THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Jingwei Textile Machinery Company Limited**, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or to the transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms of the Offer.

China Hi-Tech Holding Company Limited

(incorporated in Hong Kong with limited liability)

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: 350)

COMPOSITE OFFER AND RESPONSE DOCUMENT

VOLUNTARY CONDITIONAL CASH OFFER BY UBS AG HONG KONG BRANCH ON BEHALF OF CHINA HI-TECH HOLDING COMPANY LIMITED TO ACQUIRE ALL OF THE ISSUED H SHARES IN THE CAPITAL OF JINGWEI TEXTILE MACHINERY COMPANY LIMITED

AND

PROPOSED WITHDRAWAL OF LISTING OF H SHARES

Financial Adviser to China Hi-Tech Holding Company Limited

UBS

UBS AG Hong Kong Branch

Financial Adviser to Jingwei Textile Machinery Company Limited

第一上海 First Shanghai Group

First Shanghai Capital Limited

Independent Financial Adviser to the Independent Board Committee

Gram Capital Limited
嘉林資本有限公司

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from UBS AG Hong Kong Branch containing, among other things, the details of the terms and conditions of the Offer is set out on pages 6 to 12 of this Composite Document. A letter from the Board is set out on pages 13 to 19 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent H Shareholders is set out on pages 20 to 21 of this Composite Document. A letter from Gram Capital containing its advice to the Independent Board Committee in respect of the Offer is set out on pages 22 to 35 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out on in Appendix I to this Composite Document and in the accompanying Form of Acceptance. Acceptances of the Offer must be received by the Registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on Monday, 23 November 2015, or such later time and/or date as the Offeror may determine and announce with the consent of the Executive and in accordance with the Takeovers Code.

The EGM convened to approve the voluntary withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange, will be held at 2:30 p.m. on Monday, 16 November 2015. The H Share Class Meeting convened to approve the voluntary withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange, will be held at the same address on the same day immediately after the conclusion or adjournment of the EGM. A notice of the EGM is set out in Appendix V. A notice of the H Share Class Meeting is set out in Appendix VI. Proxy forms for use at the H Share Class Meeting and the EGM are enclosed with this Composite Document. Whether or not you are able to attend the H Share Class Meeting or the EGM, you are strongly urged to complete the accompanying proxy form(s) in accordance with the instructions printed thereon and return the proxy form to the Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 2:30 p.m. on Sunday, 15 November 2015 or not less than 24 hours before the time appointed for any adjournment of the H Share Class Meeting or the EGM and return of the proxy form(s) will not preclude you from attending and voting in person at the H Share Class Meeting or the EGM any adjourned meeting should you so wish. A reply slip for the H Share Class Meeting and the EGM is also enclosed. You are reminded to complete and sign the reply slip (if you are entitled to attend the H Share Class Meeting and/or the EGM) and return the signed reply slip to the secretariat of the board of directors of the Company at Level 7, First Shanghai Centre, 39 Liangmaqiao Road, Chaoyang District, Beijing, the PRC on or before Monday, 26 October 2015 in accordance with the instructions printed thereon.

30 September 2015

CONTENTS

The timetable set out below is indicative only and may be subject to changes. Any changes to the timetable will be announced by the Offeror and the Company as and when appropriate.

Despatch date of the Composite Document and the Form of Acceptance *(Note 1)*	Wednesday, 30 September 2015
Opening date of the Offer *(Note 1)*	Wednesday, 30 September 2015
Latest time for lodging transfers of the Shares in order to be entitled to attend and vote at the H Share Class Meeting and the EGM	4:30 p.m. on Thursday, 15 October 2015
Closure of the register of the Company for the determination of entitlements of the Independent H Shareholders to attend and vote at the H Share Class Meeting and of the Shareholders to attend and vote at the EGM	Friday, 16 October 2015 to Monday, 16 November 2015 (both days inclusive)
Last day for return of reply slip for the H Share Class Meeting and the EGM *(Note 2)*	Monday, 26 October 2015
Latest time for lodging proxy form in respect of the H Share Class Meeting and the EGM *(Note 3)*	2:30 p.m. on Sunday, 15 November 2015
Suspension of dealings in the A Shares and the H Shares	Monday, 16 November 2015
EGM	2:30 p.m. on Monday, 16 November 2015
H Share Class Meeting	Monday, 16 November 2015 immediately after the conclusion or adjournment of the EGM
Announcement of the results of the H Share Class Meeting and the EGM on the website of the Hong Kong Stock Exchange	by 7:00 p.m. on Monday, 16 November 2015
Written notification sent to the Shareholders in respect of the First Closing Date and the implications of not accepting the Offer	Monday, 16 November 2015
Resumption of dealings in the A Shares and the H Shares	9:00 a.m. on Tuesday, 17 November 2015

Re-opening of the shareholder register of the Company	Tuesday, 17 November 2015
First Closing Date (Note 4)	Monday, 23 November 2015
Latest time and date for acceptance of the Offer on the First Closing Date (Note 5)	4:00 p.m. on Monday, 23 November 2015
Announcement of the results of the Offer as at the First Closing Date on the website of the Hong Kong Stock Exchange	by 7:00 p.m. on Monday, 23 November 2015
Latest time and date for the Offeror to declare the Offer unconditional as to acceptances	7:00 p.m. on Sunday, 29 November 2015
Latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances received at or before the latest time for acceptances of the Offer on the First Closing Date (assuming the Offer has become unconditional in all respects on the First Closing Date)(Note 6)	Wednesday, 2 December 2015
Final Closing Date (assuming the Offer has become unconditional in all respects on the First Closing Date)(Note 7)	Monday, 21 December 2015
Latest time and date for the Offer remaining open for acceptance on the Final Closing Date and closing of the Offer (Note 7)	4:00 p.m. on Monday, 21 December 2015
Announcement of the results of the Offer as at the Final Closing Date on the website of the Hong Kong Stock Exchange	by 7:00 p.m. on Monday, 21 December 2015
Last day of trading the H Shares on the Hong Kong Stock Exchange	Monday, 21 December 2015
Withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange (Note 8)	4:00 p.m. on Monday, 28 December 2015
Latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances of the Offer on the Final Closing Date(Note 6)	Thursday, 31 December 2015

Notes:

(1) The Offer is made on Wednesday, 30 September 2015, the date of posting of this Composite Document, and is capable of being accepted on and from this date.

(2) Reply slip should be duly completed and returned to the secretariat of the board of directors of the Company at Level 7, First Shanghai Centre, 39 Liangmaqiao Road, Chaoyang District, Beijing, the PRC no later than Monday, 26 October 2015 (i.e. 20 clear days prior to the date of convening of the H Share Class Meeting and the EGM). Failure to return the reply slip will not affect Independent H Shareholders' right to attend the H Share Class Meeting nor Shareholder's right to attend the EGM.

(3) Proxy form should be deposited with Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event by the time stated above, in order to be valid. Completion and return of a proxy form for the H Share Class Meeting and/or the EGM will not preclude an Independent H Shareholder or a Shareholder from attending the H Share Class Meeting and/or the EGM respectively and voting in person if he/she/it so wishes and if such Independent H Shareholder and Shareholder has notified the Company not less than 24 hours in writing before the time appointed for any adjournment of the H Share Class Meeting and the EGM. In such event, the returned proxy form will be deemed to have been revoked.

(4) It is assumed that the Offer has not become unconditional as to acceptances or in all respects prior to the First Closing Date. The Offeror reserves the right to extend the Offer until such time and/or date as it may determine and in accordance with the Takeovers Code. The Offeror will issue an announcement, stating whether the Offer has been revised or extended, has expired or has become or been declared unconditional (as to acceptances or in all respects).

(5) Unless the Offer has previously become or been declared unconditional, revised or extended, the latest time and date for acceptance of the Offer is 4:00 p.m. on the First Closing Date. Please refer to Appendix I to this Composite Document for additional information on how to accept the Offer.

(6) Pursuant to Rule 20.1 of the Takeovers Code, settlement in cash in respect of acceptances of the Offer will be made within 7 Business Days of the later of the the date on which the Offer has become or is declared unconditional and the date on which the H Shares are tendered for acceptance of the Offer. Relevant documents of title must be received by the Registrar to render each acceptance of the Offer complete and valid.

(7) In accordance with Rule 15.3 of the Takeovers Code, where the Offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offer is closed to the Independent H Shareholders who have not accepted the Offer and an announcement will be published. The Offeror will extend the 14-day period under Rule 15.3 of the Takeovers Code to 28 calendar days.

(8) It is currently expected that the withdrawal of listing of the H Shares from the Hong Kong Stock Exchange would happen at 4:00 p.m. on Monday, 28 December 2015, subject to the satisfaction of any conditions for delisting such securities from the Hong Kong Stock Exchange, and receipt of any regulatory approvals required for such delisting.

(9) Beneficial owners of the H Shares who hold their H Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

(10) The latest time and date for acceptance of the Offer, the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the last day of trading of H Shares and withdrawal of listing of the H Shares will not take effect if there is a tropical cyclone warning signal number 8 above, or a "black" rainstorm warning, in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the such relevant date. Instead, such relevant date will be rescheduled to the same time on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

Unless otherwise indicated, all time references contained in this Composite Document are to Hong Kong time.

In this document, the following expressions have the meanings set out below unless the context requires otherwise:

"Accepting H Shareholder(s)"	the H Shareholders who accept the Offer by duly completing and returning the Form of Acceptance;
"Accepting H Shares"	the H Shares held by the Accepting H Shareholders;
"acting in concert"	has the meaning given to it in the Takeovers Code, and "persons acting in concert" and "concert parties" should be construed accordingly;
"A Shares" or "Domestic Shares"	ordinary shares with a par value of RMB1.00 each in the issued share capital of the Company which are listed on the Shenzhen Stock Exchange;
"Associate"	has the meaning given to it in the Takeovers Code;
"Board"	the board of Directors;
"Business Day"	a day (other that Saturday or Sunday or a day on which a black rainstorm warning or signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which the Hong Kong Stock Exchange is open for the transaction of business;
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
"CHG"	中國恒天集團有限公司 (China Hi-Tech Group Corporation*), a state-owned enterprise established in the PRC which is wholly owned by SASAC and the controlling shareholder of the Company as at the Latest Practicable Date;
"China Textile Machinery" or "CTMC"	中國紡織機械(集團)有限公司 (China Textile Machinery (Group) Company Limited*), joint stock limited company incorporated in the PRC and a subsidiary of CHG;
"Company"	Jingwei Textile Machinery Company Limited, a public limited company incorporated in the PRC whose shares are listed on the main board of the Hong Kong Stock Exchange (Stock Code: 0350) and the Shenzhen Stock Exchange (Stock Code: 000666);
"Composite Document"	this composite offer and response document issued jointly by the Offeror and the Company in relation to the Offer;

"Conditions"	the conditions of the Offer, as set out under the paragraph headed "Conditions of the Offer" of this Composite Document;
"Directors"	directors of the Company, including the independent non-executive directors of the Company;
"EGM"	the second special general meeting of the Shareholders in 2015 to be convened, and any adjournment thereof, for the purpose of approving the withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange;
"Executive"	the Executive Director of the Corporate Finance Division of the SFC, or any delegate of the Executive Director;
"Final Closing Date"	21 December 2015, which has assumed the Offer became unconditional in all respects on the First Closing Date and the Offer will be open for acceptance for 28 days after the First Closing Date;
"First Closing Date"	23 November 2015, being the first closing date of the Offer assuming the Offer has not become unconditional as to acceptances or in all respects prior to this date;
"First Relevant Trading Day"	10 December 2013, being the last full trading day prior to the suspension of trading in the H Shares before the publication of the Initial Announcement;
"Form of Acceptance"	the form of acceptance and transfer in respect of the Offer which accompanies this Composite Document;
"Gram Capital" or "IFA"	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to advise the Independent Board Committee in connection with the Offer and, in particular, as to whether the Offer is fair and reasonable and as to acceptance of the Offer;
"Group"	the Company and its subsidiaries;
"H Share Class Meeting"	the first special general meeting of the Independent H Shareholders in 2015 to be convened, and any adjournment thereof, for the purpose of approving the withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange;
"H Shareholders"	registered holders for the time being of H Shares;

"H Shares"	ordinary shares with a par value of RMB1.00 each in the issued share capital of the Company which are listed on the Main Board of the Hong Kong Stock Exchange;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"HKSCC"	Hong Kong Securities Clearing Company Limited;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Independent Board Committee"	the independent committee of the Board comprising all the independent non-executive Directors, formed for the purpose of making a recommendation to the Independent H Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer;
"Independent H Shareholders"	H Shareholders other than the Offeror and persons acting in concert with it;
"Initial Announcement"	the announcement made by the Company pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09(2)(a) of the Listing Rules and Part XIVA of the SFO on 20 March 2014;
"Initial Indicative Price"	HK$7.891, being the proposed offer price stated in the Initial Announcement;
"Joint Announcement"	the announcement dated 13 August 2015 jointly made by the Offeror and the Company in connection with the Offer;
"Last Trading Day"	10 August 2015, being the last full trading day prior to the suspension of trading in the H Shares pending the release of the Joint Announcement;
"Latest Practicable Date"	25 September 2015, being the latest practicable date for ascertaining information contained in this Composite Document;
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
"Offer"	the conditional voluntary general offer by UBS on behalf of the Offeror to acquire all the issued H Shares;

"Offer Period"	has the meaning ascribed to it in the Takeovers Code and commencing from 20 March 2014, being the date of the Initial Announcement;
"Offer Price"	the cash offer price of HK$12.00 per H Share payable by the Offeror to the H Shareholders for each H Share accepted under the Offer;
"Offeror"	China Hi-Tech Holding Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CHG;
"PRC"	the People's Republic of China;
"Registrar"	Hong Kong Registrars Limited;
"Relevant Period"	the period beginning 6 months prior to the Offer Period and ending on the Latest Practicable Date;
"RMB"	Renminbi, the lawful currency of the PRC;
"SASAC"	the State-owned Assets Supervision and Administration Commission of the PRC or its authorised local agency, as applicable;
"Second Relevant Trading Day"	14 July 2015, being the last full trading day prior to the suspension of trading in the H Shares before the publication of the announcement made by the Company pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09(2)(a) of the Listing Rules and Part XIVA of the SFO on 28 July 2015;
"SFC"	the Securities and Futures Commission of Hong Kong;
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
"Shareholders"	holders of the Shares;
"Shares"	the A Shares and the H Shares;
"Special Resolutions"	a resolution passed by more than two-thirds of the Shareholders present and voting at the EGM;
"Takeovers Code"	the Code on Takeovers and Mergers published by the SFC; and

"UBS"	UBS AG Hong Kong Branch, a corporation licensed by the SFC to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities under the SFO, the financial adviser to the Offeror in respect of the Offer.

The English translation of the Chinese names of the PRC entities in this Composite Document, where indicated, is included for identification purpose only and is not the official English names for such PRC entities.

UBS

46-52/F,
Two International Finance Centre
8 Finance Street
Central
Hong Kong

30 September 2015

To the H Shareholders

Dear Sir or Madam,

VOLUNTARY CONDITIONAL CASH OFFER BY UBS AG HONG KONG BRANCH ON BEHALF OF CHINA HI-TECH HOLDING COMPANY LIMITED TO ACQUIRE ALL OF THE ISSUED H SHARES IN THE CAPITAL OF JINGWEI TEXTILE MACHINERY COMPANY LIMITED

AND

PROPOSED WITHDRAWAL OF LISTING OF H SHARES

INTRODUCTION

Reference is made to the announcement by the Offeror and the Company on 13 August 2015 which announced that UBS will, on behalf of the Offeror, make a voluntary conditional general offer for all the issued H Shares. Reference is also made to the announcement by the Offeror and the Company on 2 September 2015 which announced a new Condition to the Offer.

This letter forms part of the Composite Document and sets out, among other things, details of the Offer, the reasons and the intentions of the Offeror and certain background information of the Offeror. Further details on the terms of the Offer are set out in Appendix I – "Further Terms of the Offer" on pages I-1 to I-8 of the Composite Document and in the accompanying Form of Acceptance.

Terms defined in the Composite Document have the same meaning when used in this letter.

THE H SHARE OFFER

Consideration for the H Share Offer

The Offer is made by UBS for and on behalf of the Offeror on the following basis:

For each H Share . . . . HK$12.00 in cash

The Offeror is not making an offer for the A Shares. The Offeror has obtained confirmation from the Shenzhen Stock Exchange that no offer is required to be made for the A Shares.

Comparisons of value

The Offer Price represents:

(a) a premium of approximately 52.07% over the Initial Indicative Price;

(b) a premium of approximately 97.69% over the closing price of HK$6.07 per H Share as quoted on the Hong Kong Stock Exchange on the First Relevant Trading Day;

(c) a premium of approximately 22.70% over the closing price of HK$9.78 per H Share as quoted on the Hong Kong Stock Exchange on the Second Relevant Trading Day;

(d) a premium of approximately 8.11% over the closing price of HK$11.10 per H Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;

(e) a premium of approximately 12.99% over the average closing price of approximately HK$10.62 per H Share as quoted on the Hong Kong Stock Exchange over the five trading days immediately prior to and including the Last Trading Day;

(f) a premium of approximately 18.93% over the average closing price of approximately HK$10.09 per H Share as quoted on the Hong Kong Stock Exchange over the 30 trading days immediately prior to and including the Last Trading Day;

(g) a premium of approximately 8.89% over the average closing price of approximately HK$11.02 per H Share as quoted on the Hong Kong Stock Exchange over the 60 trading days immediately prior to and including the Last Trading Day;

(h) a premium of approximately 6.57% over the average closing price of approximately HK$11.26 per H Share as quoted on the Hong Kong Stock Exchange over the 90 trading days immediately prior to and including the Last Trading Day; and

(i) a premium of approximately 8.11% over the closing price of HK$11.10 per H Share as quoted on the Hong Kong Stock Exchange on the Latest Practicable Date.

Highest and lowest trading prices

During the Relevant Period, the highest closing price of the H Shares as quoted on the Hong Kong Stock Exchange was HK$15.30 on 13 April 2015 and the lowest closing price of the H Shares as quoted on the Hong Kong Stock Exchange was HK$4.95 on 12 November 2013.

Total consideration for the Offer

As at the Latest Practicable Date, there are 180,800,000 H Shares in issue. On the basis of the Offer Price of HK$12.00 per H Share, the aggregate amount payable by the Offeror under the Offer will be HK$2,169.6 million on the assumption that the Offer is accepted in full.

Confirmation of financial resources

The acquisition of the H Shares pursuant to the Offer is financed entirely by internal cash resources of the Offeror. UBS has been appointed as the financial adviser to the Offeror in respect of the Offer. UBS is satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptance of the Offer.

Terms of the Offer

Under the terms of the Offer, the H Shares will be acquired: (i) with all rights attached thereto as at the date of the Joint Announcement, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date of the Joint Announcement; and (ii) free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and third party rights.

Hong Kong stamp duty

Seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by each Accepting H Shareholder at the rate of HK$1.00 per HK$1,000 (or part thereof) of the consideration payable by the Offeror for such person's H Shares and will be deducted from the cash amount due to such Accepting H Shareholder. The Offeror will pay the buyer's ad valorem stamp duty on its own behalf.

Settlement of consideration

Settlement of consideration in respect of acceptances of the Offer will be made as soon as possible but in any event within 7 Business Days following the later of the date of on which the Offer becomes, or is declared, unconditional and the date of receipt of a complete and valid acceptance in respect of the Offer.

CONDITIONS OF THE OFFER

The Offer is conditional upon:

(a) the passing of a resolution approving the voluntary withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange at the H Share Class Meeting to be convened for this purpose by the Independent H Shareholders, provided that:

  (i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and

  (ii) the number of votes cast (by way of poll) against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;

(b) the passing of a Special Resolution approving the voluntary withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange at the EGM to be convened for this purpose by the Shareholders;

(c) the Offeror having received (and, where permitted, such acceptances not having been withdrawn), at or before 4:00 pm on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide), valid acceptances in respect of the Offer which, will result in the Offeror and any person acting in concert with it holding more than 75% of the H Shares as at the First Closing Date;

(d) all necessary authorisations, consents and approvals (including approval in-principle) of any governmental or regulatory body in relation to the Offer (including its implementation) having been obtained and remaining in full force and effect pursuant to the provision of any laws or regulations in Hong Kong, the PRC and other relevant jurisdictions; and

(e) no governmental action, court order, proceeding, enquiry or investigation having been taken or made that has the effect of making unlawful or otherwise prohibiting or restricting the Offer or imposing any material conditions or obligations with respect to the Offer.

The Offeror confirms that the above Conditions contain all conditions required under the articles of association of the Company and all relevant laws and regulations in Hong Kong and the PRC in connection with the Offer and the voluntary withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange.

The Offeror reserves the right to waive Condition (c) above in part provided that the Offeror has received valid acceptances in respect of more than 50% of the H Shares. If any of the Conditions is not satisfied or (where applicable) waived on or before the First Closing Date, the Offer will lapse unless the offer period is extended by the Offeror.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any of the Conditions (other than Condition (c) above) so as to cause the Offer to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offer.

The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent). If the Conditions are satisfied or (where applicable) waived, the Offer will be extended for at least 28 days, and H Shareholders will be notified as soon as possible by way of an announcement in accordance with the Takeovers Code and the Listing Rules.

WARNING: Shareholders and/or potential investors of the Company should note that the Offer is subject to the satisfaction or waiver (where applicable) of the Conditions in all respects. Accordingly, the Offer may or may not become unconditional. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company (including the Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

CONFIRMATION TO VOTE AT THE EGM

As at the Latest Practicable Date, the Offeror and parties acting in concert with the Offeror held 238,207,179 A Shares (representing approximately 33.83% of the issued share capital of the Company). The Offeror and parties acting in concert with the Offeror (excluding those entities in the UBS group that are exempt principal traders or exempt fund managers) do not hold any H Shares. The Offeror and parties acting in concert with the Offeror confirm that they will vote all their A Shares in favour of the withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange at the EGM.

INFORMATION ON THE OFFEROR

The Offeror is an investment holding company incorporated in Hong Kong. It is a wholly-owned subsidiary of CHG, a state-owned enterprise established in the PRC which is wholly-owned by SASAC. CHG is principally engaged in the manufacturing and sale of textile machinery, textile production and trade, the development of new fiber materials and the manufacturing of commercial vehicles and heavy machinery. CHG has 22 subsidiaries including four companies whose shares are listed on the Hong Kong Stock Exchange and stock exchanges in the PRC.

REASONS FOR AND BENEFITS OF THE OFFER

The Offeror believes that the Offer provides an attractive opportunity for Independent H Shareholders to dispose of their H Shares, for the following reasons:

- **Premium valuation:** H Shareholders receive cash at a price above the prevailing market price as set out under the section headed "Comparisons of value" of this letter;

- **Certain and immediate premium for illiquid H Shares:** the Offer represents an opportunity for H Shareholders to exit their investments for immediate cash, particularly in light of the recent low trading volume of the H Shares (the average trading volume of the H Shares as a percentage of the average H Share public float has been below 1.5% for the last three months, one year and three years), the Offer provides an opportunity to realise immediate value and, if they so wish, invest the monies received as part of the Offer in alternative investments with higher liquidity than the H Shares or use them for other purposes; and

- **Avoid holding unlisted shares:** upon the Offer becoming unconditional, the Company will make an application for the listing of the H Shares to be withdrawn from the Hong Kong Stock Exchange in accordance with Rule 6.12 of the Listing Rules. If the H Shares are delisted from the Hong Kong Stock Exchange, the H Shares will become securities that are not listed or quoted on any stock exchange and the liquidity of the H Shares may be severely reduced.

Given the recent low trading volume of the H Shares, the Offeror believes that the Company's ability to raise funds from the public equity market in Hong Kong is currently limited and any significant improvement in this regard in the foreseeable future is unlikely. Consequently, the Offeror considers that the costs and management resources associated with the maintenance of the Company's listing on the Hong Kong Stock Exchange, which are needed in order to access the public equity capital market in Hong Kong, are no longer warranted.

OFFEROR'S INTENTION IN RELATION TO THE GROUP

If the Offer is completed, the board of the Offeror intends that the Company will continue to carry on its existing business. Under current conditions, the Offeror has no plans, if the Offer is completed, to: (i) make any major disposal or redeployment of assets of the Group; (ii) discontinue the employment of the employees of the Group (other than in the ordinary course of business); or (iii) convert the unlisted H Shares to A Shares.

Withdrawal of listing of the H Shares

Upon the Offer becoming unconditional, the Company will make an application for the listing of the H Shares to be withdrawn from the Hong Kong Stock Exchange in accordance with Rule 6.12 of the Listing Rules. H Shareholders will be notified by way of an announcement of the date of the last day of dealing in the H Shares and on which the withdrawal of the listing of the H Shares on the Hong Kong Stock Exchange will become effective.

No right of compulsory acquisition

The Offeror has no rights under the laws of the PRC and the articles of association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the Offer. Accordingly, Independent H Shareholders are reminded that if they do not accept the Offer and the Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Hong Kong Stock Exchange, this will result in the Independent H Shareholders holding unlisted H Shares and the liquidity of the H Shares may be severely reduced. In addition, the Company will not continue to be subject to the Listing Rules and may not continue to be subject to the Takeovers Code after the completion of the Offer and the rights of Independent H Shareholders to certain information of the Company will be reduced.

The Offeror has obtained a waiver from the requirements under Rule 2.2(c) of the Takeovers Code.

Additional Information

Your attention is further drawn to the "Letter from the Board" on pages 13 to 19, the "Letter from the Independent Board Committee" on pages 20 to 21 and the "Letter from Gram Capital" on pages 22 to 35 in the Composite Document.

Yours faithfully,
For and on behalf of
UBS AG Hong Kong Branch

Samson Lo	**David Xiong**
Managing Director	*Director*

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)

Executive Directors:
Mr. Ye Maoxin
Mr. Wang Jiangan
Mr. Yan Fuquan
Mr. Shi Tinghong
Mr. Yao Yuming

Independent Non-executive Directors:
Ms. Chen Jinrong
Ms. An Guojun
Mr. Niu Hongjun

Registered office:
8 Yongchangzhong Road
Beijing Economic & Technological
Development Zone, Beijing
the PRC
100176

Principal place of business in the PRC:
Level 7, First Shanghai Centre
39 Liangmaqiao Road
Chaoyang District, Beijing
the PRC
100125

Principal place of business in Hong Kong:
5/F., Jardine House
1 Connaught Place
Central, Hong Kong

30 September 2015

To the H Shareholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
UBS AG HONG KONG BRANCH
ON BEHALF OF
CHINA HI-TECH HOLDING COMPANY LIMITED
TO ACQUIRE ALL OF THE ISSUED H SHARES IN THE CAPITAL OF
JINGWEI TEXTILE MACHINERY COMPANY LIMITED**

AND

PROPOSED WITHDRAWAL OF LISTING OF H SHARES

INTRODUCTION

On 13 August 2015, the Offeror and the Company jointly announced that UBS will, on behalf of the Offeror, make a voluntary conditional general offer for all the issued H Shares. The Offeror is not making offer for the A Shares. The Offeror has obtained confirmation from the Shenzhen Stock Exchange that no offer will be required to be made for the A Shares.

Reference is also made to the announcement by the Offeror and the Company on 2 September 2015 which announced a new Condition to the Offer.

Gram Capital has been appointed with the approval of the Independent Board Committee as the IFA to advise the Independent Board Committee in respect of the Offer and the withdrawal of listing of the H Shares.

Details of the principal terms of the Offer made by UBS on behalf of the Offeror, together with information relating to the Offeror and the intentions of the Offeror in relation to the Group are set out in the "Letter from UBS" contained in the Composite Document. Further details of the terms of the Offer and the procedures for accepting the Offer are set out in Appendix I to the Composite Document and in the Form of Acceptance.

This letter forms part of the Composite Document. The purpose of the Composite Document is to provide you with, among other matters, information relating to the Group, the Offeror and the Offer as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent H Shareholders in respect of the Offer and the withdrawal of listing of the H Shares and the letter from Gram Capital containing its advice to the Independent Board Committee in respect of the Offer and the withdrawal of listing of the H Shares.

Terms defined in the Composite Document have the same meaning when used in this letter.

THE OFFER

As at the Latest Practicable Date, the Company has an issued share capital comprising 180,800,000 H Shares and 523,330,000 A Shares. The Company does not have any outstanding options, derivatives, warrants, or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares as at the Latest Practicable Date.

Consideration for the Offer

The Offer is made by UBS for and on behalf of the Offeror on the following basis:

For each H Share . . . . HK$12.00 in cash

Further details of the Offer, including the comparisons of value, the acceptance and settlement procedures, are set out in the "Letter from UBS" on pages 6 to 12 of the Composite Document, Appendix I to this Composite Document and the accompanying Form of Acceptance.

CONDITIONS OF THE OFFER

The Offer is conditional upon:

(a) the passing of a resolution approving the voluntary withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange at the H Share Class Meeting to be convened for this purpose by the Independent H Shareholders, provided that:

(i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and

(ii) the number of votes cast (by way of poll) against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;

(b) the passing of a Special Resolution approving the voluntary withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange at the EGM to be convened for this purpose by the Shareholders;

(c) the Offeror having received (and, where permitted, such acceptances not having been withdrawn), at or before 4:00 p.m. on the First Closing Date (or such other time as the Offeror may, subject to the Takeovers Code, decide), valid acceptances in respect of the Offer which, will result in the Offeror and any person acting in concert with it holding more than 75% of the H Shares as at the First Closing Date;

(d) all necessary authorisations, consents and approvals (including approval in-principle) of any governmental or regulatory body in relation to the Offer (including its implementation) having been obtained and remaining in full force and effect pursuant to the provision of any laws or regulations in Hong Kong, the PRC and other relevant jurisdictions; and

(e) no governmental action, court order, proceeding, enquiry or investigation having been taken or made that has the effect of making unlawful or otherwise prohibiting or restricting the Offer or imposing any material conditions or obligations with respect to the Offer.

The Offeror confirms that the above Conditions contain all conditions required under the articles of association of the Company and all relevant laws and regulations in Hong Kong and the PRC in connection with the Offer and the voluntary withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange.

The Offeror reserves the right to waive Condition (c) above in part provided that the Offeror has received valid acceptances in respect of more than 50% of the H Shares. If any of the Conditions is not satisfied or (where applicable) waived on or before the First Closing Date, the Offer will lapse unless the offer period is extended by the Offeror.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any of the Conditions (other than Condition (c) above) so as to cause the Offer to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offer.

The latest time on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent). If the Conditions are satisfied or (where applicable) waived, the Offer will be extended for at least 28 days, and H Shareholders will be notified as soon as possible by way of an announcement in accordance with the Takeovers Code and the Listing Rules.

WARNING: Shareholders and/or potential investors of the Company should note that the Offer is subject to the satisfaction or waiver (where applicable) of the Conditions in all respects. Accordingly, the Offer may or may not become unconditional. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company (including the Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date:

Name of Shareholders	Number of Shares held	Approximate % of total Shares in issue
A Shares		
The Offeror and its concert parties		
CHG	19,012,505	2.70
China Textile Machinery	219,194,674	31.13
Independent holders of A Shares	285,122,821	40.49
H Shares		
The Offeror and its concert parties#	0	0
Independent H Shareholders	180,800,000	25.68
Total Shares in issue	704,130,000	100.00

 # Note: excluding those entities in the UBS group that are exempt principal traders or exempt fund managers

As at the Latest Practicable Date, the Company does not have in issue any outstanding options, warrants, derivatives or securities convertible into Shares.

INFORMATION ON THE GROUP

Principal activities

The Company is a public limited company incorporated in the PRC with its H Shares listed on the Main Board of the Hong Kong Stock Exchange and its A Shares listed on the Shenzhen Stock Exchange. The H Shares were listed on the Hong Kong Stock Exchange on 2 February 1996. The Group is principally engaged in the manufacturing and sale of textile machinery and the provision of trust and fiduciary services in the PRC.

Financial information

Set out below is a summary of the audited consolidated results of the Group for each of the years ended 31 December 2013 and 2014 and the six months ended 30 June 2015, as extracted from the accounts prepared in accordance with Hong Kong Financial Reporting Standards in the Company's 2014 annual report and 2015 interim report:

	For the year ended 31 December		**For the six months ended 30 June**	
	2013	**2014**	**2014**	**2015**
	(audited)	**(audited)**	**(unaudited)**	**(unaudited)**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	10,479,372	9,945,695	4,840,411	4,475,575
Profit before tax	2,482,224	2,796,336	1,248,110	1,393,865
Profit after tax	1,787,931	2,008,748	878,312	1,042,427

OFFEROR'S INTENTION IN RELATION TO THE GROUP

If the Offer is completed, the board of the Offeror intends that the Company will continue to carry on its existing business. Under current conditions, the Offeror has no plans, if the Offer is completed, to: (i) make any major disposal or redeployment of assets of the Group; (ii) discontinue the employment of the employees of the Group (other than in the ordinary course of business); or (iii) convert the unlisted H Shares to A Shares.

Withdrawal of listing of the H Shares

Upon the Offer becoming unconditional, the Company will make an application for the listing of the H Shares to be withdrawn from the Hong Kong Stock Exchange in accordance with Rule 6.12 of the Listing Rules. H Shareholders will be notified by way of an announcement of the date of the last day of dealing in the H Shares and on which the withdrawal of the listing of the H Shares on the Hong Kong Stock Exchange will become effective.

No right of compulsory acquisition

The Offeror has no rights under the laws of the PRC and the articles of association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the Offer. Accordingly, Independent H Shareholders are reminded that if they do not accept the Offer and the Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Hong Kong Stock Exchange, this will result in the Independent H Shareholders holding unlisted H Shares and the liquidity of the H Shares may be severely reduced. In addition, the Company will not continue to be subject to the Listing Rules and may not continue to be subject to the Takeovers Code after the completion of the Offer and the rights of Independent H Shareholders to certain information of the Company will be reduced.

The Offeror has obtained a waiver from the requirements under Rule 2.2(c) of the Takeovers Code.

THE EGM AND H SHARE CLASS MEETING

The EGM and the H Share Class Meeting will be convened to approve the voluntary withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange at 2:30 p.m. on Monday, 16 November 2015. A notice of the EGM is set out in Appendix V to the Composite Document. A notice of the H Share Class Meeting is set out in Appendix VI to the Composite Document. The Offeror and the parties acting in concert with the Offeror will abstain from voting in the H Share Class Meeting in accordance with Rule 2.2 of the Takeovers Code. As there is no restriction under the articles of association of the Company and the laws and regulations in the PRC in relation to the voting rights of the Offeror and the parties acting in concert with it at the EGM, all Shareholders, including the Offeror and the parties acting in concert with the Offeror, are entitled to vote at the EGM.

Whether or not you are able to attend the H Share Class Meeting and/or the EGM, you are strongly urged to complete the accompanying proxy form(s) in accordance with the instructions printed thereon and return the same to Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 2:30 p.m. on Sunday, 15 November 2015 or 24 hours before the time appointed for any adjournment of the H Share Class Meeting and the EGM.

Completion and return of the proxy form shall not preclude you from attending and voting in person at the H Share Class Meeting and/or the EGM or any adjourned meeting should you so wish if you have notified the Company not less than 24 hours in writing before the time scheduled for holding the H Share Class Meeting and/or the EGM. In such event, the returned form of proxy shall be deemed to have been revoked.

You are requested to complete the accompanying reply slip in accordance with the instructions printed thereon and return the same to the secretariat of the board of directors of the Company at Level 7, First Shanghai Centre, 39 Liangmaqiao Road, Chaoyang District, Beijing, the PRC. Voting at the H Share Class Meeting and the EGM will be taken by way of poll as required under the Listing Rules and the Takeovers Code.

RECOMMENDATION

Your attention is drawn to the recommendation of Gram Capital to the Independent Board Committee, in respect of the Offer and the withdrawal of listing of the H Shares as set out in the letter from Gram Capital on pages 22 to 35 of the Composite Document and the recommendation of the Independent Board Committee in respect of the Offer and the withdrawal of listing of the H Shares as set out in the letter from the Independent Board Committee on pages 20 to 21 of the Composite Document.

ADDITIONAL INFORMATION

You are advised to read the "Letter from UBS" of the Composite Document and the accompanying Form of Acceptance in respect of, *inter alia*, further details of the Offer and the acceptance and settlement procedures of the Offer, as well as the additional information contained in the Appendices which form part of the Composite Document.

Yours faithfully,
For and on behalf of the Board of
Jingwei Textile Machinery Company Limited
Ye Maoxin
Chairman

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)

30 September 2015

To the Independent H Shareholders

Dear Sir or Madam,

**VOLUNTARY CONDITIONAL CASH OFFER BY
UBS AG HONG KONG BRANCH
ON BEHALF OF
CHINA HI-TECH HOLDING COMPANY LIMITED
TO ACQUIRE ALL OF THE ISSUED H SHARES IN THE CAPITAL OF
JINGWEI TEXTILE MACHINERY COMPANY LIMITED**

AND

PROPOSED WITHDRAWAL OF LISTING OF H SHARES

We refer to the composite offer and response document dated 30 September 2015 issued jointly by the Offeror and the Company (the "**Composite Document**") of which this letter forms part. Terms defined in the Composite Document shall have the same meanings in this letter unless the context otherwise requires.

Details of the Offer are set out in the "Letter from the Board" on pages 13 to 19 and the "Letter from UBS" on pages 6 to 12 of the Composite Document.

We have been appointed as members of the Independent Board Committee to make a recommendation to the Independent H Shareholders in respect of the Offer and the withdrawal of listing of the H Shares. Gram Capital has been appointed as the IFA to advise us as to whether the terms of the Offer and the withdrawal of listing of the H Shares are fair and reasonable so far as the Independent H Shareholders are concerned and whether the Independent H Shareholders should accept the Offer and the withdrawal of listing of the H Shares.

Having considered the terms of the Offer and the withdrawal of listing of the H Shares and taken into account the advice of Gram Capital, in particular, the factors, reasons and recommendation set out in the "Letter from Gram Capital" on pages 22 to 35 of the Composite Document, we consider that the terms of the Offer and the withdrawal of listing of the H Shares are fair and reasonable so far as the Independent H Shareholders are concerned.

On this basis, we recommend (i) the Independent H Shareholders to vote in favour of the resolution in approving the withdrawal of listing of the H Shares at the EGM; and (ii) the Independent H Shareholders to accept the Offer and to vote in favour of the resolution in approving the withdrawal of listing of the H Shares at the H Share Class Meeting.

Yours faithfully
For and on behalf of
Independent Board Committee

Ms. Chen Jinrong	**Ms. An Guojun**	**Mr. Niu Hongjun**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

Set out below is the text of a letter received from Gram Capital, the IFA to the Independent Board Committee in respect of the Offer for the purpose of inclusion in this Composite Document.

Gram Capital Limited
嘉林資本有限公司

Room 1209, 12/F.
88 Connaught Road Central/
Nan Fung Tower
173 Des Voeux Road Central
Hong Kong

30 September 2015

To: The Independent Board Committee of Jingwei Textile Machinery Company Limited

Dear Sirs,

**VOLUNTARY CONDITIONAL CASH OFFER BY
UBS AG HONG KONG BRANCH
ON BEHALF OF
CHINA HI-TECH HOLDING COMPANY LIMITED
TO ACQUIRE ALL OF THE ISSUED H SHARES IN THE CAPITAL OF
JINGWEI TEXTILE MACHINERY COMPANY LIMITED**

INTRODUCTION

We refer to our appointment as the IFA to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 30 September 2015 jointly issued by the Company and the Offeror to the H Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

On 13 August 2015, the Offeror informed the Board that UBS will, on behalf of the Offeror, make a voluntary conditional general offer for all the issued H Shares. The Offeror will not make an offer for the A Shares. The Offeror has obtained confirmation from the Shenzhen Stock Exchange that no offer will be required to be made for the A Shares. On 2 September 2015, the directors of the Offeror and the Company announced a new Condition to the Offer.

The Independent Board Committee comprising Ms. Chen Jinrong, Ms. An Guojun and Mr. Niu Hongjun (all being independent non-executive Directors) has been formed to advise the Independent H Shareholders on whether the terms of the Offer is fair and reasonable so far as the Independent H Shareholders are concerned and as to the acceptance of the Offer. We, Gram Capital Limited, have been appointed as the IFA to advise the Independent Board Committee in this respect, and our opinion herein is solely for the assistance of the Independent Board Committee in connection with its consideration of the Offer pursuant to Rule 2.1 of the Takeovers Code. The appointment of Gram Capital as the IFA has been approved by the Independent Board Committee.

OUR INDEPENDENCE

As at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company, the Offeror or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee.

Besides that, apart from the advisory fee and expenses payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee, we have relied on the statements, information, opinions and representations contained or referred to in the Composite Document and the information and representations as provided to us by the Directors and the Offeror (where applicable). We have assumed that all information and representations that have been provided by the Directors and the Offeror (where applicable), for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the Offeror (where applicable) in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors and the Offeror (where applicable), which have been provided to us. Our opinion is based on the Directors' and the Offeror's representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Offer. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules and Rule 2 of the Takeovers Code.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement contained in the Composite Document misleading.

The directors of the Offeror and CHG jointly and severally accept full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the Group), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by the Group, the Directors and Gram Capital) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statement contained in the Composite Document misleading.

We, as the IFA, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Offeror, CHG, or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Offer. The Company has been separately advised by its own professional advisers with respect to the Offer and the preparation of the Composite Document (other than this letter).

We have assumed that the Offer will be consummated in accordance with the terms and conditions set forth in the Composite Document without any waiver, amendment, addition or delay of any terms or conditions. We have assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents as required for the Offer, no delay, limitation, condition or restriction will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived from the Offer. In addition, our opinion is necessarily based on the financial, market, economic, industry-specific and other conditions as they existed on, and the information made available to us as at the Latest Practicable Date.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Offer, we have taken into consideration the following principal factors and reasons:

(1) Background and terms of the Offer

On 13 August 2015, the Offeror informed the Board that UBS will, on behalf of the Offeror, make a voluntary conditional general offer for all the issued H Shares.

The Offer is made on the following basis:

For each H Share . . . . HK$12.00 in cash

As at the Latest Practicable Date, the Company has an issued share capital comprising 180,800,000 H Shares and 523,330,000 A Shares. The Company does not have any outstanding options, derivatives, warrants, or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares as at the Latest Practicable Date.

Principal terms and conditions of the Offer are summarised in the "Letter from UBS" of and Appendix I to the Composite Document.

(2) Financial information on the Group

The Company is a public limited company incorporated in the PRC with its H Shares listed on the Main Board of the Hong Kong Stock Exchange and its A Shares listed on the Shenzhen Stock Exchange. The H Shares were listed on the Hong Kong Stock Exchange on 2 February 1996. The Group is principally engaged in the manufacturing and sale of textile machinery and the provision of trust and fiduciary services in the PRC.

Set out below is a summary of the consolidated financial information on the Group for the six months ended 30 June 2015 and each of the two years ended 31 December 2014 as extracted from the accounts prepared in accordance with Hong Kong Financial Reporting Standards in interim report of the Company for the six months ended 30 June 2015 and annual report of the Company for the year ended 31 December 2014 (the "**2014 Annual Report**"):

	For the six months ended 30 June 2015 (unaudited) *RMB'000*	**For the six months ended 30 June 2014 (unaudited)** *RMB'000*	**For the year ended 31 December 2014 (audited)** *RMB'000*	**For the year ended 31 December 2013 (audited)** *RMB'000*	**Year on year change** %
Turnover	4,475,575	4,840,411	9,945,695	10,479,372	(5.09)
*– manufacture and sales of textile machinery and related material, parts and component (the "**Textile Machinery Business**")*	1,283,969	1,937,233	3,750,847	4,872,785	(23.02)
*– provision of trust and fiduciary services (the "**Trust & Fiduciary Services Business**")*	2,788,142	2,585,112	5,200,796	4,946,888	5.13
– manufacture and sales of other non-textile products	403,464	318,066	994,052	659,699	50.68
Profit for the year	1,042,427	878,312	2,008,748	1,787,931	12.35

As depicted from the above table, despite the decrease in the Group's turnover for the year ended 31 December 2014 ("**FY2014**") as compared to the prior year, there had been an increase in profit for the year during the same year under review. According to the above table, the majority revenue of the Group for the two years ended 31 December 2014 were derived from the Textile Machinery Business and the Trust & Fiduciary Services Business. For the year ended 31 December 2014, revenue generated from (i) the Textile Machinery Business was decreased by approximately 23.02%; and

(ii) the Trust & Fiduciary Services Business was increased by approximately 5.13% as compared to previous year. With reference to the 2014 Annual Report, due to the overall decline in the demand experienced by the domestic textile market in 2014, orders of textile machinery business were decreased. Furthermore, as a result that fixed assets investment and replacement carried out by textile enterprises were restricted by the bank's tightening lending conditions, the actual delivery quantity was reduced and thus the production and sales regarding the textile business of the Company were reduced as compared to the previous year. For the six months ended 30 June 2015, revenue generated from (i) the Textile Machinery Business was decreased by approximately 33.72%; and (ii) the Trust & Fiduciary Services Business was increased by approximately 7.85% as compared to the corresponding period in previous year.

According to the 2014 Annual Report, the overall scale of the domestic textile machinery market shows a downward trend, the advantages in terms of quality-price ratio of the post-localized overseas competitors are remarkable, technology level of domestic products continues to raise. Competition in the textile machinery market has been changing from the traditional pricing and quantity expansion to the competition in technology, quality, service and efficiency. In respect of the trust sector, it is facing with the slowing down growth rate of the sector, while traditional businesses are facing a development bottleneck, and the competition in the asset management market is intensifying keener. The trust sector is heading towards a new round of adjustment cycle; the traditional financing trust business will change to asset management business, investment bank business, and personal wealth management business.

According to General Administration of Customs of the PRC (the "**Customs**") that for the eight months ended 31 August 2015, the Customs recorded the export of textile and fabric related products of approximately RMB442 billion as compared to approximately RMB450 billion for the corresponding period in 2014, representing a decrease of approximately 1.78%. According to National Bureau of Statistics of the PRC (the "**Bureau**"), the Bureau recorded (i) an increase of approximately 7.3% in total value-added of the industrial sector; and (ii) a decrease of approximately 2.4% in factory price, of the textile industry for the eight months ended 31 August 2015 as compared to the corresponding period in 2014. According to China Trustee Association, revenue of the PRC trust companies derived from interest income, commission income from trust business (the "**Trust Business Income**") and investment income. Trust Business Income increased from approximately RMB28.3 billion for the six months ended 30 June 2014 ("**1H2014**") to approximately RMB29.6 billion for the six months ended 30 June 2015 ("**1H2015**"), representing an increase of approximately 4.59%. However, the Trust Business Income represented approximately 54.50% of total revenue of the PRC trust companies for 1H2015 as compared to approximately 70.98% for 1H2014.

Given (i) the significant decrease in the Group's revenue generated from the Textile Machinery Business for FY2014 as compared to the prior year and for 1H2015 as compared to 1H2014; (ii) that the increase in the Group's revenue generated from the Trust & Fiduciary Services Business is not significant for FY2014 as compared to the prior year and for 1H2015 as compared to 1H2014; and (iii) the above market statistics do not indicate a clear improving or deteriorating trend of the relevant sectors, we concur with the Directors' view that the future prospects of the Group's Textile Machinery Business and Trust & Fiduciary Services Business are uncertain.

(3) Information on the Offeror

Set out below is the information on the Offeror as extracted from the "Letter from UBS" of the Composite Document:

The Offeror is an investment holding company incorporated in Hong Kong. It is a wholly-owned subsidiary of CHG, a state-owned enterprise established in the PRC which is wholly-owned by SASAC. CHG is principally engaged in the manufacturing and sale of textile machinery, textile production and trade, the development of new fiber materials and the manufacturing of commercial vehicles and heavy machinery. CHG has 22 subsidiaries including four companies whose shares are listed on the Hong Kong Stock Exchange and stock exchanges in the PRC.

(4) Intention of the Offeror in relation to the Group

We understand from the "Letter from UBS" of the Composite Document that if the Offer is completed, the board of the Offeror intends that the Company will continue to carry on its existing business. Under current conditions, the Offeror has no plans, if the Offer is completed, to: (i) make any major disposal or redeployment of assets of the Group; (ii) discontinue the employment of the employees of the Group (other than in the ordinary course of business); or (iii) convert the unlisted H Shares to A Shares.

Withdrawal of listing of the H Shares

Upon the Offer becoming unconditional, the Company will make an application for the listing of the H Shares to be withdrawn from the Hong Kong Stock Exchange in accordance with Rule 6.12 of the Listing Rules. H Shareholders will be notified by way of an announcement of the date of the last day of dealing in the H Shares and on which the withdrawal of the listing of the H Shares on the Hong Kong Stock Exchange will become effective.

No right of compulsory acquisition

The Offeror has no rights under the laws of the PRC and the articles of association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the Offer. Accordingly, Independent H Shareholders are reminded that if they do not accept the Offer and the Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Hong Kong Stock Exchange, this will result in the Independent H Shareholders holding unlisted H Shares and the liquidity of the H Shares may be severely reduced. In addition, the Company will not continue to be subject to the Listing Rules and may not continue to be subject to the Takeovers Code after the completion of the Offer and the rights of Independent H Shareholders to certain information of the Company will be reduced.

The Offeror has obtained a waiver from the requirements under Rule 2.2(c) of the Takeovers Code.

(5) Reasons and benefit for the Offer

As extracted from the Letter from UBS, the Offeror believes that the Offer provides an attractive opportunity for Independent H Shareholders to dispose of their H Shares, for the following reasons.

Premium valuation

H Shareholders receive cash at a price above the prevailing market price as set out under the section headed "Comparisons of value" of the "Letter from UBS".

Certain and immediate premium for illiquid H Shares

The Offer represents an opportunity for H Shareholders to exit their investments for immediate cash, particularly in light of the recent low trading volume of the H Shares (the average trading volume of the H Shares as a percentage of the average H Share public float has been below 1.5% for the last three months, one year and three years), the Offer provides an opportunity to realise immediate value and, if they so wish, invest the monies received as part of the Offer in alternative investments with higher liquidity than the H Shares or use them for other purposes.

Avoid holding unlisted shares

Upon the Offer becoming unconditional, the Company will make an application for the listing of the H Shares to be withdrawn from the Hong Kong Stock Exchange in accordance with Rule 6.12 of the Listing Rules. If the H Shares are delisted from the Hong Kong Stock Exchange, the H Shares will become securities that are not listed or quoted on any stock exchange and the liquidity of the H Shares may be severely reduced.

With reference to the letter from UBS, given the recent low trading volume of the H Shares, the Offeror believes that the Company's ability to raise funds from the public equity market in Hong Kong is currently limited and any significant improvement in this regard in the foreseeable future is unlikely. Consequently, the Offeror considers that the costs and management resources associated with the maintenance of the Company's listing on the Hong Kong Stock Exchange, which are needed in order to access the public equity capital market in Hong Kong, are no longer warranted.

(6) The Offer Price

The Offer Price of HK$12.00 per H Share represents:

(a) a premium of approximately 8.11% over the closing price of HK$11.1 per Share as quoted on the Hong Kong Stock Exchange as at the Latest Practicable Date;

(b) a premium of approximately 52.07% over the Initial Indicative Price;

(c) a premium of approximately 97.69% over the closing price of HK$6.07 per H Share as quoted on the Hong Kong Stock Exchange on the First Relevant Trading Day;

(d) a premium of approximately 22.70% over the closing price of HK$9.78 per H Share as quoted on the Hong Kong Stock Exchange on the Second Relevant Trading Day;

(e) a premium of approximately 8.11% over the closing price of HK$11.1 per H Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;

(f) a premium of approximately 12.99% over the average closing price of approximately HK$10.62 per H Share as quoted on the Hong Kong Stock Exchange over the five trading days immediately prior to and including the Last Trading Day;

(g) a premium of approximately 18.93% over the average closing price of approximately HK$10.09 per H Share as quoted on the Hong Kong Stock Exchange for the last 30 trading days immediately prior to and including the Last Trading Day;

(h) a premium of approximately 8.89% over the average closing price of approximately HK$11.02 per H Share as quoted on the Hong Kong Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Day;

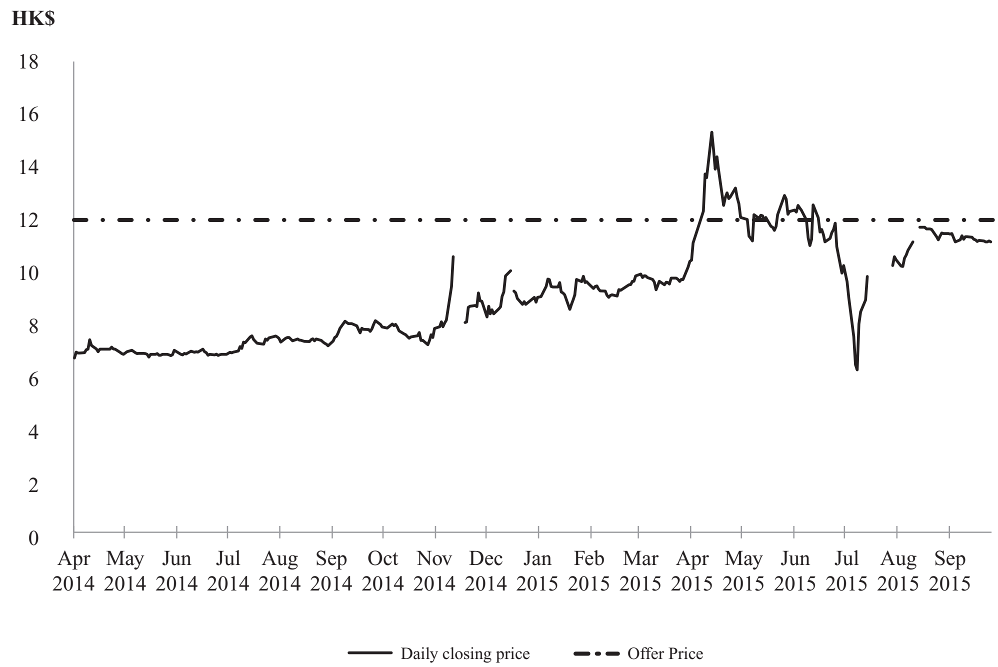
(i) a premium of approximately 6.57% over the average closing price of approximately HK$11.26 per H Share as quoted on the Hong Kong Stock Exchange for the last 90 trading days immediately prior to and including the Last Trading Day; and

(j) a premium of approximately 16.50% over the unaudited net asset value per Share of approximately HK$10.30 based on the Company's unaudited net asset value attributable to owners of the Company of approximately RMB5.90 billion (equivalent to approximately HK$7.26 billion, assuming the exchange rate of RMB1.00: HK$1.23) as at 30 June 2015 and 704,130,000 Shares in issue as at the Latest Practicable Date.

Historical price performance of the H Shares

Set out below is a chart showing the movement of the daily closing price of the H Shares as quoted on the Hong Kong Stock Exchange from 20 March 2014, being the date of commencement of Offer Period, up to and including the Latest Practicable Date:

Historical daily closing price per H Share



Source: the Hong Kong Stock Exchange web-site (www.hkex.com.hk)

Notes:

1. Trading in the H Shares was (i) suspended from 10 December 2013 to 20 March 2014; (ii) halted from afternoon session on 11 November 2014 to 17 November 2014; (iii) halted on 16 December 2014; (iv) suspended from 15 July 2015 to 28 July 2015; and (v) suspended from 11 August 2015 to 13 August 2015.

As shown by the above table, the Offer Price had been above or equal to the daily closing prices of the H Shares in 324 trading days out of 357 trading days during the Review Period. The daily closing prices of the H Shares ranged from HK$6.21 per H Share to HK$15.30 per H Share during the Review Period. We also noted that the closing prices of the H Shares moved in a general increasing trend from 21 March 2014 to the mid of April 2015 and reached the its peak of HK$15.30 per H Share on 13 April 2015. The closing prices of the H Shares then moved in a general decreasing trend, from 13 April 2015 to its lowest point of HK$6.21 on 8 July 2015. Afterwards, the closing prices of the H Shares surged to a level above HK$11.00 on 10 August 2015 and remain relatively stable until the Latest Practicable Date. As confirmed by the Directors, save as and except for the publication of (i) an announcement in relation to the measures to maintain stability of the securities market on 10 July 2015; and (ii) the Joint Announcement on 13 August 2015, they were not aware of any specific events of the Company during the Review Period that caused the surge in the H Share prices in July and August 2015. As such, given that the closing price of the H Shares had been below the Offer Price for most trading days during the Review Period, we consider that there is no guarantee that the current price level of the Shares will sustain after the First Closing Date until the last day of trading the H Shares on the Hong Kong Stock Exchange (assuming the withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange at the H Share Class Meeting having been approved).

Historical trading liquidity of the H Shares

The number of trading days, the average daily number of the H Shares traded per month, and the respective percentages of the H Shares' monthly trading volume as compared to total number of issued H Shares as at the Latest Practicable Date during the Review Period are tabulated as below:

Month	**No. of trading days in each month**	**Average daily trading volume (the "Average Volume")**	**% of the Average Volume to total number of issued H Shares as at the Latest Practicable Date** *(Note 1)*
		Shares	*%*
2014			
March *(Note 2)*	7	3,537,714	1.96
April	20	2,462,332	1.36
May	20	387,225	0.21
June	20	602,282	0.33
July	22	2,602,624	1.44
August	21	983,097	0.54
September	21	2,515,999	1.39
October	21	978,048	0.54
November *(Note 3)*	16	4,019,763	2.22
December *(Note 4)*	20	2,330,536	1.29

Month	**No. of trading days in each month**	**Average daily trading volume (the "Average Volume")** *Shares*	**% of the Average Volume to total number of issued H Shares as at the Latest Practicable Date** *(Note 1)* %
2015			
January	21	1,514,714	0.84
February	18	761,430	0.42
March	22	976,843	0.54
April	19	3,429,156	1.90
May	19	2,680,015	1.48
June	22	1,616,812	0.89
July *(Note 5)*	12	4,218,688	2.33
August *(Note 6)*	18	5,180,698	2.87
September (up to and including the Latest Practicable Date)	18	1,743,739	0.96
Maximum			2.87
Minimum			0.21
Average			1.24

Source: the Hong Kong Stock Exchange web-site (www.hkex.com.hk)

Notes:

1. Based on 180,800,000 H Shares as at the Latest Practicable Date. As confirmed by the Directors, all H Shares are held by the public.

2. Trading in the H Shares was suspended from 10 December 2013 to 20 March 2014.

3. Trading in the H Shares was halted from afternoon session of 11 November 2014 to 17 November 2014.

4. Trading in the H Shares was halted on 16 December 2014.

5. Trading in the H Shares was suspended from 15 July 2015 to 28 July 2015.

6. Trading in the H Shares was suspended from 11 August 2015 to 13 August 2015.

We noted from the above table that trading in the H Shares had been thin (below 3.0% of the total number of issued H Shares, which are all held by the public, as at the Latest Practicable Date) during the Review Period. In light of that the H Shares are illiquid, the disposal of large block of Shares held by the H Shareholders in the open market may trigger price slump of the H Shares. For this reason, there is no guarantee that Independent H Shareholders will be able to realise their investments in the H Shares (especially those with relatively sizeable shareholdings) at a price which is substantially higher than the Offer Price and we consider that the Offer provides an exit alternative for the Independent H Shareholders who would like to realise their investments in the H Shares.

Nonetheless, if any Independent H Shareholders who would like to realise their investments in the H Shares are able to dispose of their Shares in the open market and/or identify potential purchaser(s) to acquire their H Shares at a price higher than the Offer Price, those Independent H Shareholders may consider not accepting the Offer but selling their H Shares in the open market and/or to such potential purchaser(s), as they wish to do so and as they think fit having regard to their own circumstances, in case the net proceeds from the sale of their Shares would exceed the net amount receivable under the Offer.

Independent H Shareholders should closely monitor the market price and liquidity of the H Shares during the Offer Period and carefully consider the relevant risks and uncertainties based on their individual risk preference and tolerance level. Those Independent H Shareholders who decide to retain part or all of their investments in the H Shares should also note that if they do not accept the Offer and the Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Hong Kong Stock Exchange, it will result in the Independent H Shareholders holding unlisted H Shares and the liquidity of the H Shares may be severely reduced. In addition, the Company will not continue to be subject to the Listing Rules and may not continue to be subject to the Takeovers Code after the completion of the Offer and the rights of Independent H Shareholders to certain information of the Company will be reduced.

Comparison with other comparable companies

We noted that trading multiples analysis is a commonly adopted method for the purpose of assessing the fairness and reasonableness of the Offer Price. In this regards, we have researched for Hong Kong listed companies which are principally engaged in the Textile Machinery Business and the Trust & Fiduciary Services Business and the majority of revenue are generated from such two major businesses. However, to the best of our knowledge and as far as we are aware of, there is no Hong Kong listed company which met the said criteria. Accordingly, the trading multiples analysis is impracticable in this case.

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, in particular:

(i) the financial information a as demonstrated under the section headed "Financial information on the Group" of this letter and the future prospects of the Group's Textile Machinery Business and Trust & Fiduciary Services Business are uncertain;

(ii) the Offer Price had been above or equal to the daily closing prices of the H Shares in 324 trading days out of 357 trading days during the Review Period;

(iii) the Offer Price represents a premium over the closing price per H Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day;

(iv) there is no guarantee that the current price level of the Shares will sustain after the First Closing Date until the last day of trading the H Shares on the Hong Kong Stock Exchange (assuming the withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange at the H Share Class Meeting having been approved);

(v) the H Shares are illiquid, the disposal of large block of Shares held by the H Shareholders in the open market may trigger price slump of the H Shares;

(vi) subsequently the Offer becomes unconditional in all respects, and the H Shares are delisted from the Hong Kong Stock Exchange, it will result in the Independent H Shareholders holding unlisted H Shares and the liquidity of the H Shares may be severely reduced;

(vii) the Company will not continue to be subject to the Listing Rules and may not continue to be subject to the Takeovers Code after the completion of the Offer and the rights of Independent H Shareholders to certain information of the Company will be reduced; and

(viii) the reasons and benefit for the Offer as set out under the section headed "reasons and benefit for the Offer",

we consider that the terms of the Offer (including the Offer Price) are fair and reasonable so far as the Independent H Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent H Shareholders to accept the Offer.

In light of that the H Shares are illiquid, the disposal of large block of Shares held by the H Shareholders in the open market may trigger price slump of the H Shares, we would also like to remind the Independent Board Committee to remind the Independent H Shareholders to closely monitor the market price and liquidity of the H Shares during the Offer Period, and consider selling their Shares in the open market, where possible, instead of accepting the Offer, if the net proceeds from such sales exceed the net amount receivable under the Offer.

Those Independent H Shareholders who decide to retain part or all of their investments in the H Shares should also note that if they do not accept the Offer and the Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Hong Kong Stock Exchange, it will result in the Independent H Shareholders holding unlisted H Shares and the liquidity of the H Shares may be severely reduced. In addition, the Company will not continue to be subject to the Listing Rules and may not continue to be subject to the Takeovers Code after the completion of the Offer and the rights of Independent H Shareholders to certain information of the Company will be reduced.

As different Shareholders would have different investment criteria, objectives and/ or circumstances, we would recommend any Shareholders who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in the investment banking industry.

1. PROCEDURES FOR ACCEPTANCE AND SETTLEMENT FOR H SHAREHOLDERS

1.1 To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

1.2 If the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Shares is/are in your name, and you wish to accept the Offer in respect of your H Shares, you must send the duly completed Form of Acceptance together with the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof), by post or by hand to the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event so as to reach the Registrar at the aforesaid address no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code to the Registrar.

1.3 If the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your H Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your H Shares, you must either:

(a) lodge your H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of H Shares in respect of which you intend to accept the Offer to the Registrar; or

(b) arrange for the H Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(c) if your H Shares have been lodged with your licensed securities dealer or registered institution in securities or custodian bank through CCASS, instruct your licensed securities dealer or registered institution in securities or custodian bank to authorise HKSCC to accept the Offer on your behalf on or before the deadline set out by HKSCC. In order to meet the deadline set by HKSCC, you should check with your licensed securities dealer or registered institution in securities or custodian bank for the timing on the processing of your instruction, and submit your instructions to your licensed securities dealer or registered institution in the securities or custodian bank as required by them; or

(d) if your H Shares have been lodged with your Investor Participant Account with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System no later than the deadline set out by HKSCC.

1.4 If you have lodged transfer(s) of any of your H Shares for registration in your name and have not yet received your H Share certificate(s), and you wish to accept the Offer in respect of your H Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to UBS and/or the Offeror or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

1.5 If the H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title in respect of your H Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your H Shares, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other document(s) of title or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title should be forwarded to the Registrar as soon as possible thereafter. If you have lost your H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

1.6 Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce as permitted under the Takeovers Code, and is:

(i) accompanied by the relevant H Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those H Share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant H Share; or

(ii) from a registered H Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to H Shares which are not taken into account under another sub-paragraph of this paragraph 1.6); or

(iii) certified by the Registrar or the Hong Kong Stock Exchange.

1.7 If the Form of Acceptance is executed by a person other than the registered H Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

1.8 No acknowledgement of receipt of any Form(s) of Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or satisfactory indemnity or indemnities required in respect thereof) will be given.

1.9 Provided that a valid Form of Acceptance and the relevant H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar no later than the latest time for acceptance (or such later time and/or date as the Offeror may announce with the consent of the Executive) and the Offer has become or is declared unconditional in all respects, a cheque for the amount due to each Accepting H Shareholder less seller's ad valorem stamp duty in respect of the Accepting H Shares tendered by him/her/it under the Offer will be despatched to the Accepting H Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days of the later of the date on which the Offer becomes or is declared unconditional in all respects and the date of receipt of the completed Form of Acceptance and all the relevant documents by the Registrar (which should be received no later than 4:00 p.m. on the First Closing Date or such later time and date as determined and announced by the Offeror with the consent of the Executive) from the H Shareholder accepting the Offer.

2. ACCEPTANCE PERIOD AND REVISIONS

2.1 The Offer is made on Wednesday, 30 September 2015, the date of posting of this Composite Document, and is capable of acceptance on and from this date.

2.2 The Offeror has the right, subject to the Takeovers Code, to extend the Offer after the despatch of this Composite Document or to revise the terms of the Offer, and may introduce new conditions to be attached to any revision to any of the Offer or any subsequent revision thereof to the extent necessary to implement the revised Offer and subject to the consent of the Executive.

2.3 Unless the Executive consents to the extension of the Offer, all acceptances must be received by 4:00 p.m. on the First Closing Date in accordance with the instructions printed on the Form of Acceptance. In accordance with Rule 15.3 of the Takeovers Code, where the Offer becomes or is declared unconditional, it should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offer is closed to the Independent H Shareholders who have not accepted the Offer and an announcement will be published. The Offeror will extend the 14-day period under Rule 15.3 of the Takeovers Code to 28 calendar days.

2.4 If in the course of the Offer, the Offeror revises the terms of the Offer, all H Shareholders, whether or not they have already accepted the Offer, will be entitled to the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the First Closing Date.

2.5 If the Offer is extended (with the consent of the Executive) or revised, the announcement of such extension or revision will state the next closing date or, if the Offer becomes or is declared unconditional as to acceptances, a statement may be made that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offer is closed to those H Shareholders, who have not accepted the Offer and an announcement will be published.

2.6 If the closing date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the closing date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer so extended.

2.7 The acceptance by or on behalf of H Shareholder in its original and/or any previously revised form, shall be treated as an acceptance of the relevant Offer as so revised.

2.8 Any acceptance of the relevant revised Offer and/or any election pursuant thereof shall be irrevocable unless and until the Accepting H Shareholder of the Offer becomes entitled to withdraw his/her/its acceptance under the paragraph headed "Right of Withdrawal" below and duly does so.

3. ANNOUNCEMENTS

3.1 By 6:00 p.m. on the First Closing Date (or such later time and/or date as the Executive may agree), the Offeror must inform the Executive and the Hong Kong Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Offer. The Offeror must publish an announcement on the Hong Kong Stock Exchange's website by 7:00 p.m. on the First Closing Date stating, among other information required under Rule 19.1 of the Takeovers Code, whether the Offer has been revised or extended, has expired or has become or been declared unconditional (and, in such cases, whether as to acceptances or in all respects).

3.2 In computing the total number of H Shares represented by acceptances, only valid acceptances that are complete, in good order and fulfil the acceptance conditions set out in paragraph 1 of this Appendix I, and which have been received by the Registrar no later than 4:00 p.m. on the First Closing Date, being the latest time and date for acceptance of the Offer, shall be included.

3.3 As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer, in respect of which the Executive and the Hong Kong Stock Exchange have confirmed that they have no further comments thereon, must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

4. RIGHT OF WITHDRAWAL

4.1 Acceptance of the Offer tendered by the H Shareholders shall be irrevocable and cannot be withdrawn, except in circumstances set out in 4.2 below or in compliance with Rule 17 of the Takeovers Code which provides that an acceptor shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date if the Offer has not by then become unconditional as to acceptances.

4.2 If the Offeror is unable to comply with the requirements set out in the paragraph headed "Announcements" in this Appendix, the Executive may require that Accepting H Shareholders who have tendered acceptances to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

4.3 If the Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the H Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Accepting H Shareholder(s).

5. GENERAL

5.1 All communications, notices, Form of Acceptance, certificates of the H Shares, transfer receipts, other documents of title or indemnities, and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the H Shareholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of the Offeror, UBS, the Company, the Registrar, or any of their respective directors, or any other person involved in the Offer, shall accept any liability for any loss in postage or any other liabilities that may arise as a result thereof.

5.2 Subject to the terms of the Takeovers Code, acceptance(s) of the Offer may, at the discretion of the Offeror, be treated as valid even if it is not entirely in order or is not accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or a satisfactory indemnity or indemnities in respect thereof), but the cheque(s) for the consideration due will not be despatched or (as the case may be) made available for collection until the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or a satisfactory indemnity or indemnities in respect thereof), has/have been received by the Registrar. However, such acceptances to the Offer will not be counted towards fulfilling the acceptance condition unless Rule 30.2 of the Takeovers Code had been fully complied with.

5.3 Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror and UBS that the number of H Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of H Shares held by such nominee for such beneficial owners who are accepting the Offer.

5.4 The provisions set out in the Form of Acceptance form part of the terms of the Offer.

5.5 The accidental omission to despatch this Composite Document and/or the Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

5.6 The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.

5.7 Due execution of a Form of Acceptance will constitute an irrevocable authority to the Offeror or UBS or such person or persons as the Offeror or UBS may direct to complete, amend and execute any document on behalf of the person accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the H Shares in respect of which such person has accepted the Offer.

5.8 Acceptance of the Offer by any person or persons will constitute a warranty by such person or persons to the Offeror that the H Shares acquired under the Offer are sold by any such person or persons free from all liens, charges, equities, adverse interests, options, claims, and encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the the date of the Joint Announcement or subsequently becoming attached to them, including without limitation the right to receive in full all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date of the Joint Announcement.

5.9 References to the Offer in this Composite Document and in the Form of Acceptance shall include any revision and/or extension thereof and references to the Offer becoming unconditional shall include a reference to the Offer being declared unconditional.

5.10 Seller's ad valorem stamp duty for transfers of the H Shares registered with the Registrar arising in connection with acceptance of the Offer will be payable by each Accepting H Shareholder at the rate of HK$1.00 for every HK$1,000 or part thereof of the greater of (i) the consideration payable by the Offeror for such person's H Shares; and (ii) the value of the H Shares and will be deducted from the cash amount due to such H Shareholder under the Offer. The Offeror will pay the buyer's ad valorem stamp duty in respect of the H Shares accepted under the Offer.

5.11 Settlement of the consideration to which any Accepting H Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Accepting H Shareholder.

5.12 Any H Shareholders accepting the Offer will be responsible for payment of any transfer or cancellation or other taxes or duties payable in respect of the relevant jurisdiction due by such persons.

5.13 In making their decision, H Shareholders must rely on their own examination of the Group and the terms of the Offer, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Form of Acceptance, shall not be construed as any legal or business advice on the part of the Offeror, the Company, UBS, or their respective professional advisers. H Shareholders should consult their own professional advisers for professional advice.

5.14 The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. The H Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about or obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdiction and observe any applicable regulatory or legal requirements. It is the responsibility of any such person who wishes to accept the Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control, regulation or other consents which may be required or the compliance with other necessary formalities, regulatory or legal requirements and the payment of any transfer or other taxes due in respect of such jurisdiction. Any such overseas H Shareholders shall be fully responsible for payment of any transfer or other taxes and duties imposed by whomsoever payable in respect of that jurisdiction. The Offeror, UBS and any other person involved in the Offer shall be entitled to be fully indemnified and held harmless by such person for any taxes as such person may be required to pay.

5.15 Acceptance of the Offer by any person or persons will constitute a warranty by such person to the Offeror and UBS and that such person is permitted under all applicable laws to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws.

5.16 H Shares sold to the Offeror by way of the Offer will be registered under the name of the Offeror or its nominee.

5.17 The English text of this Composite Document and of the Form of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

5.18 For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC Nominees Limited will give, or be subject to, any of the representations and warranties.

I. FINANCIAL SUMMARY

Set out below is a summary of the financial information of the Group for each of the years ended 31 December 2012, 2013 and 2014 and the six month ended 30 June 2015 prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which is extracted from the consolidated financial statements of the Group as set forth in the annual reports of the Company for the each of the years ended 31 December 2012, 2013 and 2014 and the interim report of the Company for the six months ended 30 June 2015. The auditor's reports issued by Baker Tilly Hong Kong Limited in respect of the Group's audited consolidated financial statements for each of the years ended 31 December 2012, 2013 and 2014 did not contain any qualifications.

The Group had no exceptional items recorded in the financial statements of the Group for each of the years ended 31 December 2012, 2013 and 2014 and the six month ended 30 June 2015.

RESULTS

	For the year ended 31 December			**For the six months ended 30 June**	
	2012	**2013**	**2014**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	*(Audited)*	*(Audited)*	*(Unaudited)*	*(Unaudited)*
Turnover	8,632,148	10,479,372	9,945,695	4,840,411	4,475,575
Profit before taxation	1,904,840	2,482,224	2,796,336	1,248,110	1,393,865
Income tax expense	(513,371)	(694,293)	(787,588)	(369,798)	(351,438)
Profit for the year/period	1,391,469	1,787,931	2,008,748	878,312	1,042,427
Profit for the year/period attributable to					
Owners of the Company	473,093	596,987	546,455	220,277	313,617
Non-controlling interests	954,376	1,190,944	1,462,293	658,035	728,810
Earnings per Share (basic and diluted)	RMB0.71	RMB0.85	RMB0.78	RMB0.31	RMB0.44
Dividends recognised as distributions					
A Shares	25,380	52,333	52,333	–	–
H Shares	10,848	18,080	18,080	–	–
Dividend per A Share	RMB0.05	RMB0.10	RMB0.10	–	–
Dividend per H Share	RMB0.06	RMB0.10	RMB0.10	–	–

ASSETS AND LIABILITIES

	As at 31 December			As at 30 June
	2012	**2013**	**2014**	**2015**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	*(Audited)*	*(Audited)*	*(Unaudited)*
Total assets	15,553,487	18,863,485	21,314,617	25,562,835
Total liabilities	7,487,432	8,663,218	9,295,127	12,528,887
	8,066,055	10,200,267	12,019,490	13,033,948
Equity attributable to owners of the Company	4,699,709	5,114,068	5,590,920	5,898,457
Non-controlling interests	3,366,346	5,086,199	6,428,570	7,135,491
Total equity	8,066,055	10,200,267	12,019,490	13,033,948

II. FINANCIAL INFORMATION OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2014

Set out below is the full text of the audited consolidated financial statements of the Company for the year ended 31 December 2014 prepared in accordance with Hong Kong Financial Reporting Standards extracted from the annual report of the Company for the year ended 31 December 2014.

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 December 2014

	Note	2014 *RMB'000*	2013 *RMB'000*
Turnover	5	9,945,695	10,479,372
Cost of sales		(4,485,631)	(5,063,023)
Gross profit		5,460,064	5,416,349
Other income	7	356,641	160,650
Gain/(loss) on change in fair value of financial assets at fair value through profit or loss		117,198	(11,123)
Selling and distribution expenses		(218,774)	(186,507)
Administrative expenses		(2,786,731)	(2,781,574)
Finance costs	8	(199,514)	(153,604)
Share of results of associates	20	67,452	38,033
Profit before taxation	9	2,796,336	2,482,224
Income tax expense	10	(787,588)	(694,293)
Profit for the year		2,008,748	1,787,931
Other comprehensive income/(loss)	12		
Item that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligations		(920)	1,980
Item that will not be reclassified to profit or loss		(920)	1,980
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		30	(206)
Change in fair value of available-for-sale financial assets		36,282	(150,016)
Share of other comprehensive income of associates		1	68
Income tax relating to components of other comprehensive (loss)/income		(9,070)	37,504
Items that may be reclassified subsequently to profit or loss		27,243	(112,650)
Other comprehensive income/(loss) for the year, net of income tax		26,323	(110,670)
Total comprehensive income for the year		2,035,071	1,677,261
Profit for the year attributable to:			
Owners of the Company		546,455	596,987
Non-controlling interests		1,462,293	1,190,944
		2,008,748	1,787,931
Total comprehensive income attributable to:			
Owners of the Company		555,716	556,532
Non-controlling interests		1,479,355	1,120,729
		2,035,071	1,677,261
Earnings per share	15		
– Basic and diluted		RMB0.78	RMB0.85

The notes form part of these consolidated financial statements.

Consolidated Statement of Financial Position
At 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	16	2,008,255	1,994,379
Prepaid lease payments	17	499,375	482,633
Intangible assets	18	91,940	86,271
Goodwill	19	845,121	845,121
Interests in associates	20	337,778	171,960
Available-for-sale financial assets	21	648,065	444,117
Deferred tax assets	22	518,677	456,761
Other non-current assets	23	750,000	–
		5,699,211	4,481,242
Current assets			
Inventories	24	1,542,274	1,619,573
Trade and other receivables	25	2,025,092	2,682,188
Prepaid lease payments	17	12,383	11,832
Held-to-maturity investments	26	300,000	–
Amount due from a holding company	27	–	64
Amounts due from fellow subsidiaries	27	62,564	72,822
Amounts due from associates	27	395,612	265,461
Current tax assets		3,148	330
Financial assets at fair value through profit or loss	28	6,042,235	243,516
Pledged bank deposits	29	238,283	172,364
Cash and cash equivalents	29	4,993,815	9,314,093
		15,615,406	14,382,243
Current liabilities			
Trade and other payables	30	4,878,215	4,802,214
Amounts due to holding companies	27	26,532	26,532
Amounts due to fellow subsidiaries	27	79,541	112,013
Amounts due to associates	27	66,730	66,449
Current tax liabilities		314,173	298,731
Borrowings – amount due within one year	31	2,344,850	1,945,505
Obligations under finance leases	32	195	23,891
		7,710,236	7,275,335
Net current assets		7,905,170	7,106,908
Total assets less current liabilities		13,604,381	11,588,150
Non-current liabilities			
Borrowings – amount due after one year	31	1,400,000	1,200,000
Obligations under finance leases	32	353	619
Deferred tax liabilities	22	4,201	–
Other non-current liabilities	33	180,337	187,264
		1,584,891	1,387,883
		12,019,490	10,200,267
Capital and reserves			
Share capital	34	704,130	704,130
Reserves		4,886,790	4,409,938
Equity attributable to owners of the Company		5,590,920	5,114,068
Non-controlling interests		6,428,570	5,086,199
		12,019,490	10,200,267

The consolidated financial statements were approved by the Board of Directors on 27 March 2015 and are signed on its behalf by:

Ye Maoxin
Director

Yao Yuming
Director

The notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
For the year ended 31 December 2014

	Share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000 (note 35(b))	Discretionary surplus reserve RMB'000 (note 35(c))	Regulatory reserve RMB'000 (note 35(d))	Production safety fund surplus reserve RMB'000 (note 35(e))	Investment revaluation reserve RMB'000	Foreign currency translation reserve RMB'000	Retained earnings RMB'000	Attributable to owners of the Company RMB'000	Non–controlling interests RMB'000	Total RMB'000
At 1 January 2013	704,130	2,002,674	553,805	179,621	56,712	5,378	(5,519)	(3,395)	1,206,303	4,699,709	3,366,346	8,066,055
Profit for the year	–	–	–	–	–	–	–	–	596,987	596,987	1,190,944	1,787,931
Other comprehensive loss for the year, net of income tax	–	–	–	–	–	–	(42,091)	(328)	1,964	(40,455)	(70,215)	(110,670)
Total comprehensive income for the year	–	–	–	–	–	–	(42,091)	(328)	598,951	556,532	1,120,729	1,677,261
Appropriation to reserve	–	–	85,429	1,638	48,631	–	–	–	(135,698)	–	–	–
Provision for production safety fund surplus reserve	–	–	–	–	–	16,458	–	–	(16,458)	–	–	–
Utilisation for production safety fund surplus reserve	–	–	–	–	–	(11,248)	–	–	11,248	–	–	–
Non-controlling interests arising on business combination (note 38(a))	–	–	–	–	–	–	–	–	–	–	27,835	27,835
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	–	–	786,801	786,801
Changes in ownership interest in a subsidiary that do not result in a loss of control (note 38(b))	–	(71,760)	–	–	–	–	–	–	–	(71,760)	(51,915)	(123,675)
Payment of dividends approved in respect of previous year (note 14)	–	–	–	–	–	–	–	–	(70,413)	(70,413)	–	(70,413)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(163,597)	(163,597)
At 31 December 2013	704,130	1,930,914	639,234	181,259	105,343	10,588	(47,610)	(3,723)	1,593,933	5,114,068	5,086,199	10,200,267

The notes form part of these consolidated financial statements.

Consolidated Statement of Changes in Equity (continued)
For the year ended 31 December 2014

	Share capital *RMB'000*	Share premium *RMB'000*	Statutory surplus reserve *RMB'000* *(note 35(b))*	Discretionary surplus reserve *RMB'000* *(note 35(c))*	Regulatory reserve *RMB'000* *(note 35(d))*	Production safety fund surplus reserve *RMB'000* *(note 35(e))*	Investment revaluation reserve *RMB'000*	Foreign currency translation reserve *RMB'000*	Retained earnings *RMB'000*	Attributable to owners of the Company *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	10,588	(47,610)	(3,723)	1,593,933	5,114,068	5,086,199	10,200,267
Profit for the year									546,455	546,455	1,462,293	2,008,748
Other comprehensive	–	–	–	–	–	–	–	–				
Income for the year, net of income tax	–	–	–	–	–	–	10,169	188	(1,096)	9,261	17,062	26,323
Total comprehensive income for the year	–	–	–	–	–	–	10,169	188	545,359	555,716	1,479,355	2,035,071
Appropriation to reserve	–	–	92,282	–	82,365	–	–	–	(174,647)	–	–	–
Provision for production safety fund surplus reserve	–	–	–	–	–	16,051	–	–	(16,051)	–	–	–
Utilisation for production safety fund surplus reserve	–	–	–	–	–	(11,434)	–	–	11,434	–	–	–
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	–	–	67,903	67,903
Changes in ownership interest in a subsidiary that do not result in a loss of control (note 38(b))												
– acquisition	–	(12,948)	–	–	–	–	–	–	–	(12,948)	2,443	(10,505)
– disposal	–	4,497	–	–	–	–	–	–	–	4,497	12,796	17,293
Payment of dividends approved in respect of previous year (note 14)	–	–	–	–	–	–	–	–	(70,413)	(70,413)	–	(70,413)
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(220,126)	(220,126)
At 31 December 2014	704,130	1,922,463	731,516	181,259	187,708	15,205	(37,441)	(3,535)	1,889,615	5,590,920	6,428,570	12,019,490

The notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 December 2014

	Note	2014	2013
		RMB'000	*RMB'000*
Operating activities			
Profit before taxation		2,796,336	2,482,224
Adjustments for:			
Depreciation of property, plant and equipment		160,732	172,256
Net losses/(gains) on disposal of property, plant and equipment		1,185	(23,283)
Amortisation of intangible assets		18,193	17,053
Amortisation of prepaid lease payments		10,269	11,999
Interest income		(30,330)	(13,615)
Interest expenses		199,514	153,604
Losses/(gains) on deemed disposal/disposal of subsidiaries	39	75	(1,014)
Gain on disposal of an associate	7	(20)	–
Gain on bargain purchase	38(a)	–	(1,592)
Impairment losses for trade and other receivables, net		13,023	8,647
Share of results of associates		(67,452)	(38,033)
Dividend income from available-for-sale financial assets		(15,875)	(10,316)
Dividend income from held-to-maturity investments		(11,978)	–
Write-down of inventories		14,729	16,489
Net gains on disposal of available-for-sale financial assets		(1,453)	(12,339)
Net gains on disposal of held-to-maturity investments		(11,200)	–
Net (gains)/losses on disposal of financial assets at fair value through profit or loss		(118,385)	26,222
Net gains on disposal of prepaid lease payments		–	(570)
Net losses on disposal of intangible assets		820	–
Waiver of trade and other payables		(14,860)	(12,531)
Unrealised exchange (gains)/losses		(1,503)	124
Operating cash flows before movements in working capital		2,941,820	2,775,325
Decrease/(increase) in inventories		59,790	(121,834)
Decrease/(increase) in trade and other receivables		544,176	(12,616)
Decrease in amount due from holding company		64	–
Decrease in amounts due from fellow subsidiaries		16,053	35,582
Increase in amounts due from associates		(152,589)	(88,893)
(Increase)/decrease in financial assets at fair value through profit or loss		(5,680,334)	6,928
Increase in trade and other payables		81,386	582,657
Decrease in amounts due to fellow subsidiaries		(32,472)	(69,220)
Increase/(decrease) in amounts due to associates		281	(22,651)
Decrease in defined benefit obligations		(1,380)	(2,584)
(Decrease)/increase in deferred income and others		(7,628)	18,082
Cash (used in)/generated from operations		(2,230,833)	3,100,776
The PRC Corporate Income Tax paid		(841,872)	(703,291)
Net cash (used in)/generated from operating activities		(3,072,705)	2,397,485

The notes form part of these consolidated financial statements.

Consolidated Statement of Cash Flows (continued)
For the year ended 31 December 2014

	Note	2014	2013
		RMB'000	*RMB'000*
Investing activities			
Purchases of property, plant and equipment		(102,598)	(159,632)
Purchases of available-for-sale financial assets		(1,590,000)	(3,200)
Purchases of held-to-maturity investments		(380,000)	–
Payment on deposit of investment in Joint Venture		(750,000)	–
Increase in pledged bank deposits		(65,919)	(103,383)
Additions of prepaid lease payments		(25,584)	(1,221)
Acquisition of associates		(20,980)	(13,940)
Purchases of intangible assets		(24,682)	(44,957)
Proceeds from disposal of property, plant and equipment		76,057	–
Proceeds from disposal of prepaid lease payments		–	335
Proceeds from disposal of intangible assets		–	7,512
Proceeds from disposal of available-for-sale financial assets		1,427,804	12,339
Proceed from disposal of held-to-maturity investment		91,200	–
Interest received		22,735	13,615
Dividends received from an associate		49,135	5,000
Dividends received from available-for-sale financial assets		15,875	10,316
Dividends income from held-to-maturity investments		4,488	–
Net cash outflow on deemed disposal/disposal of subsidiaries	39	(122,528)	(822)
Net cash outflow on acquisition of subsidiaries	38(a)	–	(5,543)
Proceeds from disposal of an associate	7(b)	980	–
Net cash used in investing activities		(1,394,017)	(283,581)
Financing activities			
New borrowings raised		3,069,371	2,429,363
Increase in borrowings related to discounted bills		106,096	13,905
Repayment of bank loans		(2,575,216)	(2,022,305)
Grants and allowances received from government		22,628	59,130
Interest paid		(208,227)	(153,828)
Capital injection from non-controlling interests		16,633	786,801
Dividends paid to non-controlling interests		(197,157)	(161,920)
Dividends paid		(70,413)	(70,413)
Proceeds/(payments) arising from changes in ownership interests in subsidiaries that do not result in a loss of control			
– acquisition		(10,505)	(123,675)
– disposal		17,293	–
Capital element of finance lease rental paid		(23,962)	(33,259)
Interest element of finance lease rental paid		(723)	(2,160)
Net cash generated from financing activities		145,818	721,639
Net (decrease)/increase in cash and cash equivalents		(4,320,904)	2,835,543
Cash and cash equivalents at the beginning of the reporting period		9,314,093	6,479,759
Effect of foreign exchange rate changes on cash and cash equivalents		626	(1,209)
Cash and cash equivalents at the end of the reporting period		4,993,815	9,314,093
Analysis of the balances of cash and cash equivalents			
Cash at bank and in hand		4,993,815	9,314,093

The notes form part of these consolidated financial statements.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

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% (2013: 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 Limited ("China Hengtian"). China Hengtian is a state-owned enterprise established in the PRC which holds 2.70% (2013: 2.70%) of the equity interest in the Company. The remaining 66.17% (2013: 66.17%) of the Company's shares are widely held. 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 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Interpretation 21	Levies
Amendments to HKFRS 2 Included in Annual Improvements 2010-2012 Cycle	Definition of Vesting Condition[1]
Amendments to HKFRS 3 Included in Annual Improvements 2010-2012 Cycle	Accounting for Contingent Consideration in a Business Combination[1]
Amendments to HKFRS 13 Included in Annual Improvements 2010-2012 Cycle	Short-term Receivables and Payables
Amendments to HKFRS 1 Included in Annual Improvements 2011-2013 Cycle	Meaning of Effective HKFRSs

1 Effective from 1 July 2014.

The adoption of the above new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

2 APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an investor and its Associate or Joint Venture[2]
Amendments to HKFRS 11	Accounting for Acquisition of Interest in Joint Operations[2]
HKFRS 14	Regulatory Deferral Accounts[5]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[1]
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014.
2 Effective for annual periods beginning on or after 1 January 2016.
3 Effective for annual periods beginning on or after 1 January 2017.
4 Effective for annual periods beginning on or after 1 January 2018.
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group.

The directors anticipate that the above new and revised HKFRSs issued but not yet effective will be adopted in the Group's financial statements for the annual period when they become effective.

The directors have already commenced the assessment of the impact to the Group and are not yet in a position to state whether those would have a significant impact on its results of operations and financial position.

3 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as explained in the significant accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs"), Interpretations and Accounting Guidelines issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

– has power over the investee;

– is exposed, or has rights, to variable returns from its involvement with the investee; and

– has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

– the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

– potential voting rights held by the Company, other vote holders or other parties;

– rights arising from other contractual arrangements; and

– any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

– deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;

– liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and

– assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another HKFRSs.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating unit ("CGU") that are expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of profit or loss and other comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(d) Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, interests in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method is discontinued, and the fair value of any retained interests and any proceeds from disposal of partial interests in associates is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Fiduciary activities

The Group's fiduciary business refers to the management of trusted assets for customers in accordance with custody agreements signed by the Group and securities investment funds and other institutions. The Group fulfils its fiduciary duty and receives relevant fees in accordance with these agreements, and does not take up any risks and rewards related to the assets under custody, which are recorded as items out of the consolidated statement of financial position.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts, returns and sales related taxes. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

Revenue from sales of goods is recognised when goods are delivered and title has passed.

Subcontracting service income is recognised when such services are rendered.

Trust fee and performance fee income is recognised in profit or loss when the corresponding trust and fiduciary service is provided. Trust fee income represents amounts receivable for services in relation to the management of trusted assets, net of sales related taxes. Performance fee income arising from the management of trusted assets, which is recognised when the amount can be measured reliably and it is probable that future economic benefit will flow to the Group, taking into consideration the performance of trusted assets and the relevant basis of calculation.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the Group's rights to receive payment have been established.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy below.

(g) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leasing (continued)

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land held for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

(h) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into RMB using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of "foreign currency translation reserve".

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Foreign currencies (continued)

In addition, in relation to a partial disposal that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in equity under the heading of "foreign currency translation reserve".

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(j) Employee benefits

Bonus plans

The expected cost of bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

Companies within the Group, which were established in the PRC, contribute to defined contribution retirement schemes established by the relevant local municipal government who undertakes the retirement benefit obligations of all existing and future retired employees employed by the Group. Contributions to these schemes are charged to the consolidated statement of profit or loss and other comprehensive income as incurred.

A subsidiary of the Group, which was incorporated in Hong Kong, operates a defined contribution scheme for certain employees in Hong Kong. Contributions to this scheme are calculated based on certain percentage of the employee's monthly salary. The assets of this scheme are held separately from the subsidiary in an independently administered fund. Contributions to this scheme are charged to the consolidated statement of profit or loss and other comprehensive income as incurred.

Payments to defined contribution retirement schemes are recognised as an expense when employees have rendered services entitling them to the contributions.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Employee benefits (continued)

Retirement benefit costs

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

– Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).

– Net interest expense or income.

– Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item of retirement benefits costs. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form or refunds from the plans or reductions in future contributions to the plans.

(k) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

(l) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Taxation (continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly to equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(m) Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is recognised to write off the cost of items of property, plant and equipment less their residual values over their useful lives using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified in the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Intangible assets

Intangible assets acquired separately

Intangible assets with finite lives that are acquired separately, including patents and licenses and software, are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any accumulated impairment losses.

Internally-generated intangible assets-research and development expenditure

Research expenditure is recognised as an expense when incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(o) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of CGU for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Impairment of tangible and intangible assets other than goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(p) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities acquired in a business combination

Contingent liabilities acquired in a business combination are initially measured at fair value at the acquisition date. At the end of the subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

(r) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the specified categories, including financial assets at FVTPL, loans and receivables, and available-for-sale ("AFS") financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial instruments (continued)

Financial assets at FVTPL

Financial assets at FVTPL of the Group represent financial assets held for trading which has been acquired principally for the purpose of selling in the near term. Derivatives are also categorised as held for trading unless they are designated and effective as hedging instrument.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss. The net gain or loss recognised in profit and loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, amounts due from a holding company, fellow subsidiaries and associates, pledged bank deposits and cash and cash equivalents) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates are classified as held-to-maturity investments when the Group has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are then classified as non-current assets. Held-to-maturity investments are subsequently measured at amortised cost less any allowance for impairment. Amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. Gains and losses are recognised in the consolidated statement of comprehensive income when the financial assets are derecognised or impaired, as well as through the amortisation process.

AFS financial assets

AFS financial assets are non-derivatives that are designated as AFS or are not classified as other categories of financial assets.

AFS financial assets are stated at fair value at the end of each reporting period. Interest income calculated using the effective interest method and dividends on AFS equity investments are recognised in profit or loss. Other changes in carrying amount of AFS financial assets are recognised in other comprehensive income and accumulated in equity under the heading of "investment revaluation reserve", until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

AFS equity and trust investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial instruments (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For AFS equity and trust investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

– significant financial difficulty of the issuer or counterparty; or

– breach of contract, such as default or delinquency in interest or principal payments; or

– it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually.

For financial assets carried at amortised cost, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables from third parties and related parties, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities and trust investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity according with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial instruments (continued)

Financial liabilities

Financial liabilities at FVTPL are stated at fair value, with any gains or losses on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Other financial liabilities (including trade and other payables, amounts due to holding companies, fellow subsidiaries and associates, borrowings and obligation under finance leases) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group that is and not designated as at FVTPL is initially measured at its fair value and subsequently measured at the higher of: (i) the amount of the obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

Derecognition

Financial assets are derecognised only when the contractual rights to receive cash flows from the assets expire, or when the Group has transferred substantially all the risks and rewards of ownership of the assets to another entity. If the Group neither transfers nor retains substantively all risks and rewards of ownership and continue to control the transferred asset, the Group recognised its retained interest in the asset and associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial asset and recognises a collateralized borrowing for proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss. On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts. Financial liabilities are derecognised when, and only when, the obligations are discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Related parties

(A) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of the Group's parent.

(B) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4 KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, the directors of the Company have made the following judgments that have a significant effect on the amounts recognised in the consolidated financial statements. The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(a) Estimated impairment of property, plant and equipment

Determining whether property, plant and equipment are impaired requires an estimation of the value in use of property, plant and equipment. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the property, plant and equipment. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(b) Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the CGUs to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of goodwill is RMB845,121,000 (2013: RMB845,121,000). Details of the recoverable amount calculation are disclosed in note 19.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

4 KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(c) Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise.

(d) Estimated net realisable value of inventories

The determination of net realisable value of inventories requires significant judgment. In making this judgment, the Group estimates the selling prices in the ordinary course of business, the costs of completion and the costs necessary to make the sale.

(e) Provision for employee retirement benefits

The Group is obligated to pay employee retirement benefits for the qualifying retired employees and certain early retired employees (i.e. retired before their statutory retirement dates) for their life time or up to their statutory retirement dates, respectively. In addition, the Group was committed to make periodic benefits payments to the dependents of certain deceased employees and post-retirement supplemental benefits to its qualifying retired employees in accordance with various employee benefits schemes. The estimation of the provision requires subjective assumptions; any change to the assumptions can materially affect the fair value of the provision for employee retirement benefits. As at 31 December 2014, total provision for the employee retirement benefits is RMB27,240,000 (2013: RMB26,780,000).

(f) Deferred tax assets

As at 31 December 2014, deferred tax assets of RMB518,677,000 (2013: RMB456,761,000) in relation to temporary timing differences and unused tax losses have been recognised in the consolidated statement of financial position. The recognition of the deferred tax assets mainly depends on whether sufficient taxable temporary differences or future assessable profits will be available in the future. In cases where the actual future assessable profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the consolidated statement of profit or loss and other comprehensive income in the period such a reversal takes place.

(g) Valuation of financial instruments

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Notes 21, 33 and 37 provide detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

5 TURNOVER

Turnover represents the amount received and receivable for goods sold and provision of trust and fiduciary activities by the Group to outsiders for the year and is analysed as follows:

	2014	**2013**
	RMB'000	*RMB'000*
Manufacture and sales of textile machinery and related material, parts and component	3,750,847	4,872,785
Provision of trust and fiduciary services	5,200,796	4,946,888
Manufacture and sales of other non-textile products	994,052	659,699
	9,945,695	10,479,372

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

6 SEGMENT INFORMATION

(a) Business segments

Information reported to the Board of Directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

For management reporting purposes, the Group is currently organised into three divisions:

(a) manufacture and sales of textile machinery and related material, parts and component;

(b) provision of trust and fiduciary services; and

(c) manufacture and sales of other non-textile products.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profit/(loss) represents the profit earned by/(loss from) each segment without allocation of other income/(expenses), finance costs, gains/(losses) on change in fair value of financial assets at FVTPL and share of results of associates. This is the measure reported to the Board of Directors of the Company for the purposes of resource allocation and performance assessment.

For the purposes of monitoring segment performances and allocating resources between segments:

– all assets are allocated to reportable segments other than interests in associates, AFS financial assets and held-to-maturity investments and unallocated corporate assets (if any). Assets used jointly by reportable segments are allocated on the basis of the revenue earned by individual reportable segments; and

– all liabilities are allocated to reportable segments other than unallocated corporate liabilities (if any).

Segment information about these businesses is presented below:

	Manufacture and sales of textile machinery and related material, parts and component *RMB'000*	Provision of trust and fiduciary services *RMB'000*	Manufacture and sales of other non-textile products *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Year ended 31 December 2014					
TURNOVER					
External sales	3,750,847	5,200,796	994,052	–	9,945,695
Inter-segment sales	506	–	1,934	(2,440)	–
Total	3,751,353	5,200,796	995,986	(2,440)	9,945,695
RESULT					
Segment results	(317,561)	2,999,779	18,687	–	2,700,905
Unallocated income					110,295
Finance costs					(199,514)
Gain on change in fair value of financial assets at fair value through profit or loss					117,198
Share of results of associates					67,452
Profit before taxation					2,796,336
Income tax expense					(787,588)
Profit for the year					2,008,748

Inter-segment sales are charged at prevailing market rates.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

6 SEGMENT INFORMATION (CONTINUED)

(a) Business segments (continued)

	Manufacture and sales of textile machinery and related material, parts and component *RMB'000*	Provision of trust and fiduciary services *RMB'000*	Manufacture and sales of other non-textile products *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Assets and liabilities as at 31 December 2014					
ASSETS					
Segment assets	7,682,573	11,546,432	1,264,500	(464,731)	20,028,774
Interests in associates					337,778
Available-for-sale financial assets					648,065
Held-to-maturity investments					300,000
Consolidated total assets					21,314,617
LIABILITIES					
Segment liabilities	6,247,503	2,394,927	1,117,334	(464,637)	9,295,127
Consolidated total liabilities					9,295,127
Other information for the year ended 31 December 2014					
Additions to non-current assets	210,031	27,853	51,854	–	289,738
Depreciation of property, plant and equipment	79,030	34,215	47,487	–	160,732
Amortisation of intangible assets	9,659	4,911	3,623	–	18,193
Amortisation of prepaid lease payments	8,186	–	2,083	–	10,269
Year ended 31 December 2013					
TURNOVER					
External sales	4,872,785	4,946,888	659,699	–	10,479,372
Inter-segment sales	57,784	–	806	(58,590)	–
Total	4,930,569	4,946,888	660,505	(58,590)	10,479,372
RESULT					
Segment results	59,910	2,596,203	(40,951)	–	2,615,162
Unallocated expenses					(6,244)
Finance costs					(153,604)
Loss on change in fair value of financial assets at fair value through profit or loss					(11,123)
Share of results of associates					38,033
Profit before taxation					2,482,224
Income tax expense					(694,293)
Profit for the year					1,787,931

Inter-segment sales are charged at prevailing market rates.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

6 SEGMENT INFORMATION (CONTINUED)

(a) Business segments (continued)

	Manufacture and sales of textile machinery and related material, parts and component *RMB'000*	Provision of trust and fiduciary services *RMB'000*	Manufacture and sales of other non-textile products *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
Assets and liabilities as at 31 December 2013					
ASSETS					
Segment assets	8,441,286	9,265,262	913,751	(372,891)	18,247,408
Interests in associates					171,960
Available-for-sale financial assets					444,117
Consolidated total assets					18,863,485
LIABILITIES					
Segment liabilities	6,391,546	2,042,022	600,960	(371,310)	8,663,218
Consolidated total liabilities					8,663,218
Other information for the year ended 31 December 2013					
Additions to non-current assets	306,322	47,129	49,131	–	402,582
Depreciation of property, plant and equipment	130,134	29,302	12,820	–	172,256
Amortisation of intangible assets	9,785	4,034	3,234	–	17,053
Amortisation of prepaid lease payments	10,152	–	1,847	–	11,999

(b) Geographical information

The Group's operations and assets are principally carried out and mainly located in the PRC, including Hong Kong and Mainland China, no geographical segment analysis is presented.

(c) Major customers

No single customer accounted for 10% or more of the total revenue for the years ended 31 December 2014 and 2013.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

7 OTHER INCOME

	2014	2013
	RMB'000	*RMB'000*
Interest income from banks	15,308	13,067
Interest income from amounts due from related parties	15,022	548
Consultancy fee income	35,649	19,326
Government subsidies (note a)	42,510	41,048
Gain on disposal of an associate (note b)	20	–
Gains on disposal of subsidiaries (note 39)	–	1,014
Gain on bargain purchase (note 38(a))	–	1,592
Net gains on disposal of available-for-sale financial assets	1,453	12,339
Net gains on disposal of held-to-maturity investment	11,200	–
Net gains on disposal of financial assets at fair value through profit or loss	118,385	–
Net gains on disposal of property, plant and equipment	–	23,283
Net gains on disposal of prepaid lease payments	–	570
Net foreign exchange gains	–	3,056
Rental income	12,026	8,170
Dividend income from available-for-sale financial assets	15,875	10,316
Dividend income from financial assets at fair value through profit or loss	49,916	3,533
Dividend income from held-to-maturity investments	11,978	–
Reversal of impairment losses of trade and other receivables	–	26,836
Available-for-sale financial assets carried at fair value:		
Reclassification from other comprehensive income (note 12(b))		
– Disposal	743	(46,047)
Waiver of trade and other payables	14,860	12,531
Others	11,696	29,468
	356,641	160,650

Notes:

(a) Government subsidies mainly represent subsidies received from local authorities to support project construction, repayment of interest from bank loans, research and development activities carried out by the Group in relation to textile industry.

(b) In August 2014, the Group disposed of 49% equity interest in Zhongrong Kang Jian Capital Management (Beijing) Company Limited ("Zhongrong Kang Jian") to an independent third party at a consideration of RMB980,000, recognising a gain on disposal of an associate in the consolidated statement of profit or loss and other comprehensive income.

8 FINANCE COSTS

	2014	2013
	RMB'000	*RMB'000*
Interest expenses on borrowings wholly repayable within five years	199,514	153,604

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

9 PROFIT BEFORE TAXATION

	2014 *RMB'000*	2013 *RMB'000*
Profit before taxation has been arrived at after charging/(crediting):		
Salaries, wages and other benefits	2,082,315	1,978,669
Retirement benefits costs	206,140	190,711
Reversal of retirement and supplemental benefit obligation[1]		
– Interest costs	1,170	1,070
– Past service cost	–	(1,690)
	1,170	(620)
Total staff costs (including directors' remuneration)	2,289,625	2,168,760
Auditor's remuneration	4,505	3,960
Gain on bargain purchase[2]	–	(1,592)
Amortisation:		
– intangible assets	18,193	17,053
– prepaid lease payments	10,269	11,999
Cost of inventories recognised as an expense	4,191,029	4,784,706
Depreciation of property, plant and equipment	160,732	172,256
Impairment losses for trade and other receivables	13,023	35,483
Reversal of impairment losses of trade and other receivables[2]	–	(26,836)
Losses[1]/(gains)[2] on deemed disposal/disposal of subsidiaries	75	(1,014)
Net gains on disposal of available-for-sale financial assets[2]	(1,453)	(12,339)
Net (gains)[2]/losses[1] on disposal of financial assets at fair value through profit or loss	(118,385)	26,222
Net gains on disposal of held-to-maturity investments[2]	(11,200)	–
Net losses[1]/(gains)[2] on disposal of property, plant and equipment	1,185	(23,283)
Net gains on disposal of prepaid lease payments[2]	–	(570)
Net losses on disposal of intangible assets[1]	820	–
Minimum lease payments paid under operating lease in respect of land and buildings	115,242	90,166
Net foreign exchange losses[1]/(gains)[2]	22,333	(3,056)
Research and development costs[3]	191,746	219,753
Waiver of trade and other payables[2]	(14,860)	(12,531)
Write-down of inventories	29,166	16,489

1 Included in administrative expenses
2 Included in other income
3 Research and development costs included RMB111,296,000 (2013: RMB90,932,000) relating to staff costs and depreciation which amount is also included in the respective total amounts disclosed separately above for each of these types of expenses.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

10 INCOME TAX EXPENSE

Income tax recognised in profit or loss

	2014	2013
	RMB'000	*RMB'000*
Current tax		
– The PRC Corporate Income Tax	856,190	824,241
– Hong Kong Profits Tax	1,771	–
– Overseas Income Tax	16	–
	857,977	824,241
(Over)/under provision in prior years		
– The PRC Corporation Income Tax	(3,791)	407
– Overseas Income Tax	187	–
	(3,604)	407
Deferred tax credit for the year (note 22)	(66,785)	(130,355)
	787,588	694,293

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2014. Provision for Hong Kong Profits Tax has not been made as the Group has no taxable profits in Hong Kong for the year ended 31 December 2013. The Company and its subsidiaries incorporated in the PRC are subject to the PRC Corporate Income Tax which has been calculated based on their taxable profits in accordance with the relevant tax laws applicable in the PRC. Taxation for other overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Pursuant to the relevant laws and regulations in the PRC, certain of the Company's PRC subsidiaries are exempted from PRC Corporate Income Tax for two years starting from their first profit-making year, followed by a 50% reduction for the next three years.

In 2014, the Company's PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2013: 25%), except for certain subsidiaries which are regarded as high and new technology enterprises and thus enjoy a preferential tax rate of 15% (2013: 15%).

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

10 INCOME TAX EXPENSE (CONTINUED)

The charge for the year can be reconciled to the profit before taxation per consolidated statement of profit or loss and other comprehensive income as follows:

	2014 *RMB'000*	2013 *RMB'000*
Profit before taxation	2,796,336	2,482,224
Tax at the PRC Corporate Income Tax rate of 15% (2013: 15%) (note a)	419,450	372,334
Tax effect of share of results of associates	(10,118)	(5,705)
Tax effect of other temporary differences not recognised	(36)	4,976
Tax effect of non-taxable income	(14,013)	(4,280)
Tax effect of tax losses not recognised	67,533	46,843
Tax effect on non-deductible expenses	9,174	16,551
Tax effect on utilisation of tax losses not previously recognised	(1,378)	(778)
Effect of different tax rates of subsidiaries operating in other jurisdictions	333,652	276,895
Reduction of tax in respect of tax benefits (note b)	(13,072)	(12,950)
(Over)/under-provision in prior years	(3,604)	407
Income tax expense	787,588	694,293

Notes:

(a) The tax rate of 15% represented the tax rate applicable to a majority of the Group companies.

(b) Certain of the Company's PRC subsidiaries are entitled to tax benefits on purchase of PRC produced plant and equipment for production use and on certain qualifying research and development expenses charged to profit or loss for the year.

Income tax recognised in other comprehensive income/(loss) for the year

	2014 *RMB'000*	2013 *RMB'000*
Deferred tax		
Arising from income and expense recognised in other comprehensive income/(loss):		
– Change in fair value of available-for-sale financial assets	(9,070)	37,504

11 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company includes a loss of the Company of RMB12,560,000 (2013: profit of RMB47,508,000) which has been dealt with in the financial statements of the Company.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

12 OTHER COMPREHENSIVE INCOME/(LOSS)

(a) Tax effects relating to each component of other comprehensive income/(loss):

	2014			2013		
	Before-tax amount *RMB'000*	**Income tax expense** *RMB'000*	**Net-of-tax amount** *RMB'000*	**Before-tax amount** *RMB'000*	**Income tax expense** *RMB'000*	**Net-of-tax amount** *RMB'000*
Remeasurement of defined benefit obligations	(920)	–	(920)	1,980	–	1,980
Exchange difference on translation of foreign operations	30	–	30	(206)	–	(206)
Change in fair value of available-for-sale financial assets (note (b))	36,282	(9,070)	27,212	(150,016)	37,504	(112,512)
Share of other comprehensive income of associates	1	–	1	68	–	68
	35,393	(9,070)	26,323	(148,174)	37,504	(110,670)

(b) Components of other comprehensive income/(loss), including reclassification adjustments:

	2014 *RMB'000*	**2013** *RMB'000*
Available-for-sale financial assets:		
Change in fair value recognised during the year	37,025	(196,063)
Reclassification adjustments for amounts transferred to profit or loss:		
– Disposal	(743)	46,047
Net movement in the investment revaluation reserve during the year recognised in other comprehensive income/(loss)	36,282	(150,016)

13 DIRECTORS', SUPERVISORS' AND HIGHEST PAID INDIVIDUALS' EMOLUMENTS

Details of directors' and supervisors' remuneration of the Group for the year, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), are as follows:

	2014 *RMB'000*	**2013** *RMB'000*
Fees	220	200
Other emoluments:		
– Salaries, allowances and other benefits	706	500
– Discretionary bonus	1,924	1,381
– Retirement benefit costs	68	44
	2,918	2,125

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

13 DIRECTORS', SUPERVISORS' AND HIGHEST PAID INDIVIDUALS' EMOLUMENTS (CONTINUED)

(a) Directors' and supervisors' emoluments (continued)

The compensation paid to the Group's directors and supervisors has been disclosed as follows:

Year ended 31 December 2014

	Note	Fees *RMB'000*	Salaries allowances and other benefits *RMB'000*	Discretionary bonuses *RMB'000*	Retirement benefit costs *RMB'000*	Total *RMB'000*
Executive directors:						
Ye Maoxin		–	–	–	–	–
Li Xiaohong	(i)	–	–	–	–	–
Yan Fuquan		–	–	–	–	–
Shi Tinghong		–	–	–	–	–
Yao Yuming		–	203	775	15	993
Wang Jiangan	(iii)	–	–	–	–	–
		–	203	775	15	993
Independent non-executive directors:						
Xu Wenying	(i)	–	–	–	–	–
Au Guozun		80	–	–	–	80
Li Min	(vi)	42	–	–	–	42
Chen Jinrong	(iii)	66	–	–	–	66
Zuo Yan An	(iv),(v)	32	–	–	–	32
Niu Hongjun	(vii)	–	–	–	–	–
		220	–	–	–	220
		220	203	775	15	1,213
Supervisors:						
Tu Kelin	(i)	–	–	–	–	–
Hu Guangfei		–	75	170	9	254
Liu Hong		–	–	–	–	–
Cheng Nuo		–	115	138	16	269
Ding Yufei		–	181	605	16	802
Qiao Yu	(iii)	–	132	236	12	380
		–	503	1,149	53	1,705
		220	706	1,924	68	2,918

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

13 DIRECTORS', SUPERVISORS' AND HIGHEST PAID INDIVIDUALS' EMOLUMENTS (CONTINUED)

(a) Directors' and supervisors' emoluments (continued)

Year ended 31 December 2013

	Note	Fees	Salaries allowances and other benefits	Discretionary bonuses	Retirement benefit costs	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:						
Ye Maoxin		–	–	–	–	–
Li Xiaohong	(i)	–	–	–	–	–
Yan Fuquan		–	–	–	–	–
Shi Tinghong		–	–	–	–	–
Yao Yuming		–	204	664	14	882
Wang Jiangan	(iii)	–	–	–	–	–
		–	204	664	14	882
Independent non-executive directors:						
Liu Huangsong	(ii)	32	–	–	–	32
Xu Wenying	(i)	56	–	–	–	56
Au Guozun		56	–	–	–	56
Li Min	(vi)	56	–	–	–	56
Chen Jinrong	(iii)	–	–	–	–	–
		200	–	–	–	200
		200	204	664	14	1,082
Supervisors:						
Tu Kelin	(i)	–	–	–	–	–
Hu Guangfei		–	70	218	9	297
An Yongzhi	(ii)	–	82	140	9	231
Liu Hong		–	–	–	–	–
Cheng Nuo		–	37	46	4	87
Ding Yufei		–	107	313	8	428
Qiao Yu	(iii)	–	–	–	–	–
		–	296	717	30	1,043
		200	500	1,381	44	2,125

Note:

(i) Resigned on 4 March 2014

(ii) Resigned on 15 August 2013

(iii) Appointed on 4 March 2014

(iv) Appointed on 27 June 2014

(v) Resigned on 11 December 2014

(vi) Resigned on 27 June 2014

(vii) Appointed on 11 March 2015

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

13 DIRECTORS', SUPERVISORS' AND HIGHEST PAID INDIVIDUALS' EMOLUMENTS (CONTINUED)

(a) Directors' and supervisors' emoluments (continued)

No director or supervisor waived, or agreed to waive, any emoluments in either year.

No emoluments were paid by the Group to the directors or the supervisors as an inducement to join or upon joining the Group or as compensation for loss of office in either year.

(b) Highest paid individuals

Of the five individuals with highest emoluments in the Group, no individual was either director (2013: none) or supervisor (2013: none) of the Company. The emoluments of the remaining five (2013: five) individuals are as follows:

	2014	**2013**
	RMB'000	*RMB'000*
Salaries, allowances and other benefits	3,674	8,557
Discretionary bonus	124,680	28,941
Retirement benefit costs	111	142
	128,465	37,640

The emoluments of the remaining five (2013: five) individuals with the highest emoluments are within the following bands:

In Hong Kong dollars ("HKD")	**2014 Number of Individuals**	**2013 Number of Individuals**
HKD7,000,001 to HKD7,500,000	–	2
HKD8,000,001 to HKD8,500,000	–	1
HKD12,000,001 to HKD12,500,000	–	1
HKD12,500,001 to HKD13,000,000	–	1
HKD14,000,001 to HKD14,500,000	1	–
HKD17,000,001 to HKD17,500,000	1	–
HKD35,000,001 to HKD35,500,000	1	–
HKD37,000,001 to HKD37,500,000	1	–
HKD58,500,001 to HKD59,000,000	1	–

14 DIVIDENDS

Dividends recognised as distributions during the year:

	2014	**2013**
	RMB'000	*RMB'000*
Final dividend paid for 2013, RMB10 cents (2013: Final dividend paid for 2012, RMB10 cents) per share:		
A shares		
– Restricted	22,984	29,630
– Others	29,349	22,703
H shares	18,080	18,080
	70,413	70,413

Subsequent to the end of the reporting period a final dividend of RMB5 cents per share in respect of the year ended 31 December 2014 (2013: RMB10 cents per share) has been proposed by the Board of Directors of the Company.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

15 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of RMB546,455,000 (2013: RMB596,987,000) and the weighted average number of shares of 704,130,000 (2013: 704,130,000) in issue during the year.

(b) Diluted earnings per share

The diluted earnings per share for the years presented are the same as the basic earnings per share as there are no dilutive ordinary shares for both years.

16 PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	**Machinery and equipment** *RMB'000*	**Motor vehicles** *RMB'000*	**Construction in progress** *RMB'000*	**Total** *RMB'000*
Cost					
At 1 January 2013	1,376,224	1,577,239	143,283	268,578	3,365,324
Additions	16,231	78,805	9,375	200,397	304,808
Acquired on acquisition of subsidiaries (note 38(a))	617	446	1,338	–	2,401
Disposals and other reductions	(47,648)	(120,866)	(37,986)	(42,677)	(249,177)
Derecognised on disposal of a subsidiary (note 39)	(5,907)	(3,120)	(753)	–	(9,780)
Assigned assets after construction	189,755	86,815	58	(276,628)	–
At 31 December 2013 and 1 January 2014	1,529,272	1,619,319	115,315	149,670	3,413,576
Additions	14,429	48,938	3,198	170,929	237,494
Disposals and other reductions	(45,422)	(243,337)	(15,011)	–	(303,770)
Derecognised on disposal of a subsidiary (note 39)	(3,361)	–	(4,536)	–	(7,897)
Assigned assets after construction	122,039	66,649	156	(188,844)	–
At 31 December 2014	1,616,957	1,491,569	99,122	131,755	3,339,403

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings *RMB'000*	Machinery and equipment *RMB'000*	Motor vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
Accumulated depreciation and impairment					
At 1 January 2013	362,981	967,380	75,143	–	1,405,504
Charge for the year	54,930	104,195	13,131	–	172,256
Acquired on acquisition of subsidiaries (note 38(a))	–	256	373	–	629
Eliminated on disposals	(28,739)	(98,654)	(26,536)	–	(153,929)
Eliminated on disposal of a subsidiary (note 39)	(2,397)	(2,169)	(697)	–	(5,263)
At 31 December 2013 and 1 January 2014	386,775	971,008	61,414	–	1,419,197
Charge for the year	58,600	90,380	11,752	–	160,732
Eliminated on disposals	(28,143)	(206,097)	(11,221)	–	(245,461)
Eliminated on disposal of a subsidiary (note 39)	(757)	–	(2,563)	–	(3,320)
At 31 December 2014	416,475	855,291	59,382	–	1,331,148
Carrying value					
At 31 December 2014	1,200,482	636,278	39,740	131,755	2,008,255
At 31 December 2013	1,142,497	648,311	53,901	149,670	1,994,379

The above items of property, plant and equipment, other than construction in progress, are depreciated using the straight line method to allocate cost to their residual values over their estimated useful lives, as follows:

Buildings	9 to 50 years
Machinery and equipment	5 to 22 years
Motor vehicles	5 to 14 years

At 31 December 2014, the certificates of ownership of certain buildings of the Group at carrying value of RMB223,899,000 (2013: RMB523,446,000) situated in the PRC, have not been passed to the Group.

At 31 December 2014, the Group's bank loans were secured by certain of the Group's buildings with aggregate net carrying amount of RMB7,117,000 (2013: RMB30,929,000). (note 31)

During the year, there is no addition of property, plant and equipment held by the Group under finance leases (2013: RMB1,122,000).

The related assets held under finance leases are machinery and equipment as follows:

	2014 *RMB'000*	2013 *RMB'000*
Cost – capitalised finance leases	1,538	121,757
Accumulated depreciation	(565)	(85,079)
Carrying value	973	36,678

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

17 PREPAID LEASE PAYMENTS

The Group's prepaid lease payments represent medium-term land and pipe use rights situated in the PRC.

	2014 *RMB'000*	2013 *RMB'000*
Analysed for reporting purposes as:		
Current asset	12,383	11,832
Non-current asset	499,375	482,633
	511,758	494,465

At 31 December 2014, the Group's bank loans were secured by certain of the Group's land use rights with an aggregate net carrying amount of RMB239,742,000 (2013: RMB105,726,000). (note 31)

18 INTANGIBLE ASSETS

	Development cost *RMB'000*	Patents and licences *RMB'000*	Software *RMB'000*	Total *RMB'000*
Cost				
At 1 January 2013	–	43,962	41,606	85,568
Additions	–	6,800	38,157	44,957
Acquired on acquisition of subsidiaries (note 38(a))	14,222	–	259	14,481
Disposals	–	(139)	(7,414)	(7,553)
At 31 December 2013 and 1 January 2014	14,222	50,623	72,608	137,453
Additions	–	10,123	14,559	24,682
Disposals	–	(2,375)	(599)	(2,974)
At 31 December 2014	14,222	58,371	86,568	159,161
Accumulated amortisation and impairment				
At 1 January 2013	–	18,513	15,657	34,170
Charge for the year	–	6,506	10,547	17,053
Eliminated on disposals	–	(33)	(8)	(41)
At 31 December 2013 and 1 January 2014	–	24,986	26,196	51,182
Charge for the year	–	5,119	13,074	18,193
Eliminated on disposals	–	(1,555)	(599)	(2,154)
At 31 December 2014	–	28,550	38,671	67,221
Carrying value				
At 31 December 2014	14,222	29,821	47,897	91,940
At 31 December 2013	14,222	25,637	46,412	86,271

Development costs, which are acquired arising from acquisition of subsidiary, are internally generated and development of medical technology of a project is still in progress.

Patents and licences mainly represent licensing of technology for manufacturing of textile machinery and manufacturing of non-textile machinery.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

18 INTANGIBLE ASSETS (CONTINUED)

Except for certain patents and licenses with carrying amount of RMB5,000,000 which have indefinite useful lives, other patents and licenses and software have definitive useful lives and are amortised on a straight line basis over the following periods:

Patents and licenses	2 to 10 years
Software	5 years

The amortisation charge for the year is included in "administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

19 GOODWILL

	2014	2013
	RMB'000	*RMB'000*
Cost and carrying value		
At 1 January	845,121	844,307
Arising from acquisition of subsidiaries (note 38(a))	–	814
At 31 December	845,121	845,121

Impairment tests for cash-generating units containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs, according to business segment as below:

	2014	2013
	RMB'000	*RMB'000*
Multiple units without significant goodwill	11,732	11,732
Provision of trust and fiduciary services	833,389	833,389
	845,121	845,121

During the year, the management of the Group determined that there are no impairments of any of its CGUs containing goodwill.

The basis of the recoverable amount of the CGU for provision of trust and fiduciary services and its major underlying assumptions is summarised below:

The recoverable amount of this unit has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 4-year period (2013: 5-year period), and discount rate of 17% (2013: 17%). This unit's cash flows beyond the 4-year period (2013: 5-year period) are extrapolated using a steady 3% (2013: 3%) growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the unit to exceed the aggregate recoverable amount of the unit.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

20 INTERESTS IN ASSOCIATES

	2014	2013
	RMB'000	*RMB'000*
Cost of investment, unlisted	261,793	141,793
Share of post-acquisition profits and other comprehensive income, net of dividends received	75,985	30,167
	337,778	171,960

Details of the Group's associates as at 31 December 2014 and 2013 are as follows:

Name of associate	Place of establishment and operation	Registered capital	Proportion of registered capital attributable to the Group 2014	Proportion of registered capital attributable to the Group 2013	Proportion of voting power held 2014	Proportion of voting power held 2013	Principal activities
			%	%	%	%	
Hongda Research Company Limited	the PRC	RMB50,000,000	40.00	40.00	40.00	40.00	Sale and development of textile machinery
China Texmatech Company Limited	the PRC	RMB120,000,000	25.00	25.00	25.00	25.00	Import and export of textile machinery
Anhui Huamao Jingwei New Type Textile Company Limited	the PRC	RMB50,000,000	25.00	25.00	25.00	25.00	Production, processing and sale of various kinds of yarn and textile products
Jingwei Machinery (Group) Company Limited	the PRC	RMB40,000,000	18.83	18.83	40.00	40.00	Manufacturing and sale of textile machinery
Beijing Hengtian Wealth Management Company Limited	the PRC	RMB50,000,000	20.00	20.00	20.00	20.00	Provision of trust and fiduciary services
Shenzhen Huarong Equity Investment Fund and Management Company Limited	the PRC	RMB10,000,000	49.00	49.00	40.00	40.00	Investment holding, provision of asset management and business advisory services
Xianyuang Jingwei Properties Company Limited (Formerly known as Xianyang Jingwei Textile Machinery Manufacturing Company Limited)	the PRC	RMB75,079,600	24.33	24.33	24.33	24.33	Development of real estate
Xinhu Wealth Management Company Limited	the PRC	RMB65,000,000	23.08	23.08	23.08	23.08	Investment holding, provision of asset management and business advisory services
Ruiyuan Baoxin Assets Management Company Limited	the PRC	RMB4,000,000	49.00	49.00	49.00	49.00	Provision of trust and fiduciary services
Zhongrong Kang Jian (note (a))	the PRC	RMB2,000,000	–	49.00	–	49.00	Provision of trust and fiduciary services
Jinzhong Jingwei Yuxin Machinery Company Limited	the PRC	RMB5,000,000	20.00	20.00	20.00	20.00	Design, manufacture and sales of textile machinery
Suizhou Jinafu Engineering and Machinery Services Company Limited	the PRC	RMB15,000,000	40.00	40.00	40.00	40.00	Provision for logistics and construction services
Shanghai Rongou Equity Investment and Fund Management Company Limited	the PRC	RMB10,000,000	40.00	40.00	40.00	40.00	Investment holding, provision for asset and investment management and business advisory services
Beijing Jingpeng Investment Management Company Limited ("Beijing Jingpeng") (note (b))	the PRC	RMB222,220,000	45.00	–	45.00	–	Investment management, sales of electronic and chemical products
Xianyang Jingwei Fiber Machinery Co., Ltd. (note (c))	the PRC	RMB50,000,000	40.00	–	40.00	–	Manufacture and sales of fiber machinery and related components
Lhasa Rongzheng Investment Management Consulting Co., Ltd. (note (c))	the PRC	RMB2,000,000	49.00	–	49.00	–	Provision of asset management and business advisory services

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

20 INTERESTS IN ASSOCIATES (CONTINUED)

Notes:

(a) In August 2014, the Group disposed of 49% equity interest in Zhongrong Kang Jian to an independent third party at a consideration of RMB980,000.

(b) In September 2014, the Company and 2 subsidiaries of the Group, Beijing Jingwei Textile Machinery New Technology Company Limited ("Beijing New Technology") and Beijing Jingpeng, entered into an agreement, with independent third parties pursuant to which the independent third parties agreed to make a capital contribution of RMB122,220,000 to Beijing Jingpeng in cash. Upon completion of the transaction, the registered capital of Beijing Jingpeng increased from RMB100,000,000 to RMB222,220,000 and the equity interest in Beijing Jingpeng held by the Group was diluted from 99.54% to 45%. As the Group loses the control of Beijing Jingpeng but retains significant influence over it, Beijing Jingpeng is therefore classified as an associate of the Group (see note 39).

(c) These companies were incorporated during the year.

The summarised financial information in respect of the Group's unlisted associates that are not individually material is set out below:

	2014 *RMB'000*	2013 *RMB'000*
Current assets	2,835,351	2,237,589
Non-current assets	1,260,949	983,797
Current liabilities	(2,590,166)	(2,251,030)
Non-current liabilities	(420,935)	(329,250)
Net assets	1,085,199	641,106
Revenue	6,361,134	6,593,440
Profit for the year	320,117	166,151
Other comprehensive income for the year	6	369
Total comprehensive income for the year	320,123	166,520
Dividend received from associates for the year	24,696	30,757
The Group's share of post-tax profit	67,452	38,033
The Group's share of other comprehensive income	1	68
The Group's share of total comprehensive income	67,453	38,101
Aggregate carrying amount of the Group's interests in associates	337,778	171,960

The directors are of the view that there is no associate considered to be material to the Group.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

21 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014 *RMB'000*	2013 *RMB'000*
Listed securities		
– Debenture – the PRC (note a)	–	28,547
– Equity securities – the PRC (note b)	338,311	302,349
	338,311	330,896
Unlisted securities		
– Equity securities – the PRC (note c)		
Cost	92,992	87,522
Accumulated impairment losses	(20,194)	(20,194)
	72,798	67,328
– Trust investments – the PRC (note d)	236,956	45,893
	309,754	113,221
	648,065	444,117

Notes:

(a) The debenture is listed in the PRC with fixed interest rate of 6.10% per annum and maturity date on 30 December 2019. The Group disposed the debenture in the current year.

(b) Listed investments in equity securities are stated at fair value using quoted prices in active markets. There has been no significant decline in their value below cost and adverse changes in the market value of the listed equity investments during the year. The directors of the Company consider that no impairment indication was noted on the listed equity investments.

(c) Unlisted investments in equity securities issued by private entities incorporated in the PRC are measured at cost less impairment losses at the end of each reporting period because there are no quoted market prices for these investments. In addition, the variability in the range of reasonable fair value estimates is significant and the probabilities of the value estimates cannot be reasonably assessed. Accordingly, the directors are of opinion that a reasonable estimate of the fair value cannot be made.

(d) Unlisted trust investments are stated at fair value using valuation techniques in which all significant inputs are directly or indirectly based on observable market data and nature of products.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

22 DEFERRED TAXATION

The following are the major deferred tax balances recognised and movements thereon during the current and prior years:

	Allowance for receivables, inventories and impairment of assets *RMB'000*	**Revaluation of available-for-sale financial assets** *RMB'000*	**Tax losses** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
At 1 January 2013	3,571	6,675	–	278,656	288,902
Credited to consolidated statement of profit or loss and other comprehensive income for the year (note 10)	829	–	4,527	124,999	130,355
Credited to investment revaluation reserve (note 12(a))	–	37,504	–	–	37,504
At 31 December 2013 and 1 January 2014	4,400	44,179	4,527	403,655	456,761
(Charged)/credited to consolidated statement of profit or loss and other comprehensive income for the year (note 10)	(1,545)	–	–	68,330	66,785
Charged to investment revaluation reserve (note 12(a))	–	(9,070)	–	–	(9,070)
At 31 December 2014	2,855	35,109	4,527	471,985	514,476

	2014 *RMB'000*	**2013** *RMB'000*
For presentation purposes:		
Deferred tax assets	518,677	456,761
Deferred tax liabilities	(4,201)	–
	514,476	456,761

Note: Others mainly represent deferred tax assets/(liabilities) arising from unrealised profit on intra-group sales, accrued bonus and expenses and other temporary differences.

The deductible temporary differences not recognised in the consolidated financial statements are as follows:

	2014 *RMB'000*	**2013** *RMB'000*
Tax losses	1,108,133	699,427
Other temporary differences	334,822	287,192
	1,442,955	986,619

At 31 December 2014, the Group has unused tax losses of approximately RMB1,138,313,000 (2013: RMB729,607,000) available for offset against future profits. Deferred tax assets have been recognised in respect of approximately RMB30,180,000 (2013: RMB30,180,000) of such losses. No deferred tax asset has recognised for the remaining balance of approximately RMB1,108,133,000 (2013: RMB699,427,000) due to unpredictability of future profit streams.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

22 DEFERRED TAXATION (CONTINUED)

The unrecognised tax losses will expire in the following years ending 31 December:

	2014	2013
	RMB'000	*RMB'000*
2014	–	47,600
2015	67,014	67,014
2016	75,722	75,722
2017	182,975	182,975
2018	276,827	312,287
2019	495,060	–
2023	5,182	–
No expiry date	5,353	13,829
	1,108,133	699,427

23 OTHER NON-CURRENT ASSETS

	2014	2013
	RMB'000	*RMB'000*
Trade receivables in respect of sales of textile and medical products from independent third parties (note a)	–	4,301
Deposits paid to set up a Joint Venture (note b)	750,000	–
	750,000	4,301
Less: Amount due for settlement within 1 year and shown under current assets (note 25)	–	(4,301)
	750,000	–

Notes:

(a) The amount represented trade receivables from certain customers which are agreed to be settled by instalments in 2013.

(b) The carrying amounts of the deposits approximate to their fair values.

24 INVENTORIES

	2014	2013
	RMB'000	*RMB'000*
Raw materials	397,946	405,312
Work in progress	501,153	571,742
Finished goods	643,175	642,519
	1,542,274	1,619,573

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2014	2013
	RMB'000	*RMB'000*
Carrying amount of inventories sold	4,191,029	4,784,706
Write down of inventories	29,166	16,489
	4,220,195	4,801,195

At 31 December 2014, the Group's bank loans were secured by certain of the Group's inventories with an aggregate carrying amount of RMB8,080,000 (2013: RMB8,462,000) (note 31).

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

25 TRADE AND OTHER RECEIVABLES

	2014 *RMB'000*	2013 *RMB'000*
Trade receivables	683,344	669,380
Less: Allowance for doubtful debts	(47,932)	(38,910)
	635,412	630,470
Bills receivable (note)	750,704	1,495,876
Deposits and other receivables	268,120	232,168
Prepayments	370,856	319,373
Non-current assets (due within 1 year) (note 23)	–	4,301
	2,025,092	2,682,188

Note:

At the end of the reporting period, the carrying amount of outstanding bills receivable of RMB325,079,000 (2013: RMB660,196,000) and RMBNil (2013: RMB13,905,000) has been endorsed to certain creditors and discounted to the banks respectively. If the bills receivable are not paid at maturity, the banks have the rights to request the Group to pay the unsettled balance. As the Group has not transferred the significant risks and rewards relating to these bills receivable, it continues to recognise the full amount of the bills receivable and related trade payables and has recognised the cash received on the transfer as secured borrowings (see note 31). The Group continues to present the endorsed bills and discounted bills as bills receivable until maturity.

At 31 December 2014, the carrying values of bills receivable that have been transferred but have not been derecognised amounted to RMB470,069,000 (2013: RMB674,101,000) and the carrying amount of the associated liability is RMB470,069,000 (2013: RMB674,101,000). The carrying values approximate their fair values.

At 31 December 2014, the Group has pledged bills receivable with a carrying amount of RMB64,590,000 (2013: RMB32,928,000) to secure issuing certain bills payable for settlement of suppliers. (see note 30)

Receipts of customer's payments in advance, as deposits on sale contracts, are recognised in the other payables and accrued charges. After receiving the deposits, the remaining settlement is made in accordance with the terms specified in the contracts governing the relevant transactions. 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 an aged analysis of the trade and bills receivable net of allowance for doubtful debts, including receivables from a holding company, fellow subsidiaries and associates (note 27):

	2014 *RMB'000*	2013 *RMB'000*
Within 1 year	1,524,253	2,288,085
Over 1 year but less than 2 years	23,611	32,212
Over 2 years but less than 3 years	6,180	6,758
	1,554,044	2,327,055

The following is an aged analysis of trade and bills receivable, including receivables from a holding company, fellow subsidiaries and associates, which are past due but not impaired:

	2014 *RMB'000*	2013 *RMB'000*
Over 1 year but less than 2 years	23,611	32,212
Over 2 years but less than 3 years	6,180	6,758
	29,791	38,970

The Group has not provided for certain trade receivables aged over one year because historical experience indicates that those trade debtors have a good credit history and the balance of these receivables is eventually recovered. The Group does not hold any collateral over these balances.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

25 TRADE AND OTHER RECEIVABLES (CONTINUED)

Movement in the allowance for doubtful debts of trade receivables (excluding trade receivables included under other non-current assets):

	2014	**2013**
	RMB'000	*RMB'000*
At 1 January	38,910	35,061
Impairment losses recognised	9,755	12,773
Impairment losses reversed	–	(3,753)
Derecognised on disposal of subsidiaries	–	(278)
Amounts written off as uncollectible	(733)	(4,893)
At 31 December	47,932	38,910

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB47,932,000 (2013: RMB38,910,000). The individually impaired receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered.

At 31 December 2014, the trade and other receivables included an aggregate amount of RMB2,504,000 (2013: RMB3,706,000), representing certain trade balances between the Group and companies in which certain key management personnel of the Group have influence in. Except for the amount of RMB59,576,000 (2013:RMBNil) are bearing interest of 6.16% per annum and repayable on demand, the amounts are unsecured, non-interest bearing and repayable on demand.

26 HELD-TO-MATURITY INVESTMENTS

The Group's held-to-maturity investments represent trust investments that are issued by a financial institution incorporated in the PRC, with fixed interest at 18% to 18.4% per annum payable quarterly, and will mature during September 2015 to October 2015. None of these assets have been past due or impaired at the ended of the reporting period.

27 AMOUNTS DUE FROM/TO HOLDING COMPANIES/FELLOW SUBSIDIARIES/ASSOCIATES

Amount due from a holding company

The amount is unsecured, non-interest bearing and repayable on demand. Included in the balances are trade nature balances with carrying amount of approximately RMBNil (2013: RMB64,000).

Amounts due from fellow subsidiaries

The amounts are unsecured, non-interest bearing and repayable on demand. Included in the balances are trade nature balances with carrying amount of approximately RMB8,369,000 (2013: RMB13,638,000).

Amounts due from associates

Except for the amount of RMB49,803,000 (2013:RMBNil), bearing interest from 6% to 18% per annum and repayable in 2015, the amounts are unsecured, non-interest bearing and repayable on demand. Included in the balances are trade nature balances with a carrying amount of approximately RMB159,559,000 (2013: RMB187,007,000).

Amounts due to holding companies/fellow subsidiaries/associates

The amounts are unsecured, non-interest bearing and repayable on demand. Included in the balances are trade nature balances with a carrying amount of approximately RMB91,240,000 (2013: RMB131,317,000).

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

28 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
	RMB'000	*RMB'000*
Listed securities – held for trading:		
– Equity securities – the PRC	586,934	239,098
– Equity securities – Indonesia	2,916	4,418
	589,850	243,516
Unlisted securities – held for trading:		
– Trust investment – the PRC (note)	5,452,385	–
	6,042,235	243,516

Note: Unlisted trust investments are stated at fair value using valuation techniques in which all significant inputs are directly and indirectly based on observable market data and nature of products.

29 PLEDGED BANK DEPOSITS/CASH AND CASH EQUIVALENTS

Pledged bank deposits represent deposits pledged to banks to secure bills payable and letters of credit granted to the Group. The average effective interest rate on pledged bank deposits is 2.94% (2013: 3.08%).

At the end of the reporting period, cash and cash equivalents comprised mainly short-term deposits which carry interest at prevailing market rates.

30 TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables	1,367,709	1,624,209
Bills payable	386,737	612,660
Advances from customers	594,513	394,147
Other payables and accrued charges	2,529,256	2,171,198
	4,878,215	4,802,214

At 31 December 2014, the Group has endorsed bank acceptance bills to certain creditors amounting to RMB325,079,000 (2013: RMB660,196,000). The settlement of trade payables by such bills will only be derecognised when the relevant bills mature.

At 31 December 2014, trade and other payables included an aggregate carrying amount of RMB90,748,000 (2013: RMB121,368,000), representing certain trade balances between the Group and companies in which certain key management personnel of the Group have influence. The amounts are unsecured, non-interest bearing and repayable on demand.

At 31 December 2014, certain of the Group's bills payable were secured by certain of the Group's bills receivable with aggregate net carrying amount of RMB64,590,000 (2013: RMB32,928,000).

The following is an aged analysis of trade and bills payable, including payables to holding companies, fellow subsidiaries and associates:

	2014	2013
	RMB'000	*RMB'000*
Within 1 year	1,748,806	2,296,242
Over 1 year but less than 2 years	76,533	39,844
Over 2 years but less than 3 years	3,511	9,553
Over 3 years	16,837	22,547
	1,845,687	2,368,186

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

31 BORROWINGS

	2014 *RMB'000*	2013 *RMB'000*
Medium term note ("MTN")	1,200,000	1,200,000
Discounted bills	–	13,905
Variable-rate bank loans	1,043,850	1,253,600
Fixed-rate bank loans	1,501,000	678,000
	3,744,850	3,145,505
Secured	1,317,000	1,309,805
Unsecured	2,427,850	1,835,700
	3,744,850	3,145,505

	2014 *RMB'000*	2013 *RMB'000*
The borrowings are repayable as follows:		
On demand or within 1 year	2,344,850	1,945,505
More than 1 year, but not exceeding 2 years	200,000	–
More than 2 years, but not exceeding 5 years	1,200,000	1,200,000
	3,744,850	3,145,505
Less: Amount due within 1 year and shown under current liabilities	(2,344,850)	(1,945,505)
	1,400,000	1,200,000

On 24 April 2012, the Company issued a 5-year MTN with principal amount of RMB1,200,000,000 which is secured by corporate guarantee from China Hengtian, interest bearing at 5.65% per annum, and is repayable in 2017. Interest on the MTN is payable annually in arrears.

At 31 December 2014, the Group does not have discounted bills. At 31 December 2013, discounted bills carried interest at market rates ranging from 5.40% to 8.40% per annum.

Variable-rate bank loans that are denominated in foreign currencies of RMB135,496,000 (2013: RMB135,700,000) bear interest from 2.20% to 4.10% (2013: 1.57% to 4.77%) per annum. Variable-rate bank loans of RMB466,354,000 (2013: RMBNil) bear interest at the prime rate offered by the People's Bank of China (the "PBOC"). The remaining variable-rate bank loans of RMB442,000,000 (2013: RMB1,117,900,000) bear interest from 90% to 125% of the rate offered by the PBOC (2013: 90% to 125% of the rate offered by the PBOC). All these variable interest rates are repriced from every one month to every six months (2013: from every one months to every six months).

Fixed-rate bank loans bear interest from 5.60% to 10.44% (2013: 5.60% to 10.44%) per annum.

The ranges of effective interest rate of the borrowings are also equal to contracted interest rates.

At 31 December 2014, the Group, has undrawn borrowing facilities amounting to approximately RMB4,607,328,000 (2013: RMB5,033,809,000).

At the end of the reporting period, the borrowings are secured by certain of the Group's assets:

	2014 *RMB'000*	2013 *RMB'000*
Property, plant and equipment (note 16)	7,117	30,929
Land use rights (note 17)	239,742	105,726
Inventories (note 24)	8,080	8,462
Bills receivable (note 25)	–	13,905

At 31 December 2014, certain of the Group's bank loans to the extent of RMB2,000,000 (2013: RMB4,900,000) are guaranteed by a third party.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

32 OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	2014	2013
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts payable under finance leases				
Within 1 year	225	24,606	195	23,891
More than 1 year and not more than 5 years	380	684	353	619
	605	25,290	548	24,510
Less: future finance charges	(57)	(780)	–	–
Present value of lease obligations	548	24,510	548	24,510
Less: Amount due for settlement within 1 year (shown under current liabilities)			(195)	(23,891)
Amount due for settlement after 1 year			353	619

33 OTHER NON-CURRENT LIABILITIES

	2014	2013
	RMB'000	*RMB'000*
Deferred income (note a)	124,553	132,180
Retirement benefit obligations (note b)	27,240	26,780
Others	29,994	29,994
	181,787	188,954
Less: Current portion included in trade and other payables	(1,450)	(1,690)
	180,337	187,264

Notes:

(a) The amount comprises (i) government subsidies received in relation to lease payment of land of RMB9,005,000 (2013: RMB9,211,000) and acquisition of qualifying assets of RMB50,653,000 (2013: RMB60,773,000) which are recognised in the consolidated statement of profit or loss and other comprehensive income over the expected useful life of the relevant assets, (ii) government subsidies for research on technological development in textile industry and repayment of bank loan interest of RMB27,125,000 (2013: RMB19,175,000) which will be recognised in the same period as those expenses are charged in the consolidated statement of profit or loss and other comprehensive income and are reported separately as other income, and (iii) government subsidies for the compulsory relocation of certain properties of RMB37,770,000 (2013: RMB43,021,000) which will be recognised in the consolidated statement of profit or loss and other comprehensive income on a systematic basis.

(b) Included in the balance is an amount of RMB27,240,000 (2013: RMB26,780,000) representing the Group's obligations on retirement and supplementary benefits to the qualifying retired employees which was mainly determined based on actuarial valuations performed by an independent firm of valuers (see note 43).

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

34 SHARE CAPITAL

2014

	1 January 2014	Increase/(decrease) (Note)	31 December 2014
Number of shares			
Registered, issued and fully paid			
– restricted	229,871,234	(30,000)	229,841,234
– others	293,458,766	30,000	293,488,766
H shares, RMB1.00 each	180,800,000	–	180,800,000
	704,130,000	–	704,130,000
RMB'000			
Registered, issued and fully paid			
– restricted	229,871	(30)	229,841
– others	293,459	30	293,489
H shares, RMB1.00 each	180,800	–	180,800
	704,130	–	704,130

2013

	1 January 2013	Increase/(decrease) (Note)	31 December 2013
Number of shares			
Registered, issued and fully paid			
– restricted	295,991,404	(66,120,170)	229,871,234
– others	227,338,596	66,120,170	293,458,766
H shares, RMB1.00 each	180,800,000	–	180,800,000
	704,130,000	–	704,130,000
RMB'000			
Registered, issued and fully paid			
– restricted	295,991	(66,120)	229,871
– others	227,339	66,120	293,459
H shares, RMB1.00 each	180,800	–	180,800
	704,130	–	704,130

Note: For the year, according to register of shareholders provided by China Securities Regulatory Commission ("CSRC") (The Shares and Their Changes Management Rules of Listed Companies' Directors, Supervisors and Senior Management Personnel) and China Securities Depository and Clearing Company Limited, the restrictions of sale of 30,000 shares held by 1 senior management personnel of the Group were unlocked during the reporting period and changed to unlimited trading A shares.

In 2013, new additions of 351,000 restricted A shares were transferred from other A shares which were attributable to 8 senior management personnel of the Group.

In addition, according to register of shareholders provided by China Securities Regulatory Commission ("CSRC") (The Shares and Their Changes Management Rules of Listed Companies' Directors, Supervisors and Senior Management Personnel) and China Securities Depository and Clearing Company Limited, the restrictions of sale of 93,101 shares held by 9 senior management personnel of the Group were unlocked during the reporting period and changed to unlimited trading A shares.

Pursuant to the approval documents of CSRC, 100,330,000 A shares issued to certain parties in 2012 were restricted to sell to others, of which 66,378,069 A shares were unlocked in 2013 and remaining 33,951,931 A shares would be unlocked in 2015.

The A shares and H shares have a par value of RMB1.00 each and rank pari passu in all respects, except for certain conditions on restricted A shares as stated above, while H shares can only be owned and traded by overseas investors and A shares can only be owned and traded by PRC investors.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

35 RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital *RMB'000* (note 34)	Share premium *RMB'000*	Statutory surplus reserve *RMB'000* (note 35(b))	Discretionary surplus reserve *RMB'000* (note 35(c))	Production safety fund surplus reserve *RMB'000* (note 35(e))	Retained earnings *RMB'000*	Total *RMB'000*
At 1 January 2013	704,130	2,048,032	231,448	150,000	1	227,241	3,360,852
Profit and total comprehensive income for the year	–	–	–	–	–	47,508	47,508
Appropriation to reserve	–	–	5,360	–	–	(5,360)	–
Provision for production safety fund surplus reserve	–	–	–	–	2,898	(2,898)	–
Utilisation for production safety fund surplus reserve	–	–	–	–	(2,808)	2,808	–
Payment of dividends approved in respect of previous year (note 14)	–	–	–	–	–	(70,413)	(70,413)
At 31 December 2013 and 1 January 2014	704,130	2,048,032	236,808	150,000	91	198,886	3,337,947
Loss and total comprehensive loss for the year	–	–	–	–	–	(12,560))	(12,560)
Appropriation to reserve	–	–	1,791	–	–	(1,791)	–
Provision for production safety fund surplus reserve	–	–	–	–	3,145	(3,145))	–
Utilisation for production safety fund surplus reserve	–	–	–	–	(2,495)	2,495)	–
Payment of dividends approved in respect of previous year (note 14)	–	–	–	–	–	(70,413)	(70,413)
At 31 December 2014	704,130	2,048,032	238,599	150,000	741	113,472	3,254,974

(b) Statutory surplus reserve

According to the relevant laws and regulations and the Articles of Association of respective companies comprising the Group, 10% of profit after tax ("PAT") reported under PRC Generally Acceptable Accounting Principles ("GAAP") is required to be transferred to statutory surplus reserve until the statutory surplus reserve reaches 50% of the registered capital of the respective companies. Upon approval from the authorities, the statutory surplus reserve can be used to offset accumulated losses or to increase share capital. When it is utilised to increase share capital, the remaining balance of the statutory surplus reserve cannot fall below 25% of the share capital.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

35 RESERVES (CONTINUED)

(c) Discretionary surplus reserve

According to the Company's and the subsidiaries' Articles of Association, the Board of Directors, after obtaining approval from the shareholders, has the discretion to provide for discretionary surplus reserve. Upon approval from the authorities, the discretionary surplus reserve can be used to make up any losses incurred or to increase share capital.

(d) Regulatory reserve

According to relevant regulatory requirement in the PRC, a subsidiary of the Group, Zhongrong International Trust Co., Ltd. ("Zhongrong Trust"), is required to appropriate 5% of its PAT reported and the appropriation of the regulatory reserve may cease to apply if the balance of the regulatory reserve has reached 20% of the subsidiary's registered capital.

In addition, pursuant to notices, the "Measures for Administering the Withdrawal of Reserves for Non-performing Debts by Financial Enterprises" (Cai Jin [2005] No. 49) issued by the Ministry of Finance of the PRC on 17 May 2005, banks and certain non-bank financial institutions in the PRC are required to set aside a general reserve to cover potential losses against their assets. The provision ratio for the general reserve is determined by financial institutions, with reference to the confronted risk factors. In principle, the general reserve balance should not be lower than 1% of the ending balance of gross risk-bearing assets. The general reserve forms part of the equity of the financial institution, and transfers to it are made through appropriations of PAT.

(e) Production safety fund surplus reserve

According to CaiQi [2012] No.16 "Measures for the Extraction and Management of the Production Safety Fund for the enterprises" issued by the Ministry of Finance and the Safety Production General Bureau, the Group is required to accrue a production safety fund to improve production safety.

(f) Distributability of reserves

In accordance with the Articles of Association of the Company, the net PAT of the Company for the purpose of dividend distribution is deemed to be the lesser of (i) the net profit determined in accordance with the PRC GAAP and (ii) the net profit determined in accordance with HKFRSs under the PRC Company Law and the Company's Articles of Association. Net PAT can only be distributed as dividends after an allowance has been made for the following:

(i) Making up prior years' cumulative losses, if any;

(ii) Allocations to the statutory surplus reserve (see note 35(b));

(iii) Allocations to the discretionary surplus reserve (see note 35(c)); and

(iv) Allocations to the production safety fund surplus reserve (see note 35(e)).

The above reserves cannot be used for purposes other than those for which they are created and are not distributable as cash dividends.

For dividend distribution purposes, the amounts which the Company's subsidiaries can legally distribute by way of a dividend are determined with reference to their profits available for distribution as reflected in the PRC statutory financial statements which are prepared in accordance with the PRC GAAP. These profits differ from those reflected in the consolidated financial statements which are prepared in accordance with HKFRSs.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

36 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in note 31, net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts. The Group's overall strategy remains unchanged from prior year.

Gearing ratio

Consistent with industry practice, the Group monitors its capital structure on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is defined as total debts (which include borrowings, trade and other payables, obligations under finance leases, amounts due to holding companies, amounts due to fellow subsidiaries and amounts due to associates as shown in the consolidated statement of financial position) less cash and cash equivalents. Total equity is defined as all components of equity attributable to owners of the Company in the consolidated statement of financial position.

The gearing ratio at the end of the reporting period was as follows:

	2014	**2013**
	RMB'000	*RMB'000*
Total debts	8,796,416	8,177,223
Cash and cash equivalents	(4,993,815)	(9,314,093)
Net debt/(cash)	3,802,601	(1,136,870)
Equity	5,590,920	5,114,068
Net debt to equity ratio	68%	N/A

At the end of the reporting period, the Group held trust investment amounted RMB5,452,385,000 in which can be converted into cash any time. Taking the effect of the currency fund into accounts, net cash at the end of the reporting period would be RMB1,649,784,000 hence the net debt to equity is not applicable in this circumstance.

37 FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2014	**2013**
	RMB'000	*RMB'000*
Financial assets		
Financial assets at fair value through profit or loss	6,042,235	243,516
Loans and receivables (including cash and cash equivalents)	7,344,510	12,187,619
Available-for-sale financial assets	648,065	444,117
Held-to-maturity investments	300,000	–
Financial liabilities		
Other financial liabilities	(8,206,104)	(7,783,076)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

37 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies

The Group's major financial assets and liabilities include AFS financial assets, financial assets at FVTPL, held-to-maturity investments, trade and other receivables, amounts due from a holding company/fellow subsidiaries/associates, cash and cash equivalents, pledged bank deposits, trade and other payables, amounts due to holding companies/fellow subsidiaries/associates, obligations under finance leases and borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(i) Foreign currency risk

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The functional currency of the group entities is mainly RMB in which most of the transactions are denominated. Foreign currencies, including United States dollars ("USD"), European dollars ("EUR"), HKD and Swiss Franc ("CHF"), are mainly used to purchase raw materials for textiles and motors from suppliers. The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities of the group entities at the end of the reporting period are as follows:

	Currency	2014 *RMB'000*	2013 *RMB'000*
Cash and cash equivalents	USD	40,295	52,297
	EUR	12,303	44,283
	HKD	22,766	130,352
	Others	29	32
Trade and other receivables	USD	3,220	10,091
	EUR	88,796	22,262
	HKD	72,762	–
	CHF	38	668
Trade and other payables	USD	(301)	(35,432)
	EUR	(58,717)	(14,550)
	HKD	(124,050)	–
	Others	(8,313)	–
Borrowings	USD	(135,496)	(135,700)
Total	USD	(92,282)	(108,744)
	EUR	42,382	51,995
	HKD	(28,522)	130,352
	CHF	38	668
	Others	(8,284)	32

The following table details the Group's sensitivity to a 5% increase in the functional currency of group entities against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicated an increase in profit where the functional currency of group entities strengthens 5% against the relevant foreign currencies. For a 5% weakening of the functional currency of group entities against the relevant foreign currencies, these would be an equal and opposite impact on the profit.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

37 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(i) Foreign currency risk (continued)

If RMB strengthens against foreign currencies by 5%:

	USD impact		EUR impact		HKD impact		CHF impact	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Profit after taxation	3,922	4,622	(1,802)	(2,210)	1,213	(5,540)	(2)	(28)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

(ii) Interest rate risk

The cash flow interest rate risk relates primarily to the Group's variable rate bank borrowings which mainly float at rates offered by the PBOC and bank balances carry interests at prevailing market rates. The fair value interest rate risk relates primarily to fixed-rate short-term bank time deposits, debentures, fixed-rate bank loans and finance leases. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's sensitivity to interest rate risk has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable rate bank borrowings, the analysis is prepared assuming amounts outstanding at the end of the reporting period were outstanding for the whole year and the reasonably possible change taking place at the beginning of each year and held constant throughout the year. The Group's sensitivity to interest rate risk in relation to variable rate bank borrowings at the end of each reporting period while all other variables were held constant is as follows:

	2014	**2013**
Reasonably possible change in interest rate	100 basis points	100 basis points

	2014	**2013**
	RMB'000	*RMB'000*
Increase/(decrease) in profit after taxation		
– as a result of increase in interest rate	(8,873)	(10,656)
– as a result of decrease in interest rate	8,873	10,656

(iii) Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position and the amount of contingent liabilities disclosed in note 41. In order to minimise the credit risk, the management of the Group has formulated a defined fixed credit policy and delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable regularly at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are mainly banks in the PRC with good reputation.

The Group has concentration of credit risk, with aggregate amounts of RMB248,571,000 (2013: RMB268,457,000) due from top five customers, including related parties within the manufacture and sales of textile machinery and related materials, parts and component segment, as well as amounts of RMB91,300,000 (2013: RMB119,383,000) due from associates. However, the management of the Group has closely monitored and reviewed the recoverability of these amounts and the directors consider such risk is significantly reduced.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

37 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iv) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of loan facilities and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2014, the Group has available unutilised borrowing facilities of approximately RMB4,607,328,000 (2013: RMB5,033,809,000). Details of which are set out in note 31.

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Within 1 year or demand	More than 1 year but less than 2 years	More than 2 years but less than 3 years	More than 3 years	Total undiscounted cash flow	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2014							
Non-derivative financial liabilities							
Trade and other payables (excluding advances from customers)		4,283,702	–	–	–	4,283,702	4,283,702
Amounts due to holding companies		26,532	–	–	–	26,532	26,532
Amounts due to fellow subsidiaries		79,541	–	–	–	79,541	79,541
Amounts due to associates		66,730	–	–	–	66,730	66,730
Obligations under finance leases	6.17	225	158	158	64	605	548
Borrowings							
Fixed rate	5.99	1,344,337	223,178	1,357,147	–	2,924,662	2,701,000
Variable rate *	5.74	1,075,097	–	–	–	1,075,097	1,043,850
		6,876,164	223,336	1,357,305	64	8,456,869	8,201,903

	Weighted average effective interest rate	Within 1 year or demand	More than 1 year but less than 2 years	More than 2 years but less than 3 years	More than 3 years	Total undiscounted cash flow	Carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2013							
Non-derivative financial liabilities							
Trade and other payables (excluding advances from customers)		4,408,067	–	–	–	4,408,067	4,408,067
Amounts due to holding companies		26,532	–	–	–	26,532	26,532
Amounts due to fellow subsidiaries		112,013	–	–	–	112,013	112,013
Amounts due to associates		66,449	–	–	–	66,449	66,449
Obligations under finance leases	5.23	24,606	254	179	251	25,290	24,510
Borrowings							
Fixed rate	5.70	759,189	67,800	67,800	1,221,362	2,116,151	1,878,000
Variable rate *	4.95	1,287,288	–	–	–	1,287,288	1,253,600
Discounted bills		13,905	–	–	–	13,905	13,905
		6,698,049	68,054	67,979	1,221,613	8,055,695	7,783,076

* The interest rates applied to projected undiscounted cash flows of variable rate bank loans are the interest rates at the end of the reporting period.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

37 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(v) Equity price risk

The Group is exposed to equity price risk mainly through its investment in equity securities and debentures issued by financial institutions. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. Other than unquoted securities and trust investments held for strategic purposes, all of these investments are listed. The Group's listed investments are listed on the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Indonesia Stock Exchange. The portfolio is diversified in terms of industry distribution.

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period. For sensitivity analysis purpose, the sensitivity rate is 15% in the current year to reflect the volatile financial market.

If equity prices had been 15% higher/lower (2013: 15% higher/lower), PAT for the year ended 31 December 2014 would increase/decrease by RMB66,395,000 (2013: increase/decrease by RMB 27,452,000). This is mainly due to the changes in fair value of financial assets at FVTPL.

(vi) Fair values

(a) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement.

The levels are defined as follows:

– Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

– Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

– Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

37 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(vi) Fair values (continued)

(a) Financial instruments carried at fair value (continued)

2014

	Level 1 *RMB'000*	**Level 2** *RMB'000*	**Total** *RMB'000*
Financial assets at fair value through profit or loss			
– listed securities	589,850	–	589,850
– unlisted securities – trust investments	5,452,385	–	5,452,385
Available-for-sale financial assets			
– listed securities	338,311	–	338,311
– unlisted securities – trust investments	–	236,956	236,956
	6,380,546	236,956	6,617,502

2013

	Level 1 *RMB'000*	**Level 2** *RMB'000*	**Total** *RMB'000*
Financial assets at fair value through profit or loss			
– listed securities	243,516	–	243,516
Available-for-sale financial assets			
– listed securities	330,896	–	330,896
– unlisted securities – trust investments	–	45,893	45,893
	574,412	45,893	620,305

During the year ended 31 December 2014 and 2013, there were no significant transfers between financial instruments in Level 1 and Level 2.

(b) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2014 and 2013.

(c) The fair values of financial assets and financial liabilities are determined as follows:

– the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted active bid prices and ask prices respectively; and

– the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

38 BUSINESS COMBINATIONS

(a) Acquisitions of subsidiaries

On 16 September 2013, the Group acquired 48.46% controlling interest in Beijing Jingwei Gallant Joint Medical Technology Ltd. (Formerly known as Fuzhou Gallant Joint Medical Technology Ltd.) ("Jingwei Gallant") through the Group's non-wholly-owned subsidiary, Shanghai Huayuan Hyperthermia Technology Co., Ltd. ("Shanghai Huayuan"), at a consideration of HKD18,805,000 (Equivalent to RMB15,000,000), so as to enlarge the Group's business scope. Upon the completion of the acquisition, the effective shareholding the Group has in Jingwei Gallant was 24.70%. Jingwei Gallant is principally engaged in development and design of medical machinery and the provision of advisory services. (Please refer to note 45 for details)

On 10 May 2013, the Group acquired 51.00% controlling interest in TAM-DURABUS, Proizvodnja gospodarskih vozil, d.o.o. (Formerly known as DURABUS, Proizvodnja vozil, d.o.o.) ("TAM-DURABUS") through the Group's non-wholly-owned subsidiary, Hubei Xinchufeng Automobile Co., Ltd. ("Hubei Xinchufeng"), at a consideration of EUR1,326,000 (Equivalent to RMB11,676,000), so as to expand the Group's business scope. Upon completion of the acquisition, the effective shareholding the Group has in TAM-DURABUS was 40.94%. TAM-DURABUS is principally engaged in manufacture and sale of automobiles and related components. (Please refer to note 45 for details)

(i) Assets acquired and liabilities recognised as at the date of acquisition were as follows:

	2013		
	Jingwei Gallant	**TAM-DURABUS**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	1,042	730	1,772
Intangible assets	14,222	259	14,481
Current assets			
Inventories	–	31,714	31,714
Trade and other receivables	218	4,271	4,489
Cash and cash equivalents	15,003	6,130	21,133
Current liabilities			
Trade and other payables	(1,212)	(16,594)	(17,806)
Obligations under finance lease	–	(87)	(87)
Non-current liabilities			
Obligations under finance lease	–	(407)	(407)
Fair value of net identifiable assets acquired	29,273	26,016	55,289
Non-controlling interests	(15,087)	(12,748)	(27,835)
Net identifiable assets attributable to the equity interest acquired by the Group	14,186	13,268	27,454

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

38 BUSINESS COMBINATIONS (CONTINUED)

(a) Acquisitions of subsidiaries (continued)

(ii) Goodwill/(gain on bargain purchase) arising from acquisition

	2013	
	Jingwei Gallant	**TAM-DURABUS**
	RMB'000	*RMB'000*
Consideration transferred		
Cash paid	15,000	11,676
Net identifiable assets attributable to the equity interest acquired by the Group	(14,186)	(13,268)
Goodwill/(gain on bargain purchase)	814	(1,592)

Goodwill arose from these acquisitions because of the economies of scale achieved upon completion of the acquisitions. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the above companies. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

None of the goodwill arising from these acquisitions is expected to be deductible for tax purposes.

Gain from a bargain purchase of RMB1,592,000 was recognised upon completion of the acquisition of TAM-DURABUS in 2013. The main reason was the acquired company experienced significant losses over several years, leading to a depressed market value of the business. All the gain from bargain purchase was recognised in other income. (note 7)

(iii) Acquisition-related costs

Acquisition-related costs amounting to RMBNil (2013: RMB456,000) for the year have been excluded from the consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income.

(iv) Net cash outflow on acquisition of subsidiaries

	2013 Total
	RMB'000
Consideration paid	(26,676)
Cash and cash equivalents of the subsidiaries acquired	21,133
Cash outflow on acquisition	(5,543)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

38 BUSINESS COMBINATIONS (CONTINUED)

(b) Transactions with non-controlling interests

During the year ended 31 December 2014, the Group acquired additional/disposed of partial interests in a number of subsidiaries which did not result in control change:

	Date of acquisition/ disposal	Changes in equity interest
Held by the Company		
Shanxi Jingwei Textile Machinery and Special Parts Company Limited ("Shanxi Special Parts")	18 March 2014	Disposed of 34.79%
Held by wholly owned subsidiary		
TAM-DURABUS	9 October 2014	Acquired further 57.99%
Held by non-wholly owned subsidiary		
China Hi-Tech (International) Limited	25 April 2014	Disposed of 38.53%
Jingwei Textile Machinery Yuci Material Company Limited ("Jingwei Yuci")	18 March 2014	Disposed of 0.28%
Xianyang Jingwei Textile Machinery Company Limited ("Xianyang Textile")	11 March 2014	Acquired further 2.64%

During the year ended 31 December 2013, the Group acquired additional interests in a number of subsidiaries which did not result in change control change:

Held by the Company	Date of acquisition	Changes in equity interest
Shanxi Jingwei Heli Machinery Manufacturing Company, Limited ("Shanxi Heli")	28 July 2013	Acquired further 9.83%
Zhongrong Trust	25 January 2013	Acquired further 0.87%
Shanghai Chuangan Trading Company Limited ("Shanghai Chuangan")	20 March 2013	Acquired further 60.94%
Hubei Xinchufeng	19 September 2013	Acquired further 5.28%

The details of the change in the ownership interests in these subsidiaries are summarised as follows:

	2014 *RMB'000*	2013 *RMB'000*
Carrying amounts of non-controlling interests acquired	(2,443)	51,915
Net consideration paid to non-controlling interests	(10,505)	(123,675)
	(12,948)	(71,760)
Carrying amounts of non-controlling interests disposed of	(12,796)	–
Net consideration received from non-controlling interests	17,293	–
	4,497	–
Net effect in parent's equity	(8,451)	(71,760)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

38 BUSINESS COMBINATIONS (CONTINUED)

(b) Transactions with non-controlling interests (continued)

As a result of the above transactions, a total amount of RMB15,239,000 (2013: RMB51,915,000), being the carrying amount of non-controlling interest disposed/acquired, has been transferred from non-controlling interest.

The net consideration received from/paid to non-controlling interest over the carrying amount of non-controlling interests disposed/acquired of RMB8,451,000 (2013: RMB71,760,000) has been charged to equity attributable to the owners of the Company.

39 DEEMED DISPOSAL/DISPOSAL OF SUBSIDIARIES

In September 2014, the Company and 2 subsidiaries of the Group, Beijing New Technology and Beijing Jingpeng, entered into an agreement with independent third parties, pursuant to which the independent third parties agreed to make a capital contribution of RMB122,220,000 to Beijing Jingpeng in cash. Upon completion of the transaction, the registered capital of Beijing Jingpeng increased from RMB100,000,000 to RMB222,220,000 and the equity interest in Beijing Jingpeng held by the Group was diluted from 99.54% to 45% (see note 20(b)).

In October 2013, the Group disposed all equity interests in Jinzhong Jingwei Heli Electronic Equipment Company Limited, Jinzhong Jingwei Heli General Machinery Company Limited and Jinzhong Jingwei Heli Supplementary Machinery Company Limited to an associate, Jinzhong Yuxin, at a consideration of RMB35,636,000. These companies were wholly owned subsidiaries of Shanxi Heli before disposal.

Assets and liabilities as at the date of deemed disposal/disposal were as follows:

	2014 *RMB'000*	2013 *RMB'000*
Non-current assets		
Property, plant and equipment	4,577	4,517
Current assets		
Inventories	–	3,267
Trade and other receivables	103,539	54,327
Current tax assets	124	4
Cash and cash equivalents	122,528	822
Current liabilities		
Trade and other payables	(130,693)	(28,143)
Current tax liabilities	–	(172)
Net assets disposed of	100,075	34,622

(Losses)/gains on deemed disposal/disposal of subsidiaries:

	2014 *RMB'000*	2013 *RMB'000*
Consideration receivable	–	35,636
Fair value of interest retained	100,000	–
Net assets disposed of	(100,075)	(34,622)
	(75)	1,014

Net cash outflow on deemed disposal/disposal of subsidiaries:

	2014 *RMB'000*	2013 *RMB'000*
Consideration received in cash	–	–
Less: cash and cash equivalents of the subsidiaries disposed	(122,528)	(822)
	(122,528)	(822)

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

40 COMMITMENTS

(a) Capital commitments

	2014	2013
	RMB'000	*RMB'000*
Capital expenditure in respect of the acquisition of property, plant and equipment:		
– Authorised but not contracted for	79,636	89,012
– Contracted but not provided for	121,402	209,081
Equity investment (note)	750,000	–
	951,038	298,093

Note: At the end of the reporting period, the Group's capital commitment in respect of equity investment is the commitment to invest in a joint venture, China Trust Insurance Funds Limited Liability Company ("China Trust").

(b) Lease commitments

(i) The Group as leasor

At the end of the reporting period, the Group had total future minimum lease rental receivables under non-cancellable operating leases with their tenants falling due as follows:

	2014	2013
	RMB'000	*RMB'000*
Within one year	3,693	5,477
In the second to fifth year inclusive	1,066	1,493
	4,759	6,970

The Group leases certain buildings, plant, machinery and equipment and motor vehicles under operating lease arrangements, with leases negotiated for terms ranging from 1 to 5 years (2013: 1 to 4 years).

(ii) The Group as leasee

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2014	2013
	RMB'000	*RMB'000*
Land and buildings		
Within one year	104,454	51,509
In the second to fifth year inclusive	126,640	27,090
Five years or above	4,626	–
	235,720	78,599

Operating lease payments represent rentals payable by the Group for certain of its offices and sales offices. Leases are negotiated for an average term of 1 to 5 years (2013: 1 to 5 years) and rentals are fixed for an average of 2 years (2013: 2 years).

41 CONTINGENT LIABILITIES

	2014	2013
	RMB'000	*RMB'000*
Guarantees for bank loans of third party	150,000	150,000

The directors consider the fair values of the financial guarantee contracts granted by the Group at the date of inception were insignificant during both years.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

42 FIDUCIARY SERVICES

A subsidiary of the Group, Zhongong Trust, acts in a fiduciary capacity as a custodian, trustee, or an agent for customers. Assets held by Zhongrong Trust, and the related undertakings to return such assets to customers are excluded from the financial statements as the risks and rewards of the assets reside with customers.

The value of assets held by the Group in a fiduciary capacity, but not recognised in the consolidated statement of financial position, are as follows:

	2014	2013
	RMB'000	*RMB'000*
Trusted assets	666,622,871	478,534,904

43 RETIREMENT BENEFIT PLANS

(a) State-managed retirement plan

The employees of the Group in the PRC are members of state-managed retirement benefit plans operated by the government of the PRC. The subsidiaries are required to contribute 20% (2013: 20%) of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income of RMB119,893,000 (2013: RMB112,410,000) represents contributions payable to these plans by the Group at rates specified in the rules of plans.

At 31 December 2014, contributions totalling RMB34,273,000 (2013: RMB27,414,000) were payable to the retirement schemes and were included in other payables and accrued charges. No forfeited contributions were utilised during the year or available at 31 December 2014 to reduce future contributions (2013: RMBNil).

(b) Retirement and supplemental benefit obligations

The Group paid post-retirement supplemental benefits to its qualifying retired employees in the PRC. In addition, the Group was committed to make periodic benefits payments to the dependents of certain deceased employees in accordance with various employee benefit schemes adopted by the Group.

The amount included in the consolidated statement of financial position arising from the Group's obligations in respect of its defined benefit plans as follows:

	2014	2013
	RMB'000	*RMB'000*
Present value of unfunded defined benefit obligations and liabilities arising from these obligations	27,240	26,780

Movements in the present value of the retirement and supplemental benefit obligations during the year are as follows:

	2014	2013
	RMB'000	*RMB'000*
At the beginning of the reporting period	26,780	31,344
Interest costs	1,170	1,070
Past service cost	–	(1,690)
Remeasurement for the year	920	(1,980)
Benefits paid	(1,630)	(1,964)
At the end of the reporting period	27,240	26,780

The above obligations were mainly determined based on actuarial valuations performed by an independent firm of actuaries, Towers Watson Management Consulting (Shenzhen) Co., Ltd, using the projected unit credit method.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

43 RETIREMENT BENEFIT PLANS (CONTINUED)

(b) Retirement and supplemental benefit obligations (continued)

Amounts recognised in total comprehensive income in respect of defined benefit plans are as follows:

	2014 *RMB'000*	2013 *RMB'000*
Past service cost	–	(1,690)
Interest costs	1,170	1,070
Components of defined benefit costs recognised in profit or loss	1,170	(620)
Remeasurement on the defined benefit obligations:		
– Actuarial loss/(gain) recognised	920	(1,980)
Component of defined benefit costs recognised in other comprehensive income/(loss)	920	(1,980)
Total	2,090	(2,600)

Past service costs and interest costs for the year are included in staff costs in profit or loss.

The remeasurement of the defined benefit obligations is included in other comprehensive income/(loss).

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2014 *%*	2013 *%*
Discount rate	3.75	4.5
Medical cost trend (Civil Retirees/Retirees)	8.00/6.00	8.00/6.00
Cost of living adjustment for beneficiaries (note)	Not applicable	Not applicable
Mortality rate	China Life Annuity Mortality Table 2000-03 up 2 years	

Note: This assumption is not applicable as the plan of paying for beneficiaries has expired.

An increase of one percentage point in the assumed medical cost trend rates:

(i) would result in an increase of RMB127,000 (2013: RMB126,000) on the aggregate of the current service cost and interest cost components of net periodic post-employment medical costs for the year.

(ii) would result in an increase of RMB3,015,000 (2013: RMB2,824,000) on the accumulated post-employment benefit obligations for medical costs for the year.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

44 RELATED PARTY TRANSACTIONS

The Company is ultimately controlled by China Hengtian, which is a state-owned enterprise established in the PRC. China Hengtian itself is controlled by the PRC government, which also owns a significant portion of the productive assets in the PRC. In accordance with HKAS 24 (revised) *Related Party Disclosures*, government-related entities and their subsidiaries, directly or indirectly controlled, jointly controlled or significantly influenced by the PRC government are defined as related parties of the Group. On that basis, related parties include China Hengtian and its subsidiaries (other than the Group), other government-related entities and subsidiaries, other entities and corporations in which the Company is able to control or exercise significant influence and key management personnel of the Company and China Hengtian as well as their close family members. For the purposes of the related party transaction disclosures, the directors of the Company believe that meaningful information in respect of related party transactions has been adequately disclosed. Other than the transactions and balances with related parties disclosed in respective notes to consolidated financial statements, during the year, the Group has the following significant transactions with its related companies:

(a) (i) Transactions with fellow subsidiaries

	2014	**2013**
	RMB'000	*RMB'000*
Sales of goods and services		
Sale of finished goods	81,411	43,269
Sale of materials, parts and components	1,423	3,031
Other supporting services income	221	280
Rental income	2,005	2,726
Interest income	4,000	–
Purchases of goods and services		
Purchase of finished goods	224,707	402,659
Purchase of materials, parts and components	2,321	4,643
Purchase of energy	15	28
Processing fee expenses	36	43
Transportation services expenses	2,543	3,242
Repairs and maintenance services expenses	1,241	188
Other supporting services expenses	1,906	4,220
Rental expenses	90	351

(a) (ii) Transactions with associates

	2014	**2013**
	RMB'000	*RMB'000*
Sales of goods and services		
Sale of finished goods	698,303	786,365
Sale of materials, parts and components	58,813	58,034
Processing fee income	365	327
Rental income	100	–
Other supporting services income	4,240	1,971
Interest income	7,427	–
Purchases of goods and services		
Purchase of finished goods	169	–
Purchase of materials, parts and components	162,561	134,995
Processing fee expenses	29	9
Repairs and maintenance service expenses	2,709	4,134
Other supporting services expenses	827	610

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

44 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) (iii) Transactions with companies in which certain key management personnel of the Group have influence in:

	2014 *RMB'000*	2013 *RMB'000*
Sales of goods and services		
Sale of finished goods	30,600	1,082
Sale of materials, parts and components	1,333	10,063
Rental income	1,890	1,836
Interest income	3,595	–
Purchases of goods and services		
Purchase of finished goods	391	37,714
Purchase of materials, parts and components	149,004	281,507
Processing fee expenses	9,968	15,337
Other supporting services expenses	2,022	2,085
Rental expenses	4,918	5,280

The above transactions were made on similar terms as the Group granted to/received from other customers/suppliers.

(b) Transactions with other state-owned entities

During the years ended 31 December 2014 and 2013, the Group's significant transactions with other state-owned entities (excluding China Hengtian and its subsidiaries) are as follows:

	2014 *RMB'000*	2013 *RMB'000*
Sales of goods and services		
Sale of finished goods	130,149	159,896
Sale of materials, parts and components	358	27,301
Processing fee income	5	47
Other supporting services income	144	9
Interest income	4,943	26,462
Purchases of goods and services		
Purchase of materials, parts and components	36,992	14,139
Purchase of energy	63,981	65,649
Purchase of property, plant and equipment	340	–
Delivery fee expenses	279	–
Borrowings raised from state-owned banks	1,282,000	1,147,604
Other supporting services expenses	7,906	3,355
Interest expenses	4,790	41,723
Rental expenses	1,124	196

In addition, substantially all restricted deposits, time deposits, cash and cash equivalents and borrowings as of 31 December 2014 and 2013 and the relevant interest earned or paid during the year are transacted with banks and other financial institutions controlled by the PRC government.

(c) Compensation of key management personnel

	2014 *RMB'000*	2013 *RMB'000*
Salaries and other short-term employee benefits	21,780	21,274
Post-employment benefits	657	494
	22,437	21,768

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

45 SUBSIDIARIES

The following table lists the subsidiaries of the Group at 31 December 2014 and 2013 which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length:

Name of subsidiaries	Place of incorporation and operation/date of establishment	Issued and fully paid share capital	2014 Attributable equity interest of the Group		2013 Attributable equity interest of the Group		Principal activities
			Indirectly	Directly	Indirectly	Directly	
			%	%	%	%	
Jingwei Yuci (note 38(b))	the PRC 9 July 1996	RMB 5,000,000	0.44	99.20	0.72	99.20	Trading of furnace materials, metals, textile machinery component and charcoal
Taiyuan Jingwei Electrical Company Limited	the PRC 18 March 1997	RMB 5,000,000	–	100.00	–	100.00	Manufacture and sales of transformers and electrical components
Qingdao Hongda Textile Machinery Company Limited	the PRC 16 August 1999	RMB 114,000,000	–	97.66	–	97.66	Manufacture, sales and leasing of textile machinery and related components
Tianjin Hongda Textile Machinery Company Limited ("Tianjin Hongda")	the PRC 17 August 1999	RMB 96,084,000	2.00	98.00	2.00	98.00	Sales of textile, photocopying, agriculture processing machinery and related components
Zhengzhou Hongda New Textile Machinery Company Limited	the PRC 11 August 1999	RMB 74,500,000	–	98.00	–	98.00	Development and manufacture of textile machinery and related components
Shenyang Hongda Textile Machinery Company Limited	the PRC 16 August 1999	RMB 81,994,300	–	98.00	–	98.00	Development, manufacture and processing of textile machinery and related components
Changde Textile Machinery Company Limited	the PRC 5 January 2002	RMB 42,349,900	25.00	70.00	25.00	70.00	Manufacture and trading of textile machinery and other machinery
Beijing New Technology	the PRC 2 March 2000	RMB 100,000,000	1.40	98.60	1.34	98.60	Technical development and manufacture of textile machinery, sale of textile, industrial specialised machinery
Shanghai Weixin Electrical and Machinery Company Limited	the PRC 30 June 2000	RMB 16,000,000	10.00	90.00	9.99	90.00	Manufacture and development of textile machinery, automobile component and general machinery
Beijing Jingpeng (note 39)	the PRC 30 July 2001	RMB 222,220,000	–	–	3.94	96.00	Investment management, sales of electronic and chemical products
Shanghai Chuangan (note 38 (b))	the PRC 29 September 2001	RMB 5,000,000	0.94	96.00	0.94	96.00	Trading of textile, electronic products and chemical products
Shanghai Jingwei Protti Textile Machinery Company Limited	the PRC 5 September 2001	RMB 50,000,000	22.00	78.00	21.99	78.00	Manufacture and sales of blowing-carding machinery and related components
Wuxi Jingwei Textile Technology Testing Company Limited	the PRC 14 May 2003	RMB 75,950,000	21.82	78.18	33.43	66.55	Manufacture and sales of textile products; research and development of technology relating to textile machinery and equipment
Tianjin Jingwei New Type Textile Machinery Company Limited	the PRC 16 August 2005	RMB 16,000,000	25.00	75.00	25.00	75.00	Development and processing textile machinery and related components

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

45 SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation and operation/date of establishment	Issued and fully paid share capital	2014 Attributable equity interest of the Group Indirectly	Directly	2013 Attributable equity interest of the Group Indirectly	Directly	Principal activities
			%	%	%	%	
Shenyang Hongda Huaming Textile Machinery Company Limited	the PRC 13 July 2005	RMB 40,000,000	98.50	–	98.50	–	Development and processing of textile machinery and related components
Wuxi Jingwei Textile Technology Sales Company Limited	the PRC 31 December 2005	RMB 5,600,000	0.36	99.64	2.00	98.00	Manufacture and sales of textile products; textile machinery and related components
Wuxi Hongda Textile Machinery and Special Parts Company Limited ("Wuxi Special Parts") (note (a))	the PRC 13 March 2005	RMB 20,000,000	25.00	10.00	25.00	10.00	Manufacture of textile machinery and related components, general machinery and component, advanced textile machinery
Yichang Jingwei Textile Machinery Company Limited	the PRC 22 December 2006	RMB 20,000,000	25.00	75.00	25.00	75.00	Development and processing of textile machinery and related components
Shanxi Special Parts (note 38(b))	the PRC 24 September 1993	RMB 100,000,000	–	54.86	–	89.65	Manufacture of textile machinery components
Hongkong Huaming Co. Limited ("Hongkong Huaming") (note (c))	Hong Kong 31 December 2000	USD 23,710,000	–	100.00	–	100.00	Export and import trading of textile machinery and automobiles
Shanxi Heli (note 38(b) and note (a))	the PRC 26 February 2003	RMB 100,000,000	–	39.83	–	39.83	Design and manufacture of various electromechanical products and mining products
Shanghai WSP Mould and Injection Plastic Company Limited ("Shanghai WSP") (note (d))	the PRC 14 May 2005	RMB 5,256,800	50.00	–	50.00	–	Development, manufacture and trading machinery and related machinery, automobile component, mould and general machinery
Shangxi Jingwei Precision Machinery Manufacturing Company Limited	the PRC 6 August 2009	RMB 25,000,000	–	68.80	–	68.80	Development and processing of textile machinery and related components
Huangshi Jingwei Textile Machinery Company Limited ("Huangshi Jingwei") (note (a))	the PRC 24 December 2008	RMB 32,000,000	–	45.00	–	45.00	Development and processing of textile machinery and related component
Hubei Xinchufeng	the PRC 22 March 2007	RMB 311,420,000	–	80.28	–	80.28	Manufacture and sales of heavy and medium commercial automobiles
Zhongrong Trust (note (a))	the PRC 30 June 1987	RMB 1,600,000,000	–	37.47	–	37.47	Provision of trust and fiduciary services
Anshan Jingwei Haihong Agricultural Machinery Company Limited ("Anshan Jingwei") (note (b))	the PRC 3 November 2008	RMB 40,000,000	–	51.00	–	51.00	Manufacture and sales of agricultural machinery and equipment
Shanghai Huayuan (note (b))	the PRC 1 November 2004	RMB 20,000,000	51.00	–	50.97	–	Manufacture and sales of hyperthermia products

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

45 SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation and operation/date of establishment	Issued and fully paid share capital	2014 Attributable equity interest of the Group Indirectly	2014 Attributable equity interest of the Group Directly	2013 Attributable equity interest of the Group Indirectly	2013 Attributable equity interest of the Group Directly	Principal activities
			%	%	%	%	
Xianyang Textile (note 38(b))	the PRC 22 October 2010	RMB 50,000,000	2.64	97.36	–	97.36	Manufacture of weaving machines and equipment, and provision of relevant consulting service
Jinzhong Jingwei Chemical Fiber Machinery Company Limited	the PRC 8 October 2002	RMB 31,000,000	–	65.48	–	65.48	Manufacturing of textile machinery components
Hengtian Motor Vehicles Co., Limited	the PRC 5 May 2011	RMB 50,000,000	76.27	5.00	81.26	–	Manufacture and sales of heavy and medium commercial automobiles
Beijing Zhongrong Dingxin Investment Management Company Limited *	the PRC 13 December 2011	RMB 1,000,000,000	37.47	–	37.47	–	Investment holding, provision of asset management and business advisory services
China Hi-Tech New Energy Auto Company Limited (note (c))	Hong Kong 24 March 2011	HKD 4,974,976	80.28	–	80.28	–	Investment holding, manufacture and sales of heavy and medium commercial automobiles
Hubei Hengtian Motor Co., Ltd *	the PRC 7 February 2012	RMB 43,550,000	48.17	–	48.17	–	Manufacture and sales of heavy and medium commercial automobiles
Jinzhong Jingwei Hengxin Machinery Co., Ltd. (note (b))	the PRC 25 June 2009	RMB 7,900,000	–	51.00	–	51.00	Manufacturing of textile machinery components
Shanghai Shenxin Medical Investment Management Co., Ltd (Formerly known as Shanghai Shenxin Medical Machinery Technology Co., Ltd) *	the PRC 6 April 2012	RMB 2,000,000	51.00	–	50.97	–	Manufacture and sales of medical products
Beijing Jingwei Huaqing Medical Technology Co., Ltd. ("Jingwei Huaqing") (note (f))	the PRC 9 September 2012	RMB 1,000,000	–	–	50.97	–	Manufacture and sales of medical products
Yichang Jingwei Machinery Company Limited	the PRC 8 March 2012	RMB 78,927,593	–	100.00	–	100.00	Development and processing of textile machinery and related components
Jingwei Tsudakoma Textile Machinery (Xianyang) Co., Ltd. ("Jingwei Tsudakoma") (note (b))	the PRC 31 October 2012	RMB 126,000,000	–	51.00	–	51.00	Manufacture of textile machinery and related components
JW-PROTTI MACCHINE TESSIL I.S.R (note (c))	Italy 21 December 2012	EUR 1,000,000	–	94.05	–	94.05	Development, manufacture, sales of textile machinery and related components
Zhongrong Fund Management Co., Ltd (Formerly known as SSGA Fund Management Co., Ltd) ("Zhongrong Fund") * (note (b))	the PRC 31 May 2013	RMB 300,000,000	19.11	–	19.11	–	Provision of asset management services and sales of funds
Zhongrong (Beijing) Assets Management Co., Ltd (Formerly known as SSGA Assets Management Co., Ltd) ("Zhongrong Assets") *	the PRC 26 September 2013	RMB 50,000,000	19.11	–	19.11	–	Provision of asset management services

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

45 SUBSIDIARIES (CONTINUED)

Name of subsidiaries	Place of incorporation and operation/date of establishment	Issued and fully paid share capital	2014 Attributable equity interest of the Group Indirectly	Directly	2013 Attributable equity interest of the Group Indirectly	Directly	Principal activities
			%	%	%	%	
Huangshi Heng Tian Jingwei Textile Machinery Company Limited *	the PRC 21 October 2013	RMB 10,000,000	42.75	–	42.75	–	Manufacture and sales of textile, chemical, petroleum and environmental equipment
Jingwei Gallant* (note 38(a) and note (b))	the PRC 5 September 2007	HKD 38,805,000	24.70	–	24.70	–	Development and design of medical machinery and provision of advisory services
TAM-DURABUS* (note 38(a) and note (b) and (c))	Slovenia 16 June 2011	EUR 4,800,000	98.93	–	40.94	–	Manufacture and sales of automobiles and related components
Beijing Hi-tech Xinneng New Energy Auto Technology Co., Ltd. ("Xinneng New Energy") (note (a) and (e))	the PRC 15 July 2014	RMB 60,000,000	–	40.00	–	–	Sales of automobiles
Jingwei Software & Information Technology Wuxi Co, Ltd. ("Jingwei Software") (note (e))	the PRC 23 June 2014	RMB 9,800,000	51.00	–	–	–	Development of information technology
Zhongrong Changhe Capital Investment Management Co., Ltd. ("Zhongrong Changhe") * (note (e))	the PRC 5 September 2014	RMB 50,000,000	37.47	–	–	–	Investment holding, provision of asset management and business advisory service
Shanghai Longshan Investment Management Co., Ltd. ("Shanghai Longshan") * (note (e))	the PRC 8 May 2014	RMB 20,000,000	37.47	–	–	–	Investment holding, provision of asset management and business advisory service
Zhongrong International Holdings Limited ("Zhongrong International Holdings") * (note (c) and (e))	British Virgin Islands 12 May 2014	USD 10,000,000	37.47	–	–	–	Investment holding, provision of asset management and business advisory service
Zhongrong International Capital Management Limited* (note (c) and (e))	Hong Kong 30 May 2014	HKD 20,000,000	37.47	–	–	–	Investment holding, provision of asset management and business advisory service
America Jingwei Textile Machinery LLC ("America Jingwei") * (note (c) and (e))	U.S.A. 10 August 2014	USD 1,000,000	60.00	–	–	–	Sales of textile machinery and related components
Beijing Zhongrong Huizhi Human Resources Co., Ltd. ("Zhongrong Huizhi") * (note (e))	the PRC 10 December 2014	RMB 10,000,000	37.47	–	–	–	Investment holding, provision of asset management and business advisory service
Shenzhen Zhongrong Baosheng Capital Management Co., Ltd. ("Zhongrong Baosheng") * (note (e))	the PRC 24 June 2014	RMB 10,000,000	37.47	–	–	–	Investment holding, provision of asset management and business advisory service
Shanghai Reyond Investment Management Co., Ltd. ("Shanghai Reyond") * (note (e))	the PRC 4 July 2014	RMB 2,000,000	37.47	–	–	–	Investment holding, provision of asset management and business advisory service

* These companies are controlled by the non-wholly-owned subsidiaries of the Company and accordingly, they are accounted for as subsidiaries by virtue of the Group's control over them.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

45 SUBSIDIARIES (CONTINUED)

Notes:

(a) The shareholdings and voting rights that the Group has in Wuxi Special Parts, Shanxi Heli, Huangshi Jingwei, Zhongrong Trust and Xinneng New Energy are less than 51%. However, the Group has control over these subsidiaries by virtue of agreements with their other shareholders of each subsidiary, pursuant to which the Group secured more than 50% of the voting rights eligible to be casted in the shareholders' meeting of these subsidiaries and the relevant activities of these subsidiaries are finalised and concluded based on simple majority votes. Therefore, the directors of the Company concluded that the Group has control over these subsidiaries.

(b) The shareholdings and voting rights that the Group has in Anshan Jingwei, Jinzhong Hengxin, Jingwei Tsudakoma, Shanghai Huayuan, Jingwei Gallant, TAM-DURABUS and Zhongrong Fund directly or through other non-wholly-owned subsidiaries are equal to or less than 51%. However, pursuant to the contractual agreements signed between the Group and their other shareholders of each subsidiary, the Group has the power to appoint and remove the majority of Board of Directors of each subsidiary. The relevant activities of each subsidiary are determined by the Board of Directors based on simple majority votes. Therefore, the directors of the Company concluded that the Group has control over these subsidiaries.

(c) Except for these subsidiaries which were incorporated and operated in Hong Kong or overseas with limited liability, all other subsidiaries are limited liability companies established and operated in the PRC.

(d) The shareholding that the Group has in Shanghai WSP via its subsidiaries is less than 51% in which there are only two shareholders. In 2011, the Group obtained the voting trust from another shareholder, with a term commencing from 1 January 2011 to 31 December 2015. Upon authorisation, the Company exercises full control over the voting rights in the Board of Directors of Shanghai WSP and subsequently has actual control over the Company. Therefore, Shanghai WSP is included in the consolidated financial statements.

(e) These subsidiaries were incorporated during the year. 51% equity interest in Jingwei Software was held by Beijing New Technology. 60% equity interest in America Jingwei was held by Hongkong Huaming. 100% equity interests in Zhongrong Changhe, Shanghai Longshan, Zhongrong International Holdings, Zhongrong International Capital, Zhongrong Huizhi and Zhongrong Baosheng were indirectly held by Zhongrong Trust.

(f) Jingwei Huaqing was deregistered during the year.

(g) On 31 October 2014, the Group obtained 100% controlling interests in Shanghai Reyond through the Group's non-wholly-owned subsidiary, Zhongrong International Capital, so as to enlarge the Group's business scope. No consideration was paid for this transaction due to Shanghai Reyond was a newly incorporated company and no assets were acquired as at the acquisition date, also no paid-in capital was injected by its former shareholders. Upon the completion of the transaction, the effective shareholding the Group has in Shanghai Reyond was 37.47%. Shanghai Reyond is dormant during the year.

Details of a non-wholly-owned subsidiary that has material non-controlling interests

The table below shows details of a non-wholly-owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Total comprehensive income allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	2014	2013	2014	2013
				RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Zhongrong Trust	The PRC	62.53%	62.53%	1,525,352	1,237,472	6,063,952	4,726,189
Individually immaterial subsidiaries with non-controlling interests						364,618	360,010
Total						6,428,570	5,086,199

Summarised financial information on a subsidiary with material non-controlling interests

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

45 SUBSIDIARIES (CONTINUED)

Zhongrong Trust

	2014 *RMB'000*	**2013** *RMB'000*
Current assets	9,135,689	8,375,504
Non-current assets	2,921,578	1,207,506
Current liabilities	(2,359,599)	(2,024,735)
Equity attributable to owners of the Company	3,633,716	2,832,086
Non-controlling interests	6,063,952	4,726,189
Revenue	5,090,450	4,942,602
Expenses	(2,219,475)	(2,119,632)
Profit for the year	2,413,082	2,091,516
Profit attributable to owners of the Company	904,182	783,691
Profit attributable to the non-controlling interests	1,508,900	1,307,825
Profit for the year	2,413,082	2,091,516
Other comprehensive income/(loss) attributable to owners of the Company	9,858	(42,159)
Other comprehensive income/(loss) attributable to the non-controlling interests	16,452	(70,353)
Other comprehensive income/(loss) for the year	26,310	(112,512)
Total comprehensive income attributable to owners of the Company	914,040	741,532
Total comprehensive income attributable to the non-controlling interests	1,525,352	1,237,472
Total comprehensive income for the year	2,439,392	1,979,004
Dividends paid to non-controlling interests	187,590	156,325
Net cash (outflow)/inflow from operating activities	(2,619,771)	2,696,861
Net cash outflow from investing activities	(1,272,566)	(166,358)
Net cash (outflow)/inflow from financing activities	(300,000)	750,000
Net cash (outflow)/inflow	(4,192,336)	3,280,503

Notes to the Consolidated Financial Statements
For the year ended 31 December 2014

46 INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2014	2013
	RMB'000	*RMB'000*
Investments in subsidiaries	3,632,924	3,562,083
Investments in associates	211,453	95,453
Amounts due from subsidiaries	2,056,314	1,678,018
Amounts due from fellow subsidiaries	53,558	1,490
Amounts due from associates	257,342	5,753
Other assets	2,274,625	3,028,914
Total assets	8,486,216	8,371,711
Amounts due to subsidiaries	793,548	422,394
Amounts due to holding companies	2,600	–
Amounts due to fellow subsidiaries	51,494	10,550
Amounts due to associates	36,123	96,246
Other liabilities	4,347,477	4,504,574
Total liabilities	5,231,242	5,033,764
NET ASSETS	3,254,974	3,337,947
Capital and reserves		
Share capital	704,130	704,130
Reserves (note 35(a))	2,550,844	2,633,817
	3,254,974	3,337,947

47 EVENTS AFTER THE END OF THE REPORTING PERIOD

Further to the notices dated 10 December 2013 and 20 February 2014 received by the Board of Directors of the Company from, China Hengtian, ultimate holding company of the Company, which has been considering the feasibility of acquiring all the issued H shares of the Company through its offshore subsidiary (the "Possible Offer"). If China Hengtian proceeds with the Possible Offer, it would include as a condition of the Possible Offer that the voluntary withdrawal of listing of the H Shares is approved by the holders of H shares of the Company in accordance with the Listing Rules. Up to the date of approving these consolidated financial statements, the Possible Offer is still in progress and there is no impact on the consolidated financial statements for the year ended 31 December 2014.

According to the seventh board of directors meeting, the resolution of disposal of a land parcel of Tianjin Hongda, a wholly-owned subsidiary of the Company, has been passed and the board of directors agreed to the terms and conditions of the Building Relocation and Compensation Agreement in the meeting. The agreement between Tianjin Hongda, Tianjin Social Security Housing Construction and Tianjin Hebei Construction Development Company was entered on 12 January 2015. Pursuant to the agreement, Tianjin Hongda disposed of the idle land parcel located at No.56 Wanliucun Street, Hebei District, Tianjin at the price of RMB 232,660,000. This transaction does not constitute a material asset restructuring.

According to the extraordinary general meeting held on 11 March 2015, a resolution of an investment in China Trust by Zhongrong Trust has been passed during this extraordinary general meeting. The investment refers to China Trust which will be formed by Zhongrong Trust and 13 other companies which are non-banking financial institutions incorporated in the PRC. Pursuant to which Zhongrong Trust will make the contribution of RMB 1,500,000,000 in cash to be used as the registered capital of China Trust. Upon the establishment, Zhongrong Trust will own 13.04% of the equity interest in China Trust.

III. FINANCIAL INFORMATION OF THE COMPANY FOR THE SIX MONTHS ENDED 30 JUNE 2015

Set out below is the unaudited consolidated financial statements of the Company for the six months ended 30 June 2015 prepared in accordance with Hong Kong Financial Reporting Standards extracted from the interim report of the Company for the six months ended 30 June 2015.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
(Prepared in accordance with HKFRSs)
(For the six months ended 30 June 2015)

		2015	2014
	Notes	*RMB'000*	*RMB'000*
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
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
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
Other comprehensive income/(loss) for the period, net of income tax		91,450	(41,531)
Total comprehensive income for the period		1,133,877	836,781

	Notes	2015 RMB'000	2014 RMB'000
Profit for the period attributable to:			
Owners of the Company		313,617	220,277
Non-controlling interests		728,810	658,035
		1,042,427	878,312
Total comprehensive income for the period attributable to:			
Owners of the Company		342,744	204,893
Non-controlling interests		791,133	631,888
		1,133,877	836,781
Earnings per share			
Basic and diluted	*10*	RMB0.44	RMB0.31

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

	Notes	30 June 2015 RMB'000	31 December 2014 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
		7,032,883	5,699,211
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
		18,529,952	15,615,406
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
		9,561,546	7,710,236

	Notes	30 June 2015 RMB'000	31 December 2014 RMB'000
Net current assets		8,968,406	7,905,170
Total assets less current liabilities		16,001,289	13,604,381
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
		2,967,341	1,584,891
		13,033,948	12,019,490
Capital and reserves			
Share capital	*19*	704,130	704,130
Reserves		5,194,327	4,886,790
Equity attributable to owners of the Company		5,898,457	5,590,920
Non-controlling interests		7,135,491	6,428,570
		13,033,948	12,019,490

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	704,130	1,922,463	731,516	181,259	186,949	(7,734)	17,520	(4,115)	2,166,469	5,898,457	7,135,491	13,033,948
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	**2014**
	RMB'000	*RMB'000*
Net cash generated from operating activities	578,842	1,061,822
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	(1,049,646)	(109,379)
Net cash used in investing activities	(871,283)	(148,636)
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	102,435	–
Net cash generated from financing activities	3,051,646	127,761
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	(514)	969
Cash and cash equivalents as at 30 June	7,752,506	10,356,009

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	Defined Benefit Plans: Employee Contributions
Annual Improvements	Annual Improvements to HKFRSs 2010-2012 Cycle and Annual Improvements to HKFRSs 2011-2013 Cycle

The adoption of these revised HKFRSs had no material effect on the amount and disclosures reported in the condensed consolidated interim financial information.

(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 Zhonggrong 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	**2014**
	RMB'000	*RMB'000*
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
	4,475,575	4,840,411

5. BUSINESS SEGMENTS

Segment information about these businesses is presented below:

	Manufacture and sales of textile machinery and related materials, parts and component	Financial trust and capital investment	Manufacture and sales of other non-textile products	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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	1,305,040	2,788,142	403,464	(21,071)	4,475,575

Inter-segment sales are charged at prevailing market rates.

RESULT					
Segment result (continuing operations)	(40,635)	1,558,228	(42,523)	–	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					1,042,427
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	1,939,560	2,585,112	318,066	(2,327)	4,840,411

Inter-segment sales are charged at prevailing market rates.

	Manufacture and sales of textile machinery and related materials, parts and component	Financial trust and capital investment	Manufacture and sales of other non-textile products	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
RESULT					
Segment result (continuing operations)	(106,270)	1,464,201	(30,857)	–	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					24,055
Profit before taxation					1,248,110
Income tax expense					(369,798)
Profit for the period					878,312

6. OTHER INCOME

	For the six months ended 30 June	
	2015	**2014**
	RMB'000	*RMB'000*
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
	208,226	51,476

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

	For the 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
At 30 June	2,010,735	1,994,623

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	(59,838)	(47,932)
	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)	300,000	–
	2,435,773	2,025,092

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**
	RMB'000	*RMB'000*
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
	1,089,858	817,921
Less: Provision for impairment	(59,838)	(47,932)
	1,030,020	769,989

15. TRADE AND OTHER PAYABLES

	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
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
	4,876,972	4,878,215

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 *RMB'000*	31 December 2014 *RMB'000*
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
	1,491,280	1,439,101

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

	For the six months ended 30 June	
	2015 *RMB'000*	2014 *RMB'000*
Current	2,652,040	2,544,850
Non-current	2,751,392	1,200,000
	5,403,432	3,744,850

Movement of borrowings is analysed as follows:

	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
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)
At 30 June	5,403,432	3,640,751

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

	30 June 2015 *RMB'000*	31 December 2014 *RMB'000*
US Dollars	1,351,392	135,496
Euros	141,641	–
	1,493,033	135,496

18. OTHER NON-CURRENT LIABILITIES

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

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 *RMB'000*	31 December 2014 *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 *RMB'000*	31 December 2014 *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 contain key management personnel of the Company, their holding companies 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
	9,809	49,544
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
Total	122,689	133,382

(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
Total	310,393	458,353
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
Total	128,162	220,094

(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**
	RMB'000	*RMB'000*
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
Total	2,616	1,539
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
Total	39,325	11,385

24. 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.

IV. MATERIAL CHANGES

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up, up to and including the Latest Practicable Date.

V. INDEBTEDNESS STATEMENT

At the close of business on 30 June 2015, being the latest practicable date for the purpose of indebtedness statement prior to printing of this Composite Document, the Group had total borrowings of approximately RMB7,103,432,000 and obligation under finance lease of approximately RMB17,241,000. The borrowings comprise 5-year medium term note of RMB1,200,000,000 that were secured by corporate guarantee from China Hengtian Group Company Limited, 3-year medium term note of approximately RMB1,351,392,000, a placement from a non-bank financial institution of RMB1,700,000,000, unsecured bank loans of approximately RMB2,746,240,000, secured bank loans of approximately RMB105,800,000 that were secured by the Group's property, plant and equipment with aggregate net book values of approximately RMB7,266,000, inventory of approximately RMB8,080,000 and prepaid lease payments of approximately RMB310,360,000. The obligation under finance lease was secured by the Group's property, plant and equipment of approximately RMB17,402,000.

At the close of business on 30 June 2015, the Group did not have significant contingent liabilities.

Save as aforesaid, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 June 2015, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

The Directors confirmed that no material changes in the indebtedness and contingent liabilities of the Group since 30 June 2015 up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information with regard to the Offer, the Offeror and the Company.

The directors of the Offeror and CHG jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this document (other than those expressed by the Group, the Directors and Gram Capital) have been arrived at after due and careful consideration and there are no facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. MARKET PRICES OF H SHARES

(a) During the Relevant Period, the highest closing price of the H Shares as quoted on the Hong Kong Stock Exchange was HK$15.30 per H Share on 13 April 2015, and the lowest closing price of the H Shares as quoted on the Hong Kong Stock Exchange was HK$4.95 per H Share on 12 November 2013.

(b) The table below sets out the closing prices of the H Shares as quoted on the Hong Kong Stock Exchange on the last trading day of each of the calendar months during the Relevant Period:

Date	Closing price per H Share *(HK$)*
30 September 2013	5.41
31 October 2013	5.11
29 November 2013	5.54
10 December 2013 (being the First Relevant Trading Day)	6.07
31 December 2013	6.07#
30 January 2014	6.07#
28 February 2014	6.07#
31 March 2014	6.62
30 April 2014	6.80
30 May 2014	6.96
30 June 2014	6.80
31 July 2014	7.41
29 August 2014	7.13
30 September 2014	7.85
31 October 2014	7.79
28 November 2014	8.83
31 December 2014	8.98
30 January 2015	9.51
27 February 2015	9.80
31 March 2015	10.36
30 April 2015	12.04
29 May 2015	12.26
30 June 2015	10.20
14 July 2015 (being the Second Relevant Trading Day)	9.78
31 July 2015	10.42
10 August 2015 (being the Last Trading Day)	11.10
31 August 2015	11.42
25 September 2015 (being the Latest Practicable Date)	11.10

Note: The trading of the H Shares was suspended from 11 December 2013 to 20 March 2014

3. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company was as follows:

Authorised Share Capital:		**Nominal value of shares**
523,330,000	A Shares	RMB523,330,000
180,800,000	H Shares	RMB180,800,000
Issued and Fully Paid-up Share Capital:		
523,330,000	A Shares	RMB523,330,000
180,800,000	H Shares	RMB180,800,000

All the Shares in issue rank pari passu in all respects with each other, including the rights in respect of capital, dividends and voting.

The Company has not issued any Shares since the end of the financial year ended 31 December 2014. There are no options, warrants and conversion rights affecting the Shares.

Other than the Shares in issue, there are no convertible securities, warrants, options, derivatives or other securities issued by the Company.

4. DISCLOSURE OF INTERESTS

A. Directors and supervisors

As at the Latest Practicable Date, the interests of the Directors and supervisors of the Company and their associates in the Shares, underlying shares or debenture of the Company and its associated corporations (within the meaning of Part XV of the SFO), which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), to be entered in the register maintained by the Company pursuant to section 352 of the SFO referred to therein, or to be notified to the Company and the Hong Kong Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" in the Listing Rules, were as follows:

Long positions in Shares

Name of Directors or supervisors	Capacity	Number of Shares	Approximate percentage of shareholding
Ye Maoxin	Beneficial Owner	8,580 (Domestic Shares)	0.0012%

Name of Directors or supervisors	Capacity	Number of Shares	Approximate percentage of shareholding
Yao Yuming	Beneficial Owner	81,304 (Domestic Shares)	0.0115%
Ding Yufei	Beneficial Owner	40,000 (Domestic Shares)	0.0057%

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 1.466 million H shares of the Company purchased on 26 June, 27 June, 28 June and 26 September 2013 through China AMC Overseas Equity Classification Asset Management Plan (the "Plan"). The aggregate amount of the Plan is RMB30 million, comprising RMB20 million senior units and RMB10 million common units. The senior management of the Company named above has voluntarily subscribed the common units of the Plan in the aggregate amount of RMB10 million, among which Mr. Yao Yuming subscribed for RMB1.4 million. The Plan will acquire not more than 4.78 million H shares of the Company (not exceeding 0.68% of the aggregate share capital of the Company) depending on the market situation.

Save as disclosed above, none of the Directors or supervisors of the Company are aware of any other Director or supervisor of the Company who has any interests or short positions in any Shares and underlying shares in, and debentures of, the Company or any associated corporation as at the Latest Practicable Date which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO), to be entered in the register maintained by the Company pursuant to section 352 of the SFO referred to therein, or to be notified to the Company and the Hong Kong Stock Exchange pursuant to the "Model Code for Securities Transactions by Directors of Listed Issuers" in the Listing Rules.

Mr. Yao Yuming indicated that he has the intention to accept the Offer in respect of the securities in which he had interests as shown above.

B. Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following persons, other than a Director, supervisor or chief executive of the Company, had has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in Domestic Shares

Name	Nature of interests	Number of Domestic Share(s)	Approximate % of total issued Domestic Shares capital	Approximate % of total issued share capital
CTMC *(Note)*	Beneficial owner	219,194,674	41.88%	31.13%

Notes: CTMC is approximately 87.57% owned by CHG, a state-owned enterprise established in the PRC. CHG is therefore deemed to be interested in shares held by CTMC by virtue of the SFO.

The following table shows the directorship/employment of the Directors with a company which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Relevant company	Directorship/employment
Ye Maoxin	CTMC	Vice chairman, general manager
	CHG	Vice president
Wang Jiangan	CHG	Assistant to president
Yan Fuquan	CHG	Chief accountant
Shi Tinghong	CTMC	Vice chairman, vice general manager

Save and except the above, none of the Director or proposed Director is a director or employee of a company which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Interests/short positions in H Shares

Name	Nature of interests	Number of H Share(s)	Approximate % of total issued H Share capital	Approximate % of total issued share capital
Deutsche Bank Aktiengesellschaft *(Note 1)*	Beneficial owner/ Person having a security interest in Shares	11,934,000 (long position)	6.60%	1.69%
		1,512,974 (short position)	0.84%	0.21%
Zhang Sheng Hang *(Note 2)*	Beneficial owner	10,240,000 (long position)	5.00%	1.45%
UBS Group AG *(Note 3)*	Person having a security interest in Shares/Nominee for another person	14,486,000 (long position)	8.01%	2.06%
		438,000 (short position)	0.24%	0.06%
UBS AG *(Note 4)*	Beneficial owner/ Person having a security interest in Shares/Nominee for another person	13,402,000 (long position)	7.41%	1.90%
		444,000 (short position)	0.25%	0.06%

Notes:

(1) Such information is extracted from the corporate substantial shareholder notice of Deutsche Bank Aktiengesellschaft filed on 18 September 2015 as shown on the website of the Hong Kong Stock Exchange.

(2) Such information is extracted from the individual substantial shareholder notice of Zhang Sheng Hang filed on 21 October 2003 as shown on the website of the Hong Kong Stock Exchange. However, the number of H Shares held by Zhang Sheng Hang 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 the Latest Practicable Date. Zhang Sheng Hang 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 Hang from the register of members of the Company as none of the H Shares was registered in the name of Zhang Sheng Hang as at Latest Practicable Date.

(3) Such information is extracted from the corporate substantial shareholder notice of UBS Group AG filed on 1 September 2015 as shown on the website of the Hong Kong Stock Exchange.

(4) Such information is extracted from the corporate substantial shareholder notice of UBS AG filed on 20 August 2015 as shown on the website of the Hong Kong Stock Exchange.

5. OTHER DISCLOSURES

(a) As at the Latest Practicable Date, save as disclosed in the section headed "Disclosure of Interests" in Appendix III to this Composite Document, the Offeror and the parties acting in concert with it (excluding those entities in the UBS group that are exempt principal traders or exempt fund managers) did not own or control any of the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

(b) As at the Latest Practicable Date, the Offeror and the parties acting in concert with it did not receive any irrevocable commitment to accept the Offer.

(c) As at the Latest Practicable Date, there was no arrangement of the kind referred to in Note 8 of Rule 22 of the Takeovers Code, between any person and the Offeror or any party acting in concert with it.

(d) As at the Latest Practicable Date, none of the Offeror or any parties acting in concert with it (excluding those entities in the UBS group that are exempt principal traders or exempt fund managers) had borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

(e) As at the Latest Practicable Date, neither the Company nor any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code, had any arrangement with any other person of the kind referred to in Note 8 to Rule 22 of the Takeovers Code.

(f) As at the Latest Practicable Date, neither the Company nor any of the Directors was interested in any shares of the Offeror or any convertible securities, warrants, options or derivatives in respect of any shares of the Offeror.

(g) As at the Latest Practicable Date, there were no material contracts entered into by the Offeror in which any of the Directors has a material personal interest.

(h) As at the Latest Practicable Date, no subsidiary of the Company, nor any pension fund of the Company or any of its subsidiaries, nor any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code owned or controlled any shareholdings in the Company.

(i) As at the Latest Practicable Date, no shareholdings in the Company were managed on a discretionary basis by fund managers connected with the Company.

(j) As at the Latest Practicable Date, none of the Company nor any of the Directors had borrowed or lent any shareholdings in the Company (as defined under Note 4 to Rule 22 of the Takeovers Code.

6. DEALINGS IN THE SHARES

(a) None of the Directors or the Offeror or any parties acting in concert with it (excluding those entities in the UBS group that are exempt principal traders or exempt fund managers) had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period.

(b) No person who had any arrangements of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any parties acting in concert with it had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares during the Relevant Period.

(c) During the period from the commencement of the Offer Period to the Latest Practicable Date:

(i) none of the subsidiaries of the Company or any pension funds of the Group nor any adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;

(ii) there were no persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of "associate" under the Takeovers Code and therefore there were no such persons who had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and

(iii) no fund managers connected with the Company who managed funds on a discretionary basis had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into a service contract with the Company or any of its subsidiaries or associated companies in force which (i) (including both continuous and fixed term contracts) has been entered into or amended within 6 months before the commencement of the Offer Period, (ii) is a continuous contract with a notice period of 12 months or more, or (iii) is a fixed term contract with more than 12 months to run irrespective of the notice period.

8. MATERIAL CONTRACTS

The following contract has been entered into by the Group (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Group) during the period within the two years before the commencement of the Offer Period and up to the Latest Practicable Date:

(1) on 12 January 2015, Tianjin Hongda Textile Machinery Company Limited ("**Tianjin Hongda**"), a wholly-owned subsidiary of the Company, entered into a building relocation and compensation agreement with Tianjin Social Security Housing Construction Investment Co., Ltd (the "**Tianjin Housing Construction**") and Tianjin Hebei Construction Development Company, pursuant to which Tianjin Hongda will dispose of the idle land parcel located at No. 56 Wanliucun Street, Heibei District, Tianjin at a price of RMB232,660,000 to Tianjin Housing Construction;

(2) on 12 December 2014, Zhongrong International Trust Co., Ltd. ("**Zhongrong Trust**"), a subsidiary of the Company, and other 13 companies (including China Trustee Association, CITIC Trust Co., Ltd., Chongqing International Trust Co., Ltd,. Pingan Trust Co., Ltd., China Credit Trust Co., Ltd., AVIC Trust Co., Ltd., Hwabao Trust Co., Ltd., Shanghai International Trust Corp., Ltd., Zhonghai Trust Co., Ltd., Minmetals International Trust Co., Ltd., China Railway Trust Co., Ltd., Huaneng Trustee Limited, and Kunlun Trust Co., Ltd.) entered into a joint venture agreement, pursuant to which Zhongrong Trust will make the contribution of RMB1,500,000,000 in cash to be used as the registered capital of China Trust Insurance Funds Limited Liability Company, the joint venture company set up pursuant to the joint venture agreement;

(3) on 29 October 2013, the Company, the Offeror, Hengtian Havey Industry Co., Ltd., Kama Co., Ltd., Swan Fiber Co., Ltd., China Textile Industrial Corporation for Foreign Economic and Technical Cooperation and Hengtian Real Estate Co., Ltd. entered into a capital contribution agreement in relation to the establishment of Hengtian Group Financial Co., Ltd. (the "**JVC**"), pursuant to which, the Company agreed to make a capital contribution of RMB10,000,000, representing 2% of the registered capital of the JVC;

(4) on 27 December 2012, the Company executed a guarantee in favour of China Merchants Bank Co., Ltd. ("**CMB**"), pursuant to which the Company will provide guarantee in respect of the aggregate outstanding principal of loan and other facilities, with a maximum limit of RMB150,000,000, provided by CMB to Beijing Hualian Group Investment Holdings Limited ("**Hualian Investment**") within the credit facilities under a facilities agreement entered into between CMB and Hualian Investment in December 2012, together with any interest, penalties, compounded interests, liquidated damages, factoring costs and other relevant expenses for the realization of creditor's rights incurred;

(5) on 21 November 2012, Zhongrong Trust and State Street Global Advisors Asia Limited entered into a joint venture agreement for the establishment of SSGA Fund Management Co., Ltd., pursuant to which Zhongrong Trust has agreed to make the capital contribution of RMB153,000,000 to the joint venture constituting 51% of the equity interest in the joint venture;

(6) on 12 April 2012, the Company and the Offeror entered into a second supplemental subscription agreement in relation to the subscription by the Offeror in the Company's private offering of A Shares in 2012; and

(7) on 12 April 2012, the Company and CTMC entered into a supplemental subscription agreement in relation to the subscription by CTMC in the Company's private offering of A Shares in 2012.

9. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of the expert who has given advice, letter or opinion for incorporation and as contained in this document:

Name	Qualifications
Gram Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
UBS (collectively, the "**Experts**")	a corporation licensed by the SFC to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance), type 7 (providing automated trading services) and type 9 (asset management) regulated activities under the SFO, the financial adviser to the Offeror in respect of the Offer

Each of the Experts has given and has not withdrawn its written consent to the issue of this document with the inclusion of its letter and references to its name in the form and context in which they are included.

10. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or arbitration of material importance known to the Directors to be pending or threatened by or against any member of the Group.

11. ARRANGEMENTS IN CONNECTION WITH THE OFFER

As at the Latest Practicable Date, there was no agreement, arrangement or understanding whereby any securities acquired or to be acquired by the Offeror pursuant to the Offer will be transferred, charged or pledged to any other persons.

12. MISCELLANEOUS

(a) None of the Directors will be or has been given any benefit (save for any statutory compensation required under appropriate laws) as compensation for loss of office or otherwise in connection with the Offer.

(b) There is no agreement or arrangement between any of the Directors and any other person which is conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

(c) As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or any parties acting in concert with it, on the one hand, and any Directors, recent Directors, Shareholders or recent Shareholders, on the other hand, having any connection with or dependence upon the Offer.

(d) There is no agreement or arrangement to which the Offeror is a party, which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offer.

(e) The registered address of the Offeror is Unit B, 23/F, Empire Land Commercial Centre, 81-85 Lockhart Road, Wanchai, Hong Kong.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection (i) during normal business hours from 9:00 a.m. to 5:30 p.m. (other than Saturdays, Sundays and public holidays) at the principal place of business of the Company in Hong Kong at 5/F., Jardine House, 1 Connaught Place, Central, Hong Kong; (ii) on the website of the SFC (www.sfc.hk); and (iii) on the website of the Company (www.jwfg.com) from the date of this Composite Document onwards for so long as the Offer remains open for acceptance:

(a) the memorandum of association and bye-laws of the Company;

(b) the memorandum and articles of association of the Offeror;

(c) the annual reports of the Company for each of the years ended 31 December 2013 and 2014;

(d) the interim report of the Company for the six months ended 30 June 2015;

(e) the letter from UBS, the text of which is set out in this Composite Document;

(f) the letter from the Board, the text of which is set out in this Composite Document;

(g) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;

(h) the letter from Gram Capital, the text of which is set out in this Composite Document;

(i) the written consents referred to in the paragraph headed "**Qualification and Consent of Experts**" in Appendix III to this Composite Document; and

(j) the material contract referred to in the paragraph headed "**Material Contracts**" in Appendix III to this Composite Document.

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)

NOTICE OF SECOND SPECIAL GENERAL MEETING IN 2015

NOTICE IS HEREBY GIVEN that the second special general meeting in 2015 (the "**EGM**") of Jingwei Textile Machinery Company Limited (the "**Company**") will be held at 2:30 p.m. on Monday, 16 November 2015 at Room 701, First Shanghai Centre, Block C, 39 Liangmaqiao Road, Chaoyang District, Beijing, the PRC to consider and, if thought fit, to pass the following resolutions. Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the composite offer and response document of the Company dated 30 September 2015:

AS SPECIAL RESOLUTIONS

"**THAT**:

(a) the voluntary withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange, be and is hereby approved; and

(b) any director of the Company be and is hereby authorised to take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the voluntary withdrawal."

By order of the Board
Jingwei Textile Machinery Company Limited
Ye Maoxin
Chairman

Beijing, the PRC, 30 September 2015

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

Notes:

(a) The holders of H Shares whose names appear in the Company's register of shareholders on Friday, 16 October 2015 are entitled to attend the EGM by showing their identity cards or passports.

The holders of H Shares are reminded that pursuant to the articles of association of the Company, the register of shareholders of the Company will be closed from Friday, 16 October 2015 to Monday, 16 November 2015 (both days inclusive), during which period no transfer of shares will be registered. The holders of H Shares, who intend to attend the EGM, must deliver their instrument of transfers together with the relevant share certificates to the Company's Registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 15 October 2015.

The book closure dates and record date for holders of Domestic Shares will be announced separately.

(b) Any Shareholders entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.

(c) Pursuant to the Listing Rules and the articles of association of the Company, at any extraordinary general meeting, a resolution shall be decided on a one share one vote basis.

(d) To be valid, the proxy forms for the use of holders of H Shares, if such proxy is signed by a person on behalf of the appointor pursuant to a power of attorney or other authority, a notarised copy of that power of attorney or other authority must be delivered to the Company's Registrar (Hong Kong Registrars Limited at 17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong) not less than 24 hours before the time scheduled for holding the EGM. The use of proxy form of holders of Domestic Shares will be announced separately.

(e) The Shareholders intending to attend the EGM should return the accompanying reply slip to the secretariat of the board of directors of the Company at Level 7, First Shanghai Centre, 39 Liangmaqiao Road, Chaoyang District, Beijing, the PRC on or before Monday, 26 October 2015.

(f) Completion and return of the proxy forms and notices of attendance will not preclude a Shareholder from attending and voting in the EGM if such holder has notified the Company not less than 24 hours in writing before the time scheduled for holding the EGM.

(g) A Shareholder or his/her/its proxy shall produce proof of identity when attending the EGM. If a corporate shareholder appoints its legal representative to attend the meeting, such legal representative shall produce proof of identity and a copy of the resolution of the board of directors or other governing body of such shareholder appointing such legal representative to attend the meeting.

(h) In accordance with the articles of association of the Company, where there are joint registered holders of any share, only the first named shareholder in the register of members has the right to receive this notice, attend the EGM and exercise the voting rights in relation to the relevant shares in the EGM.

(i) The EGM is expected to last for about 30 minutes. Shareholders and their respective proxies attending the EGM shall be responsible for their own transportation and accommodation expenses.

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)

NOTICE OF THE FIRST CLASS MEETING OF HOLDERS OF H SHARES IN 2015

NOTICE IS HEREBY GIVEN that the first class meeting of holders of H Shares in 2015 (the "**H Share Class Meeting**") of Jingwei Textile Machinery Company Limited (the "**Company**") will be held on Monday, 16 November 2015 immediately after the conclusion of the second special general meeting of the Company to be held on the same date at Room 701, First Shanghai Centre, Block C, 39 Liangmaqiao Road, Chaoyang District, Beijing, the PRC to consider and, if thought fit, to pass the following resolutions. Unless otherwise indicated, capitalised terms used herein shall have the same meaning as those defined in the composite offer and response document of the Company dated 30 September 2015:

AS SPECIAL RESOLUTIONS

"**THAT**:

(a) the voluntary withdrawal of the listing of the H Shares from the Hong Kong Stock Exchange, be and is hereby approved; and

(b) any director of the Company be and is hereby authorised to take such other action and execute such documents or deeds as he may consider necessary or desirable for the purpose of implementing the voluntary withdrawal."

By order of the Board
Jingwei Textile Machinery Company Limited
Ye Maoxin
Chairman

Beijing, the PRC, 30 September 2015

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

Notes:

(a) The holders of H Shares whose names appear in the Company's register of shareholders on Friday, 16 October 2015 are entitled to attend the H Share Class Meeting by showing their identity cards or passports.

The holders of H Shares are reminded that pursuant to the articles of association of the Company, the register of shareholders of the Company will be closed from Friday, 16 October 2015 to Monday, 16 November 2015 (both days inclusive), during which period no transfer of shares will be registered. The holders of H Shares, who intend to attend the H Share Class Meeting, must deliver their instrument of transfers together with the relevant share certificates to the Company's Registrar, Hong Kong Registrars Limited, at Shops 1712-1716, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 15 October 2015.

(b) Any holders of H Shares entitled to attend and vote at the H Share Class Meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.

(c) Pursuant to the Listing Rules and the articles of association of the Company, at any extraordinary general meeting, a resolution shall be decided on a one share one vote basis.

(d) To be valid, the proxy forms for the use of holders of H Shares and, if such proxy is signed by a person on behalf of the appointor pursuant to a power of attorney or other authority, a notarised copy of that power of attorney or other authority must be delivered to the Company's Registrar (Hong Kong Registrars Limited at 17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong) not less than 24 hours before the time scheduled for holding the H Share Class Meeting.

(e) The holders of H Shares intending to attend the H Share Class Meeting should return the accompanying reply slip to the secretariat of the board of directors of the Company at Level 7, First Shanghai Centre, 39 Liangmaqiao Road, Chaoyang District, Beijing, the PRC on or before Monday, 26 October 2015.

(f) Completion and return of the proxy forms and notices of attendance will not preclude a holder of H Shares from attending and voting in the H Share Class Meeting if such holder has notified the Company not less than 24 hours in writing before the time scheduled for holding the H Share Class Meeting.

(g) A holder of H Shares or his/her/its proxy shall produce proof of identity when attending the H Share Class Meeting. If a corporate shareholder appoints its legal representative to attend the meeting, such legal representative shall produce proof of identity and a copy of the resolution of the board of directors or other governing body of such shareholder appointing such legal representative to attend the meeting.

(h) In accordance with the articles of association of the Company, where there are joint registered holders of any share, only the first named shareholder in the register of members has the right to receive this notice, attend the H Share Class Meeting and exercise the voting rights in relation to the relevant shares in the H Share Class Meeting.

(i) The H Share Class Meeting is expected to last for about 30 minutes. Holders of H Shares of the Company and their respective proxies attending the H Share Class Meeting shall be responsible for their own transportation and accommodation expenses.