub-total of non-circulating unlisted shares:	220,000							220,000	
B.	Circulating listed shares									
1.	Domestically listed domestic shares (A Shares)	203,000	33.62%	—	—	—	—	—	203,000	33.62%
2.	Domestically listed foreign shares	—	—	—	—	—	—	—	—	—
3.	Overseas listed foreign shares (H Shares)	180,800	29.94%	—	—	—	—	—	180,800	29.94%
4.	Others	—	—	—	—	—	—	—	—	—
	Sub-total of circulating unlisted shares:	383,800							383,800	
C.	Total number of shares	603,800	100%	—	—	—	—	—	603,800	100%

### Section 2 Issue and listing of shares

The Company has not issued any shares over the three years preceding the end of the reporting period, and the total number of shares and capital structure of the Company remain unchanged.

### Section 3 Information on Shareholders

#### 1. Shareholdings of substantial shareholders

As at 31st December 2005, the Company's top ten registered shareholders and the top ten holders of circulating shares are as follows:

Total no. of shareholders	No. of shareholders
Holder of promoter legal person shares	1
Holders of A Shares	82,415
Holders of H Shares	60
Total no. of shareholders	82,476

**Section 3 Information on Shareholders (continued)****1. Shareholdings of substantial shareholders (continued)****Shareholdings of the top ten registered Shareholders**

Name of shareholder	Type of shareholder	Percentage to total share capital (%)	Total number of shares held (shares)	Class of share	Number of shares under pledge or locked-up (shares)
China Textile Machinery Company Limited	Holder of State-owned legal person shares	36.44	220,000,000	Non-circulating	110,000,000
HKSCC NOMINEES LIMITED (note i)	Holder of H Shares	29.57	178,569,899	Circulating	Unknown
中信銀行－建信恒久價值股票型證券投資基金	Holder of A Shares	0.56	3,397,333	Circulating	Unknown
中國工商銀行－安瑞證券投資基金	Holder of A Shares	0.20	1,200,017	Circulating	Unknown
東方證券股份有限公司	Holder of A Shares	0.16	944,900	Circulating	Unknown
POON CHIU LEUNG	Holder of H Shares	0.14	818,000	Circulating	Unknown
中國工商銀行－融通深證100指數證券投資基金	Holder of A Shares	0.095	572,807	Circulating	Unknown
李玉香	Holder of A Shares	0.087	525,800	Circulating	Unknown
黃順群	Holder of A Shares	0.085	512,772	Circulating	Unknown
元萬里	Holder of A Shares	0.071	430,000	Circulating	Unknown

**Shareholdings of the top ten holders of circulating shares**

Name of shareholder	Number of circulating shares held (Shares)	Class of shares
HKSCC NOMINEES LIMITED (note i)	178,569,899	H shares
中信銀行－建信恒久價值股票型證券投資基金	3,397,333	A shares
中國工商銀行－安瑞證券投資基金	1,200,017	A shares
東方證券股份有限公司	944,900	A shares
POON CHIU LEUNG	818,000	H shares
中國工商銀行－融通深證100指數證券投資基金	572,807	A shares
李玉香	525,800	A shares
黃順群	512,772	A shares
元萬里	430,000	A shares
張世堅	420,000	A shares

Notes: i. The H Shares held by under HKSCC Nominees Limited are held in the capacity of nominee on behalf of various clients and HKSCC Nominees Limited itself has not held any interest representing more than 5% of the Company's total share capital.

ii. Among the top ten registered shareholders of the Company aforesaid, China Textile Machinery (Group) Company Limited is not connected with any of the other nine shareholders, nor is it a party acting in concert with any of them as defined in Administrative Measures for Information Disclosure of the Shareholdings of Listed Companies. It is not known as to whether other holders of circulating shares are connected with one another or whether any of these shareholders falls within the meaning of parties acting in concert as defined in Administrative Measures for Information Disclosure of the Shareholdings of Listed Companies.

### Section 3 Information on Shareholders (continued)

#### 1. Shareholdings of substantial shareholders (continued)

- iii. As at 31st December 2005, so far as the Directors, supervisors and senior management of the Company are aware, the following person/entity (other than Directors, supervisors or senior management of the Company) who had the interests in the shares of the Company and 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:

Long positions in the H shares of the Company:		Approximate % of total issued H share capital (%)	Approximate % of total issued share capital (%)
	Number of H shares		
Everbest Investments Limited	60,000,000	33.19	9.94
Platinum Asset Management Limited as trustee for the Platinum Asset Management Trust	10,980,000	6.07	1.82
Zhang Sheng Hang	10,240,000	5.66	1.70

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 owned in the shares and underlying shares of the Company as at 31st December 2005.

- iv. Save as disclosed above, during the reporting period, there were no change in the number of shares of the Company, nor were there any shares held by controlling shareholder being pledged or frozen. It is not known to the Company as to whether other circulating shares were being pledged or frozen during the reporting period.

#### 2. Controlling shareholder and ultimate shareholder

##### (1) Description of controlling shareholder and ultimate shareholder

The shares held by China Textile Machinery (Group) Company Limited (“China Textile Machinery”) are state-owned legal person shares. There was no change in the number of shares held during the reporting period. The legal representative of China Textile Machinery is Wang Tiankai and it was established on 28th December 1983, with a registered capital of RMB2,735,820,000. China Textile Machinery is principally engaged in the manufacture and sale of textile machinery.

On 26th October 2005, China Textile Machinery has pledged its 110,000,000 state-owned legal shares of the Company (representing approximately 18.22% of the Company’s total share capital and 50% of the Company’s state-owned legal shares) to Shenzhen branch of China Securities Depository and Clearing Corporation Limited as the security to guarantee for its obligation in the repayment a loan of RMB400 million to China Hengtian Group Company under “Loan Confirmation and Agreement of Shares Repayment” (“Agreement”) entered into by both parties. The pledge took effect upon effective date of the registration of the pledge of shares (26th October 2005) and shall cease two years after the date specified in the Agreement (31st October 2005) on which China Textile Machinery settles the Loan.

China Textile Machinery is a controlled subsidiary of China Hengtian Group Company, which, with Wang Tiankai being its legal representative, was established in September 1998 with a registered capital of RMB1,801,950,000. China Hengtian Group Company is principally engaged in the design, production and sale of full set of textile machinery and part components and other machinery equipment.

##### (2) Relationship between the Company and the ultimate controlling shareholder

China Hengtian Group Company	
	87.57%
China Textile Machinery (Group) Company Limited	
	36.44%
The Company	