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JINGWEI TEXTILE MACHINERY COMPANY LIMITED
經緯紡織機械股份有限公司

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015
OF JINGWEI TEXTILE MACHINERY COMPANY LIMITED

1. IMPORTANT NOTES

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

This preliminary announcement of the interim results for this half year is extracted from the full text of the interim report. In order to understand the details, investors should read the full text of the interim report. The 2015 interim report of the Company will be despatched to shareholders of the Company and will be available on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

The interim results of the Company has not been audited by any accounting firms, but has been reviewed by the Audit Committee of the Board of Directors (the “Board”) of the Company.

Apart from section 2, all financial data in this initial results announcement was prepared in accordance with the China Accounting Standards for Business Enterprises.

2. CONDENSED INTERIM FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (UNAUDITED)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

(Prepared in accordance with HKFRSs)

(For the six months ended 30 June 2015)

	<i>Notes</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Revenue	4	4,475,575	4,840,411
Cost of sales		(1,684,364)	(2,153,484)
Gross profit		2,791,211	2,686,927
Other income	6	208,226	51,476
Profit/(loss) on fair value changes of financial assets at fair value through profit or loss		3	(13,254)
Distribution and selling expenses		(71,697)	(84,679)
Administrative expenses		(1,432,916)	(1,319,332)
Finance costs	7	(130,674)	(97,083)
Share of profit of associates		29,712	24,055
Profit before taxation	8	1,393,865	1,248,110
Income tax expense	9	(351,438)	(369,798)
Profit for the period		1,042,427	878,312

	<i>Notes</i>	2015 <i>RMB '000</i>	2014 <i>RMB '000</i>
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(797)	425
Profit/(loss) on fair value change of available-for-sale financial assets		122,996	(55,941)
Income tax relating to components of other comprehensive income/(loss)		(30,749)	13,985
		<hr/>	<hr/>
Other comprehensive income/(loss) for the period, net of income tax		91,450	(41,531)
		<hr/>	<hr/>
Total comprehensive income for the period		1,133,877	836,781
		<hr/> <hr/>	<hr/> <hr/>
Profit for the period attributable to:			
Owners of the Company		313,617	220,277
Non-controlling interests		728,810	658,035
		<hr/>	<hr/>
		1,042,427	878,312
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income for the period attributable to:			
Owners of the Company		342,744	204,893
Non-controlling interests		791,133	631,888
		<hr/>	<hr/>
		1,133,877	836,781
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share			
Basic and diluted	<i>10</i>	RMB0.44	RMB0.31
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Prepared in accordance with HKFRSs)

		30 June 2015	31 December 2014
	Notes	RMB '000	RMB '000
Non-current assets			
Property, plant and equipment	12	2,010,735	2,008,255
Prepaid lease payments		486,319	499,375
Intangible assets		90,171	91,940
Goodwill		851,216	845,121
Interests in associates		1,117,491	337,778
Available-for-sale financial assets		1,170,554	648,065
Deferred tax assets		459,420	518,677
Other non-current assets		846,977	750,000
		<hr/>	<hr/>
		7,032,883	5,699,211
		<hr/>	<hr/>
Current assets			
Inventories		1,540,758	1,542,274
Trade and other receivables	13, 14	2,435,773	2,025,092
Prepaid lease payments		12,229	12,383
Held-to-maturity investment		80,000	300,000
Amounts due from a holding company		64	–
Amounts due from fellow subsidiaries		40,225	62,564
Amounts due from associates		460,178	395,612
Current tax assets		41,614	3,148
Financial assets at fair value through profit or loss		6,011,941	6,042,235
Pledged bank deposits		154,664	238,283
Cash and cash equivalents		7,752,506	4,993,815
		<hr/>	<hr/>
		18,529,952	15,615,406
		<hr/>	<hr/>

		30 June 2015	31 December 2014
	<i>Notes</i>	<i>RMB '000</i>	<i>RMB '000</i>
Current liabilities			
Trade and other payables	15, 16	4,876,972	4,878,215
Amounts due to holding companies		26,532	26,532
Amounts due to fellow subsidiaries		55,351	79,541
Amounts due to associates		65,937	66,730
Current tax liabilities		180,830	314,173
Borrowings-amount due within one year	17	2,652,040	2,344,850
Placement from a non-bank financial institution		1,700,000	–
Obligations under finance leases		3,884	195
		<hr/>	<hr/>
		9,561,546	7,710,236
		<hr/>	<hr/>
Net current assets		8,968,406	7,905,170
		<hr/>	<hr/>
Total assets less current liabilities		16,001,289	13,604,381
		<hr/>	<hr/>
Non-current liabilities			
Borrowings-amount due after one year	17	2,751,392	1,400,000
Obligations under finance leases		13,357	353
Deferred tax liabilities		32,207	4,201
Other non-current liabilities	18	170,385	180,337
		<hr/>	<hr/>
		2,967,341	1,584,891
		<hr/>	<hr/>
		13,033,948	12,019,490
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Capital and reserves			
Share capital	19	704,130	704,130
Reserves		5,194,327	4,886,790
		<hr/>	<hr/>
Equity attributable to owners of the Company		5,898,457	5,590,920
Non-controlling interests		7,135,491	6,428,570
		<hr/>	<hr/>
		13,033,948	12,019,490
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Prepared in accordance with HKFRSs)

(For the six months ended 30 June 2015)

	Share capital	Share premium	Statutory surplus reserve	Discretionary surplus reserve	Regulatory reserve	Investment revaluation reserve	Production safety fund surplus reserve	Foreign currency translation reserve	Retained profits	Attributable to owners of the Company	Non- controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	704,130	1,922,463	731,516	181,259	187,708	(37,441)	15,205	(3,535)	1,889,615	5,590,920	6,428,570	12,019,490
Profit for the period	-	-	-	-	-	-	-	-	313,617	313,617	728,810	1,042,427
Other comprehensive income/(loss) for the period, net of income tax	-	-	-	-	-	29,707	-	(580)	-	29,127	62,323	91,450
Total comprehensive income/(loss) for the period	-	-	-	-	-	29,707	-	(580)	313,617	342,744	791,133	1,133,877
Appropriation to reserve	-	-	-	-	(759)	-	-	-	759	-	-	-
Provision for production safety fund surplus reserve	-	-	-	-	-	-	6,705	-	(6,705)	-	-	-
Utilisation of production safety fund surplus reserve	-	-	-	-	-	-	(4,390)	-	4,390	-	-	-
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	103,378	103,378
Payment of dividends approved in respect of previous year	-	-	-	-	-	-	-	-	(35,207)	(35,207)	-	(35,207)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(187,590)	(187,590)
At 30 June 2015	<u>704,130</u>	<u>1,922,463</u>	<u>731,516</u>	<u>181,259</u>	<u>186,949</u>	<u>(7,734)</u>	<u>17,520</u>	<u>(4,115)</u>	<u>2,166,469</u>	<u>5,898,457</u>	<u>7,135,491</u>	<u>13,033,948</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(Prepared in accordance with HKFRSs)

(For the six months ended 30 June 2015)

	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	Attributable to owners Retained profits RMB'000	Non- controlling interests RMB'000	Total RMB'000	
At 1 January 2014	704,130	1,930,914	639,234	181,259	105,343	(47,610)	10,588	(3,723)	1,593,933	5,114,068	5,086,199	10,200,267
Profit for the period	-	-	-	-	-	-	-	-	220,277	220,277	658,035	878,312
Other comprehensive income/(loss) for the period, net of income tax	-	-	-	-	-	(15,721)	-	337	-	(15,384)	(26,147)	(41,531)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(15,721)	-	337	220,277	204,893	631,888	836,781
Appropriation to reserve	-	-	-	-	30	-	-	-	(30)	-	-	-
Provision for production safety fund surplus reserve	-	-	-	-	-	-	7,863	-	(7,863)	-	-	-
Utilisation of production safety fund surplus reserve	-	-	-	-	-	-	(4,715)	-	4,715	-	-	-
Non-controlling interests arising on business combination	-	-	-	-	-	-	-	-	-	-	(5,874)	(5,874)
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	66,167	66,167
Changes in ownership interest in a subsidiary that do not result in a loss of control	-	4,192	-	-	-	-	-	-	-	4,192	-	4,192
Payment of dividends approved in respect of previous year	-	-	-	-	-	-	-	-	(70,413)	(70,413)	-	(70,413)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(219,639)	(219,639)
At 30 June 2014	704,130	1,935,106	639,234	181,259	105,373	(63,331)	13,736	(3,386)	1,740,619	5,252,740	5,558,741	10,811,481

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Prepared in accordance with HKFRSs)

(For the six months ended 30 June 2015)

	2015 <i>RMB '000</i>	2014 <i>RMB '000</i>
Net cash generated from operating activities	<u>578,842</u>	<u>1,061,822</u>
Investing activities		
Purchase of property, plant and equipment	(44,202)	(44,262)
Gains from disposal of property, plant and equipment	222,565	5,005
Net cash of monetary investments	<u>(1,049,646)</u>	<u>(109,379)</u>
Net cash used in investing activities	<u>(871,283)</u>	<u>(148,636)</u>
Financing activities		
Dividends paid and interest paid	(331,603)	(311,069)
Proceeds from issue of bonds	1,351,392	–
Cash of borrowings	3,201,075	1,435,134
Repayment of borrowings due	(1,271,653)	(996,304)
Capital injection from non-controlling interests	<u>102,435</u>	<u>–</u>
Net cash generated from financing activities	<u>3,051,646</u>	<u>127,761</u>
Net increase in cash and cash equivalents	2,759,205	1,040,947
Cash and cash equivalents as at 1 January	4,993,815	9,314,093
Effect of foreign exchange rate changes	<u>(514)</u>	<u>969</u>
Cash and cash equivalents as at 30 June	<u><u>7,752,506</u></u>	<u><u>10,356,009</u></u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM ACCOUNTING 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% (31 December 2014: 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% (31 December 2014: 2.70%) of the equity interest in the Company. The remaining 66.17% (31 December 2014: 66.17%) 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 for the year ended 31 December 2014.

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, financial trust and capital investment mainly in the PRC.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial information for the six months ended 30 June 2015 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 2014 prepared in accordance with HKFRSs 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 2014, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Below describes the change of these accounting policies in detail.

(a) New and revised Hong Kong financial reporting standards adopted by the Group

The following amendments to the Hong Kong Financial Reporting Standards are mandatory for accounting periods beginning on 1 January 2015:

Amendments to HKAS 19 Annual Improvements	Defined Benefit Plans: Employee Contributions Annual Improvements to HKFRSs 2010 – 2012 Cycle and Annual Improvements to HKFRSs 2011 – 2013 Cycle
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The adoption of these revised HKFRSs had no material effect on the amount and disclosures reported in the condensed consolidated interim financial information.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

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

The Group has not early adopted the following new and amended standards, amendments and interpretations which have been issued but not yet effective for accounting periods beginning on 1 January 2015:

Amendments to HKAS1	Disclosure Initiative ¹
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ¹
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ¹
Amendments to HKAS 27	Equity Method in Separate Financial Statements ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ¹
HKFRS 14	Regulatory Deferred Accounts ¹
HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 9 (2014)	Financial Instruments ³
Annual Improvements	Annual Improvements to HKFRSs 2012-2014 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2016.

² Effective for annual periods beginning on or after 1 January 2017.

³ Effective for annual periods beginning on or after 1 January 2018.

Directors of the Company expect these new and amended HKFRSs will not have any significant impact on the operation results and financial position of the Group.

3. ESTIMATES

The preparation of this condensed consolidated interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense on a year to date basis. Actual results may differ from these estimates.

During the period, the chief operating decision maker (the “CODM”) of the Group has reassessed their business activities in making decisions about resources to be allocated to the segment and assessing its performance. Zhongrong International Trust Co., Ltd. and its subsidiaries (collectively referred as “Zhongrong Group”) are engaged in provision of trust and capital investment. The CODM previously does not include the results from investing idle operating cash arising from Zhongrong Group as part of the segment results. In the current period, the CODM reassessed this practice. Given that the Zhongrong Group is engaged in investment sector, the results from investing are considered as operating, and therefore, the net gains or loss on disposal of available-for-sale financial assets, the net gains or losses on disposal of financial assets at fair value through profit or loss and the fair value change of financial assets at fair value through profit or loss arising from the operation of the Zhongrong Group to be included in segment result. This change is solely reflected the change of the management judgment and this is not accounted for retrospectively by restating comparatives.

Except as set out in the above paragraph, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual financial statements for the year ended 31 December 2014.

4. REVENUE

Revenue represents the amount received and receivable for goods and properties sold by the Group to outsiders for the period under review and is analysed as follows:

	For the six months ended 30 June	
	2015 <i>RMB '000</i>	2014 <i>RMB '000</i>
Manufacture and sales of textile machinery and related material, parts and component	1,283,969	1,937,233
Financial trust and fiduciary services and capital investments income	2,788,142	2,585,112
Manufacture and sales of other non-textile products	403,464	318,066
	<u>4,475,575</u>	<u>4,840,411</u>

5. BUSINESS SEGMENTS

Segment information about these businesses is presented below:

	Manufacture and sales of textile machinery and related materials, parts and component <i>RMB '000</i>	Financial trust and capital investment <i>RMB '000</i>	Manufacture and sales of other non-textile products <i>RMB '000</i>	Elimination <i>RMB '000</i>	Total <i>RMB '000</i>
Six months ended 30 June 2015					
REVENUE					
External sales	1,283,969	2,788,142	403,464	–	4,475,575
Inter-segment sales	21,071	–	–	(21,071)	–
Total from continuing operations	<u>1,305,040</u>	<u>2,788,142</u>	<u>403,464</u>	<u>(21,071)</u>	<u>4,475,575</u>
Inter-segment sales are charged at prevailing market rates.					
RESULT					
Segment result (continuing operations)	<u>(40,635)</u>	<u>1,558,228</u>	<u>(42,523)</u>	<u>–</u>	1,475,070
Unallocated income					19,754
Finance costs					(130,674)
Profit on fair value changes of financial assets at fair value through profit or loss					3
Share of profit of associates					29,712
Profit before taxation					1,393,865
Income tax expense					(351,438)
Profit for the period					<u>1,042,427</u>

5. BUSINESS SEGMENTS (CONTINUED)

	Manufacture and sales of textile machinery and related materials, parts and component <i>RMB'000</i>	Financial trust and capital investment <i>RMB'000</i>	Manufacture and sales of other non-textile products <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2014					
REVENUE					
External sales	1,937,233	2,585,112	318,066	–	4,840,411
Inter-segment sales	2,327	–	–	(2,327)	–
Total from continuing operations	<u>1,939,560</u>	<u>2,585,112</u>	<u>318,066</u>	<u>(2,327)</u>	<u>4,840,411</u>

Inter-segment sales are charged at prevailing market rates.

RESULT					
Segment result (continuing operations)	<u>(106,270)</u>	<u>1,464,201</u>	<u>(30,857)</u>	<u>–</u>	1,327,074
Unallocated income					7,318
Finance costs					(97,083)
Loss on fair value changes of financial assets at fair value through profit or loss					(13,254)
Share of profit of associates					<u>24,055</u>
Profit before taxation					1,248,110
Income tax expense					<u>(369,798)</u>
Profit for the period					<u>878,312</u>

6. OTHER INCOME

	For the six months ended 30 June	
	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interest income from banks	19,754	7,319
Government subsidies	13,063	6,861
Net gain on disposal of property, plant and equipment	138,977	3,222
Net foreign exchange gains	(15,982)	(838)
Rental income	5,906	5,912
Dividend income of available-for-sale financial assets	32	2,400
Others	46,476	26,600
	<u>208,226</u>	<u>51,476</u>

7. FINANCE COSTS

Continuing operations

	For the six months ended	
	30 June	
	2015	2014
	RMB'000	RMB'000
Interest expenses on borrowings wholly repayable within five years	130,674	97,083

8. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Profit before taxation after charging/(crediting) of the following items:		
Total staff costs (including directors' remuneration)	1,210,715	1,177,425
Auditor's remuneration	–	–
Amortisation:		
– intangible assets	7,566	7,558
– prepaid lease payments	6,508	6,344
Depreciation of property, plant and equipment	71,473	71,752
Minimum lease payments paid under operating lease in respect of land and buildings	81,453	54,468
Research and development costs	95,232	86,348
Write-down/(reversal of write-down) of inventories	10,175	(3)

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Current tax		
– PRC Enterprise Income Tax (“EIT”)	294,925	372,857
Deferred tax credit/(charge) for the period	56,513	(3,059)
	351,438	369,798

During the period, the Group's subsidiaries in the PRC were subject to the EIT rate of 25% (2014: 25%), while some subsidiaries of the Group were subject to preferential tax rate of 15% (2014: 15%) as they are regarded as advanced and high technology companies.

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB316,617,000 (January to June 2014: profit of RMB220,277,000) and the number of shares of 704,130,000 (January to June 2014: 704,130,000) 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.

11. DIVIDEND

No dividend was proposed by the Company for the six months ended 30 June 2015 (January to June 2014: nil).

12. PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
At 1 January	2,008,255	1,994,379
Additions	200,048	133,451
Disposals	(120,800)	(47,956)
Depreciation charge	(76,769)	(86,034)
Provision for impairment	1	783
	<u>2,010,735</u>	<u>1,994,623</u>
At 30 June	<u><u>2,010,735</u></u>	<u><u>1,994,623</u></u>

13. TRADE AND OTHER RECEIVABLES

	30 June 2015	31 December 2014
	RMB'000	RMB'000
Trade receivable	877,281	683,344
Less: Provision for doubtful debts	<u>(59,838)</u>	<u>(47,932)</u>
	817,443	635,412
Bills receivable	664,682	750,704
Deposits and other receivables	355,517	268,120
Prepayments	298,131	370,856
Non-current assets (due within one year)	<u>300,000</u>	<u>—</u>
	<u><u>2,435,773</u></u>	<u><u>2,025,092</u></u>

14. TRADE RECEIVABLES

A credit period ranging from 30 to 360 days may be granted to large or long established customers with a good payment history. The following is the aging analysis of trade receivables as of the end of the reporting period, net of provision for doubtful and bad debts, including amounts due from holding company, fellow subsidiaries and associates.

	30 June 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	807,718	442,359
Over 1 year but within 2 years	179,755	267,784
Over 2 years but within 3 years	67,764	83,080
Over 3 years	34,621	24,698
	<hr/>	<hr/>
	1,089,858	817,921
Less: Provision for impairment	(59,838)	(47,932)
	<hr/>	<hr/>
	1,030,020	769,989
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15. TRADE AND OTHER PAYABLES

	30 June 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	1,415,819	1,367,709
Bills payable	150,823	386,737
Advances from customers	530,249	594,513
Other payables and accrued charges	2,780,081	2,529,256
	<hr/>	<hr/>
	4,876,972	4,878,215
	<hr/> <hr/>	<hr/> <hr/>

16. TRADE PAYABLES

The following is the aging analysis of trade payables as of the end of the reporting period, including amounts due to holding company, fellow subsidiaries and associates.

	30 June 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,418,729	1,342,220
Over 1 year but within 2 years	33,489	76,533
Over 2 years but within 3 years	19,262	3,511
Over 3 years	19,800	16,837
	<hr/>	<hr/>
	1,491,280	1,439,101
	<hr/> <hr/>	<hr/> <hr/>

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Current	2,652,040	2,544,850
Non-current	2,751,392	1,200,000
	<u>5,403,432</u>	<u>3,744,850</u>

Movement of borrowings is analysed as follows:

	30 June 2015	30 June 2014
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January	3,744,850	3,145,505
Additions of borrowings	2,852,467	1,435,134
Repayments of borrowings	(1,195,463)	(939,727)
Exchange differences	1,578	(161)
	<u>5,403,432</u>	<u>3,640,751</u>

Certain of the Group's bank loans are denominated in foreign currencies:

	30 June 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
US Dollars	1,351,392	135,496
Euros	141,641	—
	<u>1,493,033</u>	<u>135,496</u>

18. OTHER NON-CURRENT LIABILITIES

	30 June 2015	31 December 2014
	<i>RMB'000</i>	<i>RMB'000</i>
Deferred Income	114,601	124,553
Retirement benefit obligations	27,029	27,240
Others	29,994	29,994
	<u>171,624</u>	<u>181,787</u>
Less: Current portion included in trade and other payables	(1,239)	(1,450)
	<u>170,385</u>	<u>180,337</u>

19. SHARE CAPITAL

2015

1 January 2015 and
30 June 2015

Number of shares

Registered, issued and fully paid

– restricted

229,841,234

– others

293,488,766

H shares, RMB1.00 each

180,800,000

704,130,000

RMB'000

Registered, issued and fully paid

– restricted

229,841

– others

293,489

H shares, RMB1.00 each

180,800

704,130

20. CAPITAL COMMITMENT

30 June 2015 31 December 2014
RMB'000 RMB'000

Capital commitments in respect of property, plant and machinery:

– Authorized but not contracted for

33,499

79,636

– Contracted but not provided for

66,188

121,402

Equity investment

–

750,000

99,687

951,038

21. CONTINGENT LIABILITIES

30 June 2015 31 December 2014
RMB'000 RMB'000

Guarantees for bank loans of third party

–

150,000

22. RELATED PARTIES TRANSACTIONS

The Company is controlled by its ultimate holding company China Hengtian, which is a state-owned enterprise in China. The PRC government controls China Hengtian and owns substantial productive assets in China. In accordance with HKAS 24 (revised) “Related Party Disclosures”, government-related enterprises and their subsidiaries, directly or indirectly controlled, jointly operated or significantly influenced by the PRC government are defined as related parties of the Group. Therefore, related parties include the holding company and its subsidiaries (except for the Group), other government-related enterprises and their subsidiaries (“other state-owned enterprises”), other entities and companies in which the Company have the right to control or is able to exercise significant influence and key management personnel of the Company, holding company as well as their close family members. In addition to transactions and balances of the Group’s related parties disclosed in the notes to the consolidated financial statements, the Group had the following transactions with its related parties during the period:

For the six months ended on 30 June 2015, the Group has the following material transactions with its related companies:

(1) Transactions with fellow subsidiaries

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Sale of goods and services		
Sale of finished goods	8,878	47,073
Sale of raw materials, parts and components	4	1,147
Support services fee received	95	150
Rental income received	831	1,174
	<u>9,809</u>	<u>49,544</u>
Purchase of goods and services		
Purchase of finished goods	118,722	126,207
Purchase of raw materials, parts and components	294	4,048
Purchase of power	–	9
Purchase of tools and mold	331	–
Processing fee paid	–	89
Transportation services expense paid	744	1,456
Repairs and maintenance services expense paid	370	588
Other supporting services expense paid	2,103	930
Rental expense paid	125	54
	<u>122,689</u>	<u>133,382</u>
Total		

(2) Transactions with associated companies

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Sale of goods and services		
Sale of finished goods	280,569	397,739
Sale of raw materials, parts and components	27,306	56,910
Processing fee received	325	560
Support service fee received	2,193	3,144
	<hr/>	<hr/>
Total	310,393	458,353
	<hr/> <hr/>	<hr/> <hr/>
Purchase of goods and services		
Purchase of finished goods	1,246	108
Purchase of raw materials, parts and components	124,848	212,264
Purchase of tools and mold	818	3,358
Processing fee paid	6	105
Payment for repair and maintenance service	723	1,467
Payment for other support service fee	521	2,792
	<hr/>	<hr/>
Total	128,162	220,094
	<hr/> <hr/>	<hr/> <hr/>

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

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of goods and services		
Sale of finished goods	400	–
Sale of raw materials, parts and components	1,244	341
Support services fee received	–	253
Rental income received	972	945
	<hr/>	<hr/>
Total	2,616	1,539
	<hr/> <hr/>	<hr/> <hr/>
Purchase of goods and services		
Purchase of finished goods	59	268
Purchase of raw materials, parts and components	33,493	5,244
Purchase of package	1,452	–
Processing fee paid	3,578	4,946
Payment for other support service fee	743	927
	<hr/>	<hr/>
Total	39,325	11,385
	<hr/> <hr/>	<hr/> <hr/>

23. Approval of the Condensed Consolidated Interim Financial Information

This condensed consolidated interim financial information was approved and authorized for issue by the Board on 24 August 2015.

3. DIRECTORS' REPORT

3.1 Overview

Predecessor of Jingwei Textile Machinery is the former Jingwei Textile Machinery Factory with over 60 years of history. Over the years, the Company is dedicated to the development of China's textile machinery industry, has a complete system of product development, technique and technology, production and manufacturing, marketing and operation and management and is the flagship in the textile machinery manufacturing industry in China, which enjoys a great reputation both domestically and internationally. On top of strengthening its textile machinery business, the Company also actively expanded new business areas, including financial trust, to construct an operation pattern with the co-ordinated development of the textile machinery business, financial and equity investment businesses and non-textile machinery business. During the reporting period, the credit grading of the Company had changed from AA to AA+, the financing ability of the Company was further enhanced.

For textile machinery business: the Company possesses production and manufacturing system with advanced craftsmanship and sophisticated manufacturing, vast sales network and complete after-sales service system, and is dedicated to provide a full-flow of complete set of textile machinery and client solutions with good quality and satisfactory to its clients. The products are divided into six main business units which include cotton weaving machinery, beamed yarn machinery, special parts of textile machinery, twisting machinery, warp knitting machinery and dyeing and finishing machinery. Our products are sold all over China and exported to more than 40 countries and regions, enjoying a high reputation among textile and textile machinery industry both domestically and overseas.

For the financial business: Zhongrong International Trust Co., Ltd. ("Zhongrong Trust"), formerly known as Harbin International Trust Investment Co., Ltd., is a financial company established in the PRC upon the approval of the China Bank Regulatory Commission ("CBRC") in 1987 to undertake financial affairs of the Company. It is principally engaged in two main types of business, one is trust business and the other is self-operated business. According to the scope of business as stipulated in its business license, articles of association and financial license, the trust business and self-operated business are in its normal and ordinary course of business. For over two decades, it has cultivated the traditional trust business while exploring new self-operated business by means of loans, leasing and investment with its self-operated assets to gain income from spreads and investment income. It has been committed to enhancing its comprehensive capabilities of asset management and accumulated extensive experience in the monetary market, capital market, derivative products, real estate investment, risk investments and other domains. In recent years, its business in collaboration with banks, private equity investment, securities investment and real estate investment recorded rapid growth and found huge room for development in the

field of asset management for high net worth clients. Operation results continued to grow steadily, a good development trend was maintained, the scale of asset management grew significantly, the strength of net capital continued to be enhanced, indicators such as the scale of asset management, operating revenue, net profit were among those top performers in the industry, providing effective guarantee for the growth of our results and stable market capitalisation as well as bringing satisfactory profits for investors.

Zhongrong Trust, with registered capital of RMB6.0 billion and regulatory rating of 2C, is principally engaged in trust of capital, movable property, immovable property, marketable securities and other assets or interests therein; investment fund business as a promoter of an investment fund or fund management company; reorganisation, acquisition and merger of enterprise assets, project financing, corporate finance and financial advisory services; securities underwriting approved by relevant authorities under the State Council of the PRC; handling brokerage, consulting and credit investigation; safe custody and safe deposit box business; applying its own fixed assets by means of inter-bank deposits, inter-bank transactions, loans, lease and investment; guarantees for third parties with its own fixed assets; inter-bank lending; and other businesses approved by laws, regulations or the CBRC. All trust business and self-operated business were carried out in compliance with relevant regulations including the Measures for the Administration of Trust Companies.

For non-textile machinery business: with the advantages of precision machining and lean management in the textile machinery manufacturing industry for many years, business sector of non-textile machinery centered on automobiles has been formed. The Company possesses the capability and qualification for vehicle production, has certain advantages in market segments of special vehicle (such as heavy trucks) business; at the same time, core technologies of international new-resources vehicles were introduced quickly through capital operation, operating income achieved a relatively fast growth.

Since the beginning of the year, market competition has been intensified but the Company has strove to develop innovations continuously by adhering to the policy of “reform and innovate to enhance quality and raise efficiency”, and to try their best in cutting cost and enhancing profit as a result.

3.2 Management discussion and analysis

Long-term capital and working capital needs of the Group were mainly satisfied by income derived from textile machinery, financial and equity investment and non-textile machinery businesses, and cash from bank borrowings. During the reporting period, the Group maintained proper management over liquidity while adhering to a prudent financing policy and keeping a sound capital structure with sufficient cash flow. During the first half of 2015, the Company achieved a total operating revenue of RMB4,502,930,000, representing a decrease of 7.73% over the same period last year; revenue from the principal operations was RMB3,961,600,000, representing a decrease of 10.25% over the same period last year; total gross profit was RMB1,390,830,000,

representing an increase of 11.79% over the same period last year; net profit was RMB1,039,400,000, representing an increase of 18.88% over the same period last year; sales revenue from export was RMB487,040,000, representing an increase of 14.20% over the same period last year.

During the first half of the year, the Company developed a new sales model for its textile machinery business under the decision of the Board to capture opportunities in Xinjiang, which well-positioned the Company under the new normal to fulfil its goals for the year and lay a sound foundation for development in the coming years.

The automobile business made great strides especially for new energy vehicles, which was in line with China's development direction of energy saving.

The financial business recorded steady growth in asset management with sound business development. Zhongrong Trust continuously adjusted its operational and management philosophy in the year and steadily advanced with its strategic transformation through reforming management and organization of its three key divisions namely private investment banking, asset management and wealth management. As at the end of June 2015, total assets under management amounted to RMB934.074 billion, increased by RMB211.426 billion compared to the beginning of the year. Indicators met regulatory requirements. Net capital surplus amounted to RMB1,147 million. Risk capital amounted to RMB8,483 million, increased by 42.40% compared to the same period of last year. Net capital coverage ratio was 113.52%.

Under the financial report prepared in accordance with HKFRSs, the Group's revenue and the profit attributable to shareholders for the six months ended 30 June 2015 were RMB4,475,575,000 and RMB313,617,000 respectively, representing a decrease of 7.54% and an increase of 42.37% as compared with the corresponding period in the previous year. As at 30 June 2015, the Group's carrying bank balance was RMB7,907,170,000 (RMB5,232,098,000 as at 31 December 2014), borrowings due within one year was RMB2,652,040,000 (RMB2,344,850,000 as at 31 December 2014), of which borrowings in the U.S. dollars amounted to US\$Nil (US\$22,144,000 as at 31 December 2014) and in Euros amounted to EU\$20,654,000 (EU\$Nil as at 31 December 2014) (equivalent to RMB141,641,000 on an aggregated basis (RMB135,496,000 as at 31 December 2014)), and the remaining balances were borrowings in RMB. The Group had long-term borrowings of RMB2,751,392,000 (RMB1,400,000,000 as at 31 December 2014) of which borrowings in the U.S. dollars amounted to US\$225,000,000 (US\$Nil as at 31 December 2014) (equivalent to RMB1,351,392,000 (RMB0 as at 31 December 2014) on an aggregated basis). As at 30 June 2015, the Group had total bank borrowings of RMB2,444,440,000 on an aggregated basis which bear fixed interest rate (RMB1,501,000,000 as at 31 December 2014). Fixed-rate bank loans bear annual interest rates from 2.5% to 10.44% (2014: 5.6% to 10.44%) per annum. Variable-rate bank loans bear annual interest rates from 5.6% to 6% (2014: 2.2% to 4.1%). The gearing ratio (long-term borrowings divided by net asset value) was 21.11% (11.65% as at 31 December 2014).

As of 30 June 2015, the pledged loans of the Group amounted to RMB1,305,800,000 (as at 31 December 2014: RMB 1,317,000,000) and the book value of the pledged assets are set out in the below table:

Unit: RMB'000

Items	30 June 2015	31 December 2014
Property, plant and equipment	7,266	7,117
Land use right	310,360	239,742
Inventories	<u>8,080</u>	<u>8,080</u>

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

On 12 January 2015, Tianjin Hongda Textile Machinery Company Limited, a wholly-owned subsidiary of the Company signed the compensation agreement for relocation with Tianjin Security Housing Construction and Investment Company and Tianjin Hebei District Construction and Development Company to sell the idle land at No. 56 Wanliucun Street, Hebei District, Tianjin for RMB232,660,000. The transaction is expected to generate RMB135 million net of costs, which will support the healthy and sustainable development of the Company by increasing to a certain extent cash flow and asset liquidity of the Company.

Save as disclosed above, there was no major acquisition or disposal of subsidiaries and associates by the Company for the six months ended 30 June 2015.

Save for the securities investment business engaged in by the Company's subsidiary Zhongrong Trust, the Group had no material investment.

As at 30 June 2015, the Group did not have contingent liabilities (31 December 2014: RMB150,000,000).

3.3 Analysis of principal activities by industry

Unit: RMB

Six months ended 30 June 2015

By industry or products	Operating revenue	Operating cost	Gross profit margin (%)	Increase/ (Decrease) in operating revenue compared with same period last year (%)	Increase/ (Decrease) in operating cost compared with same period last year (%)	Increase/ (Decrease) in gross profit margin as compared with same period last year (%)
By industry						
Textile machinery	1,127,543,449.44	1,021,996,222.41	9.36%	-31.52%	-29.73%	-2.31%
Financial trust and capital investment	2,431,813,396.85		100.00%	-0.85%		
Non-textile machinery industry	402,241,034.49	377,625,034.12	6.12%	27.84%	33.12%	-3.73%

Among others, during the reporting period, the amount of connected transactions regarding the sales of products and provision of services by the Group to its controlling shareholder and controlling shareholder's subsidiaries was RMB321,015,000 (RMB507,317,000 for the corresponding period of last year).

3.4 Analysis of principal activities by region

Unit: RMB

Region	Operating revenue	Increase/(Decrease) in operating revenue compared with same period last year (%)
Domestic	3,474,560,746.43	-12.86%
Overseas	487,037,134.35	14.20%

3.5 Staff

As at 30 June 2015, the total number of staff of the Group was 11,842 (12,355 as at 30 June 2014). For the six months ended 30 June 2015, the total remuneration for the staff of the Group amounted to RMB1,210,715,000 (RMB1,177,425,000 for the corresponding period of last year). The remuneration is determined with reference to the standard of the position and performance of the staff.

3.6 Prospects for the future development of the Company

During the second half of 2015, the Company will continue to implement consistently the development objective and operation plans as disclosed in the 2014 annual report.

4. SIGNIFICANT EVENTS

4.1 Purchase, sale and redemption of listed securities of the Company

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.

4.2 Voluntary general offer of China Hengtian

Reference is made to the announcements of the Company dated 20 March 2014, 17 April 2014, 16 May 2014, 16 June 2014, 16 July 2014, 15 August 2014, 15 September 2014, 15 October 2014, 15 November 2014, 15 December 2014, 15 January 2015, 14 February 2015, 13 March 2015, 13 April 2015, 15 May 2015, 15 June 2015, 16 July 2015, 28 July 2015 and 13 August 2015 respectively. On 13 August 2015, China Hi-Tech Holding Company Limited informed the Board that UBS AG Hong Kong Branch will, on behalf of China Hi-Tech Holding Company Limited, make a voluntary conditional general offer for all the issued H shares of the Company at HK\$12 per share in cash.

As disclosed in the announcement of the Company dated 13 August 2015, the offer will be subject to relevant conditions. Upon the offer becoming unconditional, the Company will make an application for the listing of the H Shares to be withdrawn from The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in accordance with Rule 6.12 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). A composite document containing, among other things, the detailed terms of the offer (including the expected timetable relating to the offer), a letter from the independent committee of the Board (the “IBC”), in relation to the offer, a letter from Gram Capital Limited (as the independent financial adviser to the IBC) in respect of the offer and a notice of the special general meeting for shareholders of H shares is expected to be despatched to shareholders on or before 3 September 2015 (or such later date to which the Securities and Futures Commission of Hong Kong may agree).

4.3 Corporate governance code

During the reporting period, the Company has adopted the Corporate Governance Code in Appendix 14 to the Listing Rules and committed to maintaining a high standard of corporate governance in order to enhance transparency and protect the interest of shareholders. The Board is in the opinion that, the roles of the remuneration committee and nomination committee were performed by the Personnel Nomination and Remuneration Committee of the Company (because the Company believes that this mode of Personnel Nomination and Remuneration Committee has been effective and is 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, being capable of protecting the interest of shareholders). In addition, on 11 December 2014, Mr. Zuo Yan An resigned as an independent non-executive Director of the seventh Board of the Company, the chairman of the Personnel Nomination and Remuneration Committee, member of the Audit Committee and member of the Strategy Committee. Rule 3.10(1) of the Listing Rules requires there shall be at least three independent non-executive directors in the board of directors of a listed issuer; whilst Rule 3.10A requires the number of independent non-executive directors to be at least one-third of the board. Rule 3.21 of the Listing Rules requires there shall be at least three members in the audit committee of a listed issuer; whilst Rule 3.25 requires the majority of the remuneration committee to be independent non-executive directors and shall be chaired by an independent non-executive director. Following the resignation of Mr. Zuo, the Company was unable to fulfill such requirements for a short period. On 11 March 2015, Mr. Niu Hongjun was appointed as an independent non-executive Director of the seventh Board of the Company, the chairman of the Personnel Nomination and Remuneration Committee as well as the members of the Audit Committee and Strategy Committee. As a result, the Company again fulfilled the above requirements. Save for the matters disclosed above, the Board considers that the Company has fully complied with the code provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules during the reporting period.

4.4 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 2015.

4.5 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. 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.

Jingwei Textile Machinery Company Limited
Board of Directors

Beijing, the PRC
24 August 2015

As at the date of this announcement, the Board comprises Mr. Ye Maoxin, Mr. Wang Jiangan, Mr. Yan Fuquan, Mr. Shi Tinghong, Mr. Yao Yuming, all being executive Directors, and Ms. Chen Jinrong, Ms. An Guojun and Mr. Niu Hongjun, all being independent non-executive Directors.

This announcement was prepared in Chinese, should there be any discrepancy between the Chinese and English versions, the Chinese version shall prevail.