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魏橋紡織股份有限公司
Weiqiao Textile Company Limited*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2698)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

Annual results for the year ended 31 December 2014	
Compared to 2013 financial results:	
Revenue	approximately RMB11,211 million, a decrease of approximately 19.2%
Gross profit	approximately RMB743 million, a decrease of approximately 38.4%
Net profit attributable to owners of the parent	approximately RMB308 million, a decrease of approximately 51.0%
Earnings per share	RMB0.26, a decrease of approximately 50.9%
Proposed final dividend per share	RMB0.0773 per share (including tax)

The board of directors (the "**Board**") of Weiqiao Textile Company Limited (the "**Company**" or "**Weiqiao Textile**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2014 (the "**Year**" or "**Year under Review**"). During the Year under Review, the revenue of the Group was approximately RMB11,211 million, representing a decrease of approximately 19.2% over the corresponding period of last year. Net profit attributable to owners of the parent amounted to approximately RMB308 million, with a decrease of approximately 51.0% as compared with the corresponding period of last year.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	Notes	**2014**	2013
		RMB'000	*RMB'000*
REVENUE	*4*	**11,211,146**	13,880,642
Cost of sales		**(10,468,327)**	(12,675,012)
Gross profit		**742,819**	1,205,630
Other income and gains	*4*	**900,701**	865,350
Selling and distribution expenses		**(159,054)**	(204,199)
Administrative expenses		**(297,710)**	(283,578)
Other expenses		**(111,440)**	(99,265)
Finance costs	*6*	**(637,728)**	(566,439)
Share of profit of an associate		**9,339**	4,276
PROFIT BEFORE TAX	*5*	**446,927**	921,775
Income tax expense	*7*	**(139,914)**	(294,857)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**307,013**	626,918
Attributable to:			
Owners of the parent		**308,243**	628,807
Non-controlling interests		**(1,230)**	(1,889)
		307,013	626,918
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*9*	**RMB0.26**	RMB0.53

During the years ended 31 December 2014 and 31 December 2013, the Group did not have any other comprehensive income.

Details of the dividends payable and proposed for the year are disclosed in note 8 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**11,241,624**	12,330,360
Investment properties		**26,054**	–
Prepaid land lease payments		**262,801**	181,220
Other intangible assets		**945**	950
Investment in an associate		**78,326**	74,014
Deferred tax assets		**231,501**	212,542
Total non-current assets		**11,841,251**	12,799,086
CURRENT ASSETS			
Inventories		**5,456,868**	6,439,476
Trade receivables	*10*	**279,260**	547,228
Prepayments, deposits and other receivables		**550,785**	155,362
Due from the immediate holding company		**24,613**	12,203
Pledged time deposits	*11*	**81,342**	141,963
Cash and cash equivalents	*11*	**10,713,441**	10,210,689
		17,106,309	17,506,921
Non-current assets classified as held for sale		**11,805**	4,455
Total current assets		**17,118,114**	17,511,376
CURRENT LIABILITIES			
Trade payables	*12*	**1,229,129**	2,049,803
Due to other related parties		**4,881**	5,686
Other payables and accruals		**975,011**	944,931
Interest-bearing bank and other borrowings		**2,471,461**	3,708,361
Tax payable		**466,847**	460,337
Deferred income		**19,401**	40,267
Total current liabilities		**5,166,730**	7,209,385
NET CURRENT ASSETS		**11,951,384**	10,301,991
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,792,635**	23,101,077

	Note	2014	2013
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**7,322,548**	6,718,071
Deferred income		**255,780**	277,051
Deferred tax liabilities		**3,829**	4,107
Total non-current liabilities		**7,582,157**	6,999,229
Net assets		**16,210,478**	16,101,848
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**1,194,389**	1,194,389
Reserves		**14,851,211**	14,635,294
Proposed final dividend	*8*	**92,326**	198,030
		16,137,926	16,027,713
Non-controlling interests		**72,552**	74,135
Total equity		**16,210,478**	16,101,848

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Attributable to owners of the parent							
	Issued capital *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Retained profits *RMB'000*	Proposed final dividend *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2013	1,194,389	6,673,380	1,363,444	6,176,428	148,821	15,556,462	87,412	15,643,874
Profit and total comprehensive income for the year	–	–	–	628,807	–	628,807	(1,889)	626,918
Final 2012 dividend declared	–	–	–	–	(148,821)	(148,821)	–	(148,821)
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(1,123)	(1,123)
Acquisition of non-controlling interests	–	(8,735)	–	–	–	(8,735)	(10,265)	(19,000)
Proposed final 2013 dividend *(note 8)*	–	–	–	(198,030)	198,030	–	–	–
Transfer from retained profits	–	–	63,247	(63,247)	–	–	–	–
At 31 December 2013	1,194,389	6,664,645*	1,426,691*	6,543,958*	198,030	16,027,713	74,135	16,101,848

	Attributable to owners of the parent							
	Issued capital ***RMB'000***	**Capital reserve** ***RMB'000***	**Statutory surplus reserve** ***RMB'000***	**Retained profits** ***RMB'000***	**Proposed final dividend** ***RMB'000***	**Total** ***RMB'000***	**Non-controlling interests** ***RMB'000***	**Total equity** ***RMB'000***
At 1 January 2014	**1,194,389**	**6,664,645**	**1,426,691**	**6,543,958**	**198,030**	**16,027,713**	**74,135**	**16,101,848**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**308,243**	**–**	**308,243**	**(1,230)**	**307,013**
Final 2013 dividend declared	**–**	**–**	**–**	**–**	**(198,030)**	**(198,030)**	**–**	**(198,030)**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**–**	**(353)**	**(353)**
Proposed final 2014 dividend *(note 8)*	**–**	**–**	**–**	**(92,326)**	**92,326**	**–**	**–**	**–**
Transfer from retained profits	**–**	**–**	**44,724**	**(44,724)**	**–**	**–**	**–**	**–**
At 31 December 2014	**1,194,389**	**6,664,645***	**1,471,415***	**6,715,151***	**92,326**	**16,137,926**	**72,552**	**16,210,478**

* *These reserve accounts comprise the consolidated reserves of RMB14,851,211,000 (2013: RMB14,635,294,000) in the consolidated statement of financial position.*

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	Notes	**2014** *RMB'000*	2013 *RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**446,927**	921,775
Adjustments for:			
Finance costs	*6*	**637,728**	566,439
Share of profit of an associate		**(9,339)**	(4,276)
Bank interest income	*4*	**(32,892)**	(29,721)
Interest income from available-for-sale financial investments	*4*	**–**	(17,705)
Recognition of deferred income	*4*	**(42,137)**	(39,326)
Other income from leasing investment properties		**(800)**	–
Gain on bargain purchase		**–**	(1,635)
(Gain)/loss on disposal of items of property, plant and equipment and prepaid land lease payments		**(30,936)**	4,245
Loss on derivative financial instruments – transactions not qualifying as hedges	*5*	**–**	2,052
Impairment of property, plant and equipment	*5*	**41,000**	22,711
Impairment of trade receivables	*5*	**17,429**	–
Changes in provision against inventories	*5*	**(9,013)**	(3,306)
Depreciation	*5*	**1,329,649**	1,335,778
Recognition of prepaid land lease payments	*5*	**4,571**	4,571
Amortisation of other intangible assets	*5*	**159**	159
		2,352,346	2,761,761
Decrease/(increase) in inventories		**991,621**	(636,655)
Decrease/(increase) in trade receivables		**253,204**	(7,767)
Increase in prepayments, deposits and other receivables		**(165,115)**	(39,139)
Increase in amounts due from the immediate holding company		**(12,410)**	(3,891)
(Decrease)/increase in trade payables		**(803,398)**	191,492
(Decrease)/increase in amounts due to other related parties		**(805)**	16
Increase/(decrease) in other payables and accruals		**137,729**	(108,069)
Cash generated from operations		**2,753,172**	2,157,748
Interest paid		**(597,007)**	(508,099)
PRC corporate income tax paid		**(141,188)**	(141,379)
Hong Kong profits tax paid		**(17,439)**	–
Net cash flows from operating activities		**1,997,538**	1,508,270

	Notes	2014	2013
		RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**34,908**	47,865
Receipt of government grants		**–**	32,740
Dividends received from an associate		**5,027**	5,462
Purchases of items of property, plant and equipment and additions to prepaid land lease payments		**(756,445)**	(149,357)
Proceeds from disposal of items of property, plant and equipment and prepaid land lease payments		**11,368**	55,955
Disposal of derivative financial instruments		**–**	(5,288)
Increase in an investment in an associate		**–**	(22,500)
Decrease in non-pledged time deposits with original maturity over three months when acquired		**–**	120,332
Decrease in pledged time deposits		**60,621**	101,636
Net cash flows (used in)/from investing activities		**(644,521)**	186,845
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of corporate bonds		**2,970,000**	2,970,000
New bank loans		**3,801,416**	5,347,521
Repayment of bank loans		**(7,416,197)**	(6,927,375)
Dividends paid to owners of the parent		**(198,030)**	(148,821)
Dividends paid to non-controlling shareholders		**(353)**	(1,123)
Acquisition of non-controlling interests		**–**	(19,000)
Net cash flows (used in)/from financing activities		**(843,164)**	1,221,202
NET INCREASE IN CASH AND CASH EQUIVALENTS		**509,853**	2,916,317
Cash and cash equivalents at beginning of year		**10,210,689**	7,349,732
Effect of foreign exchange rate changes, net		**(7,101)**	(55,360)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**10,713,441**	10,210,689
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*11*	**10,713,441**	10,210,689
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows	*11*	**10,713,441**	10,210,689

NOTES TO FINANCIAL STATEMENTS

31 December 2014

1. CORPORATE INFORMATION

The registered office of Weiqiao Textile Company Limited (the "Company") is located at No.34, Qidong Road, Weiqiao Town, Zouping County, Shandong Province, the People's Republic of China (the "PRC").

The Company and its subsidiaries (collectively, the "Group") are principally engaged in the manufacture and sale of cotton yarn, grey fabric and denim in the PRC and overseas.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Group are Shandong Weiqiao Chuangye Group Company Limited (the "Holding Company") and Shandong Weiqiao Investment Holdings Company Limited ("Weiqiao Investment"), both of which are limited liability companies established in the PRC.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention. Non-current assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs of disposal. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

The Group 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. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and a new interpretation for the first time for the current year's financial statements.

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)-Int 21	*Levies*
Amendments to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*
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

Other than explained below regarding the impact of HK(IFRIC)-Int 21 and amendments to HKFRS 13, the adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

(a) HK(IFRIC)-Int 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. The interpretation also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached. The interpretation has had no impact on the Group as the Group applied, in prior years, the recognition principles under HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* which for the levies incurred by the Group are consistent with the requirements of HK(IFRIC)-Int 21.

(b) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

3. OPERATING SEGMENT INFORMATION

The Group has only one operating segment, which is the manufacture and sale of cotton yarn, grey fabric and denim. An analysis by product for the years ended 31 December 2014 and 2013, is as follows:

	2014	2013
	RMB'000	*RMB'000*
Cotton yarn	**3,719,738**	5,095,886
Grey fabric	**6,306,286**	7,528,629
Denim	**1,185,122**	1,256,127
	11,211,146	13,880,642

Geographical information

The revenue information, based on the locations of the Group's customers, is as follows:

Revenue from external customers

	2014	2013
	RMB'000	*RMB'000*
Mainland China	**6,491,950**	7,401,069
Southeast Asia	**2,090,629**	1,027,457
Hong Kong	**1,247,574**	3,305,286
East Asia	**743,209**	1,068,374
Others	**637,784**	1,078,456
	11,211,146	13,880,642

All non-current assets of the Group are located in Mainland China.

Information about a major customer

No revenue from transactions with a single customer accounted for 10% or more of the Group's revenue.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of textile goods sold, after allowances for returns and trade discounts, and excludes sales taxes and intra-group transactions.

An analysis of revenue, other income and gains is as follows:

	2014	2013
	RMB'000	*RMB'000*
Revenue		
Sale of textile goods	**11,211,146**	13,880,642
Other income		
Bank interest income	**32,892**	29,721
Interest income from available-for-sale financial investments	**–**	17,705
Recognition of deferred income	**42,137**	39,326
Compensation from suppliers on the supply of sub-standard goods and services	**22,154**	50,046
Government subsidies	**890**	13,671
Gross rental income	**800**	–
Others	**14,219**	16,240
	113,092	166,709
Gains		
Sale of electricity and steam	**2,104,800**	2,263,939
Less: Cost thereon	**(1,348,127)**	(1,590,610)
Gains on sale of electricity and steam	**756,673**	673,329
Gain on disposal of items of property, plant and equipment and prepaid land lease payments	**30,936**	–
Gains on sale of waste and spare parts	**–**	23,677
Gain on a bargain purchase	**–**	1,635
	787,609	698,641
	900,701	865,350

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	**2014** **RMB'000**	2013 RMB'000
Cost of inventories sold		**10,463,045**	12,684,162
Employee benefit expense (excluding directors', chief executive's and supervisors' remuneration):			
Wages, salaries and other social insurance costs		**2,516,437**	2,471,449
Pension scheme contributions		**195,791**	166,506
		2,712,228	2,637,955
Depreciation		**1,329,649**	1,335,778
Amortisation of land lease payments		**4,571**	4,571
Amortisation of other intangible assets		**159**	159
Impairment of property, plant and equipment		**41,000**	22,711
Impairment of trade receivables		**17,429**	–
Changes in provision against inventories		**(9,013)**	(3,306)
(Gain)/loss on disposal of items of property, plant and equipment and prepaid land lease payments		**(30,936)**	4,245
Gain on a bargain purchase	*4*	**–**	(1,635)
Loss/(gain) on sale of waste and spare parts		**45,516**	(23,677)
Loss on derivative financial instruments – transactions not qualifying as hedges		**–**	2,052
Auditors' remuneration		**6,747**	6,789
Bank interest income	*4*	**(32,892)**	(29,721)
Interest income from available-for-sale financial investments	*4*	**–**	(17,705)
Recognition of deferred income		**(42,137)**	(39,326)
Compensation from suppliers on the supply of sub-standard goods and services	*4*	**(22,154)**	(50,046)
Government subsidies	*4*	**(890)**	(13,671)
Foreign exchange differences, net	*6*	**9,122**	11,853
Repairs and maintenance		**292,424**	312,222
Research and development costs included in:			
Wages and salaries		**36,400**	34,363
Consumables		**33,998**	25,564
		70,398	59,927
Minimum land and building lease payments under operating leases		**23,089**	22,826

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2014	2013
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**383,433**	513,836
Interest on corporate bonds	**245,173**	40,750
Foreign exchange differences, net	**9,122**	11,853
	637,728	566,439

No interest was capitalised in 2014 (2013: Nil).

7. INCOME TAX

Except for a subsidiary in Hong Kong which is subject to profits tax at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2014, all other entities within the Group are subject to corporate income tax at the statutory tax rate of 25% (2013: 25%).

	Group	
	2014	2013
	RMB'000	*RMB'000*
Current		
– Mainland China	**157,473**	238,914
– Hong Kong	**1,678**	5,719
Deferred	**(19,237)**	50,224
Total tax charge for the year	**139,914**	294,857

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	Group			
	2014		2013	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**446,927**		921,775	
Tax at PRC jurisdiction statutory tax rate	**111,732**	**25.0**	230,444	25.0
Effect of the different income tax rate for a Hong Kong subsidiary	**(71)**	**–**	(2,946)	(0.3)
Profit attributable to an associate	**(2,335)**	**(0.5)**	(1,069)	(0.1)
Expenses not deductible for tax	**13,739**	**3.1**	6,698	0.7
Tax losses not recognised	**15,309**	**3.4**	17,972	2.0
Adjustments in respect of current tax of previous periods	**1,540**	**0.3**	–	–
Derecognition of deferred tax assets recognised in previous years	**–**	**–**	43,718	4.7
Others	**–**	**–**	40	–
Tax charge at the Group's effective rate	**139,914**	**31.3**	294,857	32.0

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

8. DIVIDENDS

	2014	2013
	RMB'000	*RMB'000*
Proposed final – RMB0.0773 (2013: RMB0.1658) per share	**92,326**	198,030

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. In accordance with the articles of association of the Company, the net profit of the Company for the purpose of profit distribution will be deemed to be the lesser of (i) the net profit determined in accordance with China Accounting Standards for Business Enterprises; and (ii) the net profit determined in accordance with HKFRSs.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of RMB308,243,000 (2013: RMB628,807,000), and the weighted average number of ordinary shares of 1,194,389,000 (2013: 1,194,389,000)in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during those years.

10. TRADE RECEIVABLES

	Group	
	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**298,279**	548,818
Impairment	**(19,019)**	(1,590)
	279,260	547,228

The Group normally allows a credit period of not more than 45 days to its customers, although an extension of the credit period is not uncommon for customers who have a long term relationship with the Group. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of this and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	Group	
	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**270,327**	528,417
3 to 6 months	**3,317**	16,522
6 months to 1 year	**385**	107
Over 1 year	**5,231**	2,182
	279,260	547,228

11. CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

	Group	
	2014	2013
	RMB'000	*RMB'000*
Cash and bank balances	**10,713,441**	10,210,689
Time deposits	**81,342**	141,963
	10,794,783	10,352,652
Less: Pledged time deposits against:		
– Letters of credit	**(78,729)**	(141,963)
– Letters of guarantee	**(2,613)**	–
Cash and cash equivalents	**10,713,441**	10,210,689

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in Renminbi amounted to RMB10,622 million (2013: RMB9,981 million). Renminbi is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between three months to twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

12. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the date of transferring the significant risks and rewards of ownership of raw materials and items of property, plant and equipment to the Group, is as follows:

	Group	
	2014	2013
	RMB'000	*RMB'000*
Within 3 months	**1,106,613**	1,653,926
3 to 6 months	**47,206**	183,623
6 months to 1 year	**5,307**	19,122
Over 1 year	**70,003**	193,132
	1,229,129	2,049,803

The trade payables are non-interest-bearing and most of the balances are repayable within six months.

13. RELATED PARTY TRANSACTIONS

The Group is part of a larger group of companies under Weiqiao Investment and has extensive transactions and relationships with the members of Weiqiao Investment. As such, it is possible that the terms of these transactions are not the same as those of the transactions among unrelated parties. The transactions were made on terms agreed between the parties, by reference to the prices and conditions offered to their major customers.

The Group had the following transactions with related parties during the year:

(a) Transactions with related parties

	Group	
	2014	2013
	RMB'000	*RMB'000*
The immediate holding company:		
Sales of textile products	**159,039**	129,381
Sales of electricity	**1,748,676**	1,872,240
Rental income on investment properties	**800**	–
Expenses on land use rights and property leasing	**21,129**	21,129
Sales of textile products to fellow subsidiaries	**786,708**	756,506

(b) Outstanding balances with related parties

	Due from related parties		**Due to related parties**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The Holding Company	**24,613**	12,203	**–**	–
Fellow subsidiaries	**–**	–	**4,881**	5,686

The balances with the immediate holding company and other related parties are unsecured, interest-free and usually have a repayment term of one month.

(c) Commitments with related parties

At the end of the reporting period, in addition to the lease agreements, the Group entered into sales agreements with certain fellow subsidiaries with commitments amounting to RMB9,417,000 (31 December 2013: RMB28,735,000), which are expected to be fulfilled in 2015.

(d) Compensation of key management personnel of the Group

	2014	2013
	RMB'000	*RMB'000*
Short term employee benefits	**4,123**	3,949
Post-employment benefits	**80**	63
Total compensation paid to key management personnel	**4,203**	4,012

The related party transactions mentioned above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors of the Company on 20 March 2015.

CHAIRMAN'S STATEMENT

It is my pleasure to present on behalf of the Board the consolidated audited results of the Group for the year ended 31 December 2014.

In 2014, the global economy continued to recover at a moderate pace, with clear divergence in economic performance, while concurrently, China's economy entered into a "new normal" development phase. Development of the textile industry was generally stable during the year, with a decline in growth rate as compared to 2013, showing a trend of overall steady but slow development.

Export of China' textile products and the apparel industry in 2014 was affected by the slow recovery in overseas market demand, resulting in a slowdown in growth rate. According to the General Administration of Customs of the PRC, China's total export of textile products and apparel was approximately US$298.5 billion in 2014, representing an increase of approximately 5.1% year-on-year which was approximately 6.3 percentage points lower than the same period last year. Export of textile products increased by approximately 4.9% year-on-year to approximately US$112.2 billion, and export of apparel increased by approximately 5.2% year-on-year to approximately US$186.3 billion.

In terms of domestic demand, against the backdrop of a slowdown in economic and consumption growth and implementation of industry structural adjustment, the industry showed an overall sluggish performance. According to statistics released by the National Bureau of Statistics of China, retail sales of apparel, footwear, headwear and knitwear for 2014 by enterprises above a designated size in China with annual revenue of over RMB20 million amounted to approximately RMB1,256.3 billion, representing a year-on-year increase of approximately 10.9%. This growth was approximately 0.7 percentage point slower than the same period last year and also fell behind the growth of approximately 12.0% in the retail sales of consumer goods. End-user consumption was relatively weak.

During the Year under Review, the greatest change faced by the Chinese textile industry was the changes in cotton policy implemented by the PRC government. With the termination of the cotton temporary reserve policy which had been in force for three years and the implementation of the direct subsidy policy in Xinjiang, which is the main cotton production base in China, by the PRC government in September 2014, the domestic cotton price began to drop significantly. Due to the wait-and-see approach adopted by downstream enterprises, Chinese textile enterprises faced downward pressure in the selling prices of their products. The operating results of textile enterprises were affected to some degree in the short term. However, the implementation of the direct subsidy policy will gradually bring the domestic cotton price in line with the market, narrowing the gap between the domestic and overseas cotton prices, which will improve the competitiveness of Chinese textile enterprises internationally in the medium and long run.

As stated above, during the Year, affected by factors such as the adjustment to the cotton policy, the drastic decrease in cotton price and the wait-and-see approach adopted by downstream customers, the sales volume of the Group's textile products decreased as compared with the same period last year with a decline in selling prices, resulting in a year-on-year decrease in the revenue and net profit of the Group. The Group recorded revenue of approximately RMB11,211 million, representing a decrease of approximately 19.2% as compared with the corresponding period of 2013. Net profit attributable to owners of the parent was approximately RMB308 million, representing a decrease of approximately 51.0% as compared with the corresponding period of 2013. Earnings per share were RMB0.26. The gross profit margin of the Group was 6.6%, representing a decrease of approximately 2.1 percentage points as compared with the corresponding period of last year.

Looking ahead into 2015, the continuous recovery of the global economy will bring some improvement to the export of China's textile products and apparel, while the domestic apparel industry will experience a general slowdown in growth in line with the "new normal" phase. However, as a necessity goods, the "rigid demand" for textile products from consumers remains robust. Meanwhile, given the increasing consumer preference towards comfortable and tailored textile products as a result of improving living standards, demand for middle to high-end and functional textile products will be increased.

We believe that a number of favorable factors will emerge for the Chinese textile industry in 2015. As the implementation of the direct subsidy policy gradually brings the cotton price in line with the market, the gap between the domestic and overseas cotton prices will get narrower, which will improve the international competitive strength of Chinese textile enterprises. With the effect of low cotton price starting to show positive results, the needs of the downstream apparel enterprises for additional raw materials to replenish inventory will drive recovery growth of the industrial chain, especially in end-user demand. In order to facilitate the development of the textile and apparel industry, the government has launched more favorable policies, including the increase of export rebate rates for some textile products and apparel by one percentage point to 17.0% with effect from 1 January 2015 and a phase-by-phase resolution to the problem of inconsistency between the input tax deduction rate and the output tax levy rate for value added tax ("VAT") faced by the textile enterprises. In terms of macro-economic measures, the reserve requirement ratio ("RRR") and interest rates cuts by the People's Bank of China ("Central Bank") since the beginning of 2015 will help to reduce financial costs for the relevant enterprises, and the depreciation of RMB will also drive export of textile products and apparel.

As the industry leader, Weiqiao Textile will adhere to the self-improvement approach to implement its development plan, optimize its product portfolio towards middle to high-end products by increasing the share of middle to high-end products and developing new functional products for more diversified purposes, and improve its gross profit margin through product mix adjustment and industrial upgrades. The Group will make full use of scale economic according to demand of manufacturing orders. The Group will further reduce labor usage (measured by workers needed per ten thousand spindles), so as to increase labor efficiency per capita and reduce labor costs. Meanwhile, the new thermal power assets will effectively reduce production costs. We will also make better use of cash held, so as to increase investment return. Furthermore, the Group will maintain high standards in fulfilling our social responsibilities on energy conservation and environmental protection. Environmental standards of production will be further elevated in the interests of shareholders as a whole, laying a solid foundation for the sustainable development of the Group in the long run.

On behalf of the management of Weiqiao Textile, I would like to express my gratitude to our shareholders for their unwavering support of the Group. It is your trust and support, together with the efforts of our staff that enable the Group to face challenges with confidence and seize opportunities whenever they arise. I would like to take this opportunity to express my heartfelt thanks to our shareholders, investors and business partners for their trust and support. I would also like to thank the members of the Board, the management team and our employees, for their dedication and hard work for the Group. I believe that the textile industry will embrace a brighter future. Weiqiao Textile is confident that its advantages in technology, cost, scale and customer base will provide a strong footing for further enhancing its competitive edge in domestic and international markets and securing its industry-leading position to maximise the return to shareholders.

Zhang Hongxia
Chairman

Shandong, the People's Republic of China
20 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In 2014, due to generally sluggish market demand, the Chinese textile industry experienced a slowdown in growth rate and entered into a new normal development phase.

In 2014, the domestic retail market was muted with sluggish end-user demand. According to the statistics released by the National Commercial Information Center of China, the retail sales by the top 100 major retail enterprises in China in 2014 grew only by 0.4% year-on-year, representing a decrease of 8.5 percentage points in growth rate from the corresponding period of last year. In terms of category of products, the retail sales of apparels in the Year grew by 1.0% year-on-year, representing a decrease of 4.0 percentage points in growth rate from the corresponding period of last year, while the retail sales volume decreased by 0.3% year-on-year, representing a decrease of 3.7 percentage points in growth rate from the corresponding period of last year.

According to the statistics released by the General Administration of Customs of the PRC, export of PRC textile products and apparel industry in 2014 amounted to approximately US$298.5 billion, up by approximately 5.1% as compared with last year. The growth rate decreased by approximately 6.3 percentage points from approximately 11.4% for the corresponding period of 2013. During the Year, the country's exports of textile and apparel products to the following countries and regions were summarized as follows:

– United States: approximately US$44.7 billion, representing an increase of approximately 7.5% from the corresponding period of last year, while the growth rate increased by approximately 0.5 percentage point.

– Japan: approximately US$24.5 billion, representing a decrease of approximately 9.1%.

– Hong Kong: approximately US$16.5 billion, representing a decrease of approximately 15.7%.

– European Union: approximately US$58.7 billion, representing an increase of approximately 13.6%, while the growth rate increased by approximately 4.3 percentage points from the corresponding period of last year.

– Emerging markets including the Association of Southeast Asian Nations, the Middle East and Africa: increased by approximately 5.5%, 2.2% and 16.9% respectively.

In terms of raw materials, in 2014, the implementation of the direct subsidy policy in China with a target price led to the dramatic decline of domestic cotton price, as it closed the year at RMB13,605 per ton. Compared with the peak price in 2014, the cotton price dropped by RMB5,929 per ton for the whole year, representing a decrease of approximately 30.4%. According to the Cotton A Index, the average price for cotton in China during the Year was approximately RMB17,828 per ton, representing a decrease of approximately 11.6% year-on-year. The average global market price for cotton, according to the Cotlook A Index, was approximately 83.08 US cents per pound, representing a decrease of approximately 8.1% year-on-year. The price gap between domestic and overseas cotton has narrowed for the whole year, which enabled Chinese textile enterprises to slightly regain their international competitiveness.

BUSINESS REVIEW

During the Year under Review, Chinese textile enterprises faced a number of challenges, mainly, persistent decline in cotton price, rising labor costs, shrinking downstream demand and declining sales price of products. China's textile industry has slowed from high growth into medium-to-low growth, and entered into a new stage of deepening structural adjustment and accelerated transformation and upgrades. Facing the market changes and challenges, Weiqiao Textile strived to control its production costs at a reasonable level by leveraging on its competitive advantages including global cotton procurement and self-generated electricity and steam supplies, while maintaining stable production operations by implementing a flexible sales and pricing strategy. Meanwhile, the Company leveraged on its advantages in scale and research and development, made full utilization of its advanced production facilities and accelerated the upgrade and refinement of its product portfolio as it continued to increase the proportion of middle to high-end products.

For the year ended 31 December 2014, the Group had four production bases, all of which are located in Shandong Province of China, namely:

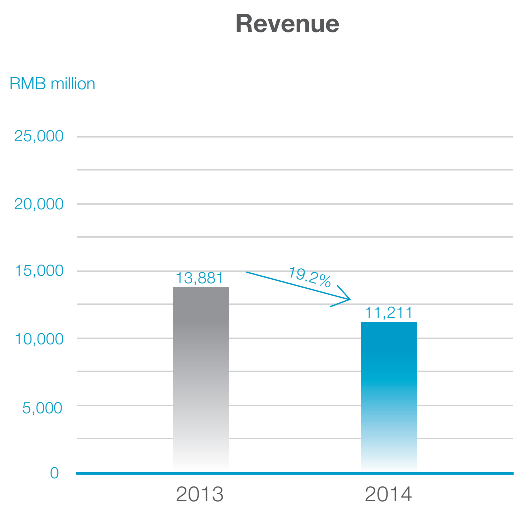
1. Weiqiao Production Base (currently has two production areas);

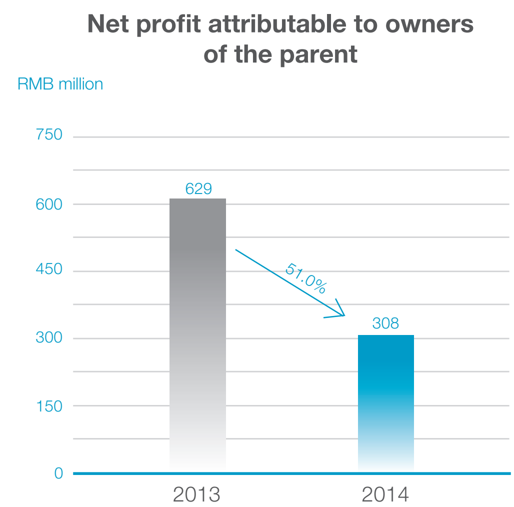
2. Binzhou Production Base (the First Production Area and the Second Production Area of Binzhou Weiqiao Technology Industrial Park Company Limited ("Binzhou Industrial Park"));

3. Weihai Production Base (Weihai Weiqiao Textile Company Limited ("Weihai Weiqiao") and Weihai Weiqiao Technology Industrial Park Company Limited ("Weiwei Industrial Park")); and

4. Zouping Production Base (the First Industrial Park of Zouping, the Second Industrial Park of Zouping and the Third Industrial Park of Zouping).

For the years ended 31 December 2014 and 2013, the revenue of the Group and net profit attributable to owners of the parent were as follows:



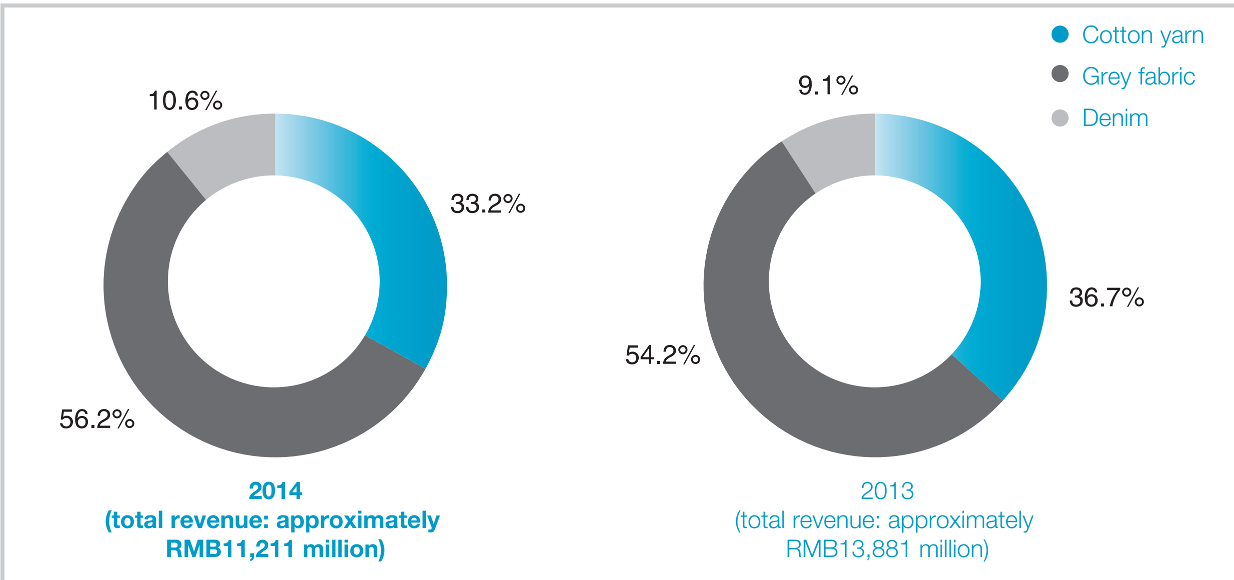


For the year ended 31 December 2014, the Group recorded revenue of approximately RMB11,211 million, representing a decrease of approximately 19.2% as compared with last year. This decrease was mainly attributable to the decrease in sales volume of the three main textile products of the Group during the Year as compared with the corresponding period of last year due to declining cotton price, the wait-and-see approach adopted by downstream customers and the sluggish market demand for textile products and the decrease in selling prices.

For the year ended 31 December 2014, net profit attributable to owners of the parent amounted to approximately RMB308 million, representing a decrease of approximately 51.0% over last year. The decrease was mainly attributable to the decrease in gross profit as a result of a decrease in both sales volume and selling prices of the textile products of the Group due to reduced market demand caused by declining cotton price during the Year.

The charts below are the proportion of revenue by product for the years ended 31 December 2014 and 2013:

Proportion of revenue by product

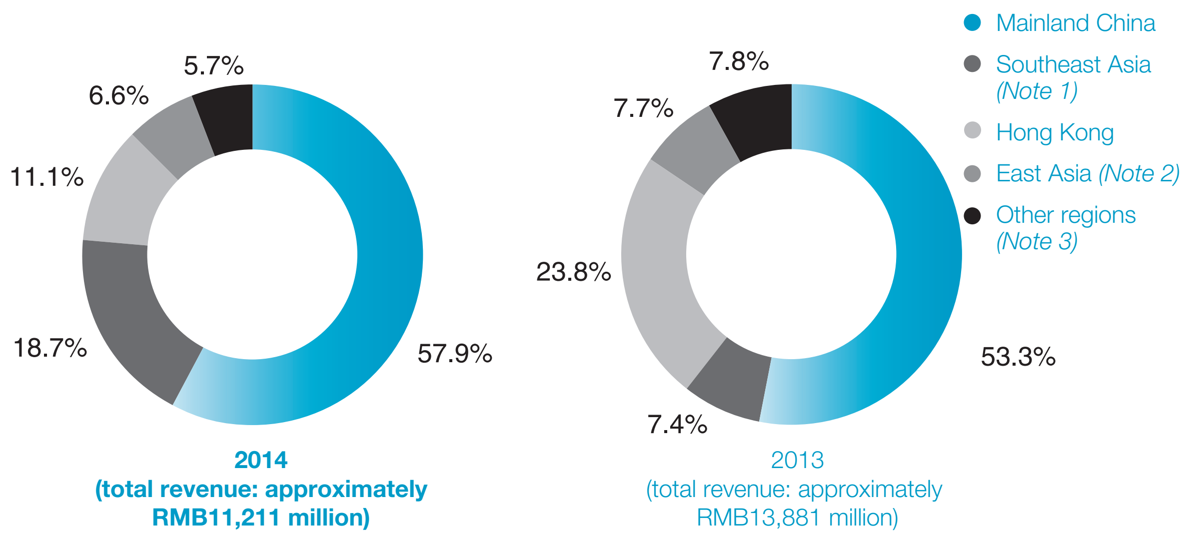


For the year ended 31 December 2014, the proportion of revenue contributed by the Group's cotton yarn decreased, while the proportion of revenue contributed by grey fabric increased, mainly due to the Group's aggressive efforts in product mix adjustment and the flexible sales strategy, which led to only a slight decrease in grey fabric revenue. The increase in the proportion of revenue contributed by denim was mainly due to our market demand-oriented approach, as the Group's enhanced efforts in sales of middle to high-end denim allowed the sales volume of denim to remain relatively stable.

During the Year, the slow recovery of the global economy, the declining cotton price due to the adjustment of cotton policy in China and the wait-and-see approach adopted by the downstream market resulted in reduced demand in both domestic and overseas markets. In response to the changing market conditions, the Group adjusted its production plan in a timely manner, leading to a decrease in the production volume of cotton yarn and grey fabric as compared with the corresponding period of last year. The Group's production volume of cotton yarn and grey fabric were approximately 394,000 tonnes and 978,000,000 meters, representing a decrease of approximately 19.3% and 4.2% as compared with the corresponding period of last year respectively. The production volume of denim was approximately 76,000,000 meters, representing an increase of approximately 4.1% as compared with the corresponding period of last year, mainly due to the increased production volume of middle to high-end denim based on market demands.

The following charts show the breakdown of the Group's revenue in terms of geographical location for the years ended 31 December 2014 and 2013:

Proportion of revenue by geographical location



Note 1: *Southeast Asia includes Vietnam, Thailand, Malaysia, Indonesia, the Philippines and Burma.*

Note 2: *East Asia includes Japan and South Korea.*

Note 3: *Other regions include the US, Europe, Taiwan and Africa.*

For the year ended 31 December 2014, under the circumstances of a slow recovery in the global economy and sluggish market demand both domestically and abroad, the Group took initiatives in adjusting product mix and expanding to both domestic and overseas markets, creating a relative stable geographical mix. During the Year, the proportion of the Group's overseas revenue was approximately 42.1%, while the proportion of domestic revenue was approximately 57.9%.

FINANCIAL REVIEW

Revenue, gross profit and gross profit margin

The table below is an analysis of the Group's revenue, gross profit and gross profit margin attributable to its major products for the years ended 31 December 2014 and 2013:

	For the year ended 31 December					
	2014			2013		
Product	**Revenue**	**Gross profit**	**Gross profit margin**	Revenue	Gross profit	Gross profit margin
	RMB'000	*RMB'000*	*%*	*RMB'000*	*RMB'000*	*%*
Cotton yarn	**3,719,738**	**86,084**	**2.3**	5,095,886	485,160	9.5
Grey fabric	**6,306,286**	**378,869**	**6.0**	7,528,629	552,499	7.3
Denim	**1,185,122**	**277,866**	**23.4**	1,256,127	167,971	13.4
Total	**11,211,146**	**742,819**	**6.6**	13,880,642	1,205,630	8.7

For the year ended 31 December 2014, the gross profit of the Group decreased by approximately 38.4% compared with the corresponding period of last year to approximately RMB743 million, and the gross profit margin of the Group was approximately 6.6%, representing a decrease of approximately 2.1 percentage points over the corresponding period of last year. This was mainly attributable to the slow recovery of the global economy, the declining cotton price and the rich wait-and-see atmosphere in downstream textile manufacturing enterprises, alongside reduced demand and intensified competition in the textile market domestically and abroad, resulting in a decrease in sales volume and selling prices of the textile products of the Group.

OTHER INCOME AND GAINS

For the year ended 31 December 2014, other income and gains of the Group were approximately RMB901 million, representing an increase of approximately 4.2% from approximately RMB865 million for the corresponding period of last year. Such increase was mainly attributable to the increase in gains from the sales of electricity and steam as a result of reduced costs for electricity generation due to a decrease in coal price during the Year.

For the year ended 31 December 2014, the Group's sales of electricity and steam amounted to approximately RMB2,105 million, representing a decrease of approximately 7.0% as compared with approximately RMB2,264 million for the corresponding period of last year with a gain of approximately RMB757 million, representing an increase of approximately 12.5% as compared to approximately RMB673 million for the corresponding period of last year. The decrease in sales of electricity and steam as compared with the corresponding period of last year was mainly attributable to the decrease in external sales volume and sales amount as a result of decrease in electricity generation due to facility maintenance as well as upgrade of environmental protection equipment during the Year. The increase in gains generated from the sale of electricity and steam was mainly due to the decreased coal price during the Year that reduced the unit power generation cost.

SELLING AND DISTRIBUTION EXPENSES

For the year ended 31 December 2014, the Group's selling and distribution expenses dropped by approximately 22.1% to approximately RMB159 million from approximately RMB204 million for the corresponding period of last year. Among those expenses, transportation costs decreased by approximately 23.4% to approximately RMB95 million from approximately RMB124 million in 2013, which was mainly due to the decrease in the fees for transportation resulting from a decrease of the sales volume of the products of the Group during the Year. Salary of the sales staff was approximately RMB24 million, representing a decrease of approximately 17.2% as compared with approximately RMB29 million of last year. It was the decrease in revenue of the Group during the Year that led to a corresponding decrease in the salary of such sales staff. Sales commission was approximately RMB11 million, representing a decrease of approximately 35.3% as compared with approximately RMB17 million for the corresponding period of last year, which was primarily due to the decrease of overseas revenue, leading to a decline in commission payouts.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2014, the administrative expenses of the Group were approximately RMB298 million, representing an increase of approximately 4.9% from approximately RMB284 million for the corresponding period of last year. Such increase was primarily due to the Group's inclusion of depreciation costs incurred by idle properties in the administrative expenses according to accounting standards, and an increase in salary of the administrative staff during the Year.

FINANCE COSTS

For the year ended 31 December 2014, finance costs of the Group were approximately RMB638 million, representing an increase of approximately 12.7% as compared with approximately RMB566 million of last year, among which, the interest expenses amounted to approximately RMB629 million, representing an increase of approximately 13.3% as compared with approximately RMB555 million for the corresponding period of last year, which was mainly attributable to the increase in the amount of the Group's average borrowings and a rising interest rate.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, cash and cash equivalents of the Group were approximately RMB10,713 million, representing an increase of approximately 4.9% as compared with approximately RMB10,211 million as at 31 December 2013. It was mainly due to the decrease in inventory of the Group during the Year, which resulted in a corresponding increase in cash and cash equivalents.

The working capital of the Group is mainly financed by cash inflow from operating activities. For the year ended 31 December 2014, the Group recorded a net cash inflow from operating activities of approximately RMB1,998 million, a net cash outflow from investing activities of approximately RMB645 million and a net cash outflow from financing activities of approximately RMB843 million. As at the end of the Year, cash and cash equivalents increased by approximately RMB503 million. The Group will take effective measures to ensure adequate liquidity and financial resources to satisfy its business needs, and will continue to maintain a sound financial position.

For the year ended 31 December 2014, the inventory turnover days of the Group were 190 days, which was basically the same as the corresponding period of last year. The average turnover days of the Group's receivables were 9 days, representing a decrease of 5 days as compared with that of the corresponding period of last year, mainly attributable to the decrease in settlement by letters of credit due to the decrease in proportion of export sales during the Year.

For the year ended 31 December 2014, the Group did not use financial instruments. For the corresponding period of last year, the Group used financial instruments, specifically forward currency contract, to minimize its exposure to fluctuations of exchange rates, which was settled in May 2013.

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT AND EARNINGS PER SHARE

For the year ended 31 December 2014, net profit attributable to owners of the parent was approximately RMB308 million, representing a decrease of approximately 51.0% from approximately RMB629 million for the corresponding period of last year.

For the year ended 31 December 2014, earnings per share of the Company were RMB0.26.

CAPITAL STRUCTURE

The major objective of the Group's capital management is to ensure ongoing operations and maintain a satisfactory capital ratio in order to support its business and maximize shareholders' interests. The Group continued to maintain an appropriate mix of equity and debt to ensure an efficient capital structure to reduce capital costs. As at 31 December 2014, the debts of the Group were mainly bank borrowings totaling approximately RMB3,841 million and corporate bonds amounting to approximately RMB5,953 million. The Group had cash and cash equivalents of approximately RMB10,713 million. The gearing ratio (net debt (interest-bearing bank and other borrowings after deducting cash and cash equivalents) divided by total equity) was approximately -5.7% (2013: approximately 1.3%).

The Group maintained a balanced portfolio of borrowings at fixed interest rates and floating rates to manage interest expenses. As at 31 December 2014, approximately 54.6% of the Group's bank borrowings were subject to fixed interest rates, while the remaining of approximately 45.4% was subject to floating interest rates.

The Group aimed to maintain a balance between the continuity and flexibility of funds through financial instruments such as bank borrowings and corporate bonds. At any time, the borrowings due within the upcoming 12-month period will not exceed 50.0% of the total borrowings. As at 31 December 2014, approximately 25.2% of the Group's borrowings will mature within one year.

As at 31 December 2014, the Group's bank borrowings were denominated in RMB and US dollars, of which bank borrowings in US dollars represented approximately 8.8% of the total bank borrowings, while cash and cash equivalents were mainly denominated in RMB and US dollars, of which cash and cash equivalents denominated in US dollars represented approximately 1.6% of the total amount.

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2014, the Group had a total of approximately 74,000 employees, representing a decrease of approximately 10,000 employees as compared with that of last year. Such decrease in the number of staff was mainly attributable to the decrease in staff reserves due to the decrease in production volume as the Group adjusted its production plan based on market demand, and also the reduced unit labor intensity by optimizing production operation. Total staff costs amounted to approximately RMB2,716 million during the Year, representing an increase of approximately 2.8% over approximately RMB2,642 million as recorded for the corresponding period of last year. Employee remuneration is determined based on their performance, experience and the prevailing industry practice. The Group's remuneration policies and packages were also reviewed periodically by the management of the Group. In addition, bonuses and rewards were granted to staff based on their performance appraisal to encourage and drive staff to strive for better performance. During the Year, the Group provided appropriate training to its staff according to the skills requirements for their respective positions, such as training sessions on safety and skills.

EXPOSURE TO FOREIGN EXCHANGE RISKS

The Group adopts a strict and prudent policy in managing its exchange rate risks. Export sales and import purchases of the Group are settled in US dollars, and a portion of bank deposits and bank borrowings are denominated in US dollars. For the year ended 31 December 2014, approximately 42.1% of the Group's revenue and approximately 39.1% of the costs of purchase of cotton were denominated in US dollars, thus the Group was exposed to foreign exchange risks. For the year ended 31 December 2014, the Group recorded exchange loss of approximately RMB9 million due to the depreciation of RMB. During the Year, the Group did not experience any significant difficulties in its operations or liquidity as a result of fluctuations in currency exchange rates. The Board believes that the Group has sufficient foreign currency to meet its requirements.

CONTINGENT LIABILITIES

As at 31 December 2014, the Group did not have any contingent liabilities.

TAXATION

For the year ended 31 December 2014, the tax of the Group decreased from approximately RMB295 million in 2013 to approximately RMB140 million in 2014, representing a decrease of approximately 52.5%. Such decrease in tax was mainly attributable to the decrease in the Group's profit before tax during the Year.

CORPORATE BONDS

On 26 July 2013, the Company received the "Approval for the Public Issue of Corporate Bonds by Weiqiao Textile Company Limited (Zheng Jian Xu Ke [2013] No. 997)" (證監許可[2013] 997號《關於核准魏橋紡織股份有限公司公開發行公司債券的批覆》) from the China Securities Regulatory Commission approving the Company to issue its corporate bonds in the PRC with an aggregate nominal value of no more than RMB6 billion. On 25 October 2013, the Company completed the issuance of domestic corporate bonds (first tranche) with nominal value of RMB3 billion and nominal interest rate of 7.0%. On 11 November 2014, the Company completed the issuance of domestic corporate bonds (second tranche) with nominal vale of RMB3 billion and nominal interest rate of 5.5%. For details, please refer to the announcements of the Company dated 26 July 2013, 28 October 2013 and 12 November 2014, respectively.

THERMAL POWER ASSETS SWAP

On 21 October 2014, the Company entered into a thermal power assets swap agreement with the Holding Company, pursuant to which the Company purchased thermal power assets with an installed power generation capacity of 1,320MW owned by the No.7 Thermal Power Plant of the Holding Company at a total consideration of approximately RMB4,368,062,200. Part of the aforementioned consideration was satisfied by transferring to the Holding Company the assets of Weiqiao Town No.2 Thermal Power Plant, Weiqiao Town No.3 Thermal Power Plant, Zouping No.1 Thermal Power Plant and Zouping No.2 Thermal Power Plant with an aggregate installed capacity of 1,290MW at a price of RMB3,836,369,200, while the balance of the consideration in an amount of RMB531,693,000 were paid in cash within five business days upon the completion of the thermal power assets swap agreement. The recorded prices in the aforementioned agreement were based on the fair values of the related assets on 31 August 2014. The swap agreement was approved by the shareholders of the Company on 24 December 2014, and the total consideration has been settled during the year. For details, please refer to the announcement and the circular of the Company dated 21 October 2014 and 24 November 2014 respectively.

OUTLOOK

Looking ahead, the global economy will continue on a recovery path and the global textile market may continue to achieve slight growth in 2015. The stimulus policies implemented by the PRC government will start to show effects in the second half of 2015, which will drive improvement of consumption demand.

The exchange rate of RMB against the US Dollar has kept falling since the end of 2014, which will benefit the exports of Chinese textile enterprises. The increase of the export rebate rate for some textile products by one percentage point to 17.0% since the beginning of 2015 and the phase-by-phase resolution to the problem of inconsistency between the input tax deduction rate and the output tax levy rate for VAT faced by textile enterprises will reduce their tax costs. The RRR cuts and interest rates cuts by the Central Bank will release more liquidity and help to reduce the finance costs of enterprises. More importantly, as the market-oriented pricing policy begins to show effects after the implementation of the direct subsidy policy, the gap between the domestic and overseas cotton prices will get narrower, which will improve the competitiveness of Chinese textile enterprises internationally.

We are facing both opportunities and challenges. The cotton price is still subject to great uncertainties in short term. Meanwhile, the general slowdown in the PRC economy will lead to sluggish retail sales and end-user demand, resulting in uncertainty in downstream demand.

Adhering to the principle of making aggressive progress to keep abreast of the times, Weiqiao Textile continues to implement established development strategies including technology advancement, brand building, ecological civilization and talent cultivation. To this end, Weiqiao Textile will continue to adjust its product mix according to clients' need, gradually increase the share of middle to high-end products, and improve the gross profit margin of products by developing diversified and functional products. The Group will source cotton globally and improve cost controls in-line with changes in the market for raw textile materials. The Group will also strive to reduce costs and improve efficiency by leveraging on new technology, advanced concepts and scientific management model. While focusing on reducing the gearing ratio, financial costs and solvency risk, Weiqiao Textile will further enhance its ability to manage risks. The Group will make better use of its cash held in 2015, with an aim to create higher value. In addition, the thermal power assets acquired through swap agreement in 2014 will effectively reduce our production costs, and also reduce energy consumption during the production process to better protect the local environment.

By leveraging on its positive brand image, extensive operational experience and solid financial position, the Group is confident that it can improve its core competitiveness, seize strategic opportunities arising from changes in the industry, and maintain and reinforce its position as the preferred supplier for international cotton textile buyers both in China and across the globe.

SUPPLEMENTAL INFORMATION

Substantial Shareholders

As at 31 December 2014, so far as known to any directors, supervisors and chief executives of the Company, the following persons (other than a director, supervisor or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO") or, who were, directly or indirectly, interested in 10% or above of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group or had any option in respect of such capital:

Interests in the domestic shares of the Company ("Domestic Shares"):

Name of Shareholder	**Number of Domestic Shares** *(Note 1)*	**Approximate percentage of total issued domestic share capital as at 31 December 2014** *(%)*	**Approximate percentage of total issued share capital as at 31 December 2014** *(%)*
Holding Company	757,869,600	97.06	63.45
Shandong Weiqiao Investment Holdings Company Limited (the "Weiqiao Investment")	757,869,600 *(Note 2)*	97.06	63.45

Interests in the H Shares of the Company:

Name of Shareholder	Type of interest	Number of H Shares *(Note 3)*	Approximate percentage of total issued H share capital as at 31 December 2014 *(%)*	Approximate percentage of total issued share capital as at 31 December 2014 *(%)*
Brandes Investment Partners, L.P.	Investment manager	95,010,612 (Long position) *(Note 4)*	22.97	7.95
Mellon Financial Corporation	Interest of a controlled corporation	41,073,100 (Long position) *(Note 5)*	9.93	3.44
Citigroup Inc.	Interest of corporation controlled by the substantial shareholder	35,313,514 (Long position)	8.53	2.96
		10,392,918 (Short position)	2.51	0.87
	Custodian corporation/ approved lending agent	19,139,586 (Lending pool) *(Note 6)*	4.62	1.60

Note 1: Unlisted shares.

Note 2: Weiqiao Investment holds 39% equity interests in Holding Company.

Note 3: Shares listed on the Main Board of the Stock Exchange.

Note 4: These 95,010,612 H Shares were held by Brandes Investment Partners, L.P. in its capacity as investment manager.

Note 5: These 41,073,100 H Shares in which Mellon Financial Corporation was deemed interested under the SFO were directly held by The Boston Company Asset Management LLC, a corporation wholly controlled by MAM (MA) Trust, which is indirectly and wholly controlled by MAM (DE) Trust. MAM (DE) Trust is wholly controlled by Mellon Financial Corporation.

Note 6: These 35,313,514 H Shares (long position) and 10,392,918 shares (short position) in which Citigroup Inc. was deemed interested as the interest of corporation controlled by a substantial shareholder under the SFO were directly or indirectly held by its several subsidiaries or related companies. These 19,139,586 H Shares were held by Citigroup Inc. in its capacity as custodian corporation/ approved lending agent.

Save as disclosed above, so far as known to the directors, supervisors and the chief executives of the Company, as at 31 December 2014, there was no other person (not being a director, supervisor or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S INTERESTS IN SHARES

As at 31 December 2014, the interests of the directors, supervisors or chief executives of the Company in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) entered in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"), were as follows:

Long positions in the Domestic Shares of the Company:

	Type of interest	**Number of Domestic Shares** *(Note 1)*	**Approximate percentage of total issued domestic share capital as at 31 December 2014** *(%)*	**Approximate percentage of total issued share capital as at 31 December 2014** *(%)*
Zhang Hongxia *(Executive Director/ Chairman)*	Beneficial	17,700,400	2.27	1.48
Zhang Shiping *(Non-executive Director)*	Beneficial	5,200,000	0.67	0.44

Note 1: Unlisted shares

Long positions in the shares of the Company's associated corporations (within the meaning of Part XV of the SFO):

	Name of associated corporation	**Type of interest**	**Approximate percentage of total issued share capital as at 31 December 2014** *(%)*
Zhang Shiping *(Non-executive Director)*	Holding Company	Beneficial	31.59
Zhang Hongxia *(Executive Director)*	Holding Company	Beneficial and spouse *(Note 1)*	9.73 *(Note 1)*
Zhang Yanhong *(Executive Director)*	Holding Company	Beneficial	5.63
Zhao Suwen *(Executive Director)*	Holding Company	Beneficial	0.38
Zhao Suhua *(Non-executive Director)*	Holding Company	Spouse *(Note 2)*	4.93 *(Note 2)*

Note 1: These 112,000,000 shares of the Holding Company will be beneficially owned by Ms. Zhang Hongxia, who is deemed to be interested in the 43,676,000 shares directly held by her husband, Mr. Yang Congsen, under the SFO.

Note 2: Ms. Zhao Suhua is deemed to be interested in the 78,922,000 shares directly held by her husband, Mr. Wei Yingzhao, under the SFO.

Save as disclosed above, as at 31 December 2014, none of the directors, supervisors or chief executives of the Company and their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) entered in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

Final Dividends

The Directors recommended the payment of a final dividend of RMB0.0773 (inclusive of tax) per share (the "2014 Final Dividend"), payable to shareholders of the Company whose names appear on the register of members of the Company as at close of business on 19 June 2015 (Friday). The 2014 Final Dividend is subject to the approval at the coming annual general meeting of the Company. According to the relevant regulations in the PRC and as disclosed in the Company's prospectus, the Group's net profit after tax can only be distributed after making up prior years' cumulative losses, if any, and making allowance for the statutory surplus reserve, general reserve fund, employee's bonus, welfare fund and enterprise expansion fund.

According to the "Enterprise Income Tax Law of the People's Republic of China", which took effect on 1 January 2008, its implementation rules and the relevant interpretation by tax authorities in the PRC, when a company distributes the final dividends to non-resident enterprise shareholders and natural person shareholders whose names appear on the H-share register of a company, such company is required to withhold and pay on behalf of such shareholders an enterprise income tax at the rate of 10% in general (except as required otherwise by the laws, regulations and tax treaties regarding the tax revenue). Any shares registered in the name of a non-person shareholder, including Hong Kong Securities Clearing Company Nominees Limited, other nominee or trustee, or other organisation and group, are deemed as shares held by non-resident enterprise shareholders. As such, the dividends that he or she is entitled to are subject to the enterprise income tax.

The Company will strictly comply with the laws and the requirements of relevant government departments, and will withhold and pay the enterprise income tax on behalf of its shareholders whose names appear on the H-share register of the Company on the record date. The Company will take no responsibility and will reject any requests from shareholders whose identity cannot be confirmed within the specified time or cannot be confirmed at all or any disputes arising from the arrangement of withholding tax or paying tax. However, the Company may provide assistance to the extent of its ability.

For the distribution of dividends, dividends for holders of Domestic Shares will be distributed and paid in RMB, while dividends for H Shares will be declared in RMB but paid in Hong Kong dollars ("HK$") (conversion of RMB into HK$ shall be calculated on the average price of the medium prices of the conversion of RMB into HK$ announced by the People's Bank of China within five working days prior to and including 12 June 2015).

Closure of Register of Members

The Company's register of members will be closed from 29 April 2015 (Wednesday) to 28 May 2015 (Thursday) (both dates inclusive), during which no transfer of shares will be registered. In order to qualify for attending to, and voting in, the forthcoming annual general meeting, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 28 April 2015 (Tuesday).

The Company's register of members will be closed from 13 June 2015 (Saturday) to 19 June 2015 (Friday) (both dates inclusive), during which no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 12 June 2015 (Friday).

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company has redeemed, purchased or sold any of its own listed securities during the year ended 31 December 2014, nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year ended 31 December 2014.

Audit Committee

The Company has established an audit committee ("Audit Committee") in compliance with the Code of Best Practices for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee is composed of the three independent non-executive Directors. An Audit Committee meeting was held on 20 March 2015 to review the Group's annual report and financial statements.

Securities Transactions by Directors

On 26 August 2005, the Company adopted the securities transaction provisions pursuant to the Model Code as set out in Appendix 10 to the Listing Rules.

Having made specific enquiry of all directors, the directors have confirmed that for the year ended 31 December 2014, they have complied with the required standards set out in the Model Code and the Company's Code of Conduct regarding Securities Transactions by the Directors.

Code on Corporate Governance

The Company has applied the principles of the Code of Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules. The Company has been in compliance with all the mandatory code provisions for the year ended 31 December 2014.

Publication of Annual Results and Annual Report on Website

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.wqfz.com. The annual report for the Year will be despatched to shareholders on or before 13 April 2015 and will be available on the Company's website and the website of the Stock Exchange at the same time.

By Order of the Board
Weiqiao Textile Company Limited
Zhang Hongxia
Chairman

Hong Kong, the People's Republic of China
20 March 2015

As at the date of this announcement, the Board comprises nine directors, namely Ms. Zhang Hongxia, Ms. Zhao Suwen, Ms. Zhang Yanhong and Mr. Zhang Jinglei as executive directors, Mr. Zhang Shiping and Ms. Zhao Suhua as non-executive directors and Mr. Wang Naixin, Mr. Chen Shuwen and Mr. George Chan Wing Yau as independent non-executive directors.

* *The Company is registered in Hong Kong as a non-Hong Kong company under the English name "Weiqiao Textile Company Limited" and the Chinese name of the Company under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).*