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 2013

Annual results for the year ended 31 December 2013	
Compared to 2012 financial results:	
Revenue	approximately RMB13,881 million, a decrease of approximately 9.0%
Gross profit	approximately RMB1,206 million, an increase of approximately 16.3%
Net profit attributable to owners of the parent	approximately RMB629 million, an increase of approximately 30.5%
Earnings per share	RMB0.53, an increase of approximately 32.5%
Proposed final dividend per share	RMB0.1658 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 2013 (the "**Year**" or "**Year under Review**"). During the Year under Review, the revenue of the Group was approximately RMB13,881 million, representing a decrease of approximately 9.0% over the corresponding period of last year. Net profit attributable to owners of the parent amounted to approximately RMB629 million, with an increase of approximately 30.5% as compared with the year ended 31 December 2012.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
REVENUE	4	**13,880,642**	15,247,956
Cost of sales		**(12,675,012)**	(14,210,749)
Gross profit		**1,205,630**	1,037,207
Other income and gains	4	**865,350**	794,410
Selling and distribution expenses		**(204,199)**	(206,211)
Administrative expenses		**(283,578)**	(252,398)
Other expenses		**(99,265)**	(84,216)
Finance costs	6	**(566,439)**	(628,886)
Share of profit of an associate		**4,276**	3,835
PROFIT BEFORE TAX	5	**921,775**	663,741
Income tax expense	7	**(294,857)**	(184,752)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**626,918**	478,989
Attributable to:			
Owners of the parent		**628,807**	481,880
Non-controlling interests		**(1,889)**	(2,891)
		626,918	478,989
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	**RMB0.53**	RMB0.40

During the years ended 31 December 2013 and 31 December 2012, 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 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**12,330,360**	13,662,949
Prepaid land lease payments		**181,220**	185,791
Other intangible assets		**950**	1,109
Investment in an associate		**74,014**	51,067
Deferred tax assets		**212,542**	263,044
Total non-current assets		**12,799,086**	14,163,960
CURRENT ASSETS			
Inventories		**6,439,476**	5,799,515
Trade receivables	*10*	**547,228**	548,475
Prepayments, deposits and other receivables		**155,362**	119,249
Due from the immediate holding company		**12,203**	8,312
Pledged time deposits	*11*	**141,963**	243,598
Non-pledged time deposits with original maturity over three months when acquired	*11*	**–**	120,332
Cash and cash equivalents	*11*	**10,210,689**	7,349,732
		17,506,921	14,189,213
Non-current assets classified as held for sale		**4,455**	20,496
Total current assets		**17,511,376**	14,209,709
CURRENT LIABILITIES			
Trade payables	*12*	**2,049,803**	1,935,893
Due to other related parties		**5,686**	5,670
Other payables and accruals		**944,931**	1,033,245
Derivative financial instrument		**–**	3,236
Interest-bearing bank and other borrowings		**3,708,361**	4,460,927
Tax payable		**460,337**	357,085
Deferred income		**40,267**	41,538
Total current liabilities		**7,209,385**	7,837,594
NET CURRENT ASSETS		**10,301,991**	6,372,115
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,101,077**	20,536,075

	Note	2013 *RMB'000*	2012 *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**6,718,071**	4,605,450
Deferred income		**277,051**	282,366
Deferred tax liabilities		**4,107**	4,385
Total non-current liabilities		**6,999,229**	4,892,201
Net assets		**16,101,848**	15,643,874
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**1,194,389**	1,194,389
Reserves		**14,635,294**	14,213,252
Proposed final dividend	*8*	**198,030**	148,821
		16,027,713	15,556,462
Non-controlling interests		**74,135**	87,412
Total equity		**16,101,848**	15,643,874

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	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 2012	1,194,389	6,673,380	1,306,511	5,900,302	70,947	15,145,529	92,783	15,238,312
Final 2011 dividend declared	–	–	–	–	(70,947)	(70,947)	–	(70,947)
Total comprehensive income for the year	–	–	–	481,880	–	481,880	(2,891)	478,989
Proposed final 2012 dividend *(note 8)*	–	–	–	(148,821)	148,821	–	–	–
Disposal of a subsidiary	–	–	–	–	–	–	(2,480)	(2,480)
Transfer from retained profits	–	–	56,933	(56,933)	–	–	–	–
At 31 December 2012	1,194,389	6,673,380*	1,363,444*	6,176,428*	148,821	15,556,462	87,412	15,643,874

	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**
Final 2012 dividend declared	**–**	**–**	**–**	**–**	**(148,821)**	**(148,821)**	**–**	**(148,821)**
Total comprehensive income for the year	**–**	**–**	**–**	**628,807**	**–**	**628,807**	**(1,889)**	**626,918**
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**

* *These reserve accounts comprise the consolidated reserves of RMB14,635,294,000 (2012: RMB14,213,252,000) in the consolidated statement of financial position as at 31 December 2013.*

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Notes	**2013** **RMB'000**	2012 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**921,775**	663,741
Adjustments for:			
Finance costs	6	**566,439**	628,886
Share of profit of an associate		**(4,276)**	(3,835)
Bank interest income	4	**(29,721)**	(20,549)
Interest income from available-for-sale financial investments	4	**(17,705)**	–
Recognition of deferred income	4	**(39,326)**	(61,775)
Loss/(gain) on disposal of items of property, plant and equipment and prepaid land lease payments		**4,245**	(4,045)
Loss on disposal of a subsidiary	5	**–**	622
Loss on derivative financial instruments – transactions not qualifying as hedges	5	**2,052**	3,236
Gain on bargain purchase	5	**(1,635)**	–
Impairment of property, plant and equipment	5	**22,711**	30,000
Changes in provision against inventories	5	**(3,306)**	(176,587)
Reversal of impairment of trade receivables	5	**–**	(4,525)
Recognition of prepaid land lease payments	5	**4,571**	4,612
Depreciation	5	**1,335,778**	1,370,689
Amortisation of other intangible assets	5	**159**	1,060
Unrecoverable prepaid tax		**–**	4,499
		2,761,761	2,436,029
(Increase)/decrease in inventories		**(636,655)**	4,420,318
Increase in trade receivables		**(7,767)**	(196,836)
(Increase)/decrease in prepayments, deposits and other receivables		**(39,139)**	65,338
(Increase)/decrease in amounts due from the immediate holding company		**(3,891)**	124
Increase/(decrease) in trade payables		**191,492**	(1,626,239)
Increase/(decrease) in amounts due to other related parties		**16**	(770)
Decrease in amounts due to the immediate holding company		**–**	(741)
(Decrease)/increase in other payables and accruals		**(108,069)**	12,002
Cash generated from operations		**2,157,748**	5,109,225
Interest paid		**(508,099)**	(611,521)
PRC corporate income tax paid		**(141,379)**	(60,278)
Net cash flows from operating activities		**1,508,270**	4,437,426

	Note	2013 RMB'000	2012 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**47,865**	24,343
Purchases of items of property, plant and equipment		**(149,357)**	(225,760)
Construction payment refund to be settled		**–**	136,113
Receipt of government grants		**32,740**	128,590
Proceeds from disposal of items of property, plant and equipment		**55,955**	627,980
Proceeds from disposal of prepaid land lease payments		**–**	87,142
Dividends received from an associate		**5,462**	–
Disposal of a subsidiary		**–**	23,454
Disposal of derivative financial instruments		**(5,288)**	–
Increase in investment in an associate		**(22,500)**	–
Decrease/(increase) in non-pledged time deposits with original maturity over three months when acquired		**120,332**	(23,882)
Decrease in pledged time deposits		**101,636**	216,584
Net cash flows from investing activities		**186,845**	994,564
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of a corporate bond		**2,970,000**	–
New bank loans		**5,347,521**	8,380,746
Repayment of bank loans		**(6,927,375)**	(8,415,686)
Repayment of a finance lease		**–**	(4,755)
Dividends paid to owners of the parent		**(148,821)**	(70,947)
Dividends paid to non-controlling shareholders		**(1,123)**	–
Acquisition of non-controlling interests		**(19,000)**	–
Net cash flows from/(used in) financing activities		**1,221,202**	(110,642)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**2,916,317**	5,321,348
Cash and cash equivalents at beginning of year		**7,349,732**	2,057,949
Effect of foreign exchange rate changes, net		**(55,360)**	(29,565)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**10,210,689**	7,349,732
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*11*	**10,210,689**	7,349,732
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows	*11*	**10,210,689**	7,349,732

NOTES TO FINANCIAL STATEMENTS

31 December 2013

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, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for derivative financial instruments, which have been measured at fair value. 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 2013. 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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *– Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

The adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

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 2013 and 2012, is as follows:

	2013	2012
	RMB'000	*RMB'000*
Cotton yarn	**5,095,886**	6,902,721
Grey fabric	**7,528,629**	7,583,270
Denim	**1,256,127**	761,482
Others	**–**	483
	13,880,642	15,247,956

Geographical information

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

Revenue from external customers

	2013	2012
	RMB'000	*RMB'000*
Mainland China	**7,401,069**	10,367,191
Hong Kong	**3,305,286**	2,610,779
East Asia	**1,068,374**	817,960
Others	**2,105,913**	1,452,026
	13,880,642	15,247,956

All of the Group's assets are located in the PRC.

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:

	2013	2012
	RMB'000	*RMB'000*
Revenue		
Sale of textile goods	**13,880,642**	15,247,956
Other income		
Bank interest income	**29,721**	20,549
Interest income from available-for-sale financial investments	**17,705**	–
Compensation from suppliers on the supply of sub-standard goods and services	**50,046**	66,589
Recognition of deferred income	**39,326**	61,775
Government subsidies	**13,671**	17,044
Others	**16,240**	39,047
	166,709	205,004
Gains		
Sale of electricity and steam	**2,263,939**	2,832,240
Less: Cost thereon	**(1,590,610)**	(2,280,422)
Gains on sale of electricity and steam	**673,329**	551,818
Gain on disposal of items of property, plant and equipment and prepaid land lease payments	**–**	4,045
Gains on sale of waste and spare parts	**23,677**	33,543
Gain on bargain purchase	**1,635**	–
	698,641	589,406
	865,350	794,410

5. PROFIT BEFORE TAX

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

	Notes	**2013** *RMB'000*	2012 *RMB'000*
Cost of inventories sold		**12,684,162**	14,372,597
Employee benefit expense (excluding directors' and supervisors' remuneration):			
Wages, salaries and other social insurance costs		**2,471,449**	2,165,768
Pension scheme contributions		**166,506**	140,933
		2,637,955	2,306,701
Depreciation		**1,335,778**	1,370,689
Recognition of prepaid land lease payments		**4,571**	4,612
Amortisation of other intangible assets		**159**	1,060
Impairment of property, plant and equipment		**22,711**	30,000
Changes in provision against inventories		**(3,306)**	(176,587)
Reversal of impairment of trade receivables		**–**	(4,525)
Loss/(gain) on disposal of items of property, plant and equipment and prepaid land lease payments		**4,245**	(4,045)
Loss on disposal of a subsidiary		**–**	622
Loss on derivative financial instruments – transactions not qualifying as hedges		**2,052**	3,236
Gain on bargain purchase	*4*	**(1,635)**	–
Auditors' remuneration		**6,789**	6,090
Bank interest income	*4*	**(29,721)**	(20,549)
Interest income from available-for-sale financial investments	*4*	**(17,705)**	–
Foreign exchange differences, net	*6*	**11,853**	29,713
Government subsidies	*4*	**(13,671)**	(17,044)
Recognition of deferred income	*4*	**(39,326)**	(61,775)
Repairs and maintenance		**312,222**	239,741
Research and development costs included in:			
Wages and salaries		**34,363**	32,804
Consumables		**25,564**	24,565
		59,927	57,369
Minimum land and building lease payments under operating leases		**22,826**	22,860

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Group	
	2013	2012
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**513,836**	598,973
Interest on a corporate bond	**40,750**	–
Foreign exchange differences, net	**11,853**	29,713
Interest on a finance lease	**–**	200
	566,439	628,886

No interest was capitalised in 2013 (2012: Nil).

7. INCOME TAX

Except for a subsidiary in Hong Kong which is subject to profits tax at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2013, all other entities within the Group are subject to corporate income tax at the statutory tax rate of 25% (2012: 25%).

	Group	
	2013	2012
	RMB'000	*RMB'000*
Current		
– Mainland China	**238,914**	184,702
– Hong Kong	**5,719**	4,091
Deferred	**50,224**	(4,041)
Total tax charge for the year	**294,857**	184,752

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			
	2013		2012	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**921,775**		663,741	
Tax at PRC jurisdiction statutory tax rate	**230,444**	**25.0**	165,935	25.0
Effect of the different income tax rate for a Hong Kong subsidiary	**(2,946)**	**(0.3)**	(2,107)	(0.3)
Profit attributable to an associate	**(1,069)**	**(0.1)**	(959)	(0.2)
Expenses not deductible for tax	**6,698**	**0.7**	8,981	1.3
Tax losses not recognised	**17,972**	**2.0**	13,214	2.0
Derecognition of deferred tax assets recognised in previous years	**43,718**	**4.7**	–	–
Others	**40**	**–**	(312)	–
Tax charge at the Group's effective rate	**294,857**	**32.0**	184,752	27.8

The share of tax attributable to an associate amounting to RMB1,069,000 (2012: RMB959,000) is included in "Share of profit of an associate" in the consolidated statement of profit or loss and other comprehensive income.

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

8. DIVIDENDS

	2013	2012
	RMB'000	*RMB'000*
Proposed final – RMB0.1658 (2012: RMB0.1246) per share	**198,030**	148,821

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 the accounting standards of the overseas jurisdiction where the Company's shares are listed (HKFRSs).

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

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent of RMB628,807,000 (2012: RMB481,880,000), and the weighted average number of ordinary shares of 1,194,389,000 (2012: 1,194,389,000) in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2013 and 2012 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during those years.

10. TRADE RECEIVABLES

	Group	
	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**548,818**	550,065
Impairment	**(1,590)**	(1,590)
	547,228	548,475

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	
	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**528,417**	545,170
3 to 6 months	**16,522**	47
6 months to 1 year	**107**	3,219
Over 1 year	**2,182**	39
	547,228	548,475

11. CASH AND CASH EQUIVALENTS, PLEDGED TIME DEPOSITS AND NON-PLEDGED TIME DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS WHEN ACQUIRED

	Group	
	2013	2012
	RMB'000	*RMB'000*
Cash and bank balances	**10,210,689**	7,349,732
Time deposits	**141,963**	363,930
	10,352,652	7,713,662
Less: Pledged time deposits against:		
– Letters of credit	**(141,963)**	(243,598)
Non-pledged time deposits with original maturity over three months when acquired	**–**	(120,332)
Cash and cash equivalents	**10,210,689**	7,349,732

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in Renminbi amounted to RMB9,981 million (2012: RMB7,370 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 authorised banks 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	
	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**1,653,926**	1,828,194
3 to 6 months	**183,623**	2,893
6 months to 1 year	**19,122**	13,460
Over 1 year	**193,132**	91,346
	2,049,803	1,935,893

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.

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

(a) Transactions with related parties

	Group	
	2013	2012
	RMB'000	*RMB'000*
The immediate holding company:		
Sales of textile products	**129,381**	184,532
Sales of electricity	**1,872,240**	1,883,185
Expenses on land use rights and property leasing	**21,129**	21,425
Sales of textile products to fellow subsidiaries	**756,506**	768,050

(b) Outstanding balances with related parties

	Due from related parties		**Due to related parties**	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The Holding Company	**12,203**	8,312	**–**	–
Fellow subsidiaries	**–**	–	**5,686**	5,670

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, the Group entered into sales agreements with certain fellow subsidiaries with commitments amounting to RMB28,735,000 (31 December 2012: RMB15,250,000), which are expected to be fulfilled in 2014.

(d) Compensation of key management personnel of the Group

	2013	2012
	RMB'000	*RMB'000*
Short term employee benefits	**3,949**	4,213
Post-employment benefits	**63**	51
Total compensation paid to key management personnel	**4,012**	4,264

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 21 March 2014.

CHAIRMAN'S STATEMENT

It is my pleasure to present on behalf of the Board of Directors of the Company the audited consolidated results of the Group for the year ended 31 December 2013.

2013 marked another critical period in China's textile industry as it continued its comprehensive transformation and began implementing the reforms instituted in China's 12th Five-Year Plan for the industry. While China's textile industry continues to face a number of immediate challenges, all major economic indicators continued to grow at a steady pace.

Exports of China's textile products and apparel improved, as the global economy lowly continued to gain momentum. According to statistics released by the General Administration of Customs of the People's Republic of China, China's total exports of textile products and apparel increased by approximately 11.4% year-on-year to approximately US$284.1 billion, representing an increasing growth rate of approximately 8.6 percentage points. This indicates that global demand for textile products and apparel gradually picked up in 2013.

During the period under review, the growth rate of domestic consumption continued to slowdown, affected by slower domestic economic growth. According to statistics released by the National Bureau of Statistics of China, retail sales of apparel, footwear, headwear and knitwear from January to December 2013 by enterprises above designated size in China with annual revenue of over RMB20 million amounted to approximately RMB1,141.4 billion, representing a year-on-year increase of approximately 11.6%; the total retail sales of consumer goods amounted to approximately RMB23,438 billion, representing a year-on-year increase of approximately 13.1%. The growth rate of the retail sales of apparel, footwear, headwear and knitwear was lower than that of the total retail sales of consumer goods, highlighting the slower path to recovery the PRC's textile industry is facing.

In terms of raw materials, domestic cotton prices remained relatively stable in 2012 and 2013, following strong fluctuations in 2010 and 2011. This was mainly because cotton prices in the domestic market had been greatly affected by the auction price of the government's cotton reserve since the implementation of the temporary reserve policy. During the year, the gap between domestic and overseas cotton prices remained steady at approximately RMB4,000 per ton. The relatively large gap in cotton prices has put the business operations of China's textile companies under continued pressure.

During the Year, the Group recorded revenue of approximately RMB13,881 million, representing a decrease of approximately 9.0% compared with 2012. Net profit attributable to owners of the parent was approximately RMB629 million, representing an increase of approximately 30.5% as compared with that of 2012. Earnings per share were RMB0.53. The Board recommended the payment of a final dividend of RMB0.1658 per share (including tax) for the year ended 31 December 2013.

Looking ahead, China's textile industry still faces a variety of uncertainties as the domestic and external situation remains relatively complex. In the short term, the industry's development will remain hampered by the unresolved disparity between domestic and overseas prices as well as the lack of market-oriented pricing mechanism in raw materials. While all the production costs in China will continue to increase, the Chinese textile enterprises will also face challenges to their international competitiveness. As global economic prospects are still uncertain, market fluctuations remain a risk. However, for China's textile industry, domestic and international market environments in 2014 are expected to record stable growth. In particular, fundamentals of the domestic market remain strong. With a steady increase in income of urban and rural residents, coupled with continued advance of new urbanization, domestic consumption in clothing is expected to grow at a steady pace. In overseas markets, major developed countries in Europe and the United States have shown signs of recovery. As consumption gradually benefits from the macroeconomic progress, the global market is expected to maintain stable growth. A narrower cotton price gap, formulated in a more market-oriented pricing mechanism, will enhance the competitiveness of Chinese textile companies, which is expected to be triggered off by a trail implementation of the direct subsidy policy in Xinjiang in 2014.

Faced with the new environment, Weiqiao Textile is fully prepared to meet various challenges that a new environment brings. On 19 November 2013, the general office of Shandong Provincial Government issued the "Notice on Printing and Distributing Instruction for the Transformation and Upgrading of Six Traditional Industries of Shandong Province" (The Administration office of Shandong Province [2013] No. 37), explicitly stating its support for Weiqiao Textile to solidify its leading position in the PRC textile industry. We will continue to further lower production costs through technology upgrades and innovations; enhance our pricing capability by leveraging our stable supply of high-quality products and the capability to accept orders based on advantages of scale; and further stabilize the consolidated gross margin of our products through strengthening management in inventory and the use of import quota so as to effectively control risks. In addition, solid financial strengths and the stable financial management system will more effectively help the Group make thorough preparations for price fluctuations in cotton and other raw materials. For the aspect of markets, the Group will remain committed to our strategy of focusing on both high-end products and emerging markets, and to proactively fulfilling social responsibilities, including energy-saving and environmental protection. We believe our extensive customer base, cost structure, technology and scale will benefit Weiqiao Textile to better grasp market opportunities, mitigate the impacts of the market's volatility and maintain the Group's leading position in the global cotton textile industry.

On behalf of the management of Weiqiao Textile, I would like to express my gratitude to our shareholders for their constant support to the Company. It is your trust and support, together with the efforts of our staff that enable the Group to face challenges with confidence. I would like to take this opportunity to express my heartfelt gratitude to our shareholders, investors and business partners for their trust and support. I would also like to thank the members of the Board, the entire management team and our employees, for their dedication and hard work for the Group.

Chairman
Zhang Hongxia

Hong Kong, People's Republic of China
21 March 2014

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

China's textile industry achieved steady growth throughout 2013. Despite the effects of sluggish domestic demand, a weak recovery of exports, price gap between domestic and overseas cotton prices and rising production costs, the growth of China's textile industry remains resilient.

During the Year, the growth in domestic market remained stable but slowed down. According to the statistics released by the National Commercial Information Center of China, the retail sales of apparels by the major retail enterprises in 2013 grew by approximately 5.0% year-on-year, representing a decrease of approximately 7.3 percentage points in growth rate from that of 2012.

According to the statistics released by the General Administration of Customs of the PRC, exports of textile and apparel products showed signs of modest recovery during the Year. In 2013, China's export of textile products amounted to approximately US$107 billion, up by approximately 11.7% as compared with last year. The growth rate increased by approximately 10.5 percentage points from approximately 1.2% for the corresponding period of 2012. 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$41.6 billion, representing an increase of approximately 7.0% from the corresponding period of last year, while the growth rate increased by approximately 3.7 percentage points.

– Japan: approximately US$27 billion, representing a decrease of approximately 1.0%.

– Hong Kong: approximately US$19.5 billion, representing an increase of approximately 20.0%, while the growth rate increased by approximately 14.2 percentage points.

– European Union: approximately US$51.7 billion, representing an increase of approximately 9.3%, while the growth rate increased by approximately 21.2 percentage points.

The export of Chinese textile and apparel products to emerging markets of ASEAN, the Middle East and Africa increased by approximately 28.3%, 12.2% and 6.0%, respectively.

With respect to raw materials, the Chinese government implemented policies that released the cotton reserves to the market, allowing domestic prices to remain relatively stable with limited fluctuations of the cotton price gap between domestic and overseas market. During the Year, the average price of cotton according to the Cotton A Index in China was approximately RMB20,163 per ton, up by approximately 0.6% compared to the corresponding period of last year, with the highest price reaching approximately RMB20,382 per ton and the lowest price of approximately RMB20,048 per ton. The average price of cotton according to the Cotlook A Index in the global market was approximately 90.43 US cents per pound, an increase of approximately 1.3% as compared with that of the corresponding period of last year, with the highest price reaching approximately 94.45 US cents per pound and the lowest price of approximately 84.58 US cents per pound.

BUSINESS REVIEW

During the year under review, China's textile industry faced a number of challenges throughout the year, mainly, a persistent gap between domestic and overseas cotton prices, rising labor costs and declining sales price of products. To adopt the new market conditions, the Company leveraged on its advantages in scale and research and development. The Company will continue optimize the utilization of its advanced production facilities, accelerate the upgrade and refinement of its product portfolio as it gradually increases the proportion of middle and high-end products. By implementing a flexible sales strategy, the Group is actively expanding its market share. The Group achieved growth in profits by providing higher quality products with value-added services. The Group adopted a flexible approach to procuring raw materials in order to reduce production costs by, making proper use of the timing and its import quotas.

For the year ended 31 December 2013, the Group had four production bases, all of which are located in Shandong Province of China, namely:

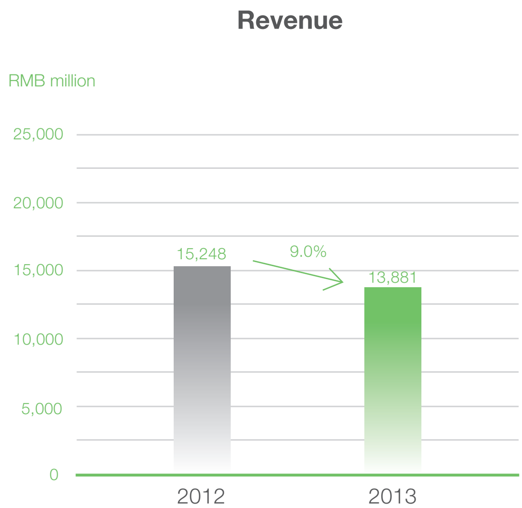
1. Weiqiao Production Base (currently has two production areas);

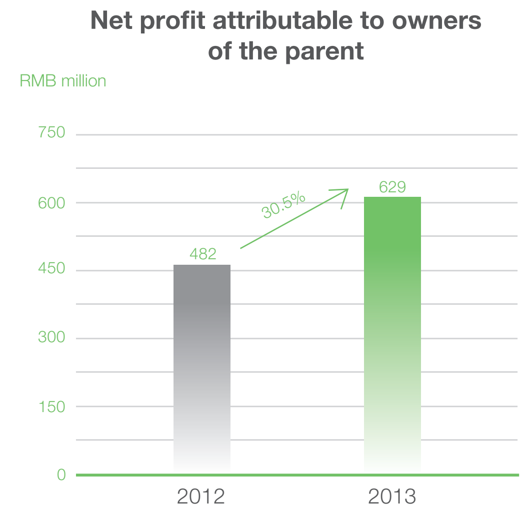
2. Binzhou Production Base (the First Production Area and the Second Production Area of Binzhou Weiqiao Technology Industrial Park Company Limited ("Binzhou Industrial Park"));

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 2013 and 2012, the revenue of the Group and net profit attributable to owners of the parent were as follows:



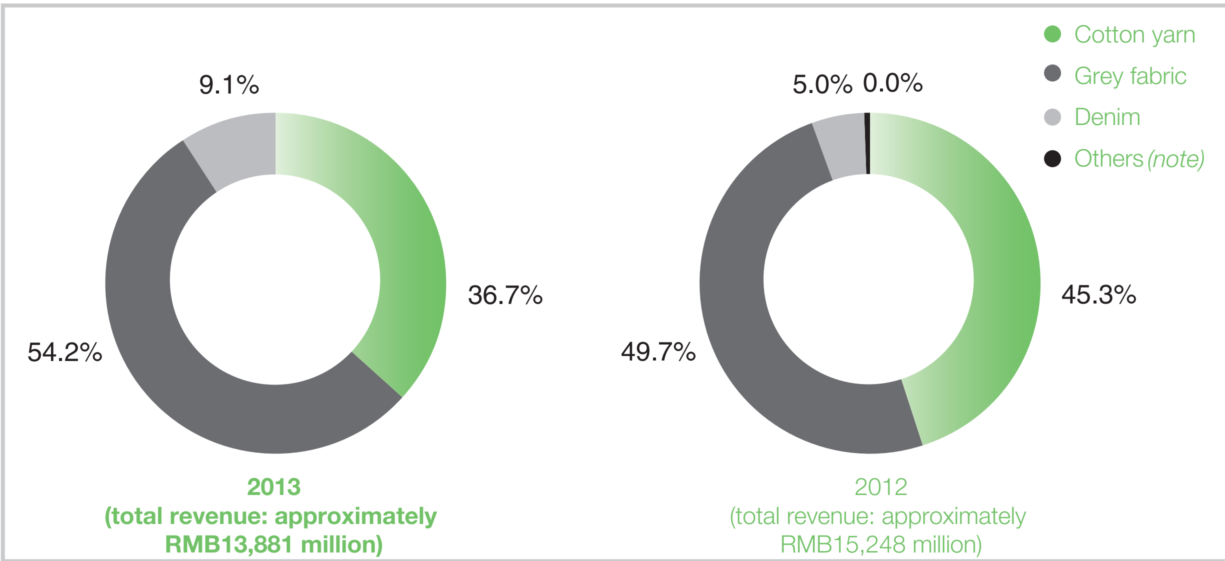


For the year ended 31 December 2013, the Group recorded revenue of approximately RMB13,881 million, representing a decrease of approximately 9.0% as compared with last year. Such decrease was mainly attributable to the decrease in sales volume of cotton yarn of the Group during the Year as compared with the corresponding period of last year.

For the year ended 31 December 2013, net profit attributable to owners of the parent amounted to approximately RMB629 million, representing an increase of approximately 30.5% over last year. The increase was mainly attributable to the improvement in gross profits due to the decline in unit cost of sales of the Group's products during the Year, the rise in profit generated from the sales of electricity as a result of reduced coal price and the reduced finance costs of the Group during the Year.

The charts below are the proportion of revenue by products for the ended 31 December 2013 and 2012, respectively:

Proportion of revenue by product



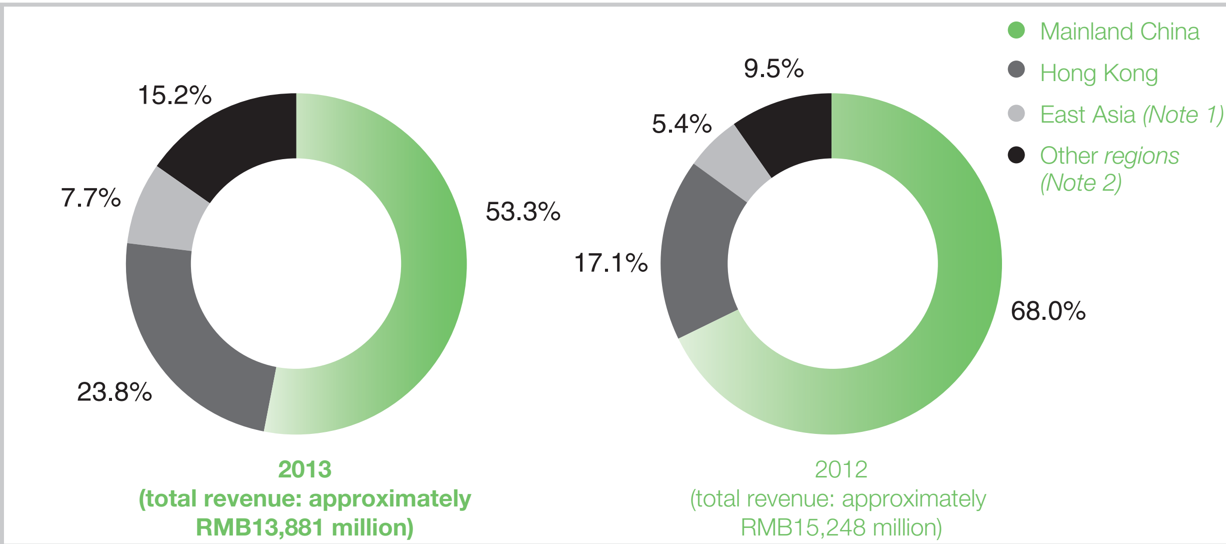
Note: Others include cotton seed and other by-products.

For the year ended 31 December 2013, the proportion of revenue contributed by the Group's cotton yarn decreased as compared with the corresponding period of last year. The decrease was mainly attributable to the drop in revenue from cotton yarn resulting from the decrease in sales volume of cotton yarn as compared with the corresponding period of last year. The decrease in sales volume of cotton yarn was mainly due to the Group's effort to enhance sales of cotton yarn to reduce part of the inventory during the corresponding period of last year. The increase in the proportion of revenue contributed by grey fabric and denim was mainly due to the market demand-oriented approach, the Group's aggressive efforts in product mix adjustment and the flexible sales strategy adopted by the Group, leading to an increase in sales volume of grey fabric and denim.

During the Year, the Group's production volume of cotton yarn, grey fabric and denim were approximately 488,000 tonnes, 1,021 million meters and 73 million meters, respectively. The production volume of cotton yarn increased by approximately 8.4% as compared with the corresponding period of last year, mainly due to the increase in the production volume of self-use cotton yarn of the Group; while grey fabric and denim decreased by approximately 2.3% and 18.0%, respectively as compared with the corresponding period of last year, mainly due to the increased proportion of high-count and high-density grey fabric and denim of the Group during the Year, resulting in the decrease of production volume in the corresponding unit production time.

The following charts show the breakdown of the Group's revenue in terms of geographical location for the years ended 31 December 2013 and 2012:

Proportion of revenue by geographical location



Note 1: East Asia includes Japan and South Korea.

Note 2: Other regions mainly include Southeast Asia, the US, Europe, Taiwan and Africa.

For the year ended 31 December 2013, the proportion of the Group's revenue contributed from overseas markets to its total revenue was approximately 46.7%, representing an increase of approximately 14.7 percentage points as compared with the corresponding period of last year. This was mainly because the Group timely responded to the recovering global market demand by adjusting product mix to proactively develop overseas markets during the Year; as a result, export orders grew with a rise in revenue from overseas sales.

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 2013 and 2012:

	For the year ended 31 December					
	2013			2012		
Product	**Revenue** *RMB'000*	**Gross profit** *RMB'000*	**Gross profit margin** *%*	Revenue *RMB'000*	Gross profit *RMB'000*	Gross profit margin *%*
Cotton yarn	**5,095,886**	**485,160**	**9.5**	6,902,721	585,622	8.5
Grey fabric	**7,528,629**	**552,499**	**7.3**	7,583,270	456,328	6.0
Denim	**1,256,127**	**167,971**	**13.4**	761,482	(4,755)	(0.6)
Others	**–**	**–**	**–**	483	12	2.5
Total	**13,880,642**	**1,205,630**	**8.7**	15,247,956	1,037,207	6.8

For the year ended 31 December 2013, the gross profit margin of the Group increased to approximately 8.7% from approximately 6.8% for the corresponding period of last year. This was mainly attributable to the improvement in gross profits due to the decline in unit cost of sales of the Group's products during the Year.

OTHER INCOME AND GAINS

For the year ended 31 December 2013, other income and gains of the Group were approximately RMB865 million, representing an increase of approximately 8.9% from approximately RMB794 million for the corresponding period of last year. Such increase was mainly due to the increase in the gains from the sales of electricity and steam.

For the year ended 31 December 2013, the Group's sales of electricity and steam amounted to approximately RMB2,264 million, representing a decrease of approximately 20.1% as compared with approximately RMB2,832 million for the corresponding period of last year with a gain of approximately RMB673 million, representing an increase of approximately 21.9% as compared to approximately RMB552 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 reduction of power generation due to the decrease in average installed capacity of the Group during the Year as compared with that of 2012 as a result of the disposal of Binzhou thermal power assets, and to the increase in self-consumed electricity of the Group during the Year due to the increase of cotton textile products and increase in the proportion of high-count and high-density cotton fabric which resulted in less power sold, thus, less sales amount. The increase in gain generated from 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 2013, the Group's selling and distribution expenses dropped by approximately 1.0% to approximately RMB204 million from approximately RMB206 million for the corresponding period of last year. Among those expenses, transportation costs decreased by approximately 17.3% to approximately RMB124 million from approximately RMB150 million in 2012, which was mainly due to the overall decreased fees for transportation resulting from comparatively lower unit price for export transportation while proportion of export sales volume of our products increased during the Year. Salary of the sales staff was approximately RMB29 million, which remained flat as compared with the corresponding period of last year. Sales commission was approximately RMB17 million, representing an increase of approximately 70.0% as compared with approximately RMB10 million for the corresponding period of last year, which was primarily due to an increase in revenue generated from export sales benefiting from the recovery in demand of international market, which resulted in an increase in the commission paid accordingly.

ADMINISTRATIVE EXPENSES

For the year ended 31 December 2013, the administrative expenses of the Group were approximately RMB284 million, representing an increase of approximately 12.7% from approximately RMB252 million for the corresponding period of last year. Such increase was primarily due to the Group's inclusion of the depreciation costs incurred by idle properties in the administrative expenses according to accounting standards and increase in salary of the administrative staff during the Year.

FINANCE COSTS

For the year ended 31 December 2013, finance costs of the Group were approximately RMB566 million, representing a decrease of approximately 10.0% as compared with approximately RMB629 million of last year, among which, the interest expenses amounted to approximately RMB555 million, representing a decrease of approximately 7.3% as compared with approximately RMB599 million for the corresponding period of last year, which was mainly attributable to the decrease in the Group's bank borrowings and the drop in the average borrowing rate. The exchange loss amounted to approximately RMB12 million, which was mainly due to the increase in the Group's revenue generated from export sales while the import purchases reduced. Affected by appreciation of Renminbi, an exchange loss of approximately RMB30 million was recorded for the corresponding period of last year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, cash and cash equivalents of the Group were approximately RMB10,211 million, representing an increase of approximately 38.9% as compared with approximately RMB7,350 million as at 31 December 2012. It was mainly due to the issue of corporate bonds by the Group during the Year, which resulted in the 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 2013, the Group recorded a net cash inflow from operating activities of approximately RMB1,508 million, a net cash inflow from investing activities of approximately RMB187 million and a net cash inflow from financing activities of approximately RMB1,221 million. As at the end of the Period, the cash and cash equivalents increased by approximately RMB2,916 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 2013, the inventory turnover days of the Group were 185 days, representing an increase of 36 days as compared with that of the corresponding period of last year. It was due to the increase in the Group's inventory of raw materials at the end of the Year. The average turnover days of the Group's receivables were 14 days, which remained stable as those for the corresponding period of last year.

For the year ended 31 December 2013, the Group had used financial instruments, specifically forward currency contract, to minimize its exposure to fluctuations of exchange rates. The contract was settled in May 2013.

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

For the year ended 31 December 2013, net profit attributable to owners of the parent was approximately RMB629 million, representing an increase of approximately 30.5% from approximately RMB482 million for the corresponding period of last year.

For the year ended 31 December 2013, earnings per share of the Company were RMB0.53.

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 cost. As at 31 December 2013, the debts of the Group were mainly bank borrowings totaling approximately RMB7,455 million and corporate bonds amounting to approximately RMB2,972 million. The Group had cash and cash equivalents of approximately RMB10,211 million. The gearing ratio (net debt (interest-bearing bank and other borrowings after deducting cash and cash equivalents) divided by total equity) was approximately 1.3% (2012: approximately 11.0%).

The Group maintained a balanced portfolio of borrowings at fixed interest rates and floating rates to manage interest expenses. As at 31 December 2013, approximately 48.1% of the Group's bank borrowings were subject to fixed interest rates, while the remaining approximately 51.9% were subject to floating interest rates.

The Group aimed to keep the balance between the continuity and flexibility of funds through finance 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 2013, approximately 35.6% of the Group's borrowings will mature within one year.

As at 31 December 2013, the Group's bank borrowings were denominated in Renminbi and US dollars, of which bank borrowings in US dollars represented approximately 4.9% of the total bank borrowings, while cash and cash equivalents were mainly denominated in Renminbi and US dollars, of which cash and cash equivalents denominated in US dollars represented approximately 3.6% of the total amount.

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2013, the Group had a total of approximately 84,000 employees, representing an increase of approximately 2,000 employees as compared with that of last year. Such increase in the number of staff was mainly due to the recruitment of new staff as talent reserve to meet the production requirement of the Group. Total staff costs amounted to approximately RMB2,642 million during the Year, representing approximately 19.0% of the revenue of the Group and an increase of approximately 3.8 percentage points over approximately 15.2% 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 the staff based on their performance appraisal to encourage and drive the 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 2013, approximately 46.7% of the Group's revenue and approximately 43.4% of the costs of purchase of cotton were denominated in US dollars. For the year ended 31 December 2013, the Group recorded exchange loss of approximately RMB12 million due to the appreciation of Renminbi. 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 2013, the Group did not have any contingent liabilities.

TAXATION

For the year ended 31 December 2013, the tax of the Group increased from approximately RMB185 million in 2012 to approximately RMB295 million in 2013, representing an increase of approximately 59.5%. Such increase in tax was mainly attributable to the increase in the Group's profit before tax during the Year and the derecognition of deferred tax assets recognised in previous years of approximately RMB44 million, for the deductible tax losses arising from the subsidiaries of the Group.

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 23 October 2013, the Company issued corporate bonds with nominal value of RMB3 billion and nominal interest rate of 7.0%. For details, please refer to the announcements of the Company dated 26 July 2013 and 28 October 2013, respectively.

TRANSFER OF EQUITY INTERESTS

For commercial purpose, with the Approval of Wei Guo Zi Ban Fa [2013] No. 70 granted by State-owned Assets Management Office of Weihai Municipality, the Company entered into an equity transfer contract with Weihai Civil Aviation Industrial Company Limited ("Weihai Civil Aviation") on 13 December 2013, pursuant to which, Weihai Civil Aviation transferred its approximately 12.84% equity interests in Weihai Weiqiao to the Company by way of agreement for a consideration of RMB19 million paid in a lump sum. Upon completion of the equity transfer, Weihai Weiqiao became wholly-owned by the Company. The transactions fell within the category of connected transactions with persons at subsidiary level under Rule 14A.31(9) of the Listing Rules, and was therefore exempted from compliance with the reporting, announcement and independent shareholder' approval requirements.

OUTLOOK

Looking ahead, the global economy is still subject to uncertainties. Exit of quantitative easing monetary policy in the U.S. will lead to significant adjustments in the preferences and landscape of global capital. As China deepens the system reform, the mode of economic growth of China will transform. We are facing both new opportunities and new challenges. Meanwhile, China's textile industry is entering a stage of profound adjustments given the anticipated significant increases in the costs of labor, energy, and raw materials. Competition from countries in Southeast Asia will further squeeze the market share of China's textile enterprises in the international market. In view of this, Weiqiao Textile will continue to adjust its product mix according to the clients' needs to gradually increase the share of medium-and-high end products and enhance products' added value. The Company will try to reduce the production cost by increasing investment in technology R&D and reducing labor intensity (measured by workers needed per ten thousand spindles). While focusing on reducing the gearing ratio, financial costs and solvency risk, the Group will further enhance the ability to resist risks. Weiqiao Textile will continue to focus on environmental protection and sustainable development, solidify its position as an industry leader, and continue to commit to its social responsibility.

With its positive brand image, extensive operational experience and a strong balance sheet, the Group is confident that it will keep improving its core competitiveness, maintain and reinforce its position as the most preferred cotton textile provider in China and the top choice for global buyers.

SUPPLEMENTAL INFORMATION

Substantial Shareholders

As at 31 December 2013, so far as known to any Directors, Supervisors or chief executive 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 member 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 2013** *(%)*	**Approximate percentage of total issued share capital as at 31 December 2013** *(%)*
Holding Company	757,869,600	97.07	63.45
Shandong Weiqiao Investment Holdings Company Limited (the "Weiqiao Investment")	757,869,600 *(Note 2)*	97.07	63.45

Interests in the H Shares of the Company:

Name of Shareholders	Type of interest	Number of H Shares *(Note 3)*	Approximate percentage of total issued H share capital as at 31 December 2013 *(%)*	Approximate percentage of total issued share capital as at 31 December 2013 *(%)*
Brandes Investment Partners, L.P.	Investment manager	74,782,862 (Long position) *(Note 4)*	18.08	6.26
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	26,279,867 (Long position)	6.35	2.20
		11,252,418 (Short position)	2.72	0.94
	Custodian corporation/ approved lending agent	13,036,351 (Lending pool) *(Note 6)*	3.15	1.09

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 74,782,862 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 26,279,867 H Shares (long position) and 11,252,418 H 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 13,036,351 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 executive of the Company, as at 31 December 2013, 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' AND SUPERVISORS' INTERESTS IN SHARES

As at 31 December 2013, the interests of the Directors, Supervisors or chief executive 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 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 2013** *(%)*	**Approximate percentage of total issued share capital as at 31 December 2013** *(%)*
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 2013 *(%)*
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 2013, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or their associates 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 for Securities Transactions by Directors of Listed Companies (the "Model Code").

Final Dividends

The Directors recommended the payment of a final dividend of RMB0.1658 (inclusive of tax) per share (the "2013 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 13 June 2014 (Friday). The 2013 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 and 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 6 June 2014).

Closure of Register of Members

The Company's register of members will be closed from Monday, 28 April 2014 to Tuesday, 27 May 2014 (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 Friday, 25 April 2014.

The Company's register of members will be closed from Saturday, 7 June 2014 to Friday, 13 June 2014 (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 Friday, 6 June 2014.

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 2013, nor any of its subsidiaries purchased, or sold any of the Company's listed securities during the year ended 31 December 2013.

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 21 March 2014 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 as set out in the Model Code.

Having made specific enquiry of all Directors, the Directors have confirmed that for the year ended 31 December 2013, 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. Except for the deviation from code provision A.2.1, the Company has been in compliance with all the mandatory code provisions for the year ended 31 December 2013.

Code provision A.2.1 of the CG Code stipulates that the duties of the Chairman and chief executive officer should be differentiated and shall not be held by the same person. Ms. Zhang Hongxia is the Chairman and chief executive officer of the Company. The Board is of the view that this structure would not affect the balance of power and duties between the Board and the management. Through the operations of the Board, a balance between power and duties can be maintained.

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 11 April 2014 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
21 March 2014

Note: As at the date of this announcement, the Board comprises nine directors, namely Ms. Zhang Hongxia, Ms. Zhang Yanhong, Ms. Zhao Suwen and Mr. Zhang Jinglei as executive directors, Mr. Zhang Shiping and Ms. Zhao Suhua as non-executive directors and Mr. Wang Naixin, Mr. Xu Wenying 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 Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).*

* *For identification purpose only*