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 2007

Annual results for the year ended 31 December 2007	
Revenue	a decrease of 6.2% to RMB18,590,000,000
Gross profit	a decrease of 19.9% to RMB2,662,000,000
Net profit attributable to shareholders of the Company	an increase of 10.9% to RMB1,868,000,000
Basic earnings per share	an increase of 9.1% to RMB1.56
Proposed final dividend per share	an increase of 13.6% to approximately RMB0.50

The Board of Directors (the "**Board**") of Weiqiao Textile Company Limited (the "**Company**" or "**Weiqiao Textile**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2007 (the "**Year**"). During the Year, the audited revenue was approximately RMB18,590,000,000, a decrease of 6.2% as compared with the year ended 31 December 2006. Net profit attributable to shareholders of the Company amounted to RMB1,868,000,000, with an increase of 10.9% as compared with the year ended 31 December 2006.

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2007

	Notes	**2007** *RMB'000*	**2006** *RMB'000*
REVENUE	4	18,589,586	19,826,154
Cost of sales		(15,927,215)	(16,503,064)
Gross profit		2,662,371	3,323,090
Other income and gains	4	466,921	350,250
Selling and distribution costs		(410,222)	(358,816)
Administrative expenses		(196,971)	(177,341)
Write-back of unutilised welfare provision	5	534,362	—
Other expenses		(57,821)	(109,609)
Finance costs	6	(726,014)	(720,003)
PROFIT BEFORE TAX	5	2,272,626	2,307,571
Tax	7	(394,521)	(616,745)
PROFIT FOR THE YEAR		1,878,105	1,690,826
Attributable to:			
Equity holders of the parent	10	1,868,471	1,685,405
Minority interests		9,634	5,421
		1,878,105	1,690,826
DIVIDEND			
Proposed final	9	597,813	525,531
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic - for profit for the year	10	RMB1.56	RMB1.43

CONSOLIDATED BALANCE SHEET
31 December 2007

	Notes	**2007** *RMB'000*	**2006** *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		16,099,869	15,947,476
Prepaid land lease payments		126,225	129,041
Other intangible assets		5,701	6,901
Deferred tax assets		70,088	121,044
Total non-current assets		16,301,883	16,204,462
CURRENT ASSETS			
Inventories		3,587,791	3,577,564
Trade receivables	11	902,185	693,838
Amounts due from related parties		1	5,044
Amount due from the immediate holding company		1,579	—
Prepayments, deposits and other receivables		96,437	56,046
Derivative financial instruments		5,983	5,524
Pledged deposits	12	154,080	106,526
Non-pledged time deposits maturing over three months	12	1,684,688	1,281,914
Cash and cash equivalents	12	4,014,049	4,209,714
Total current assets		10,446,793	9,936,170
CURRENT LIABILITIES			
Trade payables	13	1,375,533	788,543
Bills payable		649,151	660,000
Amounts due to related parties		16,882	9,260
Amount due to the immediate holding company		37,793	162,798
Other payables and accruals		761,942	1,390,308
Derivative financial instruments		219	9,742
Interest-bearing bank loans, current portion		4,278,627	3,940,242
Long term payable to the immediate holding company, current portion		—	137,103
Tax payable		965,295	954,170
Dividend payable		104,223	67,708
Deferred income, current portion		7,651	5,151
Total current liabilities		8,197,316	8,125,025
NET CURRENT ASSETS		2,249,477	1,811,145
TOTAL ASSETS LESS CURRENT LIABILITIES		18,551,360	18,015,607

31 December 2007

	Notes	**2007** *RMB'000*	**2006** *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank loans, long term portion		4,948,133	5,789,384
Deferred income		124,798	96,340
Deferred tax liabilities		5,773	8,082
Total non-current liabilities		5,078,704	5,893,806
Net assets		13,472,656	12,121,801
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		1,194,389	1,194,389
Reserves		11,578,477	10,307,819
Proposed final dividend	9	597,813	525,531
		13,370,679	12,027,739
Minority interests		101,977	94,062
Total equity		13,472,656	12,121,801

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2007

	Attributable to equity holders of the parent								
	Issued capital *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Statutory public welfare fund *RMB'000*	Retained profits *RMB'000*	Proposed final dividend *RMB'000*	Total *RMB'000*	Minority interests *RMB'000*	Total equity *RMB'000*
At 1 January 2006	1,125,453	5,884,786	325,203	317,760	1,850,801	323,005	9,827,008	94,340	9,921,348
Dividend relating to additional issuance of shares (a)	—	—	—	—	(19,785)	19,785	—	—	—
Final 2005 dividend declared	—	—	—	—	—	(342,790)	(342,790)	—	(342,790)
Dividend paid to minority shareholders	—	—	—	—	—	—	—	(5,699)	(5,699)
Transfer of the statutory public welfare fund to the statutory surplus reserve (b)	—	—	317,760	(317,760)	—	—	—	—	—
Issue of additional H shares	68,936	791,174	—	—	—	—	860,110	—	860,110
Share issue expenses	—	(1,994)	—	—	—	—	(1,994)	—	(1,994)
Profit for the year	—	—	—	—	1,685,405	—	1,685,405	5,421	1,690,826
Proposed final 2006 dividend	—	—	—	—	(525,531)	525,531	—	—	—
Transfer from retained profits to capital reserve (c)	—	4,086	—	—	(4,086)	—	—	—	—
Transfer from retained profits	—	—	176,474	—	(176,474)	—	—	—	—
At 31 December 2006	1,194,389	6,678,052[e]	819,437[e]	—[e]	2,810,330[e]	525,531	12,027,739	94,062	12,121,801

	Attributable to equity holders 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*	Minority interests *RMB'000*	Total equity *RMB'000*
At 1 January 2007	1,194,389	6,678,052	819,437	2,810,330	525,531	12,027,739	94,062	12,121,801
Final 2006 dividend declared	—	—	—	—	(525,531)	(525,531)	—	(525,531)
Dividend paid to minority shareholders	—	—	—	—	—	—	(1,719)	(1,719)
Profit for the year	—	—	—	1,868,471	—	1,868,471	9,634	1,878,105
Proposed final 2007 dividend	—	—	—	(597,813)	597,813	—	—	—
Transfer from capital reserve to retained profits (d)	—	(4,672)	—	4,672	—	—	—	—
Transfer from retained profits	—	—	153,221	(153,221)	—	—	—	—
At 31 December 2007	1,194,389	6,673,380[e]	972,658[e]	3,932,439[e]	597,813	13,370,679	101,977	13,472,656

(a) On 4 April 2006, the board of directors resolved to propose a final dividend of RMB0.287 per share based on the number of ordinary shares in issue of 1,125,452,500; the total proposed dividend amounted to RMB323 million. During the annual general meeting held on 6 June 2006, the shareholders approved the final dividend of RMB0.287 per share based on the number of ordinary shares in issue of 1,194,389,000 as shown on the Register of Members on 4 May 2006, including the additional issuance of 68,936,500 H shares issued on 10 March 2006 with the additional dividend amounting to RMB19.8 million. The final 2005 dividend was then declared and amounted to RMB343 million.

(b) Pursuant to the revised the People's Republic of China Company Law ("PRC Company Law") which was approved on 27 October 2005 and the Notice of Caiqi [2006]67 dated 15 March 2006 issued by the Ministry of Finance, appropriation to the statutory public welfare fund is no longer needed with effect from 1 January 2006, and the balance of the statutory public welfare fund is required to be transferred to the statutory surplus reserve.

(c) One of the subsidiaries, Binzhou Weiqiao Technology Industrial Park Company Limited ("Binzhou Industrial Park"), has received government grants of approximately RMB106,000,000 which were credited to the capital reserve in accordance with the accounting principles generally accepted in the People's Republic of China ("PRC GAAP") as a non-distributable reserve. In accordance with HKAS 20, these government grants were treated as deferred income and recognised in the consolidated income statement over the expected useful lives of the relevant items of property, plant and equipment to which the grants were related by equal annual instalments. The Group's share of deferred income recognised in the consolidated income statement during the year was then transferred to the capital reserve.

(d) In accordance with the new Chinese Accounting Standards ("CAS") effective from 1 January 2007, the government grants received as mentioned in note (c) was no longer required to be credited to capital reserve. The deferred income recognised in the consolidated income statements of prior years in accordance with HKAS 20 and transferred to capital reserve was then transferred back to retained profits in current year.

(e) These reserve accounts comprise the consolidated reserves of RMB11,578,477,000 (2006: RMB10,307,819,000) in the consolidated balance sheet as at 31 December 2007.

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2007

	Notes	**2007** *RMB'000*	**2006** *RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,272,626	2,307,571
Adjustments for:			
Finance costs	6	726,014	720,003
Bank interest income	4	(84,393)	(51,177)
Recognition of deferred income	4	(6,447)	(4,148)
Losses on disposal of items of property, plant and equipment	5	10,048	1,967
Fair value losses/(gains), net:			
Derivative financial instruments - transactions not qualifying as hedges	5	(9,982)	6,357
Depreciation	5	1,082,963	995,255
Foreign exchange differences, net	5	(226,310)	(109,394)
Amortisation of intangible assets	5	1,200	1,200
Recognition of prepaid land lease payments	5	2,816	2,796
(Reversal of provision)/provision against inventories	5	(124,350)	99,859
		3,644,185	3,970,289
Decrease/(increase) in inventories		114,123	(32,195)
Increase in trade receivables		(262,326)	(131,566)
(Increase)/decrease in prepayments, deposits and other receivables		(35,859)	439,969
Increase in net amounts to related parties		12,665	485,948
Increase/(decrease) in trade payables		476,183	(1,324,537)
(Decrease)/increase in bills payable		(10,849)	70,700
(Decrease)/increase in other payables and accruals		(605,512)	531,664
Decrease in amount due to the immediate holding company		(126,584)	(138,496)
Cash generated from operations		3,206,026	3,871,776
Interest paid		(727,951)	(616,511)
PRC corporate income tax paid		(334,749)	(282,589)
Net cash inflow from operating activities		2,143,326	2,972,676

Year ended 31 December 2007

	Notes	2007 RMB'000	2006 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		77,725	51,177
Purchases of items of property, plant and equipment		(1,277,518)	(2,985,525)
Proceeds from disposal of items of property, plant and equipment		13,598	291
Purchase of land use rights		—	(1,566)
Receipt of government grants		37,405	22,072
Increase in non-pledged time deposits maturing over three months		(402,774)	(127,874)
Decrease/(increase) in pledged deposits		(47,554)	405,612
Net cash outflow from investing activities		(1,599,118)	(2,635,813)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of H shares		—	860,110
Share issue expenses		—	(1,994)
New bank loans		5,994,854	7,705,539
Repayment of bank loans		(6,236,540)	(7,550,380)
Dividends paid to equity shareholders of the parent		(489,016)	(313,599)
Dividends paid to minority shareholders		(1,719)	(5,699)
Net cash (outflow)/inflow from financing activities		(732,421)	693,977
NET INCREASE IN CASH AND CASH EQUIVALENTS		(188,213)	1,030,840
Cash and cash equivalents at beginning of year		4,209,714	3,185,935
Effect of foreign exchange rate changes, net		(7,452)	(7,061)
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	4,014,049	4,209,714
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	12	3,795,203	3,953,465
Non-pledged time deposits with original maturity of less than three months when acquired		218,846	256,249
	12	4,014,049	4,209,714

BALANCE SHEET
31 December 2007

	Notes	**2007** *RMB'000*	**2006** *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		12,382,808	12,160,472
Investments in subsidiaries		1,200,891	1,200,891
Deferred tax assets		31,747	71,916
Total non-current assets		13,615,446	13,433,279
CURRENT ASSETS			
Inventories		2,680,917	2,749,067
Trade receivables	11	842,100	659,765
Bills receivable		4,749	—
Amounts due from subsidiaries		1,101,500	1,245,392
Amounts due from related parties		1	136
Prepayments, deposits and other receivables		83,682	45,569
Derivative financial instruments		5,983	5,524
Pledged deposits	12	77,062	94,727
Non-pledged time deposits maturing over three months	12	1,684,688	1,281,914
Cash and cash equivalents	12	3,687,438	3,959,693
Total current assets		10,168,120	10,041,787
CURRENT LIABILITIES			
Trade payables	13	1,119,186	710,197
Bills payable		477,300	500,000
Amounts due to subsidiaries		206,498	130,125
Amounts due to related parties		15,602	10,536
Other payables and accruals		524,105	1,021,114
Derivative financial instruments		219	9,742
Interest-bearing bank loans, current portion		3,184,145	2,984,426
Amount due to the immediate holding company		36,858	100,644
Long term payable to the immediate holding company, current portion		—	137,103
Tax payable		820,257	871,258
Dividend payable		104,223	67,708
Total current liabilities		6,488,393	6,542,853
NET CURRENT ASSETS		3,679,727	3,498,934
TOTAL ASSETS LESS CURRENT LIABILITIES		17,295,173	16,932,213

31 December 2007

	Notes	**2007** *RMB'000*	**2006** *RMB'000*
NON-CURRENT LIABILITIES			
Interest-bearing bank loans, long term portion		4,493,133	5,211,384
Deferred income		2,400	—
Total non-current liabilities		4,495,533	5,211,384
Net assets		12,799,640	11,720,829
EQUITY			
Issued capital		1,194,389	1,194,389
Reserves		11,007,438	10,000,909
Proposed final dividend	9	597,813	525,531
Total equity		12,799,640	11,720,829

NOTES TO FINANCIAL STATEMENTS

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 fabrics 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 (the "Holding Company"), a limited liability company established in the PRC, and Zouping County Supply and Marketing Corporation Union ("ZCSU"), a collectively-owned enterprise formed in the PRC, respectively.

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 2007. 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 significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders not held by the Group in the results and net assets of the Company's subsidiaries.

2.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 *Financial Instruments: Disclosures*

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS 1 *Presentation of Financial Statements - Capital Disclosures*

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital.

(c) HK(IFRIC)-Int 8 *Scope of HKFRS 2*

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Group has not issued any equity instruments to its employees, the interpretation has had no effect on these financial statements.

(d) HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives*

This interpretation requires that the date to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative is the date that the Group first becomes a party to the contract, with assessment only if there is a change to the contract that significantly modifies the cash flows. As the Group has no embedded derivative requiring separation from the host contract, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC) - Int 10 *Interim Financial Reporting and Impairment*

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 8	Operating Segments[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactions[2]
HK(IFRIC)-Int 12	Service Concession Arrangements[4]
HK(IFRIC)-Int 13	Customer Loyalty Programs[3]
HK(IFRIC)-Int 14	HKAS19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

1 Effective for annual periods beginning on or after 1 January 2009

2 Effective for annual periods beginning on or after 1 March 2007

3 Effective for annual periods beginning on or after 1 July 2008

4 Effective for annual periods beginning on or after 1 January 2008

HKFRS 8, which will replace HKAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 January 2009.

HKAS 23 has been revised to require capitalisation of borrowing costs when these costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such arrangements, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

As the Group currently has no customer loyalty award credits and defined benefit scheme, HK(IFRIC)-Int 13 and HK(IFRIC)-Int 14 are not applicable to the Group and therefore are unlikely to have any financial impact on the Group.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that while the adoption of HKFRS 8 may result in new or amended disclosures, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

The Group has only one business segment, which is the manufacture and sale of cotton yarn, grey fabrics and denim. The Group conducts the majority of its business activities in four geographical areas, namely, Mainland China, Hong Kong, East Asia (principally comprising Japan and South Korea) and others. All of the Group's assets are located in Mainland China.

An analysis by geographical segment, as determined by the location of the Group's operations, is as follows:

Year ended 31 December 2007

	Sales to external customers *RMB'000*	**Cost of sales** *RMB'000*	**Gross profit** *RMB'000*
Mainland China	10,954,790	9,256,899	1,697,891
Hong Kong	3,303,638	2,880,314	423,324
East Asia	1,876,398	1,659,631	216,767
Others	2,454,760	2,130,371	324,389
	18,589,586	15,927,215	2,662,371

Year ended 31 December 2006

	Sales to external customers *RMB'000*	Cost of sales *RMB'000*	Gross profit *RMB'000*
Mainland China	13,001,266	10,675,055	2,326,211
Hong Kong	2,987,167	2,570,974	416,193
East Asia	1,893,886	1,620,638	273,248
Others	1,943,835	1,636,397	307,438
	19,826,154	16,503,064	3,323,090

4. REVENUE, OTHER INCOME AND GAINS

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

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

	2007 *RMB'000*	2006 *RMB'000*
Revenue		
Sales of textile goods	18,589,586	19,826,154
Other income		
Bank interest income	84,393	51,177
Compensation from suppliers on supply of sub-standard goods	50,848	70,037
Penalty income from employees	5,950	6,808
Recognition of deferred income	6,447	4,148
Revenue on plant and equipment leasing	667	1,000
Others	15,249	2,228
	163,554	135,398
Gains		
Sales of electricity and steam	158,246	224,490
Less: cost thereon	(114,881)	(146,810)
Gains on sales of electricity and steam	43,365	77,680
Gains on sales of waste and spare parts	9,481	21,905
Foreign exchange differences, net	226,310	109,394
Realised gains on derivative financial instrument transactions	14,229	5,873
Fair value gains, net:		
Derivative financial instrument - transactions not qualifying as hedges	9,982	—
	303,367	214,852
	466,921	350,250

5. PROFIT BEFORE TAX

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

	Notes	**2007** *RMB'000*	**2006** *RMB'000*
Cost of goods sold		15,856,126	16,373,711
Staff costs (excluding directors' and supervisors' remuneration):			
Wages, salaries and social security costs		2,193,807	2,367,452
Retirement benefits scheme contributions		59,869	34,707
		2,253,676	2,402,159
Depreciation		1,082,963	995,255
Recognition of prepaid land lease payments		2,816	2,796
Repairs and maintenance		448,576	341,405
Losses on disposal of items of property, plant and equipment		10,048	1,967
Amortisation of intangible assets		1,200	1,200
Auditors' remuneration		7,267	6,549
Directors' and supervisors' remuneration		4,084	4,932
Foreign exchange differences, net	4	(226,310)	(109,394)
(Reversal of provision)/provision against inventories		(124,350)	99,859
Realised gains on derivative financial instruments transactions	4	(14,229)	(5,873)
Fair value (gains)/losses, net:			
Derivative financial instruments - transactions not qualifying as hedges	4	(9,982)	6,357
Write-back of unutilised welfare provision (a)		(534,362)	—
Research and development costs included in:			
Wages and salaries		6,653	6,695
Consumption of consumables		14,085	13,184
		20,738	19,879
Minimum lease payments under operating leases:			
Land and buildings		22,094	16,902

(a) Prior to 1 January 2007, the Group was required to provide the welfare provision based on 14% of the employees' total salaries and had intention to utilise the welfare provided in the future. However, under the new CAS, effective from 1 January 2007, the 14% welfare provision is no longer to be provided. The Group reassessed the status of actual utilisation of welfare provision and reversed the excess unutilised provision this year.

6. FINANCE COSTS

	Group	
	2007	**2006**
	RMB'000	*RMB'000*
Interest on bank loans		
wholly repayable within five years	732,792	676,474
Less: Interest capitalised	(14,675)	(13,300)
	718,117	663,174
Other finance costs:		
Increase in discounted amounts of long term payable to the immediate holding company	7,897	56,829
	726,014	720,003

7. TAX

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the year (2006: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the country in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group	
	2007	**2006**
	RMB'000	*RMB'000*
Current — Mainland China	345,874	676,667
Deferred	48,647	(59,922)
Total tax charge for the year	394,521	616,745

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

	Group			
	2007		**2006**	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax	2,272,626		2,307,571	
Tax at PRC statutory tax rate	749,967	33.0	761,498	33.0
Expenses not deductible for tax	7,004	0.3	15,638	0.7
Tax loss not recognised	4,965	0.2	1,997	0.1
Tax exemption (note (a))	(4,620)	(0.2)	(3,313)	(0.1)
Tax concessions in respect of purchase of PRC manufactured machinery and equipment (note (b))	(390,152)	(17.1)	(163,378)	(7.1)
Change in tax rates (note (c))	20,581	0.9	—	—
Others	6,776	0.3	4,303	0.2
Tax charge at the Group's effective rate	394,521	17.4	616,745	26.8

Under the PRC income tax law, the companies (except for Shandong Luteng Textile Company Limited ("Luteng Textile") and Shandong Binteng Textile Company Limited ("Binteng Textile")) comprising the Group are subject to corporate income tax ("CIT") at a rate of 33% on the taxable income as reported in their statutory accounts, which are prepared in accordance with PRC GAAP.

Note:

(a) Being Sino-foreign joint venture enterprises, Luteng Textile and Binteng Textile are subject to a State CIT rate of 30% and a local CIT rate of 3%. With regard to State CIT, they are entitled to a full exemption for the first two years and a 50% reduction in the next three years, commencing from the first profitable year after offsetting all tax losses carried forward from the previous five years. With regard to local CIT, the local tax authority has granted Luteng Textile and Binteng Textile a full exemption commencing from 2003 and 2004, respectively. Luteng Textile and Binteng Textile were entitled to a 50% reduction in State CIT for the current year.

(b) The amount represents a tax concession, approved by the local tax bureau, in respect of 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 current year compared with the tax amount of the preceding year.

(c) On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "New CIT Law"), which became effective from 1 January 2008. The New CIT Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%.

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

8. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated profit attributable to equity holders of the parent for the year ended 31 December 2007 includes a profit of RMB1,604 million (2006: RMB1,606 million) which has been dealt with in the financial statements of the Company.

9. DIVIDEND

	2007	2006
	RMB'000	*RMB'000*
Proposed final — RMB0.5005 (2006: RMB0.440) per share	597,813	525,531

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 after tax 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).

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

The calculation of basic earnings per share is based on the net profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the year.

	2007	2006
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	1,868,471	1,685,405

	Number of shares	
	2007	2006
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	1,194,389,000	1,181,546,036

The weighted average number of ordinary shares in issue during 2006 used in the basic earnings per share calculations for 2006 has been adjusted to reflect the issue of 68,936,500 H shares by way of placing on 10 March 2006.

Diluted earnings per share amounts for the years ended 31 December 2007 and 2006 have not been disclosed as no diluting events existed during these years.

11. TRADE RECEIVABLES

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

	Group	
	2007	**2006**
	RMB'000	*RMB'000*
Within 3 months	894,169	686,039
3 to 6 months	3,176	2,745
6 months to 1 year	3,208	674
1 to 2 years	1,632	4,380
	902,185	693,838

	Company	
	2007	**2006**
	RMB'000	*RMB'000*
Within 3 months	834,084	651,966
3 to 6 months	3,176	2,745
6 months to 1 year	3,208	674
1 to 2 years	1,632	4,380
	842,100	659,765

12. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND TIME DEPOSITS MATURING OVER THREE MONTHS

	Group	
	2007	**2006**
	RMB'000	*RMB'000*
Cash and bank balances	3,795,203	3,953,465
Time deposits	2,057,614	1,644,689
	5,852,817	5,598,154
Less: Pledged time deposits:		
Pledged for letter of credit facilities	(154,080)	(106,526)
Non-pledged time deposits maturing over three months	(1,684,688)	(1,281,914)
Cash and cash equivalents	4,014,049	4,209,714

	Company	
	2007	**2006**
	RMB'000	*RMB'000*
Cash and bank balances	3,468,593	3,703,444
Time deposits	1,980,595	1,632,890
	5,449,188	5,336,334
Less: Pledged time deposits:		
Pledged for letter of credit facilities	(77,062)	(94,727)
Non-pledged time deposits maturing over three months	(1,684,688)	(1,281,914)
Cash and cash equivalents	3,687,438	3,959,693

At the balance sheet date, the cash and bank balances of the Group donominated in Renminbi amounted to RMB3,632,396,000 (2006: RMB3,835,141,000). The 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 Exchang 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 one day to six 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. The carrying amounts of the cash and cash equivalents, the pledged time deposits and the non-pledged time deposits maturing over three months approximate to their fair values .

13. TRADE PAYABLES

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

	Group	
	2007	**2006**
	RMB'000	*RMB'000*
Within 3 months	857,853	627,038
3 to 6 months	217,179	64,151
6 months to 1 year	240,014	64,524
Over 1 year	60,487	32,830
	1,375,533	788,543

	Company	
	2007	**2006**
	RMB'000	*RMB'000*
Within 3 months	709,458	553,676
3 to 6 months	189,299	60,565
6 months to 1 year	170,655	64,324
Over 1 year	49,774	31,632
	1,119,186	710,197

Trade payables are non-interest-bearing and most of the balances are payable in six months.

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors of the Company on 28 March 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In 2007, the entire textile industry in China maintained steady growth. According to the statistics of the Statistics Centre of China National Textile and Apparel Council, sales revenue for the country's large-scale textile enterprises from January to November 2007 was RMB2,678,657 million, representing an increase of 23.50% as compared with the corresponding period of the previous year; total profit was RMB106.3 billion, representing an increase of 38.54% as compared with the corresponding period of the previous year. The proportion of domestic sales of the products of relevant enterprises to the country's sales production value in the textile industry amounted to 75.04%, representing an increase of 2.27%, as compared with the corresponding period of the previous year. The above figures demonstrated the strong trend of the increase in domestic demand.

Meanwhile, exports of textile products and clothing in China grew steadily but with a decline in the growth rate. According to the statistics of China Customs, exports of textile products and clothing for 2007 amounted to US$175.6 billion, representing an increase of 19.11% as compared with last year, while the growth rate dropped by six percentage points. Exports of cotton textile products and clothing amounted to US$72.063 billion, representing an increase of 28.69% as compared with last year, while the growth rate dropped by 7.5 percentage points.

During the Year, the purchase price of cotton showed a steady rising trend, the average price during the core purchase period was significantly higher than in the same period of last year. Cotton A Index in China once increased to approximately RMB14,843.3 per ton in August, but cotton prices were confined to narrow movements subsequently and reached approximately RMB14,171.52 per ton in December 2007, representing an increase of about 5% over that in January 2007. Cotlook A index rose from US$60.42 cent per pound in January 2007 to US$70.46 cent per pound in December 2007, representing an increase of approximately16.6%. The rising cotton prices created pressure on the control of core costs in the industry.

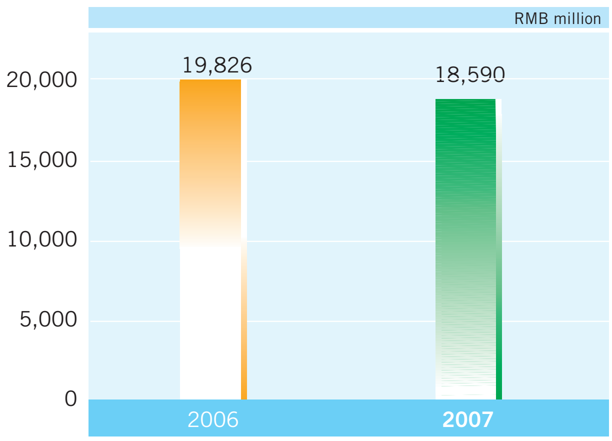
During the Year, the appreciation of Renminbi, the adjustment of export tax refund policy and the increase in the cost of raw materials all posed certain challenges for the textile industry in China. Export faced hidden worries of shrinkage and the rise in production cost, which led to more intense market competition and the closure of some small scale manufacturers, thus speeding up consolidation in the industry.

BUSINESS REVIEW

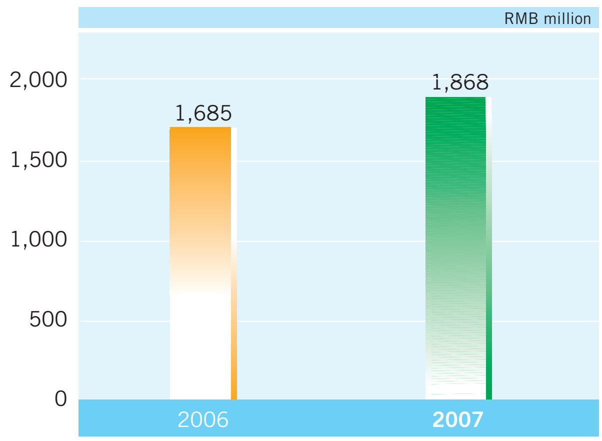
Weiqiao Textile, being the largest cotton textile manufacturer in China in terms of the scale of production and an upstream manufacturer in the production chain, is principally engaged in the production, sales and distribution of cotton yarn, grey fabric and denim.

In 2007, leveraging on its strong economy of scale and technological transformation, improving equipment and facilities, optimizing product mix, and successfully increasing operating efficiency, Weiqiao Textile achieved steady operating results in the challenging textile market.

Revenue



Profit attributable to shareholders of the Company

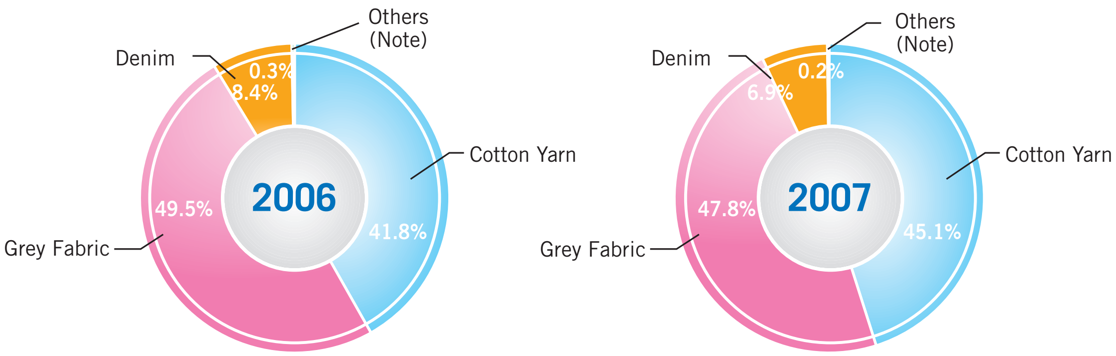


For the twelve months ended 31 December 2007, the Group's revenue decreased by 6.2% when compared with the same period last year. The main reasons were: (1) the appreciation of Renminbi, a decrease in the export tax refund rate, a reduction in the demand in the textile market as a result of macroeconomic controls, and the poor textile market conditions for the whole year; (2) as the Company re-construct part of the first production area of the Weiqiao production base, part of the facilities had been disposed and relocated, which had affected the production volume of products.

For the twelve months ended 31 December 2007, net profit attributable to shareholders of the Company increased by 10.9% over the same period last year. The main reasons were: (1) the tax concessions obtained by the Group in respect of purchases of PRC manufactured machinery and equipment resulted in an increase in net profits of approximately RMB390,000,000; (2) the Group had adopted the new Chinese Accounting Standards whereby welfare expenses payable in prior years were written back, resulted in an increase in net profits of approximately RMB358,000,000.

The chart below is a comparison of the proportion of revenue by products for the years ended 31 December 2006 and 2007:

Proportion of revenue by products

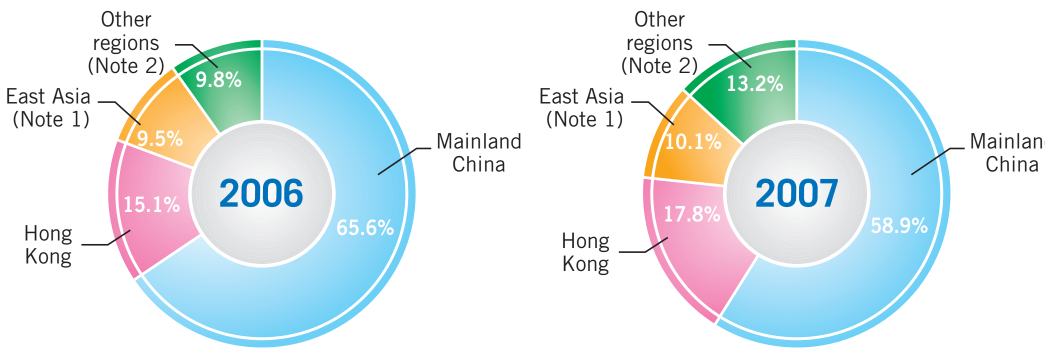


Note: Others include cotton linter and cotton seed

The percentage of sales revenue from the three categories of products of the Group in revenue was basically equivalent to that for 2006.

The chart below is a comparison of the Group's revenue in terms of geographical locations for the years ended 31 December 2006 and 2007:

Proportion of revenue by geographical locations



Note 1: East Asia comprises of Japan and South Korea

Note 2: Other regions mainly comprise of Taiwan, Southeast Asia, the US and Europe

For the year ended 31 December 2007, the domestic sales of the Group dropped slightly, which was attributable to the slowdown of export by domestic textile exporters during the year.

For the year ended 31 December 2007, the Group had a total of four production bases, namely:

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

2. Binzhou Production Base (the First Production Area and the Second Production Area of 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).

All of the above production bases are located in Shandong Province in the PRC, with a total gross floor area of approximately 4,460,000 sq.m.

In 2007, the Group's production volume of cotton yarn, grey fabric and denim were 891,000 tons, 1,646,000,000 meters and 180,000,000 meters, respectively, which are basically equivalent to that of 2006.

During the year under review, the Group continued to actively expand its market share and explored new market. As at 31 December 2007, the Group had a total of 8,000 domestic customers and over 780 overseas customers, representing a growth of 6.7% and 8.3%, respectively, as compared with last year.

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 product categories for the years ended 31 December 2006 and 2007:

	For the year ended 31 December 2006			**For the year ended 31 December 2007**		
Product	Revenue	Gross profit	Gross profit margin	**Revenue**	**Gross profit**	**Gross profit margin**
	RMB'000	*RMB'000*	%	***RMB'000***	***RMB'000***	**%**
Cotton yarn	8,291,334	1,126,550	13.6	**8,384,946**	**1,119,056**	**13.3**
Grey fabric	9,811,971	1,872,157	19.1	**8,895,921**	**1,275,527**	**14.3**
Denim	1,668,749	311,541	18.7	**1,274,368**	**260,117**	**20.4**
Others	54,100	12,842	23.7	**34,351**	**7,671**	**22.3**
	19,826,154	3,323,090	16.8	**18,589,586**	**2,662,371**	**14.3**

For the twelve months ended 31 December 2007, the Group's gross profit margin decreased to 14.3%, compared with the previous year. The decrease was mainly attributable to a decrease in the gross profit margin as the Company implemented a sales strategy of cutting prices according to market conditions in response to a decline in market demand under the unfavourable factors of the appreciation of Renminbi, the reduction in the tax refund rate and the macroeconomic control policy.

For the year ended 31 December 2007, the gross profit margin of cotton yarn was basically equivalent to that for the last year; the decrease in the gross profit margin of grey fabric was attributable to a reduction in selling prices by the Company amidst poor market conditions; the increase in the gross profit margin of denim was attributable to an increase in the production volume of some high value added products by the Group in accordance with market demand.

Selling and distribution expenses

The Group's selling and distribution expenses increased by 14.2% to approximately RMB410,000,000 for the year ended 31 December 2007 from approximately RMB359,000,000 for the previous year. Transportation cost increased by 16.4% to approximately RMB320,000,000 from approximately RMB275,000,000 for 2006 due to an increase in unit transportation cost as a result of an increase in domestic oil prices. Sales commission decreased by 5.6% to approximately RMB34,000,000 from approximately RMB36,000,000 for 2006. This was attributable to a reduction in the payment of commission as a result of a decrease in sales volume through agents as the Group further stepped up its efforts in developing the market on its own.

Administrative expenses

Administrative expenses for the year ended 31 December 2007 amounted to approximately RMB197,000,000, representing an increase of 11.3% as compared with approximately RMB177,000,000 in the previous year. This was mainly attributable to the increase of staff benefits.

Finance costs

For the year ended 31 December 2007, finance costs of the Group were approximately RMB726,000,000, basically equivalent to that for the same period last year. This was attributable to the fact that the reduction in interest expenses due to a decrease in the Group's interest-bearing bank borrowings was basically offset against the increase in interest expenses caused by an increase in lending rates of financial institutions.

Liquidity and financial resources

As at 31 December 2007, cash and cash equivalents of the Group were approximately RMB4,014,000,000, representing a decrease of 4.7% as compared with cash and cash equivalents of approximately RMB4,210,000,000 as at 31 December 2006.

For the year ended 31 December 2007, capital expenditure of the Group was approximately RMB1,278,000,000, which were mainly used for the technological reform of existing production facilities so as to increase the production capacity for high value added products. The above funds for capital expenditure were mainly derived from net cash inflow from operating activities. For the year ended 31 December 2007, the net cash inflow from the Group's operating activities is approximately RMB2,143,000,000.

For the year ended 31 December 2007, average accounts receivable turnover days were approximately 18 days, up from 13 days for last year. The slight increase in accounts receivable was attributable to the extension of the accounts receivable turnover period as a result of an increase in the Group's export revenue, of which foreign customers mainly made the payment by the letter of credit.

For the year ended 31 December 2007, inventory turnover days of the Group increased slightly to 82 days from 79 days for last year.

Profit attributable to shareholders of the Company and earnings per share

Profit attributable to shareholders of the Company was approximately RMB1,868,000,000 for the year ended 31 December 2007, representing an increase of 10.9% as compared with approximately RMB1,685,000,000 of last year.

For the year ended 31 December 2007, the basic earnings per share of the Company were RMB1.56.

Capital structure

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 2007, the debts of the Group included interest-bearing bank borrowings and long term payable to the Holding Company totalling approximately RMB9,227,000,000. Cash and cash equivalents were approximately RMB4,014,000,000. The gearing ratio was 38.7% (2006: 46.7%) {Total debt (Including interest-bearing bank borrowings, net of cash and cash equivalents and long term payable to the Holding Company) divided by total equity}.

As at 31 December 2007, 32.7% of the Group's bank borrowings was subject to fixed interest rates while the remaining 67.3% was subject to floating interest rates.

As at 31 December 2007, the Group's borrowings were mainly denominated in Renminbi and US dollars, in which 38.1% of the Group's borrowings were denominated in US dollars. Cash and cash equivalents were mainly held in Renminbi and US dollars in which 4.5% of the cash and cash equivalents was held in US dollars.

Employee and remuneration policy

As at 31 December 2007, the Group had a total of approximately 135,000 employees, representing a decrease of approximately 17,000 employees as compared with last year. The decrease in the number of employees was mainly attributable to a reduction in the amount of labour used as a result of the technological reform of its existing facilities undertaken by the Group. During the year, total staff cost was approximately RMB2,258,000,000, representing 12.1% of the revenue. Employees were remunerated based on their performances, experience and prevailing industry practice. The Group's remuneration policies and packages were reviewed by its management on a regular basis. Bonuses and rewards may also be awarded to employees based on performance evaluation, with an aim to encourage and motivate staff to achieve better performance. During the year, the Group provided training to staff members according to their respective job functions and skills requirements, such as training sessions on safety and various skills.

Exposure to foreign exchange risk

The import and export of the Group were settled in US dollars and part of bank borrowings and deposit are denominated in US dollars. The term of payment for the import of raw materials and borrowings denominated in US dollars of the Group are generally longer than the term of payment by the Group's foreign customers. For the year ended 31 December 2007, the Group recognised net foreign exchange gains of RMB226,000,000. The Group has not experienced any significant difficulties or impact on its operations or liquidity as a result of fluctuations in currency exchange rates. The Directors believe that the Group will have sufficient foreign currencies to meet its requirements.

CONTINGENT LIABILITIES

As at 31 December 2007, the Group's contingent liabilities not provided for in the financial statements were undue letter of credit issued amounting to approximately RMB53,000,000.

TAXATION

Taxation of the Group decreased by 36.0% from approximately RMB617,000,000 for 2006 to approximately RMB395,000,000 for 2007. This was attributable to the fact that the Group obtained a tax concession of approximately RMB390,000,000 for the purchases of PRC manufactured machinery and equipment. The tax concession obtained in 2006 was approximately RMB163,000,000.

POST BALANCE SHEET EVENTS

During the 5th Session of the 10th National People's Congress, which was concluded on 16 March 2007, the PRC Corporate Income Tax Law ("the New Corporate Income Tax Law") was approved and will become effective on 1 January 2008. The New Corporate Income Tax Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. Implementation of the New Corporate Income Tax Law is expected to have a positive impact on the Group's earnings.

At the extraordinary general meeting of the Company held on 18 March 2008, the assets transfer agreement dated 14 January 2008 between the Company and the holding company was approved, pursuant to which the Company will acquire thermal power assets from the Holding Company for a total consideration of RMB2,210,000,000 (equivalent to HK$2,376,344,000).

FUTURE OUTLOOK

Looking ahead, under the market environment full of challenges and opportunities, the Group believes that Weiqiao Textile can rely on its own strength to capture the opportunities and develop the domestic and overseas markets at the same time. Weiqiao Textile will strive to expand the market of medium and high-end products to maintain and strengthen its position as the first-choice supplier in China and even around the would for international purchasers so as to improve profitability. In the meantime, the Group will continue to consolidate the outstanding image of the "Weiqiao" brandname, actively upgrade its production facilities and improve operating efficiency, and strengthen cost control so as to enhance its core competitiveness.

We will continue to make efforts to build a more powerful brandname of Weiqiao, promote a more heathy and stable development of the Group and to continuously create value for the shareholders.

SUPPLEMENTARY INFORMATION

Directors', Supervisors' and Chief Executive's Interests in Shares

As at 31 December 2007, the interests of the directors, supervisors or chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 are taken or deemed to have under such provisions of the SFO); or (b) entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the Listing Rules, were as follows:

Long positions in the domestic Shares of the Company ("Domestic Shares"):

	Type of interest	**Number of Domestic Shares** *(Note 1)*	**Approximate percentage of total issued Domestic Share capital as at 31 December 2007** *(%)*	**Approximate percentage of total issued share capital as at 31 December 2007** *(%)*
Zhang Hongxia *(Executive Director/Chairman)*	Beneficial	17,700,400	2.27	1.48
Qi Xingli *(Executive Director)*	Beneficial	6,042,500	0.77	0.51
Zhang Shiping *(Non-executive Director)*	Beneficial	5,200,000	0.67	0.44

Note 1: Unlisted shares

Interests in the shares of the Company's associated corporations (within the meaning of Part XV of the SFO) are as follows:

	Name of associated corporation	**Type of interest**	**Approximate percentage of total issued share capital as at 31 December 2007** *(%)*
Zhang Shiping *(Non-executive Director)*	Holding Company	Beneficial	23.52
Zhang Hongxia *(Executive Director)*	Holding Company	Beneficial and interest of spouse *(Note 1)*	5.73 *(Note 1)*
Zhang Yanhong *(Executive Director)*	Holding Company	Beneficial	1.63
Qi Xingli *(Executive Director)*	Holding Company	Beneficial	0.75
Wang Zhaoting *(Non-executive Director)*	Holding Company	Beneficial	0.25
Zhao Sunwen *(Executive Director)*	Holding Company	Beneficial	0.38
Liu Mingping *(Supervisor)*	Holding Company	Beneficial	0.14

Note 1:

48,000,000 shares of Holding Company were beneficially held by Ms. Zhang Hongxia. 43,676,000 shares of the Holding Company in which Ms. Zhang Hongxia was deemed to be interested under SFO were directly held by Mr. Yang Congsen, the husband of Ms. Zhang Hongxia.

Save as disclosed above, as at 31 December 2007, none of the directors, supervisors or chief executive of the Company nor their associates had an interest or short position 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 are 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.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2007, so far as known to any directors, supervisors or the chief executive of the Company, the following persons (other than a director, supervisor or chief executive of the Company) 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 under the provisions of Division 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Interests in the Domestic Shares of the Company:

Name of shareholders	**Class of Shares** *(Note 1)*	**Number of Domestic Shares** *(Note 2)*	**Approximate percentage of total issued Domestic Share capital as at 31 December 2007** *(%)*	**Approximate percentage of total issued share capital as at 31 December 2007** *(%)*
Holding Company (山東魏橋創業集團有限公司)	Domestic Shares *(Note 3)*	738,895,100	94.64	61.86
Zouping County Supply and Marketing Cooperation Union (鄒平縣供銷合作社聯合社) ("ZCSU")	Domestic Shares *(Note 4)*	738,895,100	94.64	61.86
CITIC Trust Co., Ltd.	Domestic Shares *(Note 5)*	738,895,100	94.64	61.86

Interests in the H shares of the Company ("H Shares"):

	Number of H Shares *(note 6)*	Approximate percentage of total issued H Share capital as at 31 December 2007 *(%)*	Approximate percentage of total issued share capital as at 31 December 2007 *(%)*
Brandes Investment Partners, L.P.	62,213,500 *(Note 7)* *(Long Position)*	15.04(L)	5.21
The Bank of New York Mellon Corporation	53,817,700 *(Note 8)* *(Long Position)*	13.01(L)	4.51
The Bank of New York	50,784,304 *(Note 9)* *(Long Position)*	12.28(L)	4.25
	36,787,404 *(Lending Pool)*	8.89(P)	3.08
The Bank of New York Mellon Corporation	50,026,304 *(Note 10)* *(Long Position)*	12.09(L)	4.19
	36,095,464 *(Lending Pool)*	8.73(P)	3.02
ABN AMRO Mellon Global Securities Services BV	37,294,302 *(Note 11)* *(Long Position)*	9.02(L)	3.12
	36,162,464 *(Lending Pool)*	8.74(P)	3.03
Mellon Bank NA	37,294,302 *(Note 12)* *(Long Position)*	9.02(L)	3.12
	36,162,464 *(Lending Pool)*	8.74(P)	3.03
Mellon Financial Corporation	36,974,700 *(Note 13)* *(Long Position)*	8.94(L)	3.10
AllianceBernstein L.P.	34,563,500 *(Note 14)* *(Long Position)*	8.36(L)	2.89
UBS AG	21,744,178 *(Note 15)* *(Long Position)*	5.26(L)	1.82
	1,454,000 (Short Position)	0.35(S)	0.12
Templeton Investment Counsel, LLC	20,802,930 *(Note 16)* *(Long Position)*	5.03(L)	1.74

Notes:

1. Unlisted shares.

2. Pursuant to an equity transfer agreement entered into between Mr. Qi Xingli and Holding Company dated 9 December 2007, Mr. Qi Xingli has transferred his 2,010,000 Domestic Shares to Holding Company. Pursuant to an equity transfer agreement entered into between Mr. Zhang Shixue and Holding Company dated 9 December 2007, Mr. Zhang Shixue has transferred his 17,532,000 Domestic Shares to Holding Company. Prior to the aforesaid transfers, Holding Company held 719,353,100 Domestic Shares; immediately after the aforesaid transfers, Holding Company held 738,895,100 Domestic Shares.

3. These 738,895,100 Domestic Shares were directly held by Holding Company.

4. These 738,895,100 Domestic Shares in which ZCSU was deemed interested under the SFO were directly held by Holding Company, in which ZCSU had a controlling interest.

5. These 738,895,100 Domestic Shares in which CITIC Trust Co., Ltd. was deemed interested under the SFO were directly held by Holding Company, in which ZCSU had a controlling interest. CITIC Trust Co., Ltd. is a trustee of ZCSU.

6. Shares listed on the Main Board of the Stock Exchange.

7. 62,213,500 H Shares were held by Brandes Investment Partners, L.P. in its capacity as investment manager.

8. 53,770,200 H Shares in which The Bank of New York Mellon Corporation, with the registered office situated at Corporate Trust Center, 1209 Orange Street, Wilmington, Delaware, 19801, was deemed interested under the SFO were directly held by The Boston Company Asset Management LLC, which was directly owned by MAM(MA) Trust, which was in turn directly owned by MAM(DE) Trust. MAM(DE) Trust was directly owned by the Bank of New York Mellon Corporation. 47,500 H Shares in which The Bank of New York Mellon Corporation was deemed interested under the SFO were directly held by Mellon Bank, NA, which was directly owned by The Bank of New York Mellon Corporation.

9. 37,938,802 H Shares in which The Bank of New York was deemed interested under the SFO were directly held by The BNY Mellon Asset Servicing BV, which was a corporation 50% controlled by The Bank of New York. 12,845,502 H Shares was held by The Bank of New York as custodian corporation/approved lending agent.

10. 37,180,802 H shares in which the Bank of New York Mellon Corporation, with the registered office situated at One Wall Street, New York, New York 10286, was deemed interested under SFO were directly held by ABN AMRO Mellon Global Securities Services BV which is a corporation 50% controlled by Mellon Bank NA, the whole subsidiary of Bank of New York Mellon Corporation. 12,845,502 H shares in which the Bank of New York Mellon Corporation was deemed interested under SFO were directly held by The Bank of New York which is a corporation wholly controlled by the Bank of New York Mellon Corporation.

11. 37,294,302 H Shares were held by ABN AMRO Mellon Global Securities Services BV as a custodian corporation/approved lending agent.

12. 37,294,302 in which Mellon Bank NA was deemed interested under SFO were directly held by ABN AMRO Mellon Global Securities Services BV which is a corporation 50% controlled by Mellon Bank NA.

13. 24,706,700 H shares in which Mellon Financial Corporation was deemed interested under SFO were directly held by the Boston Company Asset Management LLC, an corporation directly and wholly controlled by MAM (MA) Holding Trust, which is indirectly and wholly controlled by MAM (DE) Trust. MAM (DE) Trust is directly and wholly controlled by Mellon Financial Corporation.

14. 1,193,000 H shares in which AllianceBernstein L.P. was deemed interested under SFO were directly held by AllianceBernstein Corporation of Delaware which is a corporation wholly controlled by AllianceBernstein L.P. 757,900 H shares and 435,100 H shares in which AllianceBernstein L.P. was deemed interested under SFO were directly held by AllianceBernstein Limited and AllianceBernstein Investment Management Australia Limited respectively which is a corporation wholly controlled by AllianceBernstein Corporation of Delaware.

15. 1,781,500 of the H Shares was held by UBS AG as a person having a security interest in shares. Long positions in 1,454,000 and 2,790 H Shares in which UBS AG was deemed interested under the SFO were directly held by UBS Securities LLC. and UBS Bank (Canada), respectively, both of which were directly owned by UBS AG. Short position in 1,454,000 H Shares in which UBS AG was deemed interested under the SFO were directly held by UBS Securities LLC..

16. 20,802,930 H Shares were held by Templeton Investment Counsel, LLC in its capacity as investment manager.

Save as disclosed above, as at 31 December 2007, so far as is known to the Directors, supervisors or chief executives of the Company, 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.

Dividends

The Directors recommended the payment of a final dividend of approximately RMB0.50 per share, payable to shareholders of the Company whose names appear on the register of members of the Company as at close of business on 30 April 2008. 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.

Closure of Register of Members

The Company's register of members will be closed from 1 May 2008 to 30 May 2008 (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 4:00p.m. on 30 April 2008.

Capital Commitment/Charges on assets

As at 31 December 2006, the Group had authorised and contracted capital commitment of approximately RMB469,000,000 (2006: RMB574,000,000); and the Group had no authorised but uncontracted capital commitment (2006: RMB90,000,000).

Purchase, Redemption or Sale of Listed Securities of the Company

The Company did not redeem any of the Company's listed securities during the year ended 31 December 2007.

Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year ended 31 December 2007.

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 28 March 2008 to review the Group's annual report and annual results and provide advice and recommendations to the board of directors of the Company.

Code for Securities Transactions by Directors

The Company has adopted a code for securities transactions by Directors on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules.

Following specific enquiry made 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 for the year of 2007.

Code on Corporate Governance Practices

For the year ended 31 December 2007, the Company has adopted and met the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules. Other than the deviation from Code Provision A.2.1 of the Code, the Company has complied with all the code provisions as set out in the code under Appendix 14 of the Listing Rules for the year ended 31 December 2007.

Code Provision A.2.1 requires that the roles of the chairman and the chief executive officer shall be separated and not be performed by the same individual. Currently Ms. Zhang Hongxia is the chairman and chief executive officer of the Company. The Board is of opinion that this arrangement will not affect the equilibrium of powers and functions between the Board and the management. The operation of the Board is sufficient to ensure the equilibrium of powers and functions.

Publication of Annual Results and Annual Report on Website

This results announcement is published on the website of the Stock Exchange at www.hkex.com.hk. The annual report for the Year will be despatched to shareholders on or about 14 April 2008 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
28 March 2008

Notes:

1. As at the date of this announcement, the board of Directors of the Company comprises 9 Directors, namely Ms. Zhang Hongxia, Mr. Qi Xingli, Ms. Zhao Suwen and Ms. Zhang Yanhong as executive Directors, Mr. Zhang Shiping and Mr. Wang Zhaoting as non-executive Directors and Mr. Wang Naixin, Mr. Xu Wenying and Mr. George Chan Wing Yau as independent non-executive Directors.

2. The Company is registered in Hong Kong as an oversea company under the English name "Weiqiao Textile Company Limited".

* *For identification purpose only*