Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 2011

Annual results for the year ended 31 December 2011	
Compared to 2010 financial results:	
Revenue	a decrease of 14.8% to approximately RMB15,232 million
Gross profit	a decrease of 90.3% to approximately RMB278 million
Profit attributable to owners of the parent	a decrease of 84.9% to approximately RMB246 million
Earnings per share	a decrease of 84.6% to approximately RMB0.21
Proposed final dividend per share	a decrease of 86.4% to approximately RMB0.0594 (including tax)

The Board of Directors (the "**Board**") of Weiqiao Textile Company Limited (the "**Company**" or "**Weiqiao Textile**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2011 (the "**Year**" or "**Period under Review**"). During the Period under Review, the revenue of the Group was approximately RMB15,232 million, a decrease of approximately 14.8% as compared with the year ended 31 December 2010. Profit attributable to owners of the parent amounted to approximately RMB246 million, with a decrease of approximately 84.9% as compared with the year ended 31 December 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
REVENUE	4	**15,232,034**	17,887,429
Cost of sales		**(14,953,545)**	(15,007,823)
Gross profit		**278,489**	2,879,606
Other income and gains	4	**1,029,712**	435,198
Selling and distribution costs		**(180,418)**	(287,298)
Administrative expenses		**(230,650)**	(202,325)
Other expenses		**(75,353)**	(74,421)
Finance costs	6	**(569,457)**	(493,456)
Share of profit of an associate		**2,232**	–
PROFIT BEFORE TAX	5	**254,555**	2,257,304
Income tax expense	7	**(15,230)**	(621,939)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**239,325**	1,635,365
Profit and total comprehensive income attributable to:			
Owners of the parent		**245,584**	1,627,376
Non-controlling interests		**(6,259)**	7,989
		239,325	1,635,365
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and dilute	9	**RMB0.21**	RMB1.36

During the years ended 31 December 2011 and 31 December 2010, 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 2011

	Notes	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**15,645,003**	16,680,090
Investment properties		**–**	39,902
Prepaid land lease payments		**195,345**	200,167
Other intangible assets		**2,169**	3,528
Investment in an associate		**47,232**	–
Deferred tax assets		**259,281**	101,825
Total non-current assets		**16,149,030**	17,025,512
CURRENT ASSETS			
Inventories		**10,045,178**	5,871,114
Trade receivables	*10*	**351,225**	521,086
Due from the immediate holding company		**8,436**	46,040
Prepayments, deposits and other receivables		**188,369**	752,005
Pledged time deposits	*11*	**460,182**	167,014
Non-pledged time deposits maturing over three months	*11*	**96,450**	1,594,500
Cash and cash equivalents	*11*	**2,057,949**	2,412,583
Total current assets		**13,207,789**	11,364,342
CURRENT LIABILITIES			
Trade payables	*12*	**3,505,954**	1,601,224
Bills payable	*13*	**–**	580,000
Due to related parties		**6,440**	9,740
Due to the immediate holding company		**741**	–
Other payables and accruals		**1,007,495**	998,452
Interest-bearing bank and other borrowings		**4,441,452**	3,610,289
Tax payable		**228,860**	684,115
Deferred income		**16,596**	8,927
Total current liabilities		**9,207,538**	7,492,747
NET CURRENT ASSETS		**4,000,251**	3,871,595
TOTAL ASSETS LESS CURRENT LIABILITIES		**20,149,281**	20,897,107

	Note	2011 RMB'000	2010 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**4,665,813**	5,190,910
Deferred income		**240,493**	175,663
Deferred tax liabilities		**4,663**	6,124
Total non-current liabilities		**4,910,969**	5,372,697
Net assets		**15,238,312**	15,524,410
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**1,194,389**	1,194,389
Reserves		**13,880,193**	13,705,556
Proposed final dividend	*8*	**70,947**	522,665
		15,145,529	15,422,610
Non-controlling interests		**92,783**	101,800
Total equity		**15,238,312**	15,524,410

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2011

	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 2010	1,194,389	6,673,380	1,129,107	4,798,358	278,890	14,074,124	93,966	14,168,090
Final 2009 dividend declared	–	–	–	–	(278,890)	(278,890)	–	(278,890)
Dividend paid to a non-controlling shareholder	–	–	–	–	–	–	(155)	(155)
Total comprehensive income for the year	–	–	–	1,627,376	–	1,627,376	7,989	1,635,365
Proposed final 2010 dividend *(note 8)*	–	–	–	(522,665)	522,665	–	–	–
Transfer from retained profits	–	–	134,370	(134,370)	–	–	–	–
At 31 December 2010	1,194,389	6,673,380*	1,263,477*	5,768,699*	522,665	15,422,610	101,800	15,524,410

	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 2011	**1,194,389**	**6,673,380**	**1,263,477**	**5,768,699**	**522,665**	**15,422,610**	**101,800**	**15,524,410**
Final 2010 dividend declared	**–**	**–**	**–**	**–**	**(522,665)**	**(522,665)**	**–**	**(522,665)**
Dividend paid to a non-controlling shareholder	**–**	**–**	**–**	**–**	**–**	**–**	**(2,758)**	**(2,758)**
Total comprehensive income for the year	**–**	**–**	**–**	**245,584**	**–**	**245,584**	**(6,259)**	**239,325**
Proposed final 2011 dividend *(note 8)*	**–**	**–**	**–**	**(70,947)**	**70,947**	**–**	**–**	**–**
Transfer from retained profits	**–**	**–**	**43,034**	**(43,034)**	**–**	**–**	**–**	**–**
At 31 December 2011	**1,194,389**	**6,673,380***	**1,306,511***	**5,900,302***	**70,947**	**15,145,529**	**92,783**	**15,238,312**

* *These reserve accounts comprise the consolidated reserves of RMB13,880,193,000 (2010: RMB13,705,556,000) in the consolidated statement of financial position as at 31 December 2011.*

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2011

	Notes	**2011** **RMB'000**	2010 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**254,555**	2,257,304
Adjustments for:			
Finance costs	*6*	**569,457**	493,456
Share of profit of an associate		**(2,232)**	–
Bank interest income	*4*	**(33,554)**	(58,517)
Recognition of deferred income	*4*	**(12,464)**	(9,079)
Losses on stocktaking		**–**	90
(Gains)/losses on disposal of items of property, plant and equipment	*5*	**(515,501)**	19,717
Depreciation	*5*	**1,380,980**	1,315,726
Foreign exchange differences, net	*5*	**(101,714)**	(25,460)
Amortisation of intangible assets	*5*	**1,359**	1,359
Recognition of prepaid land lease payments	*5*	**4,661**	2,969
Revenue on property leasing	*4*	**(363)**	(2,042)
Reversal of impairment of trade receivables	*5*	**(1,757)**	–
Provision against inventories	*5*	**518,754**	(2,364)
		2,062,181	3,993,159
Increase in inventories		**(4,692,818)**	(3,088,030)
Decrease in trade receivables		**151,366**	332,598
Decrease/(increase) in prepayments, deposits and other receivables		**533,056**	(253,474)
Decrease in amounts due from the immediate holding company		**37,604**	5,914
(Decrease)/increase in amounts due to related parties		**(3,300)**	2,449
Increase/(decrease) in trade payables		**2,012,522**	(247,486)
Decrease in bills payables		**(580,000)**	(168,300)
Increase in amounts due to the immediate holding company		**741**	–
Increase in other payables and accruals		**126,753**	160,582
Cash generated from operations		**(351,895)**	737,412
Interest paid		**(567,137)**	(482,667)
PRC corporate income tax paid		**(641,059)**	(364,766)
Net cash flows used in operating activities		**(1,560,091)**	(110,021)

	Notes	2011 *RMB'000*	2010 *RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**38,515**	58,162
Purchases of items of property, plant and equipment		**(517,143)**	(718,473)
Additions to prepaid land lease payments		**(81,774)**	(2,453)
Receipt of government grants		**84,963**	17,740
Proceeds from disposal of items of property, plant and equipment		**662,860**	51,256
Investment in an associate		**–**	(45,000)
Revenue on property leasing	*4*	**363**	2,042
Decrease/(increase) in non-pledged time deposits maturing over three months		**1,498,050**	(57,717)
(Increase)/decrease in pledged time deposits		**(293,168)**	19,416
Net cash flows from/(used in) investing activities		**1,392,666**	(675,027)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**6,369,911**	6,716,697
Repayment of bank loans		**(6,005,415)**	(6,479,845)
Dividends paid to owners of the parent		**(522,665)**	(278,890)
Dividends paid to non-controlling shareholders		**(2,758)**	(155)
Net cash flows used in financing activities		**(160,927)**	(42,193)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(328,352)**	(827,241)
Cash and cash equivalents at beginning of year		**2,412,583**	3,264,210
Effect of foreign exchange rate changes, net		**(26,282)**	(24,386)
CASH AND CASH EQUIVALENTS AT END OF YEAR	*11*	**2,057,949**	2,412,583
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**2,057,949**	2,412,583
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows	*11*	**2,057,949**	2,412,583

NOTES TO FINANCIAL STATEMENTS

31 December 2011

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 Zouping Supply and Marketing Investment Company Limited ("Zouping 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. 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 2011. 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 of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

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.

2.2 CHANGES IN ACCOUNTING POLICY 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 Amendment	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

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, as categorised in groups of similar products for the years ended 31 December 2011 and 2010, is as follows:

	2011	2010
	RMB'000	*RMB'000*
Cotton yarn	**6,252,705**	8,063,398
Grey fabric	**8,138,605**	8,764,460
Denim	**820,658**	1,051,103
Others	**20,066**	8,468
	15,232,034	17,887,429

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

2011

	Revenue from external customers	**Cost of sales**	**Gross profit**
	RMB'000	***RMB'000***	***RMB'000***
Mainland China	**10,326,648**	**10,412,086**	**(85,438)**
Hong Kong	**1,037,645**	**955,622**	**82,023**
East Asia	**1,789,984**	**1,576,418**	**213,566**
Others	**2,077,757**	**2,009,419**	**68,338**
	15,232,034	**14,953,545**	**278,489**

2010

	Revenue from external customers	Cost of sales	Gross profit
	RMB'000	*RMB'000*	*RMB'000*
Mainland China	11,039,456	9,159,954	1,879,502
Hong Kong	2,099,888	1,658,116	441,772
East Asia	1,752,198	1,598,693	153,505
Others	2,995,887	2,591,060	404,827
	17,887,429	15,007,823	2,879,606

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

The revenue information is based on the location of the customers.

There is no transaction with a single external customer which arises revenue amounting to 10% or more of the Group's revenue.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the 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:

	2011	2010
	RMB'000	*RMB'000*
Revenue		
Sale of textile goods	**15,232,034**	17,887,429
Other income		
Bank interest income	**33,554**	58,517
Compensation from suppliers on supply of sub-standard goods and service	**65,761**	41,786
Penalty income from employees	**8,411**	8,024
Recognition of deferred income	**12,464**	9,079
Gross rental income	**363**	2,042
One-off government subsidies	**10,225**	16,259
Others	**2,375**	2,455
	133,153	138,162
Gains		
Sale of electricity and steam	**3,226,814**	2,539,411
Less: Cost thereon	**(2,977,769)**	(2,289,633)
Gains on sale of electricity and steam	**249,045**	249,778
Gains on disposal of items of property, plant and equipment	**515,501**	–
Gains on sale of waste and spare parts	**30,299**	21,798
Foreign exchange differences, net	**101,714**	25,460
	896,559	297,036
	1,029,712	435,198

5. PROFIT BEFORE TAX

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

	Notes	**2011** **RMB'000**	2010 RMB'000
Cost of goods sold		**14,412,463**	14,979,468
Staff costs (excluding directors' and supervisors' remuneration):			
Wages, salaries and social security costs		**2,647,386**	2,554,831
Pension scheme contributions		**120,205**	99,336
		2,767,591	2,654,167
Depreciation		**1,380,980**	1,315,726
Amortisation of land lease payments		**4,661**	2,969
Amortisation of other intangible assets		**1,359**	1,359
Repairs and maintenance		**330,955**	421,851
(Gains)/losses on disposal of items of property, plant and equipment		**(515,501)**	19,717
Auditors' remuneration		**6,670**	7,375
Directors' and supervisors' remuneration		**4,370**	4,334
Foreign exchange differences, net	*4*	**(101,714)**	(25,460)
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**399**	2,119
Provision/(reversal of provision) against inventories		**518,754**	(2,364)
Reversal of impairment of trade receivables		**(1,757)**	–
Bank interest income	*4*	**(33,554)**	(58,517)
Research and development costs included in:			
Wages and Salaries		**33,417**	28,187
Consumables		**27,852**	14,039
		61,269	42,226
Minimum land and building lease payments under operating leases		**24,845**	25,185

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2011	2010
	RMB'000	*RMB'000*
Interest on bank loans		
wholly repayable within five years	**569,049**	493,028
Interest on a finance lease	**408**	428
	569,457	493,456

No interest was capitalised in 2011 (2010: Nil).

7. INCOME TAX

Except for a subsidiary in Hong Kong, whose profit tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during year 2011, all the entities within the Group were subject to corporate income tax at the PRC statutory tax rate of 25% on the taxable income as reported in their statutory accounts, which were prepared in accordance with PRC Generally Accepted Accounting Principles ("PRC GAAP"). Hong Kong profits tax has not been provided during year 2010 as the Group had no assessable profits arising in Hong Kong during that year.

	2011	2010
	RMB'000	*RMB'000*
Current		
– Mainland China	**174,136**	549,784
– Hong Kong	**11**	–
Deferred	**(158,917)**	72,155
Total tax charge for the year	**15,230**	621,939

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company, majority of its subsidiaries and joint ventures 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:

	2011		2010	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	**254,555**		2,257,304	
Tax at PRC jurisdiction statutory tax rate	**63,639**	**25.0**	564,326	25.0
Effect of the different income tax rate for a Hong Kong subsidiary	**(6)**	**–**	–	–
Profit attributable to an associate	**(558)**	**(0.2)**	–	–
Expenses not deductible for tax	**3,673**	**1.4**	21,348	1.0
Tax losses utilised from previous years	**(3,102)**	**(1.2)**	–	–
Tax losses not recognised	**–**	**–**	37,519	1.7
Adjustment in respect of current tax of previous period *(note)*	**(48,599)**	**(19.0)**	–	–
Others	**183**	**–**	(1,254)	(0.1)
Tax charge at the Group's effective rate	**15,230**	**6.0**	621,939	27.6

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

Note: The amount represents a tax concession, approved by the local tax bureau, in respect of the purchases of PRC manufactured machinery and equipment. The tax concession is calculated at 40% of the purchase cost of PRC manufactured machinery and equipment for prior years, and is limited to the amount of increase in income tax for the applied period compared with the tax amount of the preceding year of the purchase. Although the concession were applied in 2010, it was approved by the local tax bureau in 2011 after the 2010 corporate income tax annual filing. Therefore, the amount was credited to profit or loss in the year ended 31 December 2011.

8 DIVIDEND

	2011	2010
	RMB'000	*RMB'000*
Proposed final – RMB0.0594 (2010: RMB0.4376) per share	**70,947**	522,665

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 PRC GAAP; and (ii) the net profit determined in accordance with the accounting standards of the overseas place where the Company's shares are listed (i.e., Hong Kong Financial Reporting Standards).

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

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent of RMB245,584,000 (2010: RMB1,627,376,000), and on 1,194,389,000 (2010: 1,194,389,000) ordinary shares in issue during the year.

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

10. TRADE RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**357,340**	528,958
Impairment	**(6,115)**	(7,872)
	351,225	521,086

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:

	2011	2010
	RMB'000	*RMB'000*
Within 3 months	**340,291**	516,529
3 to 6 months	**8,723**	464
6 months to 1 year	**412**	2,354
over 1 year	**1,799**	1,739
	351,225	521,086

11. CASH AND CASH EQUIVALENTS, PLEDGED TIME DEPOSITS AND NON-PLEDGED TIME DEPOSITS MATURING OVER THREE MONTHS

	2011	2010
	RMB'000	*RMB'000*
Cash and bank balances	**2,057,949**	2,412,583
Time deposits	**556,632**	1,761,514
	2,614,581	4,174,097
Less: Pledged time deposits against:		
– Letters of credit	**(429,182)**	(167,014)
– Guarantee issued	**(31,000)**	–
Non-pledged time deposits maturing over three months	**(96,450)**	(1,594,500)
Cash and cash equivalents	**2,057,949**	2,412,583

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in Renminbi amounted to RMB2,388 million (2010: RMB3,970 million). Renminbi is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of 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:

	2011	2010
	RMB'000	*RMB'000*
Within 3 months	**2,865,108**	1,287,700
3 to 6 months	**555,759**	206,366
6 months to 1 year	**7,684**	14,414
Over 1 year	**77,403**	92,744
	3,505,954	1,601,224

13. BILLS PAYABLE

	2010
	RMB'000
Within 3 months	160,000
3 to 6 months	420,000
	580,000

There was no bill payable as at 31 December 2011.

Certain of the Group's bills payable amounting to RMB260 million as at 31 December 2010 were drawn by Weihai Weiqiao Technology Industrial Park Company Limited in favour of the Company and were discounted with banks by the Company prior to 31 December 2010.

Certain of the Group's bills payable amounting to RMB320 million as at 31 December 2010 were drawn by the Company in favour of Binzhou Weiqiao Technology Industrial Park Company Limited ("Binzhou Industrial Park") and were discounted with banks by Binzhou Industrial Park prior to 31 December 2010.

14. RELATED PARTY TRANSACTIONS

The Group is part of a larger group of companies under Zouping Investment and has extensive transactions and relationships with the members of Zouping Investment. As such, it is possible that the terms of these transactions are not the same as those that would result from transactions among unrelated parties. Related parties refer to entities of which Zouping Investment is a shareholder and is able to exercise control or significant influence. The transactions were made on terms agreed between the parties.

(a) Transactions with related parties

	2011	2010
	RMB'000	*RMB'000*
The immediate holding company:		
Sales of textile products	**280,806**	58,957
Sales of electricity	**1,435,987**	969,465
Expenses on land use rights and property leasing	**23,320**	23,724
Revenue on property leasing	**292**	2,042
Sales of textile products to fellow subsidiaries	**867,079**	669,037
Sales of textile products to a company in which a director of the Company is a controlling shareholder	**197,923**	11,128
Revenue on property leasing to the associate	**71**	–

(b) Outstanding balances with related parties:

	Due from related parties		Due to related parties	
	2011	2010	**2011**	2010
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
The Holding Company	**8,436**	46,040	**741**	–
Fellow subsidiaries	**–**	–	**6,440**	9,740

(c) Commitments with related parties

At the end of the reporting period, the Group entered into sale agreements with certain fellow subsidiaries amounting to RMB3,600,000, which are expected to be fulfilled in 2012.

(d) Compensation of key management personnel of the Group:

	2011	2010
	RMB'000	*RMB'000*
Short term employee benefits	**4,489**	4,451
Post-employment benefits	**34**	30
Total compensation paid to key management personnel	**4,523**	4,481

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

15. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors of the Company on 23 March 2012.

CHAIRMAN'S STATEMENT

It is my pleasure to present on behalf of the Board of Directors (the "Board") of Weiqiao Textile Company Limited ("Weiqiao Textile" or the "Company") the consolidated results of the Company together with its subsidiaries (collectively, the "Group") for the year ended 31 December 2011 (the "Year" or "Period under Review").

2011 was a challenging year for China's cotton textile industry. On the one side, the prices of raw materials fluctuated in the domestic market and production costs including that of labour increased. At the same time, in order to dampen domestic inflation, the PRC government tightened monetary policy, and with the appreciation of RMB, the financing costs reached an even higher level for textile companies and exports of textile products were adversely affected. In particular, the high volatility of the cotton price negatively affected the industry across the board. As a result, sales were weaker, the potential for inventory losses were greater, and profits lowered for most cotton textile enterprises. Further more, the adverse impact was felt throughout the industry value chain, affecting both confidence and operations.

During the Year, the slow recovery of the global economy and the sovereign debt crisis in Europe led to weak demand for textile products and apparel in the international market where competition became more intense. According to statistics from the China Customs, China exported US$248 billion of textile products and apparel in 2011, an increase of 20.1% over 2010 and down 3.5 percentage points from the growth rate of the previous year. The rise in export value was due to the increase in product prices in US dollar terms rather than a growth in the export volume. From January to November 2011, the export prices of textile products and apparel increased 20.4% year over year. The factors driving price increases were complex, including RMB appreciation, rising production costs, and efforts to optimize the structure of export products. However, in terms of volume, exports of textile products and apparel from January to November 2011 only increased 0.5% year over year, with apparel exports increasing only 0.1%. The Board is not very optimistic about overseas market as we have also seen some export orders shifting from China to its neighboring countries with lower production costs and intensified competition.

In 2011, a turbulent year for the textile industry, the inventory level of Weiqiao increased substantially due to weak market demand. Profits were negatively affected by a provision against inventory due to a significant decline in product prices. For the year ended 31 December 2011, the Group's revenue was RMB15,232 million, a decrease of 14.8% compared with 2010. Profit attributable to owners of the parent was RMB246 million, representing a substantial decrease of 84.9% compared with 2010. Earnings per share were RMB0.21. The Board recommended payment of a final dividend for the year ended 31 December 2011 of RMB0.0594 per share (including tax).

Looking ahead, the Chinese textile industry will still face a complex domestic and overseas environment in 2012. The first half of the year will be particularly challenging for the industry. The slow recovery of the global economy, high unemployment in the United States and Europe, and the sovereign debt crisis in the Eurozone will negatively affect global demand for textile products. The market demand from US and Europe, as the main driving forces of global demand for textile products, will remain weak. The Board foresees that there will be more intense competition and trade conflicts as a result of the slowdown in global consumption.

At the same time, the Chinese economy shows signs of a slowdown in 2012. It is becoming more difficult to stimulate domestic consumption, and investment demand has weakened. China's textile industry, which already faces severe competition, will need to cope with a variety of pressures. These include fluctuations in the price of raw materials, an increasing gap between the prices of domestic and imported cotton, surging labor and other production costs, and an unfavorable credit environment for small and medium enterprises.

Despite this fairly gloomy prognosis, we expect to see consumption remains above the threshold created by basic human needs, and the fundamentals of the domestic demand remain unchanged. Growth in personal income will keep pace with economic growth. Government policies will continue to focus on domestic demand and an improvement in living standards, providing room for growth in the domestic market. With the gradual reduction of inflation pressure, the domestic market will emerge as the principal growth driver for China's textile industry. Meanwhile, China's textile industry will remain competitive in the global market, particularly at the high end, due to the breadth of the supply chain and its advanced technology. External adversity will force companies to adjust and upgrade, which will lead to further industrial integration, and improve the competitive advantage of China's textile industry as a whole.

As the world's largest cotton textile enterprise, Weiqiao Textile has many advantages. It has enormous flexibility in terms of raw materials procurement, highly automated textile facilities, advanced technology and is supported by a strong and innovative research and development team. The Company will continue to explore the high-end product market and serve as an industrial pioneer in the PRC. Meanwhile, the Board believes that the domestic market is vital for the Group's future, and the Group also benefits from Chinese government's favorable policies and measures that are intended to bolster the economy growth by expanding domestic consumption. We believe these will lay a solid foundation for continuing development of the industry. Given our sound financial status, dominant position in the market, and extensive experience in the industry, we are confident that we can overcome temporary challenges and maintain market share.

As the management of Weiqiao Textile, we will work diligently to maximize shareholders' value. Shareholders' trust and support, together with the efforts of our staff will enable us to achieve our goals. I would like to express my sincere gratitude to our shareholders, investors and business partners for their trust and support, and would also like to thank the members of the Board, the entire management team and our employees, for their dedication and hard work.

Chairman
Zhang Hongxia

Shandong, People's Republic of China
23 March 2012

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

2011 was a challenging year for the textile industry in China due to the slowdown of the domestic and overseas economy. China's textile industry was under pressure as textile products suffered continuous price decline along with the slowdown.

During the Period under Review, the sluggish recovery of the global economy and the sovereign debt crisis in Europe led to depressed demand for textile products and apparel in overseas markets. The growth in export value of textile products and apparel in China decelerated and the increase in export volumes was negligible. According to the figures released by the China Customs, the accumulated export of textile products and apparel in 2011 amounted to approximately US$248 billion, representing an increase of 20.1%. Yet the growth rate declined by 3.5 percentage points compared to that in 2010. In particular, exports of textile products amounted to approximately US$94.7 billion, representing an increase of 22.9% and a decrease of 5.6 percentage points in growth rate over last year; while exports of apparel amounted to approximately US$153.3 billion, representing an increase of 18.4% and a decrease of 2.5 percentage points in growth rate over last year. Weakened demand from overseas markets together with the shifting of export orders from China to its neighboring countries gradually due to production cost consideration, resulted in a more fierce competition for global textile companies.

During the Period under Review, the domestic textile market became a bright spot for China's textile industry for its steady growth and continuous expansion in market size. According to figures released by the National Bureau of Statistics, from January to November 2011, sales of apparel by distribution companies with over RMB20 million annual revenues in China grew by 23.9% over the corresponding period of last year. For textile companies with over RMB20 million annual revenues, domestic sales amounted to RMB4,010.1 billion, representing an increase of 30.3% over the corresponding period of last year, which was 14.5 percentage points higher than the growth rate of their exports. And domestic sales accounted for 82.9% of total sales, up 1.8 percentage points over last year. While inflation suppressed the growth in domestic demand during the Year, domestic demand will be the major driver for China's cotton textile industry in the future, as the expansion of domestic demand is expected as a result of policies in the "Twelfth Five-Year" plan.

During the Year, the cotton production in China amounted to approximately 7.2 million tonnes, up 14.3% over the previous year. The cotton price was highly volatile during the year because of the bumper harvest of cotton worldwide, the decrease in demand, and cotton speculation. Based on the Cotton A Index in China, the highest price was RMB32,163 per tonne and the lowest price was RMB20,306 per tonne, representing a 36.9% deviation. In the overseas market, the highest cotton price was 243.65 US cents per pound and the lowest cotton price was 92.1 US cents per pound for Cotlook A Index, representing a 62.2% deviation. The volatility of the cotton price made inventory management and cost control for textile manufacturers in China challenging.

BUSINESS REVIEW

The cotton textile market remained depressed due to the uncertainties in the global economy and shrinking overseas demand. Weiqiao was unable to remain unaffected amidst such difficult and complex market. However, the Board is confident that the Group will overcome these challenges and enhance its dominant position in the industry by leveraging its complete and strong operation capability and solid financial status.

For the year ended 31 December 2011, the Group had four production bases, namely:

1. Weiqiao Production Base (the Second and the Third Production Areas);

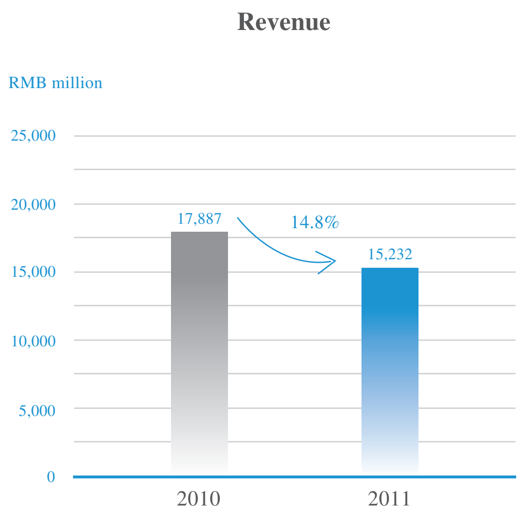
2. Binzhou Production Base (the First Production Area and the Second Production Area of Binzhou Weiqiao Technology Industrial Park Company Limited ("Binzhou Industrial Park"));

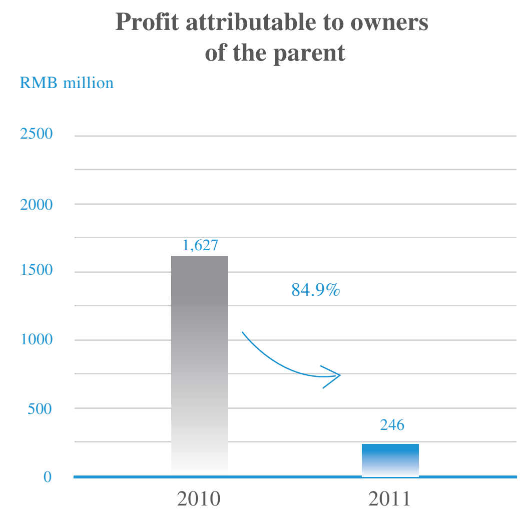
3. Weihai Production Base (Weihai Weiqiao Textile Company Limited ("Weihai Weiqiao") and Weihai Weiqiao Technology Industrial Park Company Limited ("Weihai Industrial Park")); and

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

All of the above production bases are located in Shandong Province of China, with a total gross floor area of approximately 2,650,418 sq.m.

For the year ended 31 December 2011, the revenue of the Group and profit attributable to owners of the parent were as follows:



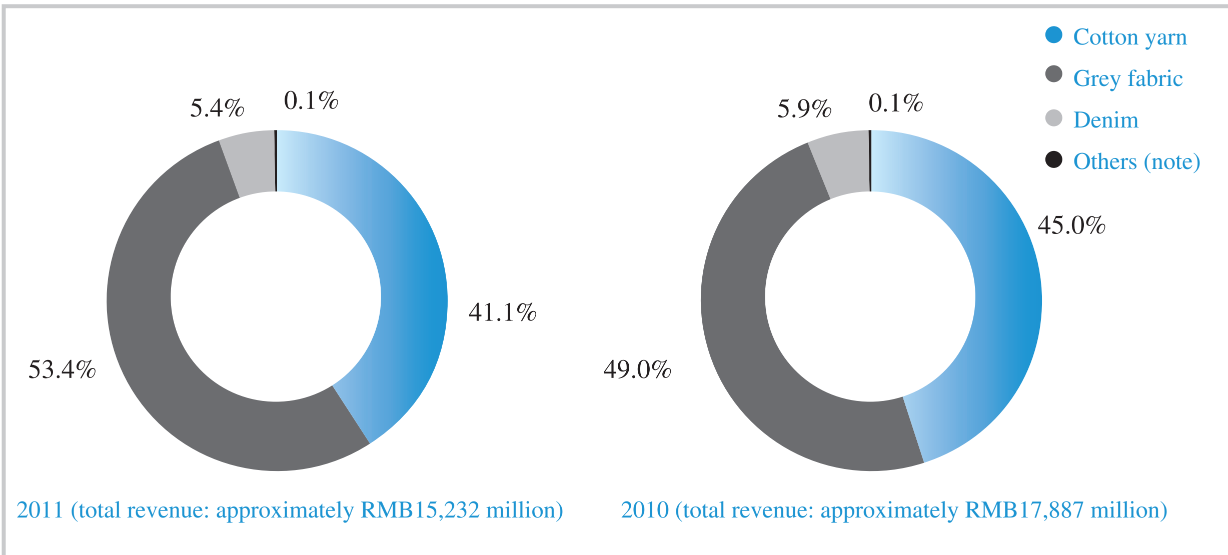


For the year ended 31 December 2011, Weiqiao Textile recorded a revenue of approximately RMB15,232 million, representing a 14.8% decrease compared to last year. The decrease was mainly due to the shrinking overseas demand on the back of the sluggish recovery of the global economy and debt crisis in Eurozone, and the decrease in sales volume caused by a sharp decline in cotton price, which further curtailed market demand for downstream products.

For the year ended 31 December 2011, profit attributable to owners of the parent substantially decreased to approximately RMB246 million, an 84.9% decrease over the previous year. The decrease was primarily due to lower selling prices of the products along with the sharp decline in the cotton price. Our profitability was hurt because the decrease in our products' selling prices was substantially larger than the decrease in the prices of raw materials, as market demand decreased along with the challenging economy in North America and Europe. Profit attributable to owners of the parent was also hurt by a provision against inventories due to the decline in prices.

The charts below compare the breakdown of revenue by product for the years ended 31 December 2011 and 2010:

Proportion of revenue by product



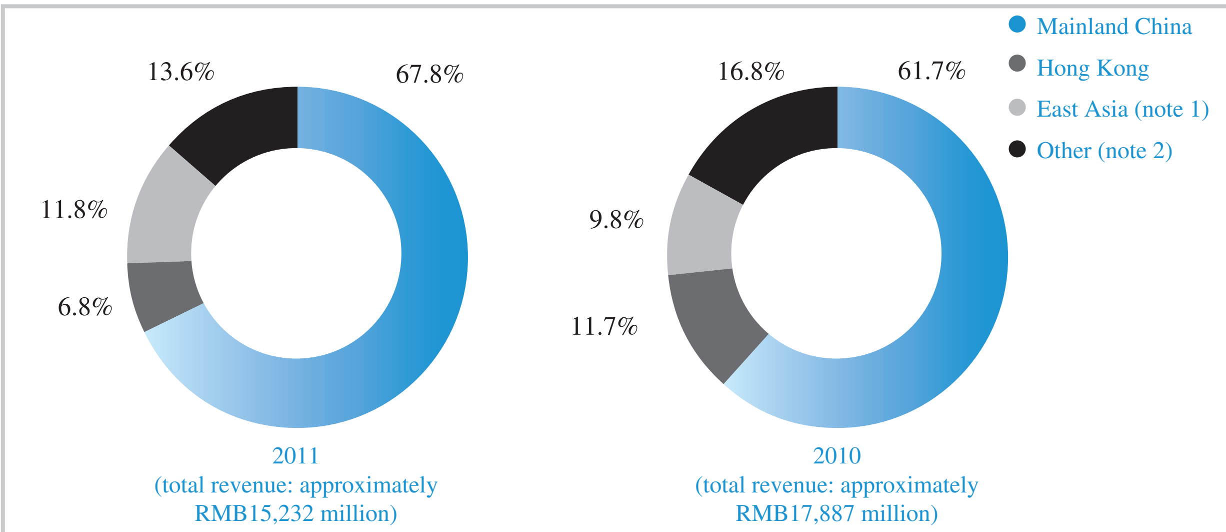
Note: Others include cotton seed and other by-products

For the year ended 31 December 2011, the proportion of revenue contribution of cotton yarn decreased due to the decline in orders and sales volume, which were caused by the high fluctuation in the cotton price and shrinking demand in overseas markets. The proportion of revenue contribution of grey fabric increased as the Group dishoarded part of its inventory according to domestic market conditions. Therefore, the decline of the revenue of grey fabric is less than that of the Group's overall revenues. The proportion of revenue contribution of denim remained at about the same level as last year.

In 2011, the Group's production volume of cotton yarn, grey fabric, and denim were approximately 618,000 tonnes, 1,165 million meters and 102 million meters respectively. The production of cotton yarn and grey fabric decreased 14.2% and 10.9%, respectively, over last year, as the Group adjusted its production plan in view of the weakened market demand caused by sluggish overseas markets and volatile cotton price. The production volume of denim remained at the same level as last year.

The following charts show the breakdown of the Group's revenue in terms of geographical location for the years ended 31 December 2011 and 2010:

Proportion of revenue by geographical location



Note 1: East Asia includes Japan and South Korea;

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

For the year ended 31 December 2011, revenue from exports to all countries and regions decreased as compared with the previous year, which was mainly due to the decrease in export orders as a result of the sluggish global economy recovery, weak global consumptions, and more intensive competition in overseas markets from players from emerging markets.

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 2011 and 2010:

	For the year ended 31 December					
	2011			2010		
Product	**Revenue**	**Gross profit**	**Gross profit margin**	Revenue	Gross profit	Gross profit margin
	RMB'000	***RMB'000***	**%**	*RMB'000*	*RMB'000*	%
Cotton yarn	**6,252,705**	**382,538**	**6.1**	8,063,398	1,713,540	21.3
Grey fabric	**8,138,605**	**(171,939)**	**(2.1)**	8,764,460	993,699	11.3
Denim	**820,658**	**66,716**	**8.1**	1,051,103	172,330	16.4
Others	**20,066**	**1,174**	**5.9**	8,468	37	0.4
Total	**15,232,034**	**278,489**	**1.8**	17,887,429	2,879,606	16.1

For the year ended 31 December 2011, the gross profit margin of the Group decreased from 16.1% to 1.8% as compared with last year. This was mainly attributable to the shrinking demand from international market and the substantial decrease in the cotton price during the Year, which led to a substantial decrease in market demand for textile products and significant drop in the selling prices of products, resulting in shrinking profits for the Group. In addition, the Group made an inventory provision as at the end of the Year following the decrease in selling prices, which in turn affected the gross profit of the Group.

OTHER INCOME AND GAINS

For the year ended 31 December 2011, other income and gains of the Group was approximately RMB1,030 million, representing an increase of approximately 136.8% as compared with approximately RMB435 million of last year. Such increase was mainly due to (1) the one-off gain on disposal of properties of approximately RMB516 million by the Company during the Year, details of which is set out in the section headed "Property Transfer" below; (2) the exchange gain of approximately RMB102 million recorded by the Group during the Year.

SELLING AND DISTRIBUTION COSTS

The Group's selling and distribution costs decreased by approximately 37.3% to approximately RMB180 million for the Year from approximately RMB287 million for last year. In particular, transportation cost decreased by approximately 38.4% to approximately RMB130 million from approximately RMB211 million in 2010. This was mainly due to decreased market demand for the textile products and sales volume of the Group's products declined during the Year, which reduced transportation cost accordingly.

Sales commission was approximately RMB19 million, representing a decrease of approximately 40.6% as compared with approximately RMB32 million of last year. Such decrease was primarily due to a decrease in the Group overseas sales through intermediate traders which resulted in a drop in the commission paid.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group for the year ended 31 December 2011 amounted to approximately RMB231 million, representing an increase of approximately 14.4% as compared with approximately RMB202 million of last year. It was primarily due to the upward adjustment of wages by the Group and the corresponding increase in the salary expenses of administration and management staff during the year.

OTHER EXPENSES

For the year ended 31 December 2011, other expenses of the Group amounted to approximately RMB75 million, approximately at the same level as compared with approximately RMB74 million of last year.

FINANCE COSTS

For the year ended 31 December 2011, finance costs of the Group were approximately RMB569 million, representing an increase of approximately 15.4% as compared with approximately RMB493 million of last year. This was mainly due to slight increase in the bank loans of the Group and the increase in the interest rates of bank borrowings in China during the Year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2011, cash and cash equivalents of the Group were approximately RMB2,058 million, representing a decrease of approximately 14.7% as compared with that of approximately RMB2,413 million as at 31 December 2010. It was mainly due to a decrease in demand in downstream market, which resulted in a decrease in the revenue of the Group and raised the Group's inventory at the end of the year and thus led to a decrease in cash and cash equivalents at the end of the year.

For the year ended 31 December 2011, the Group had a net cash outflow from operating activities of approximately RMB1,560 million, a net cash inflow from investing activities of approximately RMB1,393 million and a net cash outflow from financing activities of approximately RMB161 million. As at the end of the Year, the cash and cash equivalents dropped approximately RMB355 million. The Group will take effective measures to ensure adequate liquidity and financial resources to satisfy its business needs and will continue to maintain sound financial status.

For the year ended 31 December 2011, the capital expenditures of the Group amounted to approximately RMB453 million, mainly attributable to the construction of certain new production lines for production of high-end products.

For the year ended 31 December 2011, the inventory turnover days of the Group increased 102 days to 245 days as compared with last year. The increase in inventory turnover days was due to the shrinking demand from international market and significant fluctuation in the cotton price during the Year which reduced orders and accumulated inventory. Meanwhile, due to the decrease in sales volume, the corresponding trade receivables decreased and the average turnover days decreased to 8 days from 11 days last year.

For the year ended 31 December 2011, the Group did not have financial derivative instruments.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT AND EARNINGS PER SHARE

Profit attributable to owners of the parent was approximately RMB246 million for the year ended 31 December 2011, representing a decrease of approximately 84.9% as compared with that of approximately RMB1,627 million of last year.

For the year ended 31 December 2011, earnings per share of the Company were RMB0.21.

CAPITAL STRUCTURE

The major objective of the Group's capital management is to ensure the ongoing operations, and maintain a satisfactory capital ratio of the Group. 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 2011, the debts of the Group were mainly bank borrowings totaling approximately RMB9,103 million. Cash and cash equivalents were approximately RMB2,058 million. The gearing ratio was 46.2% (2010: 41.1%) (Net debt interest bearing bank borrowings after deducting cash and cash equivalents) divided by total equity).

The Group maintained a balanced portfolio of loans at fixed interest rate and variable rates to manage interest expenses. As at 31 December 2011, 23.3% of the Group's bank loans were subject to fixed interest rates while the remaining 76.7% were subject to floating interest rates.

The Group kept a balance between the continuity and flexibility of funds through bank loans. In any 12-month period, the loans due will not exceed 50% of the total loans. As at 31 December 2011, approximately 48.8% of the loans will become due within one year.

As at 31 December 2011, the Group's loans were denominated in Renminbi and US dollars, of which borrowings in US dollars represented 8.4% of the total 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 11.0% of the total amount.

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2011, the Group had a total of approximately 102,000 employees, representing a decrease of 11,000 employees as compared with last year. Such decrease in the number of staff was mainly due to the high turnover of staff, reduction of number of staff arising from shrinking textile market demand and decrease of orders, and the corresponding reduction of the Company's staff reserve. Besides, following the higher automation level of the Group's machinery, the use of manpower per unit reduces. Total staff costs amounted to approximately RMB2,772 million during the Year, representing 18.2% of the turnover. Employee remuneration is determined based on their performance, experience and the industry practice. The Group's remuneration policies and packages were reviewed periodically by the management of the Group. In addition, the Group also grants bonuses and rewards to the staff based on their performance to encourage and drive its staff to strive for better performance. During the Year, the Group provided training to its staff according to their respective job duties and skills requirements, such as training sessions on safety and skills.

EXPOSURE TO FOREIGN EXCHANGE RISKS

The Group adopted a 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. The repayment period of the import purchases and foreign borrowings is longer than the period of receiving export trade payments. Due to steady appreciation of Renminbi, 32.2% of the Group's revenue and 42.4% of the costs of purchase of cotton were denominated in US dollars for the year ended 31 December 2011. With the continuous appreciation of RMB, the Group recorded an exchange gain of approximately RMB102 million for the year ended 31 December 2011. 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 will have sufficient foreign currency to meet its requirements.

CONTINGENT LIABILITIES

As at 31 December 2011, the Group did not have any contingent liabilities (2010: the Group had approximately RMB200 million of contingent liabilities, which were undue letters of credit issued).

TAXATION

For the year ended 31 December 2011, the tax of the Group decreased from approximately RMB622 million in 2010 to approximately RMB15 million in 2011, representing a decrease of approximately 97.6%. Such decrease in tax was mainly attributable to (1) the decrease of the Group's profit; (2) a tax concession of approximately RMB49 million received by Binzhou Industrial Park, a subsidiary of the Company, for the purchase of domestic manufactured equipment.

PROPERTY TRANSFER

During the Year, the Company transferred the properties (the "Transferred Properties") that have not been put into production as originally planned by the Group due to the global economic crisis. Such Transferred Properties are located in the Third Industrial Park of Zouping Production Base in the Zouping County Economic Development Zone of Shandong Province. The Company has transferred such properties to an independent third party and has terminated the lease of the land on which the Transferred Properties located. The Company has recognised the realised gain from the disposal of approximately RMB516 million during 2011. For details, please refer to the announcement made by the Company dated 14 December 2011.

OUTLOOK

Looking ahead, there are many uncertain factors in the economic growth. Weiqiao Textile will further improve product mix, encourage innovation, and strengthen its good brand name in the market. We believe these initiatives will further enhance sales.

In addition, by leveraging advantages including global cotton procurement and self-sufficient electricity and steam supply, Weiqiao Textile will continue its efforts to control cost and maintain, or even increase, its market share amidst market turbulence through proactive dynamic strategies and flexible pricing. The management of the Group believes that, given its operating efficiency and strategy, Weiqiao Textile will regain its growth rapidly once the market recovers.

SUPPLEMENTAL INFORMATION

Substantial Shareholders

As at 31 December 2011, 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 ("Stock Exchange") under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("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:

Long positions 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 2011 *(%)*	Approximate percentage of total issued share capital as at 31 December 2011 *(%)*
Holding Company	744,937,600	95.41	62.37
Zouping Supply and Marketing Investment Company Limited (the "Zouping Investment"),	744,937,600 *(Note 2)*	95.41	62.37

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 2011 *(%)*	Approximate percentage of total issued share capital as at 31 December 2011 *(%)*
Brandes Investment Partners, L.P.	Investment manager	62,332,612 (Long position) *(Note 4)*	15.07	5.22
The Bank of New York Mellon Corporation	Interest of a controlled corporation	58,067,508 (Long position)	14.04	4.86
		35,346,508 (Lending Pool) *(Note 5)*	8.55	2.96
Mellon Financial Corporation	Interest of a controlled corporation	41,073,100 (Long position) *(Note 6)*	9.93	3.44
The Boston Company Asset Management LLC	Investment manager	25,603,300 (Long position) *(Note 7)*	6.19	2.14
Citigroup Inc.	Interest of corporation controlled by the substantial shareholder;	22,322,167 (Long position)	5.39	1.87
		10,069,654 (Short Position)	2.43	0.84
	Custodian corporation/ approved lending agent	12,252,076 (Lending Pool) *(Note 8)*	2.96	1.03

Note 1: Unlisted shares.

Note 2: Zouping Investment holds 51% equity interests in Holding Company.

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

Note 4: These 62,332,612 H Shares were held by Brandes Investment Partners, L.P. in its capacity as investment manager.

Note 5: These 58,067,508 H Shares in which The Bank of New York Mellon Corporation was deemed interested under the SFO were directly held by The Bank of New York Mellon, which was a corporation 100% controlled by The Bank of New York Mellon Corporation.

Note 6: These 41,073,100 H Shares in which Mellon Financial Corporation was deemed interested under 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 7: These 25,603,300 H Shares were held by The Boston Company Asset Management LLC in its capacity as investment manager.

Note 8: These 10,070,091 H Shares (long position) and 10,069,654 (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 12,252,076 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 2011, 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 provision of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

As at 31 December 2011, 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 2011 *(%)*	Approximate percentage of total issued share capital as at 31 December 2011 *(%)*
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 2011 *(%)*
Zhang Shiping *(Non-executive Director)*	Holding Company	Beneficial	33.72
Zhang Hongxia *(Executive Director)*	Holding Company	Beneficial and spouse *(Note 1)*	5.73 *(Note 1)*
Zhang Yanhong *(Executive Director)*	Holding Company	Beneficial	1.63
Wang Zhaoting *(Non-executive Director)*	Holding Company	Beneficial	0.25
Zhao Suwen *(Executive Director)*	Holding Company	Beneficial	0.38
Liu Mingping *(Supervisor)*	Holding Company	Beneficial	0.14
Zhao Suhua *(Non-executive director)*	Holding Company	Beneficial and spouse *(Note 2)*	3.09 *(Note 2)*
Wang Xiaoyun *(Non-executive director)*	Holding Company	Beneficial	0.25

Note 1: These 48,000,000 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: These 4,500,000 shares of the Holding Company will be beneficially owned by Ms. Zhao Suhua, who is deemed to be interested in the 44,911,000 shares directly held by her husband, Mr. Wei Yingzhao under the SFO.

Save as disclosed above, as at 31 December 2011, none of the Directors, Supervisors or the chief executive of the Company 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; 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 RMB0.0594 (tax inclusive) per share (the "2011 Final Dividend"), payable to owners of the parent whose names appear on the register of members of the Company as at close of business on Friday, 15 June 2012. The 2011 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 nor will the Company handle any disputes arising from the arrangement of withholding 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 8 June 2012.

Closure of Register of Members

The Company's register of members will be closed from Monday, 30 April 2012 to Tuesday 29 May 2012 (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, 27 April 2012.

The Company's register of members will be closed from Monday, 11 June 2012 to Friday, 15 June 2012 (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, 8 June 2012.

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 2011, nor any of its subsidiaries purchased, or sold any of the Company's listed securities during the year ended 31 December 2011.

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 23 March 2012 to review the Company's annual report and financial statements.

Code for Securities Transactions by Directors

The Company has adopted a code for securities transactions on terms equivalent to the required standard of the Model Code as set out in Appendix 10 to the Listing Rules.

Having made specific enquiries with the Directors, the Company has confirmed that each of the Directors complied with the required standard set out in the Model Code regarding securities transactions by the Directors.

Code on Corporate Governance Practices

The Company has applied the principles of the Code of Corporate Governance Practices 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 code provisions for the year ended 31 December 2011.

Code provision A.2.1 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 13 April 2012 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

Shandong, the People's Republic of China
23 March 2012

Note: As at the date of this announcement, the board of directors of the Company comprises 11 directors, namely Ms. Zhang Hongxia, Ms. Zhao Suwen, Ms. Zhang Yanhong and Mr. Zhang Jinglei as executive directors, Mr. Zhang Shiping, Mr. Wang Zhaoting, Ms. Zhao Suhua and Ms. Wang Xiaoyun 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*