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 2015

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

Compared to 2014 financial results:

Revenue was approximately RMB9,765 million, representing a decrease of approximately 12.9% over the corresponding period of last year.

Gross profit was approximately RMB558 million, representing a decrease of approximately 24.9% over the corresponding period of last year.

Net profit attributable to owners of the parent was approximately RMB979 million, representing an increase of approximately 217.9% over the corresponding period of last year.

Earnings per share were RMB0.82, representing an increase of approximately 215.4%.

Proposed final dividend per share was RMB0.2534 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 2015 (the "Year" or "Year under Review"). During the Year under Review, the revenue of the Group was approximately RMB9,765 million, representing a decrease of approximately 12.9% over the corresponding period of last year. Net profit attributable to owners of the parent amounted to approximately RMB979 million, with an increase of approximately 217.9% as compared with the corresponding period of last year.

* *For identification purposes only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2015

	Notes	**2015** ***RMB'000***	2014 *RMB'000*
REVENUE	*4*	**9,765,478**	11,211,146
Cost of sales		**(9,207,165)**	(10,468,327)
Gross profit		**558,313**	742,819
Other income and gains	*4*	**1,871,452**	900,701
Selling and distribution expenses		**(132,683)**	(159,054)
Administrative expenses		**(327,570)**	(297,710)
Other expenses		**(27,849)**	(111,440)
Finance costs	*6*	**(618,937)**	(637,728)
Share of profit of an associate		**4,538**	9,339
PROFIT BEFORE TAX	*5*	**1,327,264**	446,927
Income tax expense	*7*	**(349,654)**	(139,914)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**977,610**	307,013
Attributable to:			
Owners of the parent		**979,347**	308,243
Non-controlling interests		**(1,737)**	(1,230)
		977,610	307,013
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*9*	**RMB0.82**	RMB0.26

During the years ended 31 December 2015 and 31 December 2014, the Group did not have any other comprehensive income.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	**2015**	2014
		RMB'000	*RMB'000*
			(Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**10,022,287**	11,241,624
Investment properties		**23,770**	26,054
Prepaid land lease payments		**254,871**	262,801
Other intangible assets		**739**	945
Investment in an associate		**74,477**	78,326
Available-for-sale investments		**1,298,000**	–
Prepayments		**300,000**	–
Deferred tax assets		**268,030**	231,501
Total non-current assets		**12,242,174**	11,841,251
CURRENT ASSETS			
Inventories		**4,257,635**	5,456,868
Trade receivables	*10*	**254,270**	279,260
Prepayments, deposits and other receivables		**210,537**	575,398
Pledged deposits	*11*	**58,945**	81,342
Cash and cash equivalents	*11*	**12,031,910**	10,713,441
		16,813,297	17,106,309
Non-current assets classified as held for sale		**25,963**	11,805
Total current assets		**16,839,260**	17,118,114
CURRENT LIABILITIES			
Trade payables	*12*	**1,023,422**	1,234,010
Other payables and accruals		**996,597**	975,011
Interest-bearing bank and other borrowings		**1,728,850**	2,471,461
Tax payable		**710,696**	466,847
Deferred income		**38,289**	19,401
Total current liabilities		**4,497,854**	5,166,730
NET CURRENT ASSETS		**12,341,406**	11,951,384
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,583,580**	23,792,635

	2015	2014
	RMB'000	*RMB'000*
		(Restated)
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**7,286,563**	7,322,548
Deferred income	**198,281**	255,780
Deferred tax liabilities	**3,552**	3,829
Total non-current liabilities	**7,488,396**	7,582,157
Net assets	**17,095,184**	16,210,478
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**1,194,389**	1,194,389
Reserves	**15,830,558**	14,943,537
	17,024,947	16,137,926
Non-controlling interests	**70,237**	72,552
Total equity	**17,095,184**	16,210,478

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Attributable to owners of the parent						
	Issued capital *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Retained profits *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	6,741,988	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)
Transfer from retained profits	–	–	44,724	(44,724)	–	–	–
At 31 December 2014	1,194,389	6,664,645	1,471,415	6,807,477#	16,137,926	72,552	16,210,478

\# *Retained profits have been adjusted for the proposed final 2014 dividend in accordance with the current year's presentation.*

	Attributable to owners of the parent						
	Issued capital *RMB'000*	**Capital reserve** *RMB'000*	**Statutory surplus reserve** *RMB'000*	**Retained profits** *RMB'000*	**Total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total equity** *RMB'000*
At 1 January 2015	**1,194,389**	**6,664,645**	**1,471,415**	**6,807,477**	**16,137,926**	**72,552**	**16,210,478**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**979,347**	**979,347**	**(1,737)**	**977,610**
Final 2014 dividend declared	**–**	**–**	**–**	**(92,326)**	**(92,326)**	**–**	**(92,326)**
Dividend paid to non-controlling shareholders	**–**	**–**	**–**	**–**	**–**	**(578)**	**(578)**
Transfer from retained profits	**–**	**–**	**114,788**	**(114,788)**	**–**	**–**	**–**
At 31 December 2015	**1,194,389**	**6,664,645***	**1,586,203***	**7,579,710***	**17,024,947**	**70,237**	**17,095,184**

* *These reserve accounts comprise the consolidated reserves of RMB15,830,558,000 (2014: RMB14,943,537,000) in the consolidated statement of financial position.*

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	**2015**	2014
		RMB'000	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,327,264**	446,927
Adjustments for:			
Finance costs	*6*	**618,937**	637,728
Share of profit of an associate		**(4,538)**	(9,339)
Bank interest income		**(990)**	(32,892)
Gain on available-for-sale investments	*4*	**(49,726)**	–
Foreign exchange differences, net	*4*	**(39,713)**	–
Recognition of deferred income	*4*	**(38,611)**	(42,137)
Rental income from leasing investment properties	*4*	**(875)**	(800)
Gain on disposal of items of property, plant and equipment and prepaid land lease payments	*4*	**(11,625)**	(30,936)
Impairment of property, plant and equipment		**10,090**	41,000
Impairment of investment properties		**1,508**	–
Impairment of prepayments, deposits and other receivables		**4,738**	–
Changes in allowance for trade receivables	*10*	**(2,387)**	17,429
Changes in provision against inventories		**(11,685)**	(9,013)
Depreciation of property, plant and equipment		**1,213,273**	1,328,873
Depreciation of investment properties		**776**	776
Recognition of prepaid land lease payments		**6,479**	4,571
Amortisation of other intangible assets		**206**	159
		3,023,121	2,352,346
Decrease in inventories		**1,210,918**	991,621
Decrease in trade receivables		**56,338**	253,204
Decrease/(increase) in prepayments, deposits and other receivables		**143,614**	(177,525)
Decrease in trade payables		**(222,135)**	(803,398)
Increase in other payables and accruals		**232,568**	136,924
Cash generated from operations		**4,444,424**	2,753,172
Interest paid		**(591,896)**	(597,007)
PRC corporate income tax paid		**(142,611)**	(141,188)
Hong Kong profits tax refunded/(paid)		**6,305**	(17,439)
Net cash flows from operating activities		**3,716,222**	1,997,538

	Note	2015	2014
		RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**1,332**	34,908
Gain on available-for-sale investments		**49,726**	–
Dividends received from an associate		**8,387**	5,027
Purchases of items of property, plant and equipment and additions to prepaid land lease payments		**(373,708)**	(756,445)
Purchase of available-for-sale investments		**(1,298,000)**	–
Proceeds from disposal of items of property, plant and equipment and prepaid land lease payments		**54,813**	11,368
Decrease in pledged deposits		**22,397**	60,621
Net cash flows used in investing activities		**(1,535,053)**	(644,521)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of corporate bonds		**–**	2,970,000
New bank loans		**1,555,185**	3,801,416
Repayment of bank loans		**(2,364,188)**	(7,416,197)
Dividends paid		**(92,326)**	(198,030)
Dividends paid to non-controlling shareholders		**(578)**	(353)
Net cash flows used in financing activities		**(901,907)**	(843,164)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**1,279,262**	509,853
Cash and cash equivalents at beginning of year		**10,713,441**	10,210,689
Effect of foreign exchange rate changes, net		**39,207**	(7,101)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**12,031,910**	10,713,441
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*10*	**12,031,910**	10,713,441

1. CORPORATE AND GROUP INFORMATION

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

During the year, the Group was principally engaged in the manufacture and sale of cotton yarn, grey fabric and denim.

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.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of registration/ incorporation and place of business	Legal status	Registered capital	Percentage of equity directly attributable to the Company	Principal activities
Weihai Weiqiao Textile Company Limited ("Weihai Weiqiao")	Weihai, Mainland China 25 July 2001	Limited liability company	RMB148,000,000	100	Production and sale of cotton yarn and fabric
Binzhou Weiqiao Technology Industrial Park Company Limited ("Binzhou Industrial Park")	Binzhou, Mainland China 26 November 2001	Limited liability company	RMB600,000,000	98.5	Production and sale of cotton yarn and fabric
Shandong Luteng Textile Company Limited ("Luteng Textile")	Zouping, Mainland China 12 September 2002	Sino-foreign equity joint venture	US$9,790,000	75	Production and sale of polyester yarn and related products
Weihai Weiqiao Technology Industrial Park Company Limited ("Weihai Industrial Park")	Weihai, Mainland China 30 January 2004	Limited liability company	RMB760,000,000	100	Production and sale of cotton yarn and fabric
Shandong Binteng Textile Company Limited ("Binteng Textile")	Zouping, Mainland China 12 March 2004	Sino-foreign equity joint venture	US$15,430,000	75	Production and sale of compact yarn and related products
Weiqiao Textile Trading Company Limited ("Weiqiao (Hong Kong)")	Hong Kong 12 October 2011	Limited liability company	HK$500,000	100	Trading of textile raw materials and products

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"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Company Ordinance. They have been prepared under the historical cost convention, except for available-for-sale investment, which has 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 to sell. 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 Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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 described for subsidiaries above. 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 for the first time for the current year's financial statements.

Amendments to *HKAS 19 Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- HKAS 16 *Property, Plant and Equipment* and HKAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- HKAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(c) *The Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

- HKFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of HKFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- HKFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in HKFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of HKFRS 9 or HKAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which HKFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in HKFRS 13.

- HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as there is no investment property acquired during the year and so this amendment is not applicable.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the 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 2015 and 2014 is as follows:

	2015	2014
	RMB'000	*RMB'000*
Cotton yarn	**3,322,472**	3,719,738
Grey fabric	**5,625,137**	6,306,286
Denim	**817,869**	1,185,122
	9,765,478	11,211,146

Geographical information

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

Revenue from external customers

	2015	2014
	RMB'000	*RMB'000*
Mainland China	**7,013,379**	6,491,950
Hong Kong	**1,222,123**	1,247,574
Southeast Asia	**549,340**	2,090,629
East Asia	**498,965**	743,209
Others	**481,671**	637,784
	9,765,478	11,211,146

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

Information about a major customer

During 2015, revenue of approximately RMB1,376 million was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer. No revenue from transactions with a single customer accounted for 10% or more of the Group's revenue in 2014.

4. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of textile products sold, after allowances for returns and trade discounts.

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

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Sale of textile products	**9,765,478**	11,211,146
Other income		
Bank interest income	**40,518**	32,892
Recognition of deferred income	**38,611**	42,137
Compensation from suppliers on the supply of sub-standard goods	**13,210**	22,154
Government subsidies	**–**	890
Gross rental income	**875**	800
Others	**16,627**	14,219
	109,841	113,092
Gains		
Sale of electricity and steam	**2,732,727**	2,104,800
Less: Cost thereon	**(1,103,409)**	(1,348,127)
Gain on sale of electricity and steam	**1,629,318**	756,673
Gain on available-for-sale investments	**49,726**	–
Foreign exchange differences, net	**39,713**	–
Gain on sale of waste and spare parts	**31,229**	–
Gain on disposal of items of property, plant and equipment and prepaid land lease payments	**11,625**	30,936
	1,761,611	787,609
	1,871,452	900,701

5. PROFIT BEFORE TAX

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

	Notes	**2015**	2014
		RMB'000	*RMB'000*
Cost of inventories sold		**9,338,445**	10,463,045
Employee benefit expense (excluding directors', chief executive's and supervisors' remuneration):			
Wages, salaries and other social insurance costs		**2,378,483**	2,516,437
Pension scheme contributions*		**201,909**	195,791
		2,580,392	2,712,228
Depreciation of property, plant and equipment		**1,213,273**	1,328,873
Depreciation of investment properties		**776**	776
Amortisation of prepaid land lease payments		**6,479**	4,571
Amortisation of other intangible assets		**206**	159
Impairment of property, plant and equipment		**10,090**	41,000
Impairment of investment properties		**1,508**	–
Impairment of prepayments, deposits and other receivables		**4,738**	–
Changes in allowance for trade receivables	*10*	**(2,387)**	17,429
Changes in provision against inventories		**(11,685)**	(9,013)
Auditors' remuneration		**6,425**	6,747
Repairs and maintenance		**299,178**	292,424
Research and development costs:			
Wages and salaries		**35,384**	36,400
Consumables		**38,717**	33,998
		74,101	70,398
Minimum lease payments under operating leases		**18,465**	23,089
Gain on disposal of items of property, plant and equipment and prepaid land lease payments	*4*	**(11,625)**	(30,936)
(Gain)/loss on sale of waste and spare parts		**(31,229)**	45,516
Gain on available-for-sale investments	*4*	**(49,726)**	–
Bank interest income	*4*	**(40,518)**	(32,892)
Recognition of deferred income	*4*	**(38,611)**	(42,137)
Compensation from suppliers on the supply of sub-standard goods	*4*	**(13,210)**	(22,154)
Foreign exchange differences, net		**(29,918)**	9,122

* *At 31 December 2015, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2014: Nil).*

6. FINANCE COSTS

An analysis of finance costs is as follos:

	2015 *RMB'000*	2014 *RMB'000*
Interest on bank loans and corporate bonds	**609,142**	628,606
Foreign exchange differences, net	**9,795**	9,122
	618,937	637,728

No interest was capitalised in 2015 (2014: Nil).

7. INCOME TAX

Except for a subsidiary in Hong Kong which is subject to profits tax at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year ended 31 December 2015, all other entities within the Group are subject to corporate income tax at the statutory tax rate of 25% (2014: 25%).

	2015 *RMB'000*	2014 *RMB'000*
Current		
– Mainland China	**386,296**	157,473
– Hong Kong	**164**	1,678
Deferred	**(36,806)**	(19,237)
Total tax charge for the year	**349,654**	139,914

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:

	2015 *RMB'000*	*%*	2014 *RMB'000*	*%*
Profit before tax	**1,327,264**		446,927	
Tax at PRC jurisdiction statutory tax rate	**331,816**	**25.0**	111,732	25.0
Effect of the different income tax rate for a Hong Kong subsidiary	**(85)**	**–**	(71)	–
Profit attributable to an associate	**(1,135)**	**(0.1)**	(2,335)	(0.5)
Expenses not deductible for tax	**15,643**	**1.2**	13,739	3.1
Tax losses not recognised	**7,573**	**0.5**	15,309	3.4
Tax losses utilised from previous years	**(4,158)**	**(0.3)**	–	–
Adjustments in respect of current tax of previous periods	**–**	**–**	1,540	0.3
Tax charge at the Group's effective rate	**349,654**	**26.3**	139,914	31.3

8. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Proposed final – RMB0.2534 (2014: RMB0.0773) per ordinary share	**302,658**	92,326

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 RMB979,347,000 (2014: RMB308,243,000), and the weighted average number of ordinary shares of 1,194,389,000 (2014: 1,194,389,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2015 and 2014.

10. TRADE RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**270,902**	298,279
Impairment	**(16,632)**	(19,019)
	254,270	279,260

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:

	2015	2014
	RMB'000	*RMB'000*
Within 3 months	**253,818**	270,327
3 to 6 months	**369**	3,317
6 months to 1 year	**83**	385
Over 1 year	**–**	5,231
	254,270	279,260

11. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2015	2014
	RMB'000	*RMB'000*
Cash and bank balances	**12,031,910**	10,713,441
Time deposits	**58,945**	81,342
	12,090,855	10,794,783
Less: Pledged time deposits:		
– Letters of credit	**(52,748)**	(78,729)
– Letters of guarantee	**(6,197)**	(2,613)
Cash and cash equivalents	**12,031,910**	10,713,441

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in Renminbi ("RMB") amounted to RMB11,645 million (2014: RMB10,622 million). The RMB 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 RMB 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 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 invoice date, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 3 months	**945,571**	1,111,494
3 to 6 months	**26,526**	47,206
6 months to 1 year	**2,751**	5,307
Over 1 year	**48,574**	70,003
	1,023,422	1,234,010

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

	2015	2014
	RMB'000	*RMB'000*
The Holding Company:		
Sale of textile products	**304,629**	159,039
Sale of electricity	**2,565,567**	1,748,676
Gross rental income	**800**	800
Expenses on land use rights and property leasing	**17,965**	21,129
Purchase of steam	**4,346**	–
Sale of textile products to fellow subsidiaries	**1,071,138**	786,708
Purchase of steam from a company of which a non-executive director of the Company is an indirect controlling shareholder	**13,592**	–

(b) 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 for sale commitments amounting to RMB19,680,000 (2014: RMB9,417,000), which are expected to be fulfilled in 2016.

(c) Outstanding balances with related parties

	2015	2014
	RMB'000	*RMB'000*
Due from related parties		
The Holding Company	**77,414**	24,613
Fellow subsidiaries	**11**	–
Due to related parties		
Fellow subsidiaries	**4,655**	4,881

The balances with the Holding Company and fellow subsidiaries are unsecured, interest-free and usually have a repayment term of one month.

(d) Compensation of key management personnel of the Group

	2015	2014
	RMB'000	*RMB'000*
Short term employee benefits	**4,715**	4,123
Post-employment benefits	**80**	80
Total compensation paid to key management personnel	**4,795**	4,203

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

14. COMPARATIVE AMOUNTS

Due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors of the Company on 18 March 2016.

CHAIRMAN'S STATEMENT

It is my pleasure to present on behalf of the Board the audited consolidated results of the Group for the year ended 31 December 2015.

During the Year under Review, we witnessed a complex global economic situation as various nations faced a sluggish recovery, with slowdown in global economic and trade growth and increasing volatility in the international financial market. As the PRC economy was also under downward pressure, the operational pressure of Chinese textile industry increased.

According to the PRC customs statistics, China's total exports of textile products and apparel for the Year was US$283.9 billion, representing a decrease of 4.9% on a year-on-year basis. Exports of textile products decreased by 2.4% year-on-year to US$109.5 billion, and exports of apparel decreased by 6.4% year-on-year to US$174.4 billion.

During the Year, growth of domestic demand for textile products maintained basically stable. According to the National Bureau of Statistics of the PRC, retail sales of apparel, footwear, headwear and knitwear for 2015 by companies above a designated size in China (with annual revenue of over RMB20 million) posted a year-on-year increase of 9.8%, which was 1.1 percentage points lower than the growth rate of the previous year and also lower than the growth rate in retail sales of consumer goods during the same period, showing a trend of month-on-month decrease in the second half of the Year.

Being affected by various adverse factors including a weak economy, intensified competition in the export market and sluggish growth in domestic demand, the development of the textile industry in China during the Year under Review faced severe challenges, with a dramatic drop in domestic cotton consumption. Meanwhile, the implementation of cotton policy reform by the PRC government led to cotton prices being increasingly market-oriented and narrowed the gap between domestic and overseas prices, showing a volatile and downward trend. In the crop year of 2015/16, despite the improvement in the supply-and-demand condition in the domestic cotton market and the commencement of the destocking cycle, it will still be some time before cotton demand picks up.

During the Year under Review, though the Group has strived to reduce inventory of textile products, given several adverse factors such as the ongoing sluggish market demand for textile products and a declining domestic cotton price, sales price of the Group's textile products and the sales volume of grey fabric and denim decreased as compared with the corresponding period of last year, leading to a year-on-year decrease in the revenue and squeezing the gross profit margin of the Group's textile products. The Group recorded revenue of approximately RMB9,765 million for the Year, representing a decrease of approximately 12.9% on a year-on-year basis, and the gross profit margin of the Group's products was approximately 5.7%, representing a decrease of approximately 0.9 percentage points over the previous year. Net profit attributable to owners of the parent for the Year was approximately RMB979 million, representing an increase of approximately 217.9% over the previous year. Earnings per share were RMB0.82, representing an increase of approximately 215.4% as compared with the corresponding period of last year, which was mainly attributable to the substantial increase in gains from the sales of electricity due to the significant decrease of unit power generation cost after the completion of the thermal power assets swap by the Group at the end of 2014.

During the Year, the Group adhered to the strategy of developing middle to high-end products and exploring emerging markets, attached great importance to technological innovation, enhanced the development of new products and continually optimized the product mix. New trial varieties of cotton yarn products included new type of pure or blended spur fiber and others, while the Group also tested new trial varieties of grey fabric products focusing on the development of functional fabric, multicomponent fabric, filament yarns, hemp fiber materials and various pattern designs. In the future, the Group will continue to focus on enhancing our core competitiveness and innovation capability, so as to increase the added-value of products.

Looking ahead into 2016, the external environment for the textile industry will remain complex and challenging. Recovery of the global economy remains slow, and an improvement in international demand is unlikely to occur in the near future. With continued progress in structural reform of the supply front, the PRC economy is expected to maintain medium-to-high growth within a reasonable range. In 2016, it is expected that over-supply in the global cotton market will remain unchanged, and the international cotton price will remain in a relatively low range. Although the issues affecting the development of the Chinese textile industry, such as the intensified competition in domestic and overseas markets and rising labor cost and other production costs, remain unresolved, the implementation of the "Made in China 2025" plan and efforts to accelerate the transformation from a big manufacturing power into a strong manufacturing power by the government also present the textile industry an opportunity to transform from "big" to "big and strong". China is speeding up the integration of new generations of information technology into the textile and apparel sector to promote the green and low carbon, digital, intelligent and flexible development of the industry. In addition, driven by various factors such as increasing household income, improved urbanization, implementation of the "comprehensive two-child policy" and destocking of the real estate industry, China's domestic consumption will continue to grow steadily. At the same time, demand for diversified, personalized and stylish products has become the mainstream trend, which will further accelerate the ongoing upgrade in consumption structure. With the increasing demand for middle to high-end and functional textile products, the market for high value-added products will continue to expand.

Facing the challenges and opportunities amidst this shifting environment, Weiqiao Textile will further improve its level of "intelligent and digitalized manufacturing", so as to enhance its innovation capability. The Group will also strengthen technological research and development and equipment upgrades to pursue for an economically resourceful growth pattern of low input, low consumption, low emission and high efficiency. At the same time, the Group will adhere to a strategy of developing middle to high-end products to improve its gross margin. While placing equal emphasis on domestic and export markets, the Group will further optimize its product mix to cater for the domestic market demand for middle to high-end textile products. The Group will continue to fulfill its social responsibilities of energy saving and environmental protection with high standards and strict requirements, so as to lay a solid foundation for sustainable development of the Group.

On behalf of the management of Weiqiao Textile, I would like to express my gratitude to our shareholders for their unwavering support towards the Group. The macroeconomic adjustments in recent years have presented challenges unprecedented to the textile industry. However, we believe that the important position of the textile industry in the national economy as a traditional pillar and consumer necessities industry will remain unchanged. Weiqiao Textile will remain market-oriented and continue to live out its corporate value of pushing technological advancement, building our company brand and contributing to ecological development. While continuous efforts will be made to increase our intrinsic value, we are committed to creating greater value for our shareholders and contributing to the sustainable development of society.

Zhang Hongxia
Chairman of the Board

Shandong, the People's Republic of China
18 March 2016

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

During the Year, the PRC economy was at the stage of transformation with structural adjustment, showing increasing downward pressure. The growth of GDP for the Year was only 6.9%. Negatively affected by the macro economy, the Chinese textile industry was also under growing pressure, featuring a shift in growth drivers, continuous adjustments and an overall stable performance.

According to the statistics released by the National Commercial Information Center of the PRC, retail sales by the top 100 major retail enterprises in China in 2015 decreased by 0.1% year-on-year, representing a decrease of 0.5 percentage points in growth rate as compared with the corresponding period of last year. In terms of category of products, the retail sales of apparels in the Year decreased by 0.3% year-on-year, representing a decrease of 1.3 percentage points in growth rate from the corresponding period of last year, while the retail sales volume increased by 6.4% year-on-year, representing an increase of 6.7 percentage points in growth rate from the corresponding period of last year.

Due to the combined effect of continuously sluggish demand in domestic and overseas markets, as well as diminishing traditional advantages and the declining price of commodities, both the export and import amount of China decreased in 2015. According to statistics released by the PRC customs, export of China's textile and apparel products in 2015 amounted to approximately US$283.9 billion, down by approximately 4.9% as compared with last year, of which the export of textile and apparel products decreased by 2.4% and 6.4% respectively. During the Year, exports of textile and apparel products of China to the following countries and regions were summarized as follows:

– United States: approximately US$47.7 billion, representing an increase of approximately 6.7% from the corresponding period of last year.

– European Union: approximately US$53.1 billion, representing a decrease of approximately 9.4% over the corresponding period of last year.

– Japan: approximately US$21.6 billion, representing a decrease of approximately 11.7% as compared with the corresponding period of last year.

– Hong Kong: approximately US$13.9 billion, representing a decrease of approximately 15.9% as compared with the corresponding period of last year.

The amount of export of China's textile products and apparel to the markets of Middle East and Africa increased by approximately 4.6% and 5.2%, respectively, as compared with the corresponding period of last year.

In terms of raw materials, as implementation of the cotton policy reform by the PRC government drove cotton prices being increasingly market-oriented and narrowed the gap between domestic and overseas prices, coupled with the weak growth in end-user spending, cotton prices showed a volatile and downward trend. According to the Cotton A Index, the average price for cotton in China during the Year was approximately RMB13,766 per ton, representing a year-on-year decrease of approximately 22.8%. Overseas cotton prices also decreased due to weak demand. The average global market price for cotton, according to the Cotlook A Index, was approximately 70.39 US cents per pound, representing a year-on-year decrease of approximately 15.3%. In the long run, the narrowing gap between domestic and overseas cotton prices will help improve the overall export competitiveness of China's textile manufacturing industry.

BUSINESS REVIEW

During the Year under Review, as the domestic cotton price was on a decline path due to weak recovery of the global economy, sluggish textile demand and impact from imported textile products, the selling price of China's textile products decreased accordingly, narrowing down the gross profit margin of textile products of the Group. Despite this, gains from the sales of electricity recorded substantial increase due to the significant decrease of unit power generation cost after the completion of the thermal power assets swap by the Group at the end of 2014.

For the year ended 31 December 2015, 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);

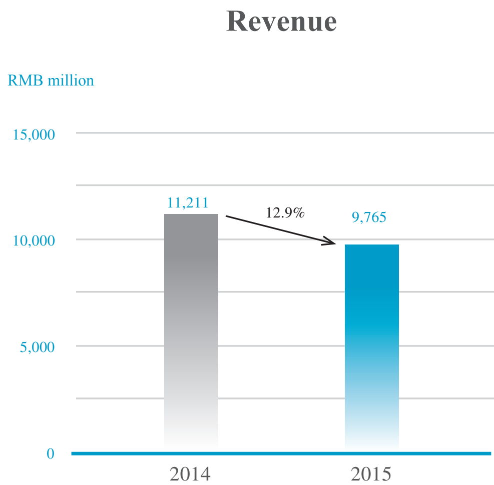
2. Binzhou Production Base (the First Production Area and the Second Production Area of Binzhou Weiqiao Technology Industrial Park Company Limited ("Binzhou Industrial Park"));

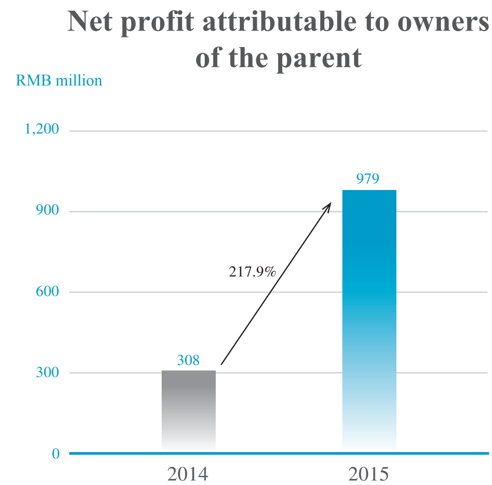
3. Weihai Production Base (Weihai Weiqiao Textile Company Limited ("Weihai Weiqiao") and Weihai Weiqiao Technology Industrial Park Company Limited ("Weiwei Industrial Park")); and

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

Production and operation of the Group remained stable and all facilities were functioning in good conditions during the Year under Review.

For the years ended 31 December 2015 and 2014, the revenue of the Group and net profit attributable to owners of the parent were as follows:

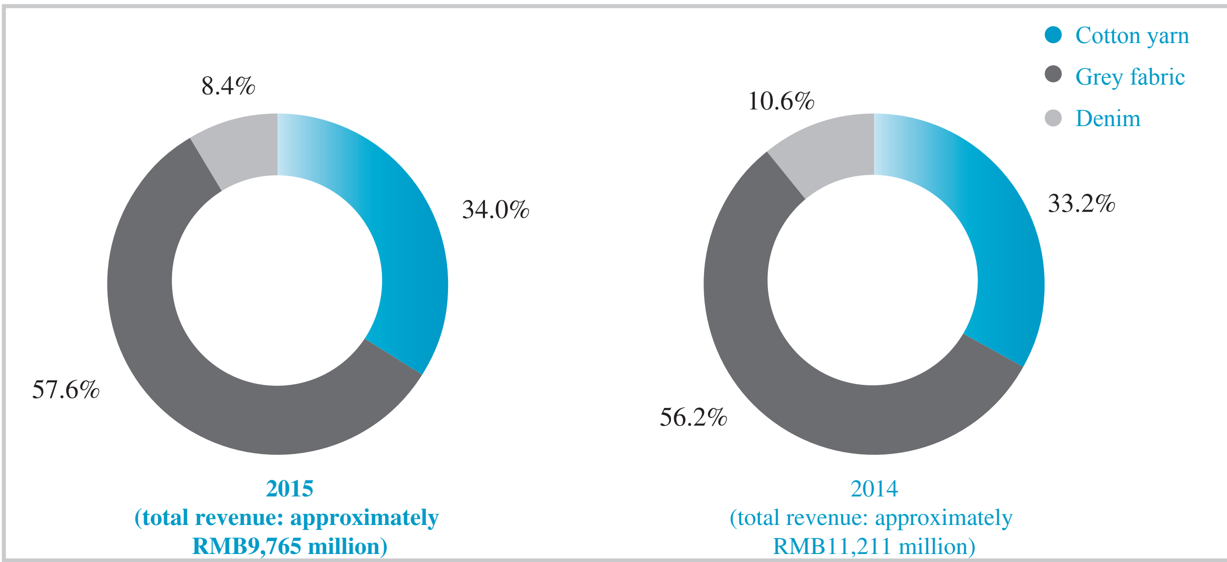




For the year ended 31 December 2015, the Group recorded revenue of approximately RMB9,765 million, representing a decrease of approximately 12.9% as compared with the corresponding period of last year, and net profit attributable to owners of the parent of approximately RMB979 million, representing an increase of approximately 217.9% as compared with last year. The decrease in revenue was mainly attributable to the decrease in both selling prices of the textile products of the Group and the sales volume of grey fabric and denim due to reduced market demand for textile products and the decrease in cotton price. The increase in net profit attributable to owners of the parent was mainly attributable to the substantial increase in gains from the sales of electricity and steam as a result of the significant decrease in unit power generation cost after the completion of the thermal power assets swap by the Group at the end of 2014.

The charts below are the proportion of revenue by product for the years ended 31 December 2015 and 2014:

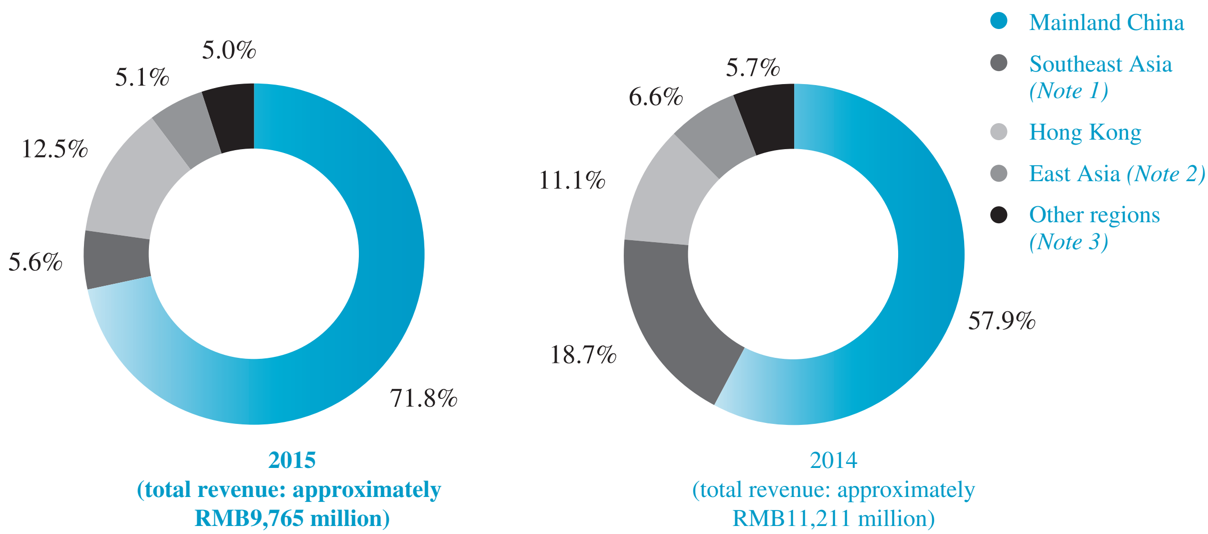
Proportion of revenue by product



For the year ended 31 December 2015, the contribution proportion to the revenue of each of cotton yarn, grey fabric and denim remained stable.

The following charts show the breakdown of the Group's revenue in terms of geographical location for the years ended 31 December 2015 and 2014:

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 2015, under the backdrop of a slow recovery in the global economy and sluggish domestic and overseas market demand, the Group took initiatives in adjusting its product mix and exploring additional domestic growth opportunities, thus recording growth in domestic sales revenue as compared to the corresponding period of last year. During the Year, the proportion of the Group's overseas revenue was approximately 28.2%, while the proportion of domestic revenue was approximately 71.8%.

During the Year under Review, the Group adjusted its production plan according to market conditions and its inventory level, and as a result the output of cotton yarn and grey fabric declined as compared with the corresponding period of last year. Cotton yarn output was approximately 332,000 tons, representing a decrease of approximately 15.7% compared with the corresponding period of last year; grey fabric output was approximately 919,000,000 meters, representing a decrease of approximately 6.0% as compared with the corresponding period of last year; denim output was approximately 81,000,000 meters, representing an increase of approximately 6.6% as compared with the corresponding period of last year, mainly due to the increase in the output of middle to high-end denim based on market demand.

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 2015 and 2014, respectively:

	For the year ended 31 December					
	2015			2014		
Product categories	**Revenue**	**Gross profit**	**Gross profit margin**	Revenue	Gross profit	Gross profit margin
	RMB'000	***RMB'000***	*%*	*RMB'000*	*RMB'000*	*%*
Cotton yarn	**3,322,472**	**270,005**	**8.1**	3,719,738	86,084	2.3
Grey fabric	**5,625,137**	**90,024**	**1.6**	6,306,286	378,869	6.0
Denim	**817,869**	**198,284**	**24.2**	1,185,122	277,866	23.4
Total	**9,765,478**	**558,313**	**5.7**	11,211,146	742,819	6.6

For the year ended 31 December 2015, gross profit of the Group decreased by approximately 24.9% over the corresponding period of last year to approximately RMB558 million. The decrease was primarily attributable to sluggish demand and intensified competition in the textile market domestically and internationally, resulting in a decrease in sales prices of the products of the Group and a decrease in the sales volume of grey fabric and denim. Gross profit margin of the Group was approximately 5.7%, representing a decrease of approximately 0.9 percentage points over the corresponding period of last year, mainly attributable to the decrease in the gross profit margin of grey fabric of the Group during the Year, which caused the overall decrease in gross profit.

Other Income and Gains

For the year ended 31 December 2015, other income and gains of the Group were approximately RMB1,871 million, representing an increase of approximately 107.7% from approximately RMB901 million for the corresponding period of last year. Such increase was mainly due to the decrease in coal price during the Year and the higher efficiency of the thermal power assets acquired by the Group through the swap at the end of 2014 that significantly reduced the unit power generation cost of the Group, thus raising the gains from sales of electricity and steam substantially.

For the year ended 31 December 2015, the Group's revenue generated from the sales of electricity and steam amounted to approximately RMB2,733 million, representing an increase of approximately 29.8% over the corresponding period of last year, mainly attributable to the increase in electricity generated, and external sales volume increased accordingly, due to the higher operating efficiency of the thermal power assets acquired by the Group through the swap.

Selling and Distribution Expenses

For the year ended 31 December 2015, the Group's selling and distribution expenses dropped by approximately 16.4% to approximately RMB133 million from approximately RMB159 million for the corresponding period of last year. Among these expenses, transportation costs decreased by approximately 16.8% to approximately RMB79 million from approximately RMB95 million for the same period of last year, which was mainly due to the decrease in the fees for transportation resulting from a decline in unit freight during the Year. Salary of the sales staff was approximately RMB24 million, remaining same as that of the corresponding period of last year. Sales commission was approximately RMB7 million, representing a decrease of approximately 36.4% from approximately RMB11 million for the same 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 2015, the administrative expenses of the Group were approximately RMB328 million, representing an increase of approximately 10.1% from approximately RMB298 million for the corresponding period of last year. Such increase was primarily due to an increase in idle assets as a result of adjustments in the production plan by the Group according to the market demand, leading to an increase in the depreciation expense which shall be recorded in the administrative expenses.

Finance Costs

For the year ended 31 December 2015, finance costs of the Group were approximately RMB619 million, representing a decrease of approximately 3.0% from approximately RMB638 million for the corresponding period of last year, among which, the interest expenses amounted to approximately RMB609 million, representing a decrease of approximately 3.2% as compared with approximately RMB629 million for the corresponding period of last year, which was mainly attributable to the decrease in the bank loans and the slight decrease in the borrowing interest rate of the Group during the Year.

Liquidity and Financial Resources

As at 31 December 2015, cash and cash equivalents of the Group were approximately RMB12,032 million, representing an increase of approximately 12.3% as compared with the cash and cash equivalents of approximately RMB10,713 million as at 31 December 2014, which was mainly attributable to the Group's efforts in reducing some of the inventory of cotton yarn during the Year, leading to 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 2015, the Group recorded a net cash inflow from operating activities of approximately RMB3,716 million. Net cash outflow from investing activities was approximately RMB1,535 million, and net cash outflow from financing activities was approximately RMB902 million. As at the end of the Year, the cash and cash equivalents was approximately RMB12,032 million. The Group will continue to take effective measures to ensure adequate liquidity and financial resources to satisfy its business needs, and will maintain a sound financial position.

For the year ended 31 December 2015, the inventory turnover days of the Group were 169 days, representing a decrease of 21 days from 190 days for the same period of last year. This was mainly due to the adjustment of its production plan by the Group and the sales of part of inventories during the Year.

For the year ended 31 December 2015, the average turnover days of the Group's receivables was 10 days, which was the same as the corresponding period of last year.

For the years ended 31 December 2015 and 2014, the Group did not use any derivative financial instruments.

Net Profit Attributable to Owners of the Parent and Earnings per Share

For the year ended 31 December 2015, net profit attributable to owners of the parent was approximately RMB979 million, representing an increase of approximately 217.9% from approximately RMB308 million for the corresponding period of last year.

For the year ended 31 December 2015, earnings per share of the Company were RMB0.82.

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 own business and maximize shareholders' interests. The Group continued to focus on its equity and debt mix to ensure the best capital structure to reduce capital costs.

As at 31 December 2015, the debts of the Group were mainly bank borrowings totaling approximately RMB3,043 million (31 December 2014: approximately RMB3,841 million) and corporate bonds amounting to approximately RMB5,972 million (31 December 2014: approximately RMB5,953 million). The Group had cash and cash equivalents of approximately RMB12,032 million (31 December 2014: approximately RMB10,713 million). As at 31 December 2015, the Group's gearing ratio (net debt (interest-bearing bank and other borrowings after deducting cash and cash equivalents) divided by total equity) was approximately -17.6% (31 December 2014: approximately -5.7%).

The Group manages its interest expenses through a fixed rate and floating rate liabilities portfolio. As at 31 December 2015, approximately 44.0% of the Group's bank loans were subject to fixed interest rates, while the remaining approximately 56.0% were subject to floating interest rates.

The Group maintains a balance between the continuity and flexibility of funds through bank loans 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 2015, approximately 19.2% of the Group's borrowings will mature within one year.

As at 31 December 2015, the Group's bank loans were denominated in Renminbi and US dollars, of which bank loans in US dollars represented approximately 1.9% of the total bank borrowings, while cash and cash equivalents were 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 2015, the Group had a total of approximately 69,000 employees, representing a decrease of approximately 5,000 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. Total staff costs of the Group amounted to approximately RMB2,585 million during the Year, representing a decrease of approximately 4.8% over approximately RMB2,716 million as recorded for the corresponding period of last year.

The remuneration of the Group's employees is determined based on their performance, experience and the prevailing industry practice. The remuneration policies and packages are also reviewed periodically by the management of the Group. In addition, the management also grants bonuses and rewards to staff based on their performance to encourage and motivate them to engage in technological innovation and technique improvement. The Group also provides relevant trainings, such as safety training and skills training, to staff based on the technical requirements of different positions.

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 2015, approximately 28.2% of the Group's revenue and approximately 15.0% of the costs of purchase of cotton were denominated in US dollars. For the year ended 31 December 2015, the Group recorded an exchange gain of approximately RMB30 million due to the depreciation of RMB. During the Year, the Group did not experience any significant difficulties or impacts on its operations or liquidity as a result of fluctuations in currency exchange rates. The Directors believe that the Group will have sufficient foreign currency to meet its requirements.

Contingent Liabilities

As at 31 December 2015 and 2014, the Group did not have any contingent liabilities.

Taxation

For the year ended 31 December 2015, the tax of the Group increased from approximately RMB140 million in 2014 to approximately RMB350 million in 2015, representing an increase of approximately 150.0%. Such increase in tax was mainly attributable to the increase in the Group's profit before tax during the Year.

SUBSEQUENT EVENTS

Acquisition of Thermal Power Assets

On 18 December 2015, the Company entered into the memorandum of understanding with Zouping Changshan Industry Co., Ltd. ("Changshan Industry") regarding the acquisition of thermal power assets in order to promote the proceeding of the acquisition. On 11 March 2016, the Company entered into the assets acquisition agreement with Changshan Industry, pursuant to which the Company agreed to acquire the thermal power assets with a capacity of 1,320 MW owned by Changshan Industry at a total consideration of approximately RMB3,186,425,000 (including the deposit in an amount of RMB300 million that has been paid by the Company to Changshan Industry). The Company shall satisfy the payment by cash, by installments or in full, within ten business days after the date of completion of the acquisition. The consideration was determined with reference to the appraised value of the assets under the assets acquisition agreement as at 31 December 2015. The total amount of investment to be made by the Company is expected to be approximately RMB4,600 million (including the consideration under the assets acquisition agreement and the contractual obligations that are expected to be assumed and further performed by the Company for the completion of the construction of the whole project after the acquisition).

OUTLOOK

Looking ahead into 2016, given the uncertainties and volatile factors, the global economy faces a bumpy road to recovery. Driven by the increasing consumer demand, it is expected that the growth rate of developed economies will achieve a mild increase as compared with 2015, while emerging economies will show relatively weak recovery. In view of this, the textile industry in the PRC will strive to maintain its market share in the U.S., Japan, Europe and other developed economies by optimizing its investment strategies and trade portfolios, while also stepping up efforts in exploring opportunities in various emerging market economies.

2016 marks the launch of the Thirteenth Five-Year Plan by the Chinese government. With the acceleration of supply-side structural reforms, and driven by the policies including "cutting over capacity, destocking, deleveraging, reducing costs and identifying growth areas", "mass entrepreneurship and innovation" and "made in China 2025", it is expected that the Chinese economy will still have a large recovery space and continue to register steady, healthy and stable economic growth.

Under this backdrop, the Chinese textile industry faces both challenges and opportunities. On one hand, as over-supply in the global cotton market remains unsolved, it is expected that cotton price will stay in a relatively low range in 2016, which will put pressure on the price of end-products, while issues such as intensified competition in the domestic market and rising labor cost and other production costs remain unsolved. On the other hand, the implementation of a series of supportive policies for the manufacturing industry and the increase in domestic consumer demand will provide support for the development of the industry, and it is expected that the depreciation of Renminbi will promote the export business.

Efforts will be made to explore the domestic and overseas markets, optimize the structure of production capacity, enhance product innovation and improve the level of equipment automation. In terms of overall strategy, Weiqiao Textile will further explore middle to high-end markets according to market demands. The Group will reinforce investments in research and development and step up efforts in building its talent reserves, with an aim to strengthen our innovative capabilities. With respect to operations, the Group will make better use of the resources available, source cotton globally and improve cost controls in line with changes in the market for raw textile materials, so as to reduce the impact of cotton price fluctuations on our operating results. Furthermore, adhering to its strategy of placing equal emphasis on domestic sales and overseas exports, the Group will optimize its trade structure. Leveraging on our consistently high quality products and scale advantages, the Group will improve our order delivery capability and bargain power. Efforts will be stepped up to promote intelligent upgrades of equipment, increase labor efficiency and reduce labor costs. The Group will continue to improve its operating results leveraging on the operation of the thermal power assets. The Group will strictly comply with the requirements of energy conservation and environmental protection, in an effort to promote "green manufacturing".

By leveraging 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 industry changes, and maintain and reinforce its position as the preferred supplier of cotton textile products both in China and across the globe.

SUPPLEMENTAL INFORMATION

Substantial Shareholders

As at 31 December 2015, 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 2015** *(%)*	**Approximate percentage of total issued share capital as at 31 December 2015** *(%)*
Shandong Weiqiao Chuangye Group Limited (the "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 2015** *(%)*	**Approximate percentage of total issued share capital as at 31 December 2015** *(%)*
Brandes Investment Partners, L.P.	Investment manager	78,462,862 (Long position) *(Note 4)*	18.97	6.57
Mellon Financial Corporation	Interest of a controlled corporation	41,073,100 (Long position) *(Note 5)*	9.93	3.44

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 78,462,862 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.

Save as disclosed above, so far as known to the directors, supervisors and the chief executives of the Company, as at 31 December 2015, 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 2015, 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 2015** *(%)*	**Approximate percentage of total issued share capital as at 31 December 2015** *(%)*
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 2015 *(%)*
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 2015, 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 RMB0.2534 (inclusive of tax) per share (the "2015 Final Dividend") to shareholders of the Company whose names appear on the register of members of the Company as at close of business on 9 June 2016 (Thursday), and the dividend will be paid on or before 24 June 2016. The 2015 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 9 June 2016).

Closure of Register of Members

The Company's register of members will be closed from 1 May 2016 (Sunday) to 30 May 2016 (Monday) (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 in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 29 April 2016 (Friday).

The Company's register of members will be closed from 3 June 2016 (Friday) to 9 June 2016 (Thursday) (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 in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 2 June 2016 (Thursday).

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 2015, nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year ended 31 December 2015.

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 three independent non-executive Directors. An Audit Committee meeting was held on 18 March 2016 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 2015, 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 provisions of the CG Code for the year ended 31 December 2015.

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 15 April 2016 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
18 March 2016

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).*