



JINGWEI TEXTILE MACHINERY COMPANY LIMITED

经纬纺织机械股份有限公司

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

DISCLOSEABLE TRANSACTION, DISCLOSURE PURSUANT TO RULE 13.13 OF THE LISTING RULES AND RESUMPTION OF TRADING

On 15 April 2005, the First Guarantee Agreement was made by the Company in favour of CM Bank for the provision of the First Guarantee in connection with the entering into of the First Loan Agreement. Subsequently on 23 September 2005, the Second Guarantee Agreement was made by the Company in favour of IC Bank for the provision of the Second Guarantee in connection with the entering into of the Second Loan Agreement.

The principal amount of the Loans under the First Guarantee and Second Guarantee of RMB40 million and RMB165 million given by the Company represented approximately 2.21% and 9.13% of the Market Capitalisation respectively, which in aggregate, represented approximately 11.34% of the Market Capitalisation. As a result, the provision of the Guarantees constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

In addition, as the aggregate amount of the Guarantees exceeds 8% of one of the Percentage Ratios, the Company is also required to disclose details of the Guarantees under Rule 13.13 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of Hualian Commercial Company, CM Bank and IC Bank is an Independent Third Party.

A circular containing, among other things, details of the Guarantee Agreements will be despatched to the holders of the H Shares as soon as practicable.

Trading in the H Shares was suspended from 9:30 a.m. on 26 September 2005 at the request of the Company pending release of this announcement and application has been made to the Stock Exchange for resumption of trading with effect from 9:30 a.m. on 27 September 2005.

THE GUARANTEE AGREEMENTS

On 15 April 2005, the First Guarantee Agreement was made by the Company in favour of CM Bank for the provision of the First Guarantees in connection with the entering into of the First Loan Agreement. Subsequently on 23 September 2005, the Second Guarantee Agreement was made by the Company in favour of IC Bank for the provision of the Second Guarantee in connection with the entering into of the Second Loan Agreement.

The First Loan Agreement was entered into between CM Bank and Hualian Commercial Company for the provision of the First Loan by CM Bank to Hualian Commercial Company as its working capital. A corporate guarantee (namely, the First Guarantee) was provided by the Company to CM Bank on a joint and several liability basis with Hualian Commercial Company. The First Guarantee Agreement is to secure payment obligations of the First Loan together with all the related interests, default interests, damages and other related expenses. The guarantee period under the First Guarantee Agreement commences from the date of signing of the First Guarantee Agreement and ends two years after the due date for Hualian Commercial Company to perform its repayment obligations under the First Loan Agreement.

The Second Loan Agreement was entered into between IC Bank and Hualian Commercial Company for the provision of the Second Loan by IC Bank to Hualian Commercial Company as its working capital. A corporate guarantee (namely, the Second Guarantee) was provided by the Company to IC Bank on a joint and several liability basis with Hualian Commercial Company. The Second Guarantee Agreement is to secure the payment obligations under the Second Loan together with all the related interests, default interest, penalties, damages and IC Bank's expenses incurred in relation to the enforcement of the Second Loan Agreement and the Second Guarantee Agreement. The guaranteed period under the Second Guarantee Agreement is for two years after the due date for Hualian Commercial Company to perform its repayment obligations under the Second Loan Agreement.

For all the reasons set out in the paragraph headed "Reasons for the entering into the Guarantee Agreements" in this announcement, the Company did not request Hualian Commercial Company to pay any fees for the provision of the Guarantees.

As at the date of this announcement, the outstanding balance of the Loans was RMB205 million.

DISCLOSEABLE TRANSACTION AND DISCLOSURE PURSUANT TO RULE 13.13 OF THE LISTING RULES

The principal amount of the Loans under the First and Second Guarantees of RMB40 million and RMB165 million represented approximately 2.21% and 9.13% of the Market Capitalisation as at 22 September 2005 respectively, which in aggregate represented approximately 11.34% of the Market Capitalisation. As a result, the provision of the Guarantees by the Company constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is also subject to the disclosure requirement under Rule 13.13 of the Listing Rules.

The Company will observe and comply with its continuing disclosure obligation under Rules 13.14 and 13.20 of the Listing Rules so long as circumstances giving rise to such disclosure obligation continue to exist.

REASONS FOR THE ENTERING INTO THE GUARANTEE AGREEMENTS

To the Directors' best knowledge and understanding, it is a common practice for some of the banks in the PRC to request a third party's guarantee when granting banking facilities to an entity. Such banks normally would not accept any guarantee provided by related parties to the borrower. As (i) banking facilities and bank loans are one of the Group's major financial resources which may require third party guarantee as security; (ii) Hualian Commercial Company has provided an irrevocable guarantee for the Company's credit facilities of up to RMB300 million; and (iii) Hualian Commercial Company has a good credit records based on the credit rate of AA accredited to it by the IC Bank, the Directors consider that the entering into the Guarantee Agreements was in the commercial interest of the Company, which provided more convenience and flexibility for the Group to obtain its financial resources and the Guarantee Agreements were entered into on normal commercial terms and the terms thereof are fair and reasonable so far as the Company and its shareholders as a whole are concerned.

The entering into the Guarantee Agreements will not have any immediate effects on the earnings, assets or liabilities of the Group. However, the Company will be responsible for repayment of the Loans together with payment of all the related interests, penalties, damages and the expenses incurred in relation to the enforcement of the Loan Agreements and the Guarantee Agreements (if any), if Hualian Commercial Company defaults in the repayment of the First Loan and/or the Second Loan. In such cases, the Company may have to use its internal resources of the Group to fulfill its obligation under the Guarantee Agreements.

BACKGROUND INFORMATION ON THE GROUP AND HUALIAN COMMERCIAL COMPANY

The Group is principally engaged in the manufacture and sale of textile machineries.

Hualian Commercial Company, a limited liability company established in the PRC, is principally engaged in the sale of general merchandise, knitting and weaving textile products, daily use products, cordless phones, mobile phones, fax machines, stationery, metal hardware, chemicals, machinery and electrical facilities.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, each of Hualian Commercial Company, CM Bank, IC Bank and their respective ultimate beneficial owners is an Independent Third Party.

OTHER INFORMATION

Reference is made to the 29 March Announcement. As disclosed in that Announcement, the Company provided the Hualian Building Guarantee for Hualian Building Company. Based on the information provided by Hualian Commercial Company and Hualian Building Company and so far as the Directors are aware, Hualian Investment Company is one of the substantial shareholders of Hualian Building Company, which holds 21.98% equity interest in Hualian Building Company. The controlling shareholder of Hualian Investment Company is Hainan Company, which holds 30% equity interest in Hualian Investment Company and is the substantial shareholder of Hualian Commercial Company, holding 29.53% equity interest in Hualian Commercial Company.

Under the listing rules of the Shenzhen Stock Exchange, Hualian Commercial Company and Hualian Building Company are not connected persons. As Hualian Commercial Company is not a controlling shareholder, a subsidiary or an affiliated company of Hualian Building Company under the Listing Rules, the Directors, having consulted the auditors of the Company, do not consider Hualian Commercial Company and Hualian Building Company to be an entity under Rule 13.11(2)(c) of the Listing Rules. Accordingly, the Guarantees and the Hualian Building Guarantee need not be (and are not) aggregated for the purpose of granting advance to an entity under Chapter 13 of the Listing Rules.

The Directors confirmed that save for the Hualian Building Guarantee, the Guarantees and certain guarantees provided to its subsidiaries, as at the date of this announcement, the Company did not provide any guarantees to any other parties.

As at the date of this announcement, the total outstanding amount of guarantees made by the Company for Hualian Building Company, Hualian Commercial Company and the Companies' various subsidiaries is RMB485 million, representing 19% of the net asset value of the Group (by reference to the audited net asset value of the Group as at 31 December 2004).

GENERAL

A circular containing, among other things, further details of the Guarantee Agreements will be despatched to the holders of the H Shares as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the H Shares was suspended from 9:30 a.m. on 26 September 2005 at the request of the Company pending release of this announcement and application has been made to the Stock Exchange for resumption of trading with effect from 9:30 a.m. on 27 September 2005.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"A Shares" the 203,000,000 Renminbi-denominated domestic shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange

"CM Bank"	招商银行股份有限公司 (China Merchants Bank Joint Stock Company Limited), the lender under the First Loan Agreement
"Company"	Jingwei Textile Machinery Company Limited, a joint stock limited company established in the PRC, the A Shares and H Shares of which are listed on the Shenzhen Stock Exchange and the Stock Exchange respectively
"Directors"	the directors of the Company
"First Guarantee"	the irrevocable guarantee provided by the Company in favour of CM Bank on a joint and several liability basis with Hualian Commercial Company in securing of the First Loan
"First Guarantee Agreement"	the irrevocable guarantee agreement dated 15 April 2005 and made by the Company in favour of CM Bank for the provision of the First Guarantee
"First Loan"	the short term loan for a term of one year from 15 April 2005 to 15 April 2006 in the principal amount of RMB40 million provided by CM Bank to Hualian Commercial Company
"First Loan Agreement"	the loan agreement dated 15 April 2005 and entered into between Hualian Commercial Company and CM Bank for the provision of the First Loan
"Group"	the Company and its subsidiaries
"Guarantee Agreements"	the First Guarantee Agreement and the Second Guarantee Agreement
"Guarantees"	the First Guarantee and the Second Guarantee
"H Shares"	the 180,800,000 overseas listed foreign shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
"Hainan Company"	海南民族科技投资控股有限公司 (Hainan People Technology Investment Holdings Limited), a limited liability company established in the PRC and the controlling shareholder of Hualian Investment Company
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hualian Building Company"	北京華聯商廈股份有限公司 (Beijing Hualian Commercial Building Joint Stock Company Limited), a joint stock company established in the PRC, a listed company on the Shenzhen Stock Exchange and an Independent Third Party
"Hualian Building Guarantee"	a corporate guarantee provided by the Company to Beijing City Bank Joint Stock Company Limited in the principal amount of RMB200 million together with all the related interests, penalties, damages and the expenses incurred in relation to the enforcement of the loan agreement and the guarantee agreement both dated 25 March 2005 and made between each of Hualian Building Company and the Company with Beijing City Bank Joint Stock Company Limited
"Hualian Commercial Company"	北京華聯商業貿易發展有限公司 (Beijing Hualian Commercial Trading Development Company Limited), a limited liability company established in the PRC, an Independent Third Party to the Company and the borrower under the Loan Agreements
"Hualian Investment Company"	北京華聯集團投資控股有限公司 (Beijing Hualian Group Investment Holdings Limited), a limited liability company established in the PRC and a substantial shareholder of Hualian Building Company
"IC Bank"	中國工商銀行總行營業部 (The Operation Department of the Headquarter of China Industrial and Commercial Bank), the lender under the Second Loan Agreement
"Independent Third Party"	a third party who is independent of the Company and connected persons (has the meaning ascribed to it under the Listing Rules) of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loans"	the First Loan and the Second Loan
"Loan Agreements"	the First Loan Agreement and the Second Loan Agreement
"Market Capitalisation"	the market capitalisation of the Company of approximately RMB1,807.711 million based on the aggregate of (i) the average closing price of HK\$1.906 per H Share for the five business days including and up to 22 September 2005; and (ii) the average closing price of RMB3.41 per A Share for the five business days including and up to 22 September 2005
"Percentage Ratios"	the percentage ratios under Rule 14.07 of the Listing Rules, other than the revenue ratio, equity capital ratio and profits ratio
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Second Guarantee"	the guarantee provided by the Company to IC Bank in securing of the Second Loan on a joint and several liability basis with Hualian Commercial Company
"Second Guarantee Agreement"	the guarantee agreement dated 23 September 2005 and entered into between the Company and IC Bank for the provision of the Second Guarantee
"Second Loan"	the short term loan for a term of one year from 23 September 2005 to 22 September 2006 in the principal amount of RMB165 million provided by IC Bank to Hualian Commercial Company
"Second Loan Agreement"	the loan agreement dated 23 September 2005 and entered into between Hualian Commercial Company and IC Bank for the provision of the Second Loan
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.
"29 March Announcement"	the announcement dated 29 March 2005 and made by the Company in relation to Hualian Building Guarantee

As at the date of this announcement, the board of Directors comprise Messrs Zhang Jie, Fan Ximin, Liu Haitao, Liu Hong, Shi Tinghong, Ye Maoxin, Yao Yuming and Zhang Jianguo, all being executive Directors and Messrs Wang Zengjing, Kon Hiu King, Kenneth, Gao Yong, Chen Zhong and Yu Shiquan, all being independent non-executive Directors.

By order of the Board
Jingwei Textile Machinery Company Limited
Ye Xuehua
Company Secretary

Beijing, the People's Republic of China, 26 September 2005