THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular, or as to the action to be taken, you should consult our stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Weiqiao Textile Company Limited, you should at once hand this circular together with the enclosed form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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)

(1) VERY SUBSTANTIAL ACQUISITION RELATED TO THE ASSETS ACQUISITION AGREEMENT AND (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

A notice dated 11 March 2016 convening the EGM to be convened and held on 25 April 2016 (Monday) at 9:00 a.m. at the conference hall 401 on the Fourth Floor, Company Office Building, No. 1 Wei Fang Road, Economic Development Zone, Zouping County, Shandong Province, the People's Republic of China is set out in pages 53 to 56 of this circular. Whether or not you are able to attend the above meetings, you are requested to complete and return the enclosed proxy form(s) in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the EGM or at any adjournment thereof. Completion and return of the proxy form(s) will not preclude you from attending and voting in person at the meeting(s) or at any adjourned meeting(s) should you so wish.

Reply slip for the EGM have also been enclosed. You are reminded to complete and sign the relevant reply slip and return it to the office of the secretary to the Board at Fourth Floor, Company Office Building, No. 1 Wei Fang Road, Economic Development Zone, Zouping County, Shandong Province, the People's Republic of China on or before 5 April 2016 (Tuesday) in accordance with the instructions printed thereon.

24 March 2016

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

** *For identification purposes only.*

EXPECTED TIMETABLE

Register of members of the Company closes . . . . from 27 March 2016 to 25 April 2016

EGM . . . . 9:00 a.m. 25 April 2016

Register of members of the Company re-opens . . . . 26 April 2016

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In this circular the following expressions shall have the respective meanings set opposite thereto:

"Acquisition"	the acquisition of the Target Assets owned by the Vendor by the Company as contemplated under the Assets Acquisition Agreement
"Antaike"	Beijing Antaike Information development Co., Ltd.
"Articles of Association"	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
"Assets Acquisition Agreement"	the assets acquisition agreement entered between the Parties regarding the acquisition of the Target Assets dated 11 March 2016
"Board"	the board of Directors of the Company
"Company"	魏橋紡織股份有限公司 (Weiqiao Textile Company Limited**)
"Completion"	the completion of the Acquisition
"Consideration"	RMB3,186,425,000 (equivalent to approximately HK$3,811,513,158), being the consideration for the contemplated Acquisition under the Assets Acquisition Agreement
"Date of Transfer"	the day when the Vendor transfer the Target Assets and, at the request of the Company, all financial materials and other information of the Target Assets to the Company within ten (10) business days after the date of Completion
"Director(s)"	the director(s) of the Company
"Domestic Shares"	ordinary shares issued by the Company, with a RMB-denominated par value of RMB1.00 each, which are subscribed for and paid up in RMB
"EGM"	an extraordinary general meeting of the Company proposed to be convened and held on 25 April 2016 (Monday) for the Shareholders to consider and, if thought fit, approve, among other things, the Assets Acquisition Agreement and the Acquisition thereunder, and the amendments to the Articles of Association
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC

"Holding Company"	山東魏橋創業集團有限公司 (Shandong Weiqiao Chuangye Group Company Limited**), a limited liability company incorporated in the PRC, being the controlling shareholder of the Company
"H Share(s)"	overseas listed foreign share(s) in the share capital of the Company, with a RMB-denominated par value of RMB1.00 each, and which are subscribed for and traded in HK$
"Latest Practicable Date"	22 March 2016, being the latest practicable date for the purpose of ascertaining certain information contained in this circular before publication
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified or otherwise supplemented from time to time
"MW"	megawatt
"Parties"	parties to the Assets Acquisition Agreement, being the Vendor and the Company
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, modified or otherwise supplemented from time to time
"Shares"	Domestic Shares and H Shares
"Shareholder(s)"	registered holder(s) of the shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Assets"	the thermal power assets** (熱電資產) wholly owned by the Vendor with an expected capacity of 1,320MW for three generator sets in construction and one in debugging process in Changshan Town, Zouping County, Shandong Province. Electricity generated by the Target Assets is expected to be used for supplying companies located in the Economic & Technology Development Zone of Zouping
"Transfer"	the transfer by the Vendor of the Target Assets and, at the request of the Company, all financial materials and other information of the Target Assets to the Company

"Valuation Reports"	the valuation reports on the appraised value of the Target Assets as of 31 December 2015 issued by an independent valuer, Asia-Pacific Consulting and Appraisal Limited, the text of which is set out in Appendices I and II to this circular
"Vendor"	the owner of the Target Assets, Zouping Changshan Industry Co., Ltd.** (鄒平長山實業有限公司), a limited liability company incorporated in the PRC
"%"	per cent

For the purpose of this circular, unless otherwise specified, conversion of RMB into HK$ is based on the exchange rate of RMB0.836 = HK$1.00.

For ease of reference, the names of the PRC-incorporated companies and entities have been included in this circular in both the Chinese and English languages. In the event of any inconsistency, the Chinese name prevails.

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)

Executive Directors:
Ms. Zhang Hongxia *(Chairman)*
Ms. Zhao Suwen
Ms. Zhang Yanhong
Mr. Zhang Jinglei

Non-executive Directors:
Mr. Zhang Shiping
Ms. Zhao Suhua

Independent non-executive Directors:
Mr. Wang Naixin
Mr. George Chan Wing Yau
Mr. Chen Shuwen

Registered Office:
No. 34 Qidong Road
Weiqiao Town
Zouping County
Shandong Province
The PRC

Principal Place of Business in the PRC:
No. 1, Weifang Road
Zouping Economic Development Zone
Zouping County
Shandong Province
The PRC

Place of Business in Hong Kong:
Suite 5109
The Center, 99th Queen's Road
Central
Hong Kong

24 March 2016

To the Shareholders

Dear Sir/Madam,

(1) VERY SUBSTANTIAL ACQUISITION RELATED TO THE ASSETS ACQUISITION AGREEMENT AND (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

A. INTRODUCTION

Reference is made to the announcement of the Company dated 11 March 2016, in relation to (i) the Assets Acquisition Agreement entered into between the Company and the Vendor, pursuant to which the Company agreed to acquire and the Vendor agreed to sell the Target Assets owned by the Vendor at the consideration of RMB3,186,425,000 (equivalent to approximately HK$3,811,513,158, including the deposit amount RMB300,000,000 that has been paid by the Company to the Vendor), and (ii) the amendments to the Articles of Association.

B. VERY SUBSTANTIAL ACQUISITION

(A) Assets Acquisition Agreement

Material terms of the Assets Acquisition Agreement are set out as follows:

Date

11 March 2016

Parties

(a) the Company; and

(b) the Vendor.

Target Assets to be acquired by the Company

Pursuant to the Assets Acquisition Agreement, the Company agreed to acquire and the Vendor agreed to sell the Target Assets owned by the Vendor, including the land use rights, powerhouses, projects under construction and machinery and equipment of thermal power assets** (熱電資產), comprised of three generator sets in construction and one in debugging process with an expected capacity of 1,320 MW that are owned by the Vendor. Details of the Target Assets are set out in "(C) Information of the Target Assets" below.

In December 2015, the Company was approached by the Vendor to consider the Acquisition. The Company conducted due diligence on the Target Assets and requested and reviewed relevant information of the Target Assets, including but not limited to, filing documents with Administration for Industry and Commerce, the plan graph of main plants, material construction contracts and payment invoice, supply contracts, design instruction of construction projects and preliminary design information.

Consideration

The total consideration of the Acquisition is RMB3,186,425,000 (equivalent to approximately HK$3,811,513,158, including the deposit amounted RMB300,000,000 that has been paid by the Company to the Vendor), determined after arm's length negotiations between the Vendor and the Company, taking into account the appraised value of (i) the machinery and equipment of RMB1,793,425,000 (equivalent to approximately HK$2,145,245,215) and (ii) the property interest of RMB1,393,000,000 (equivalent to approximately HK$1,666,267,943) of the Target Assets as set out in the Valuation Reports as at 31 December 2015.

According to the Valuation Reports, the valuation of the machinery and equipment of the Target Assets adopted the cost approach, and the valuation of the property interest of the Target Assets adopted the cost approach and the market approach.

The Company will make the payment of RMB2,886,425,000 (equivalent to approximately HK$3,452,661,483, being the total consideration less the deposit paid) in cash, by installments or in full, within ten (10) business days after the date of Completion.

The total amount of investment to be made by the Company is expected to be approximately RMB4,600,000,000 (equivalent to approximately HK$5,502,392,345, including the consideration under the Assets Acquisition Agreement and the contractual obligations that are expected to be assumed and further performed by the Company for the completion of the construction of the whole project after the Acquisition amounted to approximately RMB1,390,000,000, equivalent to approximately HK$1,662,679,426). Such contractual obligations are arising from over 150 contracts in relation to the construction work and procurement of machinery, equipment and materials of construction. To the knowledge of the Company, the counterparties to these contracts are independent third parties, and based on the due diligence conducted by the Company, these contracts are normal commercial contracts entered into for the construction and operation of the Target Assets. The equipment debugging fee of approximately RMB255,000,000 (equivalent to approximately HK$305,023,923) is expected to be paid by the Company by 2016. The equipment operation fee of approximately RMB555,000,000 (equivalent to approximately HK$663,875,598) is expected to be paid by the Company in 2016 and 2017. The equipment quality guarantee fee of approximately RMB255,000,000 (equivalent to approximately HK$305,023,923) is expected to be paid by the Company by 2017. And the civil engineering construction material fee of approximately RMB325,000,000 (equivalent to approximately HK$388,755,981) is expected to be paid by the Company after the completion of the construction. The Company expects that the total value of the Target Assets will be approximately RMB4,160,000,000, which will be reflected in property, plant and equipment and prepaid land lease payments to the financial statements and deductible value-added tax of RMB440,000,000, which can be refunded through the sales of goods of the Group.

Completion

The Completion is expected to occur upon the satisfaction of the following conditions precedent:

(i) the Vendor and the Company execute the Assets Acquisition Agreement;

(ii) the Acquisition is approved by the necessary internal procedures of the Vendor; and

(iii) the Acquisition is approved by the Board and the Shareholders in the shareholders general meeting of the Company.

The Company confirms that as at the date of this circular, the above item (i) and (ii) have been completed. The approval by the Shareholders is expected to be obtained in the coming EGM. It is expected that the Acquisition can be completed within seventy (70) business days after obtaining of the approval by the Shareholders in the coming EGM.

Transfer of the Target Assets

The Vendor shall, within ten (10) business days after the date of Completion, transfer the Target Assets and, at the request of the Company, transfer all financial materials and information, whether in written or otherwise, in relation to the Target Assets to the Company, including but not limited to, the original copies of all contracts and ownership certificates of relevant properties, notes, accounting documents and accounting records.

During the period commencing from 31 December 2015, being the base date of appraisal as stated in the Valuation Reports, and ending at the date of Completion, (i) any revenue (if any) generated from the Target Assets shall be attributed to the Vendor and (ii) any increased net asset of the Target Assets, due to the continuing construction of the thermal power assets, shall be acquired by the Company based on the book value of such increased net assets. The Company expects that the total investment amount of RMB4,600,000,000 shall not be exceeded, including any expected payment for such additional net assets.

Upon the Date of Transfer, (i) the Company will acquire complete control rights over the Targets Assets and will be entitled to all rights and assume all liabilities in relation to the Target Assets; and (ii) the Vendor will not be entitled to any rights or assume any liabilities in relation to the Target Assets. The Vendor shall assist the Company to complete the title change procedures in respect of lands and properties of the Target Assets within sixty (60) business days after the Date of Transfer.

Other significant terms

(a) The Parties shall bear their own expenses of taxation and take respective legal liabilities on taxation incurred in connection with the Assets Acquisition Agreement;

(b) If a party breaches any representations, undertakings, warranties or other duties under the Assets Acquisition Agreement which frustrates the purpose of the Assets Acquisition Agreement, the other party is entitled to terminate the Assets Acquisition Agreement at any time;

(c) In the event that any claims are brought against the Company after the date of Completion, where the reasons for such claims are derived of business activities conducted before the Completion and the Parties did not expect its happening or the Vendor failed to disclose such claims before the Completion, the Vendor shall take measures and resolve the disputes relating to the claims and keep the Target Assets and the Company from any losses. In the event that such claims cause any losses of the Target Assets or the Company, the Vendor shall indemnify all losses arising from such claims; and

(d) Where it becomes impossible for a party to perform the Assets Acquisition Agreement due to a force majeure event, which includes but not limited to, earthquake, collapse, subsidence, flood, typhoon, fire, explosion, accidents, war, riot, revolution, mutiny, destructive activities or other turmoil, turbulence of the society, the obligations under the Assets Acquisition Agreement for such party shall be suspended and the period for performance shall be automatically extended by a period equivalent to the aforesaid period of such suspension, and it will not be regarded as a breach of the Assets Acquisition Agreement. The party shall notify the other party promptly in writing, together with supporting written evidence of such force majeure event and take all measures necessary to mitigate the effects. If the force majeure delays and prevents the performance of the obligations of any party for a continuous period of over three (3) months, any party may give notice to the other party to terminate each party's obligations under the Assets Acquisition Agreement.

(B) Reasons for and Benefit of Entering into the Assets Acquisition Agreement

The Company has been engaged in the business of sales of electricity for a long time. The current customers of sale of electricity of the Company include stores, large shopping malls and industrial enterprises located in the coverage of the Company's power grid. For the years 2012, 2013 and 2014, the proportions of the Company's external sales of electricity were 64.8%, 61.9% and 68.1% of the total electricity generated by the Group, respectively. With a view to further increase its revenue and profits, the Company intends to conduct the Acquisition to further enhance its electricity capacity. The reasons for entering into the Assets Acquisition Agreement are set out below:

(i) the Target Assets are located in the Economic & Technology Development Zone of Zouping in the coverage of the power grid of the Company and other than the Vendor, to the knowledge of the Company, there is no other comparative thermal power assets for sale in the coverage of the power grid of the Company;

(ii) due to the deeper reform of the electricity industry and gradually open regulatory policies of sales of electricity, it is the appropriate time for the Acquisition so as to further develop the business of sales of electricity, to increase the revenue from external sales of electricity and reduce related cost of the Group. Pursuant to the Opinions on the Implementation of the Reform of Sales of Electricity** (關於推進售電側改革的實施意見) issued by relevant PRC governmental authority in November 2015, the sales of electricity will be opened for participation by social enterprises** (向社會資本開放售電業務) with a view to provide more options for users and improve the service quality of sales of electricity. It is expected that the PRC government is considering to undergo further reform for the electricity industry in the PRC to allow more enterprises to participate in the sales of electricity; and

(iii) given the development and expansion of the textile and aluminum industry clustering around the location of the Company, the demand for electricity in the industry clustering in the Economic & Technology Development Zone of Zouping is increasing rapidly and significantly. Both textile industry and aluminum industry consume a lot of electricity during their production process. According to an aluminum industry and marketing report for the year 2015 (the "**Report**") published by Antaike, an industrial consultant in nonferrous metals industry, in Zouping County, the aluminum production capacity in 2015 was approximately 5,327,000 tons per year, representing 65.9% of the total aluminum production capacity per year in Shandong Province. The aluminum production output in Zouping County in 2015 was approximately 4,533,000 tons, representing 64.8% of the total production output in Shandong Province. The electricity consumption of aluminum production in 2015 was approximately 63.46 billion KWH. Also according to the Report, the aluminum deep processing capacity of the aluminum downstream manufacturers in Zouping County in 2015 was approximately 6 million tons per year and the electricity consumption of aluminum deep processing in 2015 was expected to be approximately 5.4 billion KWH.

The substantial amount of the electricity generated by the Group was sold to the group of the Holding Company in the track record period as the group of the Holding Company had a substantial and stable demand of electricity which had been increasing due to its expansion into the downstream industrial train of deep processing of textile. The Company believes that the establishment of long-term cooperation with the Holding Company will stabilize the Company's operation, ensure a broaden stream of revenue source and a relatively stable profits rate and is of commercial benefit to the Group as a whole. After the Completion, the expected percentage of the electricity that will be sold to the group of the Holding Company to the total amount of excess electricity sold by the Group will decrease as it is expected more electricity will be sold to independent third parties. By leveraging on the development of local economy and increasing demand of electricity by local enterprises, the Company will sell the excess electricity to other independent third party customers within its power grid coverage other than the Holding Company and therefore, the Company is of the view that there is no reliance on the Holding Company in relation to the sales of electricity of the Company.

After the Completion, the Company will continue to look for independent third party customers, including stores, large shopping malls and industrial enterprises located in the coverage of the Company's power grid. In any event that electricity is expected to be sold to any customers who are connected persons of the Company, the Company will comply with relevant requirements under the Listing Rules.

The Company has been committed to the operation and development of its textile business and has remained been the largest cotton textile production scale in China in recent years. The Company has formed clear strategic plan for its textile business for the coming years, i.e. the Company will continue to root in its textile business and gradually increase the proportion of middle to high-end products through technological innovation and the enhancement of the automation level so as to optimize the product structure and to seize the market of middle to high-end textile products. The Company has no plan to discontinue the textile business as of the date of this circular and textile business will continue to be the main business of the Group after the Completion. The Acquisition is an expansion of existing business rather than entering into a new business segment and such

Acquisition will not result in any change of the business model of the Group. It is expected that the revenue generated from and the cost of sales of electricity will continue to be recorded as "other income and gains" and "other expenses", respectively, in the near future.

(C) Information of the Target Assets

Target Assets	Assets location	Expected Capacity (MW)
Thermal power assets** (熱電資產)	Changshan Town, Zouping County, Shandong Province, the PRC	1,320MW

According to the Valuation Reports, the appraised value of the machinery and equipment and the property interest of Target Assets amounted to RMB1,793,425,000 (equivalent to approximately HK$2,145,245,215) and RMB1,393,000,000 (equivalent to approximately HK$1,666,267,943), respectively, as at 31 December 2015. Electricity generated by the Target Assets is expected to be used for for supplying companies located in the Economic Development Zone of Zouping County with electricity after the Completion.

The net profit before and after taxation of the Target Assets for the financial years ended 31 December 2014 and 31 December 2015 is unavailable as the thermal power assets have not started operation as of the date of this circular.

As of 31 December 2015, approximately 70% of the total construction of the Target Assets was completed, where approximately 80% of the civil engineering was completed and approximately 60% of machinery was delivered and equipped. The first generation set has entered the debugging process and is expected to be fully operated and to generate income in the second quarter of 2016. The construction of the other three generation sets is expected to be completed one after another in the forth quarter of 2016 and the income generated from the Target Assets is expected to be increasing. The Target Assets is expected to be fully operated and generate income in first quarter of 2017.

Pursuant to the Assets Acquisition Agreement, the Vendor shall be responsible for all relevant licences and permits which shall be obtained pursuant to relevant PRC laws before the Completion, and the Company will be responsible for relevant licences and permits which shall be obtained pursuant to relevant PRC laws after the Completion, including but not limited to, filings in relation to the Completion and other permits relating to the operation of the Target Assets and the Vendor shall provide necessary assistance in this regard and shall be liable for any loss or damages to the Company arising from the Vendor's failure to perform such obligations. The relevant licences and permits which shall be obtained by the Vendor pursuant to the relevant PRC laws mainly relate to the construction for the Target Assets, including but not limited to, the land use permit, the thermal power project approval, the planning permit for construction, the project construction permit and the environmental impact assessment, and the Company will be responsible for relevant licences and permits relating to operation of the Target Assets, including but not limited to, the registration of change of land use rights, the environmental impact acceptance (環境影響驗收) and the building ownership certificates. The management of the Company confirms that based on their understanding of the current PRC laws, there is no legal difficulty for the Company to obtain relevant licences and permits relating to operation of the Target Assets.

C. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

A special resolution will be proposed at the EGM to be held on 25 April 2016 to amend the Articles of Association. According to the Opinions on the Implementation of the Reform of Sales of Electricity** (關於推進售電側改革的實施意見) issued by relevant PRC governmental authority in November 2015, the sales of electricity will be opened for participation by social enterprises** (向社會資本開放售電業務) with an view to provide more options for users and improve the service quality of sales of electricity. The proposed amendments to the Articles of Association are for the purposes to grasp such opportunity to expand electricity sales business of the Group in anticipation of the Acquisition. The Board proposes to amend Article 2.2 of the Articles of Association.

The original Article 2.2 is:

"The business scope of the Company is: cotton spinning, weaving, printing and dyeing, and production, processing and sale of knitgoods and clothes; and self-operated import and export within the approved scope of practice.

The business scope of the Company shall be as approved by the industrial and commercial administration authority. The Company may, as per market changes and the Company's own needs and upon approval of the examination and approval authority, adjust the business and operation method, and establish branches in and outside China."

Amended as:

"The business scope of the Company is: cotton spinning, weaving, printing and dyeing, and production, processing and sale of knitgoods and clothes; sale of electricity; and self-operated import and export within the approved scope of practice.

The business scope of the Company shall be as approved by the industrial and commercial administration authority. The Company may, as per market changes and the Company's own needs and upon approval of the examination and approval authority, adjust the business and operation method, and establish branches in and outside China."

It is proposed that the Shareholders shall authorize the Board to do all such things as necessary in respect of the amendments to the Articles of Association pursuant to the requirements (if any) under domestic or overseas laws or under the rules of any stock exchange on which any securities of the Company is listed.

The Board has confirmed that there is nothing unusual about the proposed amendments to the Articles of Association for a company listed in Hong Kong.

The proposed amendments to the Articles of Association are subject to approval of the Shareholders by way of special resolution at the EGM and the approval of and registration or filing with the relevant PRC government authorities.

D. IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules. Therefore, the Acquisition is subject to the reporting, announcement and shareholders' approval requirements set out in Chapter 14 of the Listing Rules.

The Directors consider that the terms and conditions of the Assets Acquisition Agreement have been negotiated on an arm's length basis, and are normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

E. POSSIBLE FINANCIAL EFFECTS OF THE ACQUISITION

(a) Earnings

As disclosed in the annual results of the Group for the year ended 31 December 2015 (the "**2015 Annual Results**"), the Group recorded a net profit attributable to owners of the parent of approximately RMB979 million for the year ended 31 December 2015. It is noted that the Target Assets are under construction and the first generator set has been put into debugging process. Therefore, the Group may not have any net profit immediately upon the Completion. But upon the completion of the construction, it is expected that the Target Assets will increase the net profit of the Group.

(b) Net assets and liabilities

As disclosed in the 2015 Annual Results, the Group had a net assets of approximately RMB24,583.58 million as of 31 December 2015. Upon Completion, the properties under development held by the Group will increase.

(c) Accounting treatment for the Acquisition

After the Completion, the Group's property, plant and equipment will increase by RMB2,864 million, and prepaid land lease payments will increase by RMB104 million, which were supposed to be settled by cash of RMB2,886 million and a prepayment of RMB300 million. Deductible value-added tax ("**VAT**") of RMB261 million arising from the Acquisition will be recorded as other receivables and related deed tax and stamp tax of RMB43 million will be paid to local tax bureau and recorded as other payables.

F. EGM

The Company will convene the EGM on 25 April 2016 for the purpose of seeking the approval by the Shareholders of:

(a) Assets Acquisition Agreement and the Acquisition contemplated thereunder; and

(b) the proposed amendments to Articles of Association.

To the best knowledge, information and belief of the Directors, having made all reasonable enquires, no Shareholder has a material interest in the Acquisition and no Shareholder is required to abstain from voting to approve the Assets Acquisition Agreement and the proposed amendments to Articles of Association at the EGM.

The votes to be taken at the EGM in relation to the above proposed resolution(s) will be taken by poll.

The relevant forms of proxy and attendance slip are enclosed. Shareholders who intend to attend the EGM are required to complete and return the attendance slip to the Company on or before 5 April 2016.

The holders of H Shares of the Company should note that the register of members of the Company will be closed from 27 March 2016 (Sunday) to 25 April 2016 (Monday) (both days inclusive), during which period no transfer of H Shares can be registered. In order to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Shares registrar in Hong Kong (in respect of H Shares), or the Company's principal place business in the PRC (in respect of Domestic Shares), no later than 4:30 p.m. on 24 March 2016 (Thursday).

G. RECOMMENDATION

The Board is of the view that the Assets Acquisition Agreement and the Acquisition contemplated thereunder, and the proposed amendments to the Articles of Association are fair and reasonable and are in the interests of the Company and the Shareholders as a whole and the Directors recommend that the Shareholders vote in favour of the resolutions set out in the notice of EGM.

H. GENERAL INFORMATION

The Company is principally engaged in the sale and process of cotton, production, sale and process of cotton spinning, woven fabric, dipdye, knitwear, clothing, export and import business as registered in the registration authorities.

The Vendor is a company incorporated in the PRC on 11 November 2010 with limited liability and was ultimately controlled by the Management Centre of State-owned Assets of Zouping Economic & Technology Development Zone** (鄒平經濟技術開發區國有資產運營管理中心). The Vendor is principally engaged in the business of process and sale of aluminum products, including aluminum plates and aluminum foils, sale of electricity and export and import business related to its business scope.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

I. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
Weiqiao Textile Company Limited**
Zhang Hongxia
Chairman and Executive Director

Shandong, the PRC

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

** *For identification purposes only.*

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from Asia-Pacific Consulting and Appraisal Limited, an independent valuer, in connection with its valuation as at 31 December 2015 of the machinery & equipment interests to be acquired by the Company.

Asia-Pacific Consulting and Appraisal Limited
Room 1501(112), 15F, SPA Centre,
53-55 Lockhart Road,
Wanchai Hong Kong

24 March 2016

The Board of Directors
Weiqiao Textile Company Limited
No. 1 Weifang Road
Economic Development Area
Zouping County
Shandong Province
The People's Republic of China

Dear Sirs,

In accordance with your instructions, we have undertaken a retrospective valuation to determine the values of construction in progress – machinery & equipment, belonging to Zouping Changshan Industrial Co., Ltd., which is located in Zouping County, Shandong Province, the PRC.

The purpose of the appraisal is to estimate the Market Value as of 31 December 2015 and it is our understanding that these values will be utilized for circular reference.

This valuation report outlines our latest findings and conclusion. Based on the results of our investigations outlined in the report which follows, it is our opinion that the valuation of the above asset is:–

RMB1,793,425,000 (RENMINBI ONE BILLION SEVEN HUNDRED AND NINETY THREE MILLION FOUR HUNDRED AND TWENTY FIVE THOUSAND), which fairly represents the market value of the machinery and equipment as at 31 December 2015.

This report is issued subject to our limiting conditions as attached.

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited
Jack Wenjie. Li
B.Sc. MRICS CFA
Executive Director

Note: Jack Wenjie. Li is a Chartered Surveyor who has 10 years' experience in the valuation of assets in the PRC, Hong Kong and the Asia-Pacific region.

1.0 INTRODUCTION

This report has been prepared in accordance with instructions from Weiqiao Textile Company Limited to express an independent opinion on the market value of machinery and equipment (the "Assets") belonging to Zouping Changshan Industrial Co., Ltd. as at 31 December 2015 (the "Valuation Date"). The report dated 24 March 2016 (the "Report Date") follows:

1.1 Purpose of Valuation

This report is to express an independent opinion on the market value of the Machinery and Equipment Assets as at the Valuation Date.

The purpose of the appraisal is to estimate the Market Value as of 31 December 2015 and it is our understanding that these values will be utilized for circular reference.

The scope of this assignment included physical inspection of the manufacturing facility located in Zouping County, Shandong Province, the PRC.

2.0 BASIS OF VALUE

We have adopted the **Market Value In Continued Use** as being the most appropriate, in accordance with the following definition:–

Market Value is defined herein as

"the estimated amount at which the subject assets should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing where in the parties had each acted knowledgeably, prudently, and without compulsion."

Market Value In Continued Use is further defined as amount of money at which a given property would change hands between a willing buyer and a willing seller, in an appropriate marketplace, when neither is acting under compulsion and when both have reasonable knowledge of relevant facts, including installation and other turnkey costs and assumes that earnings support the value reported. *(source: American Society of Appraisers)*

Market Value In Continued Use does not represent the amount that might be realised in the event of piecemeal disposition of the assets in the open market or from any alternative use to which they may be put.

3.0 BASIS OF OPINION

We have conducted our valuation in accordance with the International Valuation Standards issued by the International Valuation Standards Committee and USPAP, the Uniform Standards of Professional Appraisal Practice issued by the Appraisal Standard Board (USA). The valuation procedures employed include the review of physical and economic condition of the subject asset, an assessment of key assumptions, estimates, and representations made by the proprietor or the operator of the subject asset. All matters we consider essential to the proper understanding of the valuation will be disclosed in the valuation report.

We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. We believe that the valuation procedures we employed provide a reasonable basis for our opinion.

This investigation is concerned solely with the values of the appraised machinery and equipment and our opinion of value is not related to the earning capacity of the business. It is assumed that prospective earnings are adequate to support the concluded value of the machinery and equipment plus the value of other assets not included in this valuation, and sufficient net working capital. It does not attempt to arrive at the value of the Company as a total business entity.

4.0 VALUATION METHODOLOGY

There are three generally accepted approaches to value, namely:

4.1 The Market Approach

The market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised machinery and equipment relative to the market comparative. Assets for which there is an established used market may be appraised by this approach.

4.2 The Income Approach

The income approach is the present worth of the future economic benefits of ownership. This approach is generally applied to an aggregation of assets that consists of all assets of a business enterprise including working capital and tangible and intangible assets.

4.3 The Cost Approach

The cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence present (physical, functional or economical), taking into consideration past and present maintenance policy and rebuilding history. The cost approach generally furnishes the most reliable indication of value for assets without a known used market.

Reproduction Cost New – is the estimated amount of money needed to acquire in like kind and in new condition an asset or group of assets taking into consideration current prices of materials, manufactured equipment, labour, contractor's overhead, profit and fees, and all other attendant costs associated with its acquisition, but without provision for overtime or bonuses for labour and premium for materials.

Replacement Cost New – is the amount required to replace property with a modern new unit utilizing the most current technology and construction materials that will duplicate the product capacity and utility of an existing unit at current market prices for materials, labour and manufactured equipment, contractor's overhead and profit, and fees, but without provision for overtime or bonuses for labour and premiums for material or equipment based upon replacing the entire property at one time.

Physical Depreciation – the loss in value or usefulness of a property due to the using up or expiration of its useful life caused by wear and tear, deterioration, exposure to various elements, physical stresses, and similar factors

Functional Obsolescence – the loss in value or usefulness of a property caused by inefficiencies or inadequacies of the property itself, when compared to a more efficient or less costly replacement property than new technology has developed.

Economic Obsolescence – the loss in value or usefulness of a property caused by factors external to the assets. These factors include increased cost of raw materials, labour or utilities, reduced demand for the product; increased competition; environmental or other regulation; or similar factors.

5.0 ANALYSIS

In accordance to valuation procedures, all valuation approaches must be considered, as one or more approaches may be applicable to the subject asset. In certain situations, elements of the three approaches may be combined to reach a value conclusion. However, the relative strength, applicability, and significance of the approaches and their resulting values must be analyzed and reconciled.

In estimating the value of the assets, the market approach was primarily utilized for those assets where an active secondary market exists. Verified market comparables is the best proof of transacted value as it reflects the dynamics of secondary market. Factors such as the availability and desirability of particular types of machines are vital consideration, as supply and demand is an influencing factor on the transactions.

For all other assets without active secondary market, we relied on the cost approach, where an estimate is made on the cost of reproduction new or replacement cost, less allowance for depreciation or loss of value arising from condition, utility, age, wear and tear, and obsolescence, taking into consideration past and present maintenance policy, and rebuilding history, if any, and current utilization.

In situation where we can identify and collect sufficient data on certain equipment that has direct contribution to the revenue generation, the income approach will be applied as part of the cross-checking procedure with the result from the cost approach and the market approach in arriving at our conclusion of value.

5.1 Valuation Procedure

The assets appraised in this report include machinery and equipment.

We have not included in this appraisal raw materials, finished and in-process products, equipment under operating leases, or the property of others.

Our procedure began with an inspection of the subject assets located in Zouping County, Shandong Province, the PRC.

The machinery and equipment were investigated in detail at the time of physical inspection and recorded not only the specification of the assets but also noted the age, condition, degree of functional utility, current use, and the accessory equipment which form part of the assets.

Upon completion of the physical inspection, we discuss with plant maintenance personnel to determine maintenance procedures adopted at the facility, modifications which may have occurred to the equipment over its years of use, unusual operating conditions, the manufacturing processes and changes in technology which could have an impact on the obsolescence, and any other information available which may be relevant to the valuation process.

Information concerning special machinery which was built in-house by plant personnel or constructed by outside contractors to the specific requirements of the manufacturing process was also obtained from the company.

We began the valuation phase by considering the various approaches of valuation.

Where assets being appraised have active secondary markets, with comparables readily available in the marketplace, we have utilized the ***market approach*** for our value conclusion. To arrive at the ***market value in continued use*** from the market approach, we must consider additional costs that are typical in the industry. These costs may include many of the same costs that are properly capitalized for new assets, such as electrical wiring, piping, foundations, support structures, insulation, and finishes; direct costs, such as sales taxes, import duty, crating, and freight and handling charges; installation costs; modification or overhaul costs; general contractors' costs; and indirect costs, such as engineering, design, and purchasing costs.

Where active secondary market does not exist, we have valued the assets by using the ***cost approach***. We began by developing current ***replacement cost new*** for similar or equivalent units according to prices we obtained from the manufacturer, its authorized dealers, or our in-house database. To arrive at the fully installed ***replacement cost new***, we combined it with estimates of any additional material costs, such as electrical wiring, piping, foundations, support structures, and insulation and finishes; direct costs, including import duty, and freight and handling charges; installation costs; general contractors' costs; and indirect costs, such as engineering, design, and purchasing.

We have valued the non-inspected assets by using original costs which were indexed using appropriate equipment cost trend multipliers. These multipliers are based on statistical information from government and private industry and we applied it to the original cost to obtain replacement/ reproduction cost new.

The next step in the ***cost approach*** is to assess the physical deterioration of the assets by determining its ***effective age***. In determining the effective age of the equipment, we have considered the observed condition in relation to its chronological age; whether or not maintenance was adequate for the period of use; and the effects of any technological changes on the equipment's life expectancy. ***Effective age*** is the number of years of apparent age, based on the observed condition and the amount of wear and tear experienced during its life.

Decrease in useful life is normally quantified through an ***age-life analysis*** which measures the loss in value due to the reduction in normal useful life, which is the first cause in measuring physical depreciation. Normal useful life ranges are adopted from data published by the China Appraisal Society and expected life tables developed in the USA. Considering both the reduced useful life and the decline in utility enables us to quantify the physical depreciation of the asset.

Apart from measuring depreciation of physical characteristics, we must consider other forms of depreciation in arriving at an overall depreciation, namely ***functional*** and ***economic*** obsolescence.

Functional obsolescence is the impairment of functional capacity or efficiency caused by factors inherent in the property. These factors include but are not limited to such items as changes in current technology, discovery of new and improved materials, improved manufacturing processes, under- or over-capacities, production rates, and highest and best use.

Economic obsolescence is the loss in value or usefulness of a property caused by factors external to the assets. These factors include increased cost of raw materials, labour or utilities, reduced demand for the product; increased competition; environmental or other regulation: or similar factors.

The final step in the ***cost approach*** is to deduct the physical depreciation, functional and economic obsolescence from the ***replacement cost new*** to conclude at the ***market value in continued use***.

6.0 COMPANY BACKGROUND

The subject company, Zouping Changshan Industrial Co., Ltd. was established in November 2010. The plant is located at Changshan town, Zouping County Shandong Province, the PRC.

The company's 4*330KW thermal power generation plant, was under construction as of the inspection date, and is estimated to be completed in 2016.

7.0 ASSETS REVIEWED

The Assets under review comprise mainly of machinery and equipment such as turbo generator, conveyor, desulphurization system, and boiler used in the generating of electricity.

Turbo Generator

Coal Conveyor

Desulphurization System

Boiler

The assets were still under construction and they were not turned over for production yet. Most of major equipment were sourced and fabricated in China. Our inspection reveals that the machinery and equipment are mostly of standard manufacture.

8.0 FINDINGS

8.1 Inspection

We have carried out inspection of the assets in December 2015 in Zouping County, Shandong Province, the PRC. During our inspection, we have been provided with a listing of the construction in progress. We have relied considerably on this plus on other information such as equipment specifications and other documents provided to us. We have not carried out a full mechanical survey, nor have inspected other machinery and equipment, which are covered, unexposed or inaccessible, and our assessments on these non-inspected assets are based on the premise that these items are in a condition that commensurate with age and usage.

8.2 Conditions of the Equipment

We have inspected the major machinery and based on our observation found that most of them were not in use as they were still in installation stage. Review of the mechanical and internal conditions of the equipment with company personnel revealed that there were no items reported to us as having any mechanical problems.

In arriving at our valuation, we have not investigated the title nor any liabilities affecting the equipment. No consideration was made for any outstanding amount owed under financing agreements, if any.

8.3 Exclusion

We have excluded in this valuation: land, buildings, other land improvements, spare parts, stocks, company records or any current or intangible assets.

9.0 OPINION OF VALUE

Based on the results of our inspection and findings, it is our opinion that

RMB1,793,425,000 (RENMINBI ONE BILLION SEVEN HUNDRED AND NINETY THREE MILLION FOUR HUNDRED AND TWENTY FIVE THOUSAND), fairly represents the market value of the machinery and equipment as at 31 December 2015.

A breakdown is shown in the attached schedule of assets.

LIMITING CONDITIONS

This report is subject to our standard Limiting Conditions as attached.

We have made no investigation of, and assume no responsibility for titles to, or liabilities against the property appraised.

WE HEREBY CERTIFY that we have neither present nor prospective interest in the property appraised, or in the values reported.

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited
Jack Wenjie. Li
B.Sc. MRICS CFA
Executive Director

Note: Jack Wenjie. Li is a Chartered Surveyor who has 10 years' experience in the valuation of assets in the PRC, Hong Kong and the Asia-Pacific region.

10.0 SUMMARY OF VALUES

Summary of Values

Valuation Date: 31 December 2015

Subject Company: Zouping Changshan Industrial Co., Ltd.

	NBV *(RMB)*	Market Value *(RMB)*
Construction in Progress (CIP)	1,775,455,690.71	1,775,455,300
Engineering Material	17,975,699.24	17,970,100
Total	1,793,431,389.95	1,793,425,400
	Rounded to	1,793,425,000

11.0 LIMITING CONDITIONS

We have disregarded any existing liabilities, liens and encumbrances against or titles to the property appraised and assume no responsibility for these matters.

In the inventory, machinery and/or equipment were listed as complete units and were meant to include all parts and accessories normally comprising the unit.

We have totally disregarded such items that, in our opinion, have no practical take-up value or are normally charged as operating expenses.

Our conclusions assume continuation of prudent management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information give a true and fair view and have been prepared in accordance with the relevant companies ordinance.

Public information and industry and statistical information have been obtained from sources we deem to be reputable; however we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.

The management of the Company has reviewed and agreed on the valuation report and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.

Asia-Pacific Consulting and Appraisal Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this valuation, with reference to the project described herein unless prior arrangements have been made.

No opinion is intended to be expressed for matters which require legal or other specialised expertise or knowledge, beyond what is customarily employed by valuers.

The use of and/or the reliance of the valuation report is subject to the terms of engagement letter/ proposal and the full settlement of the fees.

This valuation report has been prepared solely for the use of the directors. The valuation report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any their party without our prior written consent. We shall not under any circumstances whatsoever be liable to any third party except where we specifically agreed in writing to accept such liability.

This report is confidential to the client and the opinion of value expressed herein is valid only for the purpose stated in the engagement letter/or proposal as of the valuation date. In accordance with our standard practice, we must state that this report and valuation exercise is for the use only by the party to whom it is addressed and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

Where a distinct and definite representation has been made to us by party/parties interested in the assets valued, we are entitled to rely on that representation without further investigation into the veracity of the representation if such investigation is beyond the scope of normal business valuation work.

We are not environmental consultants or auditors, and we take no responsibility for any actual or potential environmental liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional environmental assessment. We do not conduct or provide environmental assessments and have not performed one for the subject property.

This report and the conclusion of value arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the report and conclusion of value are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusion of value represents the consideration, based on information furnished by the Company and other sources.

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from Asia-Pacific Consulting and Appraisal Limited, an independent valuer, in connection with its valuation as at 31 December 2015 of the property interests to be acquired by the Company.

APA
亚太评估
Asia-Pacific Consulting and Appraisal Limited
Room 1501(112), 15F, SPA Centre,
53-55 Lockhart Road,
Wanchai Hong Kong

24 March 2016

The Board of Directors
Weiqiao Textile Company Limited
No. 1 Weifang Road
Economic Development Area
Zouping County
Shandong Province
The People's Republic of China

Dear Sirs,

Asia-Pacific Consulting and Appraisal Limited ("APA" or "we") is instructed by Weiqiao Textile Company Limited (the "Company") to provide valuation service on the property proposed to acquire from Zouping Changshan Industrial Co., Ltd. (the "Target Company") located in Zouping County, Shandong Province, the People's Republic of China (the "PRC") for circular reference. We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we considered necessary for the purpose of providing our opinion of the market value of the property interests as at 31 December 2015 (the "valuation date").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have adopted the comparison approach to value the land elements of the property by making reference to comparable transactions in our assessment of the market values of the property interests. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the fair place can be extrapolated to similar properties, subject to allowances for variable factors.

Due to the nature of the typical buildings and structures which are currently under construction and the particular locations in which they are situated, there are unlikely to be relevant market comparable sales readily available, the property interests have therefore been valued on the basis of their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation (including Land Appreciation Tax) which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have been provided with extracts of documents in relation to the title of the properties. However, we have not searched the original documents to verify the ownership or to ascertain any amendment. We have relied considerably on the advice given by the Company's PRC legal advisers – Zong Heng Law Firm, concerning the validity of the property interests in the PRC. We have also relied to a very considerable extent on the information given by the Target Group, and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have no reason to doubt the truth and accuracy of the information provided to us by the Target Company. We have also sought confirmation from the Target Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out in December 2015 by Mr. David Cheng, a member of RICS, China Real Estate Appraiser and has over 15 years' experience in the valuation of properties in the PRC.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited
Jack Wenjie. Li
B.Sc. MRICS CFA
Executive Director

Note: Jack Wenjie. Li is a Chartered Surveyor who has 10 years' experience in the valuation of assets in the PRC, Hong Kong and the Asia-Pacific region.

SUMMARY OF VALUES

Property interest held under development by the Target Company in the PRC

No.	Property	Capital value in existing state as at 31 December 2015 *RMB*
1.	A parcel of land, various buildings and ancillary structures located at West of Changyuan Road Zouping County Binzhou City Shandong Province The PRC	1,393,000,000
	Grand-total:	**1,393,000,000**

VALUATION CERTIFICATE

Property interest held under development by the Target Company in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 December 2015 *RMB*
1.	A parcel of land, various buildings and ancillary structures located at West of Changyuan Road Zouping County Binzhou City Shandong Province The PRC	The property comprises a parcel of land with a site area of approximately 391,333.3 sq.m. and various buildings and structures which were being constructed thereon as at the date of valuation (the "CIP") on the land. As advised by the company, The CIP is scheduled to be completed in the fourth quarter of 2016. Upon completion, the buildings of the property will have a total gross floor area of approximately 126,007.82 sq.m. The land use rights of the property have been granted for a term expiring on 5 June 2060 for industrial use.	The property is currently under construction.	1,393,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Zou Guo Yong 2010 Di No.020143, the land use rights in related to the property with a site area of approximately 391,333.3 sq.m. has been granted to Zouping Changshan Industrial Co., Ltd. for a term of expiring on 5 June 2060 for industrial use.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 37 2010-9 in favour of Zouping Changshan Industrial Co., Ltd., permission towards the planning of the subject land with a site area of approximately 391,333 sq.m. has been granted to Zouping Changshan Industrial Co. Ltd..

3. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 37 2012-18 in favour of the Zouping Changshan Industrial Co., Ltd., the buildings with a total planned gross floor area of approximately 391,333 sq.m. have been approved construction.

4. Pursuant to a Construction Work Commencement Permit – No.2013-006 in favour of Zouping Changshan Industrial Co., Ltd., permission by the relevant local authority was given to commence the construction work.

5. As advised by the Company, the total construction cost of CIP is estimated to be approximately RMB1,602,000,000, of which RMB1,237,332,707.99 had been paid up to the date of valuation. The capital value of the property as it completed as at the valuation date is approximately RMB1,758,000,000.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Zouping Changshan Industrial Co., Ltd. has obtained the land use rights of the property legally, and is entitled to occupy, use, transfer, mortgage or otherwise dispose the land use rights in the terms of the use terms stated in the Land Use Rights Certificates; and

   b. Zouping Changshan Industrial Co., Ltd. has constructed the property legally, and is entitled to occupy, use, transfer, mortgage or otherwise the dispose the construction, the construction of the property is not subject to any mortgage or other encumbrances.

1. RESPONSIBILITY STATEMENT

This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the issuer. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, 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 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:

Name of Directors	Type of Interest	Number of Domestic Shares *(Note 1)*	Approximate percentage of total issued domestic share capital as at the Latest Practicable Date *(%)*	Approximate percentage of total issued share capital as at the Latest Practicable Date *(%)*
Zhang Hongxia *(Executive director/Chairman)*	Beneficial interests	17,700,400	2.27	1.48
Zhang Shiping *(Non-executive director)*	Beneficial interests	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 Directors	Name of associated corporation	Type of interest	Approximate percentage of total issued share capital as at the Latest Practicable Date *(%)*
Zhang Shiping *(Non-executive director)*	Holding Company	Beneficial interests	31.59
Zhang Hongxia *(Executive director)*	Holding Company	Beneficial interests and spouse interests *(Note 1)*	9.73 *(Note 1)*
Zhang Yanhong *(Executive director)*	Holding Company	Beneficial interests	5.63
Zhao Suwen *(Executive director)*	Holding Company	Beneficial interests	0.38
Zhao Suhua *(Non-executive director)*	Holding Company	Spouse interests *(Note 2)*	4.93 *(Note 2)*

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

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

Each of Ms. Zhang Hongxia, the chairman of the Company, and Ms. Zhao Suwen and Ms. Zhang Yanhong who are executive directors of the Company, and Mr. Zhang Shiping, a non-executive director of the Company, also serves as a director of the Holding Company, respectively. The Holding Company has an interest in the shares and underlying shares of the Company which falls to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO. Please refer to the disclosure below on the interest of the Holding Company in the shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, 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.

3. DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACTS

Save as disclosed in this circular, no contracts of significance to which the Company, any of its holding companies, fellow subsidiaries or subsidiaries was a party and in which a Director or a supervisor of the Company had a material interest and which is significant to the Group's business, whether directly or indirectly, subsisted at the date of this circular.

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, 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) had 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:

Interests in the domestic Shares of the Company:

Name of Shareholders	**Number of Domestic Shares** *(Note 1)*	**Approximate percentage of total issued domestic share capital as at the Latest Practicable Date** *(%)*	**Approximate percentage of total issued share capital as at the Latest Practicable Date** *(%)*
Holding Company	757,869,600 (Long position)	97.06	63.45
Shandong Weiqiao Investment Holdings Company Limited ("Weiqiao Investment")	757,869,600 (Long position) *(Note 2)*	97.06	63.45

Interests in the H Shares:

Name of Shareholders	Type of interest	Number of H Shares *(Note 3)*	Approximate percentage of total issued H share capital as at the Latest Practicable Date *(%)*	Approximate percentage of total issued share capital as at the Latest Practicable Date *(%)*
Brandes Investment Partners, L.P.	Investment manager	78,462,862 (Long position) *(Note 4)*	18.97	6.57
Mellon Financial Corporation	Interest of a controlled corporation	41,073,100 (Long position) *(Note 5)*	9.93	3.44

Notes:

1. Unlisted shares.

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

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

4. These 78,462,862 H Shares were held by Brandes Investment Partners, L.P. in its capacity as investment manager.

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

Save as disclosed above, so far as 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.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered, or is proposing to enter, into any service contract with the Company or its subsidiaries which is not expiring or may not be terminated by the Company within a year without payment of any compensation, other than statutory compensation.

6. DIRECTORS INTERESTS IN ASSETS

None of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of or leased to any member of the Group or proposed to be so acquired, disposed of or leased since 31 December 2015, being the date to which the latest published audited accounts of the Group were made up, and up to the Latest Practicable Date.

7. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2015, the date to which the latest published audited accounts of the Group were made up.

8. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors and his/ her respective associate(s) was interested in any business apart from the Group's business, which competes or is likely to compete, either directly or indirectly, with the Group's business.

9. LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company or any of its subsidiaries.

10. CONSENT AND QUALIFICATIONS

The following is the qualification of the professional advisers who have given opinion or advice, which is contained in this circular:

Name	Qualification
Asia-Pacific Consulting and Appraisal Limited	Independent valuer
Zong Heng Law Firm	Legal adviser as to PRC laws

Each of Asia-Pacific Consulting and Appraisal Limited and Zong Heng Law Firm has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its Valuation Reports and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Asia-Pacific Consulting and Appraisal Limited and Zong Heng Law Firm (i) had no interest, either direct or indirect, in any assets which have been, since the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) had no shareholding interests in any member of the Group and they did not have any right, whether legally enforceable or not, to subscribe for or nominate any persons to subscribe for securities of any members of the Group.

11. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Please refer to the pages 60-146 of Annual Report 2012, pages 59-140 of Annual Report 2013, pages 63-152 of Annual Report 2014 and pages 2-18 of the 2015 Annual Result of the Company for the years ended 31 December 2012, 2013, 2014 and 2015 published by the Company on 27 March 2013, 11 April 2014, 13 April 2015 and 18 March 2016, respectively, which contained the financial position of the Group as at 31 December 2012, 2013, 2014 and 2015, and the financial performance and cash flows for each of the years ended 31 December 2012, 2013, 2014 and 2015, respectively, together with other explanatory information. The annual reports and the 2015 Annual Result are available on the Company's website (http://www.wqfz.com) and the Stock Exchange's website (www.hkexnews.hk).

12. STATEMENT OF INDEBTEDNESS

Borrowings

As at 31 January 2016 (being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular), the Group had total outstanding indebtedness of approximately RMB9,049 million. The table below sets forth the Group's total outstanding indebtedness as at 31 January 2016:

	Notes	**Total** *RMB'000*
Current		
Bank loans		
– Unsecured		1,143,873
– Secured	*(1)*	147,500
Current portion of long term bank loans		
– Secured	*(1)*	468,000
		1,759,373
Non-current		
Bank loans		
– Secured	*(1)*	1,314,500
Corporate bonds		
– Unsecured		5,975,000
		7,289,500
		9,048,873

Note:

(1) Certain of the Group's bank loans amounting to approximately RMB1,930 million were secured by certain of the Group's buildings, machinery and equipment of an aggregate carrying value of approximately RMB1,473 million as at 31 January 2016.

In addition to the above, as at 31 January 2016, certain of the Group's bank deposits with an aggregate amount of approximately RMB59 million were pledged against the Group's letters of credit and letters of guarantee.

Contingent liabilities

As at the close of business on 31 January 2016, the Group had no material contingent liabilities.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables, as at the close of business on 31 January 2016, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

13. WORKING CAPITAL

After due and careful consideration, the Directors are of the opinion that, taking into account the Group's internal resources and available banking facilities, and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for the period of twelve months from the date of this circular.

14. MANAGEMENT DISCUSSION AND ANALYSIS

The following information is the management discussion and analysis of the Group for the four years ended 31 December 2012, 2013, 2014 and 2015:

For the year ended 31 December 2012

Liquidity and financial resources

As at 31 December 2012, cash and cash equivalents of the Group were approximately RMB7,350 million, representing an increase of approximately 257.1% as compared with approximately RMB2,058 million as at 31 December 2011. It was mainly due to the reduction of certain inventory during the year ended 31 December 2012, which resulted in the substantial increase in cash and cash equivalents.

The working capital of the Group is mainly financed by cash inflow from operating activities. For the year ended 31 December 2012, the Group had a net cash inflow from operating activities of approximately RMB4,437 million, a net cash inflow from investing activities of approximately RMB995 million and a net cash outflow from financing activities of approximately RMB111 million. As at the end of the year ended 31 December 2012, the cash and cash equivalents increased by approximately RMB5,292 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 2012, the inventory turnover days of the Group decreased by 96 days to 149 days as compared with that of the corresponding period of last year. The decrease in inventory turnover days was due to the Group's increased sales efforts during the year ended 31 December 2012, which resulted in an increase in the sales volume and a decrease in the inventory level. The average turnover days of the Group's account receivables increased to 13 days from 8 days of last year, which was mainly due to the corresponding increase in the settlement by way of letters of credit as a result of the increased volume of exports at the end of the year ended 31 December 2012.

For the year ended 31 December 2012, the Group used financial instruments, i.e. a forward currency contract, to reduce exposure to exchange rate fluctuation. As at 31 December 2012, the derivative financial liability from the above forward currency contract was approximately RMB3 million.

Capital structure

The major objective of the Group's capital management is to ensure the ability of ongoing operations and maintain a healthy capital ratio in order to support its business and maximise shareholders' interests. The Group continued to emphasize on an appropriate mix of equity and debt to ensure an efficient capital structure to reduce capital cost. As at 31 December 2012, the debts of the Group were mainly bank borrowings totalling approximately RMB9,066 million. Cash and cash equivalents were approximately RMB7,350 million. The gearing ratio was 11.0% as at 31 December 2012 (2011: 46.2%) (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 rates and variable rates to manage interest expenses. As at 31 December 2012, 39.8% of the Group's bank loans were subject to fixed interest rates, while the remaining 60.2% were subject to floating interest rates.

The Group aimed to keep the balance between the continuity and flexibility of funds through bank loans. At any time, the borrowings due within the upcoming 12-month period will not exceed 50.0% of the total borrowings. As at 31 December 2012, approximately 49.2% of the loans will become due within one year.

As at 31 December 2012, the Group's loans were denominated in RMB and US dollars, among which borrowings in US dollars represented approximately 12.0% of the total borrowings, while cash and cash equivalents were mainly denominated in RMB and US dollars, among which cash and cash equivalents denominated in US dollars represented approximately 4.7% of the total amount.

Significant investments and material acquisitions and disposals of subsidiaries or associated companies

As of 31 December 2012, the Group had no significant investment, or material acquisition or disposal of subsidiaries or associated companies.

Employees and emolument policies

As at 31 December 2012, the Group had a total of approximately 82,000 employees, representing a decrease of 20,000 employees as compared with that of last year. Such decrease in the number of staff was mainly due to the Group's adjustment of production plans during the year ended 31 December 2012 according to market demands, which led to the decrease in production volume and reserve of new staff. Meanwhile, the Group raised the level of equipment automatization, optimized operating process, and reduced the use of manpower per unit. Total staff costs amounted to approximately RMB2,311 million during the year ended 31 December 2012, representing 15.2% of the turnover of the Group. Employee remuneration is determined based on their performance, experience and the prevailing industry practice. The Group's remuneration policies and packages were also reviewed periodically by the management of the Group. In addition, bonuses and rewards were granted to the staff based on their performance appraisal to encourage and drive the staff to strive for better performance. During the year ended 31 December 2012, the Group provided appropriate training to its staff according to the skills requirements for their respective positions, such as training sessions on safety and skills.

Details of charges on the assets of the Group

Set out below is the information relating to the Group's restricted assets as at 31 December 2012:

(i) Certain of the Group's bank loans amounting to approximately RMB5,703 million (2011: RMB5,834 million) were secured by certain of the Group's buildings, machinery and equipment and land use rights (prepaid land lease payments) of an aggregate carrying value of approximately RMB2,961 million (2011: RMB3,912 million) as at 31 December 2012.

(ii) Certain of the Group's bank loans up to RMB463 million (2011: RMB460 million) were secured by certain of Weihai Industrial Park and Binzhou Industrial Park's trade receivables from the Company of approximately RMB594 million (2011: RMB581 million) as at 31 December 2012, which were eliminated in the consolidated statement of financial position.

(iii) Certain of the Group's bank loans up to RMB169 million (2011: RMB227 million) were secured by certain of Binzhou Industrial Park's sales orders from the Company of approximately RMB254 million (2011: RMB339 million) as at 31 December 2012.

(iv) Weihai Civil Aviation Industrial Company Limited, the non-controlling shareholder of Weihai Weiqiao, guaranteed bank loans of Weihai Weiqiao of approximately RMB19 million (2011: RMB34 million) as at 31 December 2012.

(v) The Company guaranteed bank loans of Weihai Industrial Park and Weihai Weiqiao of approximately RMB587 million (2011: RMB609 million) as at 31 December 2012.

(vi) Certain of the Group's bank deposits with an aggregate amount of approximately RMB244 million were pledged against the Group's letters of credit as at 31 December 2012.

Gearing ratio

The gearing ratio of the Group was 11.0% as at 31 December 2012 (2011: 46.2%) (net debt (interest bearing bank borrowings after deducting cash and cash equivalents) divided by total equity).

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. 32.0% of the Group's revenue and 76.5% of the costs of purchase of cotton were denominated in US dollars for the year ended 31 December 2012. For the year ended 31 December 2012, the Group recorded exchange loss of approximately RMB30 million for holding a large amount of balances of payables and borrowings denominated in US Dollars due to temporary depreciation of RMB. During the year ended 31 December 2012, 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.

For the year ended 31 December 2013

Liquidity and financial resources

As at 31 December 2013, cash and cash equivalents of the Group were approximately RMB10,211 million, representing an increase of approximately 38.9% as compared with approximately RMB7,350 million as at 31 December 2012. It was mainly due to the issue of corporate bonds by the Group during the year ended 31 December 2013, which resulted in the increase in cash and cash equivalents.

The working capital of the Group is mainly financed by cash inflow from operating activities. For the year ended 31 December 2013, the Group recorded a net cash inflow from operating activities of approximately RMB1,508 million, a net cash inflow from investing activities of approximately RMB187 million and a net cash inflow from financing activities of approximately RMB1,221 million. As at the end of the Period, the cash and cash equivalents increased by approximately RMB2,916 million. The Group will take effective measures to ensure adequate liquidity and financial resources to satisfy its business needs, and will continue to maintain a sound financial position.

For the year ended 31 December 2013, the inventory turnover days of the Group were 185 days, representing an increase of 36 days as compared with that of the corresponding period of last year. It was due to the increase in the Group's inventory of raw materials at the end of the year ended 31 December 2013. The average turnover days of the Group's receivables were 14 days, which remained stable as those for the corresponding period of last year.

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

Capital structure

The major objective of the Group's capital management is to ensure ongoing operations and maintain a satisfactory capital ratio in order to support its business and maximize shareholders' interests. The Group continued to maintain an appropriate mix of equity and debt to ensure an efficient capital structure to reduce capital cost. As at 31 December 2013, the debts of the Group were mainly bank borrowings totalling approximately RMB7,455 million and corporate bonds amounting to approximately RMB2,972 million. The Group had cash and cash equivalents of approximately RMB10,211 million. The gearing ratio (net debt (interest-bearing bank and other borrowings after deducting cash and cash equivalents) divided by total equity) was approximately 1.3% (2012: approximately 11.0%).

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

The Group aimed to keep the balance between the continuity and flexibility of funds through financial instruments such as bank borrowings and corporate bonds. At any time, the borrowings due within the upcoming 12-month period will not exceed 50.0% of the total borrowings. As at 31 December 2013, approximately 35.6% of the Group's borrowings will mature within one year.

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

Significant investments and material acquisitions and disposals of subsidiaries or associated companies

As of 31 December 2013, the Group had no significant investment, or material acquisition or disposal of subsidiaries or associated companies.

Employees and emolument policies

As at 31 December 2013, the Group had a total of approximately 84,000 employees, representing an increase of approximately 2,000 employees as compared with that of last year. Such increase in the number of staff was mainly due to the recruitment of new staff as talent reserve to meet the production requirement of the Group. Total staff costs amounted to approximately RMB2,642 million during the year ended 31 December 2013, representing approximately 19.0% of the revenue of the Group and an increase of approximately 3.8 percentage points over approximately 15.2% for the corresponding period of last year. Employee remuneration is determined based on their performance, experience and the prevailing industry practice. The Group's remuneration policies and packages were also reviewed periodically by the management of the Group. In addition, bonuses and rewards were granted to the staff based on their performance appraisal to encourage and drive the staff to strive for better performance. During the year ended 31 December 2013, the Group provided appropriate training to its staff according to the skills requirements for their respective positions, such as training sessions on safety and skills.

Details of charges on the assets of the Group

Set out below is the information relating to the Group's restricted assets as at 31 December 2013:

(i) Certain of the Group's bank loans amounting to approximately RMB4,706 million (2012: RMB5,703 million) were secured by certain of the Group's buildings, machinery and equipment of an aggregate carrying value of approximately RMB2,694 million (2012: RMB3,143 million, including certain of the Group's buildings, machinery and equipment and land use rights (prepaid land lease payments)) as at 31 December 2013.

(ii) Certain of the Group's bank loans up to RMB517 million (2012: RMB463 million) were secured by certain of Weihai Industrial Park and Binzhou Industrial Park's trade receivables from the Company of approximately RMB709 million (2012: RMB594 million) as at 31 December 2013, which were eliminated in the consolidated statement of financial position.

(iii) The Company guaranteed bank loans of Weihai Industrial Park of approximately RMB352 million (2012: the Company guaranteed bank loans of Weihai Industrial Park and Weihai Weiqiao of approximately RMB587 million) as at 31 December 2013.

(iv) Certain of the Group's bank deposits with an aggregate amount of approximately RMB142 million were pledged against the Group's letters of credit as at 31 December 2013.

Gearing ratio

The gearing ratio (net debt (interest-bearing bank and other borrowings after deducting cash and cash equivalents) divided by total equity) of the Group was approximately 1.3% as at 31 December 2013 (2012: approximately 11.0%).

Exposure to foreign exchange risks

The Group adopts a strict and prudent policy in managing its exchange rate risks. Export sales and import purchases of the Group are settled in US dollars, and a portion of bank deposits and bank borrowings are denominated in US dollars. For the year ended 31 December 2013, approximately 46.7% of the Group's revenue and approximately 43.4% of the costs of purchase of cotton were denominated in US dollars. For the year ended 31 December 2013, the Group recorded exchange loss of approximately RMB12 million due to the appreciation of RMB. During the year ended 31 December 2013, the Group did not experience any significant difficulties in its operations or liquidity as a result of fluctuations in currency exchange rates. The Board believes that the Group has sufficient foreign currency to meet its requirements.

For the year ended 31 December 2014

Liquidity and financial resources

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

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

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

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

Capital structure

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

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

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

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

Significant investments and material acquisitions and disposals of subsidiaries or associated companies

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

Except that disclosed above, as of 31 December 2014, the Group had no significant investment, or material acquisition or disposal of subsidiaries or associated companies.

Employees and emolument policies

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

Details of charges on the assets of the Group

Set out below is the information relating to the Group's restricted assets as at 31 December 2014:

(i) Certain of the Group's bank loans amounting to approximately RMB2,089 million (2013: RMB4,706 million) were secured by certain of the Group's buildings, machinery and equipment of an aggregate carrying value of approximately RMB1,624 million (2013: RMB2,694 million) as at the end of the reporting period.

(ii) Certain of the Group's bank loans up to RMB234 million (2013: RMB517 million) were secured by certain of trade receivables of Weihai Industrial Park and Binzhou Industrial Park from the Company of approximately RMB336 million (2013: RMB709 million) as at the end of the reporting period, which were eliminated in the consolidated statement of financial position.

(iii) The Company guaranteed bank loans of Weihai Industrial Park of approximately RMB628 million (2013: RMB352 million) as at the end of the reporting period.

(iv) Certain of the Group's bank deposits with an aggregate amount of approximately RMB81 million were pledged against the Group's letters of credit and letters of guarantee as at 31 December 2014.

Gearing ratio

The gearing ratio (net debt (interest-bearing bank and other borrowings after deducting cash and cash equivalents) divided by total equity) of the Group was approximately -5.7% as at 31 December 2014 (2013: approximately 1.3%).

Exposure to foreign exchange risks

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

For the year ended 31 December 2015

Liquidity and financial resources

As at 31 December 2015, cash and cash equivalents of the Group were approximately RMB12,032 million, representing an increase of approximately 12.3% as compared with the cash and cash equivalents of approximately RMB10,713 million as at 31 December 2014, which was mainly attributable to the Group's efforts in reducing some of the inventory of cotton yarn during the year, leading to a corresponding increase in cash and cash equivalents.

The working capital of the Group is mainly financed by cash inflow from operating activities. For the year ended 31 December 2015, the Group recorded a net cash inflow from operating activities of approximately RMB3,716 million. Net cash outflow from investing activities was approximately RMB1,535 million, and net cash outflow from financing activities was approximately RMB902 million. As at the end of the year, the cash and cash equivalents was approximately RMB12,032 million. The Group will continue to take effective measures to ensure adequate liquidity and financial resources to satisfy its business needs, and will maintain a sound financial position.

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

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

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

Capital structure

The major objective of the Group's capital management is to ensure ongoing operations and maintain a satisfactory capital ratio in order to support its own business and maximize shareholders' interests. The Group continued to focus on its equity and debt mix to ensure the best capital structure to reduce capital costs.

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

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

The Group maintains a balance between the continuity and flexibility of funds through bank loans and corporate bonds. At any time, the borrowings due within the upcoming 12-month period will not exceed 50.0% of the total borrowings. As at 31 December 2015, approximately 19.2% of the Group's borrowings will mature within one year.

As at 31 December 2015, the Group's bank loans were denominated in Renminbi and US dollars, of which bank loans in US dollars represented approximately 1.9% of the total bank borrowings, while cash and cash equivalents were denominated in Renminbi and US dollars, of which cash and cash equivalents denominated in US dollars represented approximately 3.6% of the total amount.

Significant investments and material acquisitions and disposals of subsidiaries or associated companies

As of 31 December 2015, the Group had no significant investment, or material acquisition or disposal of subsidiaries or associated companies.

Employees and emolument policies

As at 31 December 2015, the Group had a total of approximately 69,000 employees, representing a decrease of approximately 5,000 employees as compared with that of last year. Such decrease in the number of staff was mainly attributable to the decrease in staff reserves due to the decrease in production volume as the Group adjusted its production plan based on market demand, and also the reduced unit labor intensity by optimizing production. Total staff costs of the Group amounted to approximately RMB2,585 million during the year 2015, representing a decrease of approximately 4.8% over approximately RMB2,716 million as recorded for the corresponding period of last year. The remuneration of the Group's employees is determined based on their performance, experience and the prevailing industry practice. The remuneration policies and packages are also reviewed periodically by the management of the Group. In addition, the management also grants bonuses and rewards to staff based on their performance to encourage and motivate them to engage in technological innovation and technique improvement. The Group also provides relevant trainings, such as safety training and skills training, to staff based on the technical requirements of different positions.

Details of charges on the assets of the Group

Set out below is the information relating to the Group's restricted assets as at 31 December 2015:

(i) Certain of the Group's bank loans amounting to approximately RMB1,840 million (2014: RMB2,089 million) were secured by certain of the Group's buildings, machinery and equipment of an aggregate carrying value of approximately RMB1,338 million (2014: RMB1,624 million) as at the end of the reporting period.

(ii) Certain of bank loans of Binzhou Industrial Park up to RMB70 million (2014: RMB140 million) were secured by certain of its trade receivables from the Company of approximately RMB100 million (2014: RMB201 million) as at the end of the reporting period, which were eliminated in the consolidated statement of financial position.

(iii) Certain of bank loans of Weihai Industrial Park of approximately RMB210 million (2014: RMB534 million) were guaranteed by the Company as at the end of the reporting period.

(iv) Certain of bank loans of Weihai Industrial Park of approximately RMB90 million were guaranteed by the Company and were also secured by certain of the Company's buildings, machinery and equipment of an aggregate carrying value of approximately RMB157 million as at the end of the reporting period.

(v) Certain of the Group's bank deposits with an aggregate amount of approximately RMB59 million were pledged against the Group's letters of credit and letters of guarantee as at 31 December 2015.

Gearing ratio

The gearing ratio of the Group was -17.6% as at 31 December 2015 (2014: -5.7%) (net debt (interest bearing bank borrowings after deducting cash and cash equivalents) divided by total equity).

Exposure to foreign exchange risks

The Group adopts a strict and prudent policy in managing its exchange rate risks. Export sales and import purchases of the Group are settled in US dollars, and a portion of bank deposits and bank borrowings are denominated in US dollars. For the year ended 31 December 2015, approximately

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

15. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is principally engaged in the production and sale of cotton yarn, grey fabric and denim. For the year 2015, the Group recorded revenue of approximately RMB9,765 million, representing a decrease of approximately 12.9% on a year-on-year basis, and the gross profit margin of the Group's products was approximately 5.7%, representing a decrease of approximately 0.9 percentage points over the previous year. Net profit attributable to owners of the parent for the year of 2015 was approximately RMB979 million, representing an increase of approximately 217.9% over the previous year. Earnings per share were RMB0.82, representing an increase of approximately 215.4% as compared with the corresponding period of last year, which was mainly attributable to the substantial increase in gains from the sales of electricity due to the significant decrease of unit power generation cost after the completion of the thermal power assets swap by the Group at the end of 2014.

The Acquisition will not impose significant impact on the financial position of the Group as the Company will satisfy the payment of Consideration for the Acquisition by its available funds. In addition, the Company will grasp the favorable opportunity of national electricity system reform and the Company intends to take advantage of its current self-supply thermal power assets and expand external sales of electricity, so as to increase the revenue and profitability level of the Company and also promote the development of the local economy.

Looking ahead into 2016, given the uncertainties and volatile factors, the global economy faces a bumpy road to recovery. Driven by the increasing consumer demand, it is expected that the growth rate of developed economies will achieve a mild increase as compared with 2015, while emerging economies will show relatively weak recovery. Under this backdrop, the Chinese textile industry faces both challenges and opportunities. On one hand, as over-supply in the global cotton market remains unsolved, it is expected that cotton price will stay in a relatively low range in 2016, which will put pressure on the price of end-products, while issues such as intensified competition in the domestic market and rising labor cost and other production costs remain unsolved. On the other hand, the implementation of a series of supportive policies for the manufacturing industry and the increase in domestic consumer demand will provide support for the development of the industry, and it is expected that the depreciation of Renminbi will promote the export business. In this regard, efforts will be made to explore the domestic and overseas markets, optimize the structure of production capacity, enhance product innovation and improve the level of equipment automation. In terms of overall strategy, the Group will further explore middle to high-end markets according to market demands. The Group will reinforce investments in research and development and step up efforts in building its talent reserves, with an aim to strengthen our innovative capabilities.

16. MISCELLANEOUS

(i) The legal address of the Company is at No. 34 Qidong Road, Weiqiao Town, Zouping County, Shandong Province, the PRC.

(ii) The address of the head office of the Company is No. 1 Wei Fang Road, Jing Ji Kai Fa Qu, Zouping County, Shandong Province, the PRC.

(iii) The principal place of business of the Company in Hong Kong is Suite 5109, The Center, 99th Queen's Road, Central, Hong Kong.

(iv) The Company's H share registrar and transfer office in Hong Kong is at Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(v) The secretary of the Company is Mr. Zhang Jinglei, who was accepted by Stock Exchange as an individual who meets the requirements of a secretary under Rule 8.17 of the Listing Rules.

(vi) In the event of inconsistency, the English language text of this circular shall prevail over the Chinese language text.

17. MATERIAL CONTRACTS

An asset management agreement ("**Asset Management Agreement**") dated 22 April 2015 was entered into among the Company as the assets trustor, CITIC-CP Asset Management Co., Ltd.** (中信信誠資產管理有限公司) as assets manager and China CITIC Bank Corporation Limited, Shanghai Branch** (中信銀行股份有限公司上海分行) as assets trustee in relation to the investment and management of the entrusted assets of no less than RMB30 million and no more than RMB5 billion under the Asset Management Agreement.

18. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the process agent of the Company in Hong Kong at Room 2204, 22/F., Fu Fai Commercial Centre, 27 Hillier Street, Hong Kong during normal business hours on any weekday (except public holidays) for a period of 14 days from the date of the circular:

(a) the Articles of Association;

(b) the material contract referred to in paragraph 17 of this appendix;

(c) the annual reports of the Company for each of the years ended 31 December 2012, 2013 and 2014 and the 2015 Annual Result;

(d) the written consent from Asia-Pacific Consulting and Appraisal Limited;

(e) the written consent from Zong Heng Law Firm;

(f) the Valuation Reports of Asia-Pacific Consulting and Appraisal Limited in relation to the Target Assets under the Acquisition, the text of which is set out in Appendices I and II to this circular;

(g) the legal opinion issued by Zong Heng Law Firm in relation to the validity of the property interests of the Target Assets; and

(h) this circular.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Weiqiao Textile Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") will be convened and held at 9:00 a.m. on 25 April 2016 (Monday) at the conference hall 401 on the Fourth Floor, Company Office Building, No. 1 Wei Fang Road, Economic Development Zone, Zouping County, Shandong Province, the People's Republic of China (the "**PRC**"), to consider and, if thought fit, approve the following resolutions:

AS ORDINARY RESOLUTION

1. "**THAT**:

   (a) the assets acquisition agreement (the "**Assets Acquisition Agreement**") entered into between the Company and 鄒平長山實業有限公司 (Zouping Changshan Industry Co., Ltd.**) dated 11 March 2016 be and is hereby approved, ratified and confirmed; and

   (b) any director of the Company be and is hereby authorised to do further acts and things, enter into all such transactions and arrangements, execute such other documents and/or deeds and/or take all such steps, which in their opinion may be necessary, desirable or expedient to implement the Assets Acquisition Agreement and the transactions thereunder."

AS SPECIAL RESOLUTION

2. "**THAT**:

(a) the amendments to the articles of association of the Company in relation to the change of business scope be and is hereby approved and confirmed; and

(b) any director of the Company be and is hereby authorised to do further acts and things in relation to the amendments to the articles of association of the Company, as he/she thinks necessary, appropriate or expedient."

By order of the Board
Weiqiao Textile Company Limited**
Zhang Jinglei
Executive Director and Company Secretary

11 March 2016
Shandong
The PRC

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

** *For identification purposes only.*

Notes:

(A) A circular containing, among others, further details of the Assets Acquisition Agreement and the letter from the independent board committee to the independent shareholder will be despatched to the shareholders on or before 8 April 2016.

(B) The H Share register of the Company will be closed from 27 March 2016 (Sunday) to 25 April 2016 (Monday) (both days inclusive), during which no transfer of H Shares will be effected. Any holders of H Shares of the Company, whose names appear on the Company's register of members at 4:30 p.m. on 25 March 2016 (Friday), are entitled to attend and vote at the EGM after completing the registration procedures for attending the meeting. In order to be entitled to attend and vote at the EGM, share transfer documents should be lodged with the Company's H Share registrar not later than 4:30 p.m. on 24 March 2016 (Thursday).

The address of the share registrar for the Company's H Shares is as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

(C) Holders of H Shares and Domestic Shares, who intend to attend the EGM, must complete the reply slips for attending the EGM and return them to the Office of the secretary to the board of directors of the Company not later than 20 days before the date of the EGM, i.e. on or before 5 April 2016 (Tuesday).

Details of the Office of the secretary to the board of directors of the Company are as follows:

Fourth Floor
Company Office Building
No. 1 Wei Fang Road
Economic Development Zone
Zouping County
Shandong Province
People's Republic of China
Tel: 86 (543) 4162222
Fax: 86 (543) 4162000

(D) The resolutions proposed at the EGM will be voted by way of poll.

(E) Each holder of H Shares who has the right to attend and vote at the EGM is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on his behalf at the EGM. A proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

(F) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing. If that instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be notarially certified.

(G) To be valid, the form of proxy, and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company's H Shares share registrar, Computershare Hong Kong Investor Services Limited, on 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the EGM or any adjournment thereof in order for such documents to be valid.

(H) Each holder of Domestic Shares is entitled to appoint in writing one or more proxies, whether a shareholder or not, to attend and vote on its behalf at the EGM. Notes (E) to (F) also apply to holders of Domestic Shares, except that the proxy form or other documents of authority must be delivered to the Office of the secretary to the board of directors, the address of which is set out in Note (C) above, not less than 24 hours before the time for holding the EGM or any adjournment, thereof in order for such documents to be valid.

(I) If a proxy attends the EGM on behalf of a shareholder, he should produce his ID card and the instrument signed by the proxy or his legal representative, which specifies the date of its issuance. If the legal representative of a legal person share shareholder attends the EGM, such legal representative should produce his/her ID card and valid documents evidencing his capacity as such legal representative. If a legal person share shareholder appoints a representative of a company other than its legal representative to attend the EGM, such representative should produce his ID card and an authorization instrument affixed with the seal of the legal person share shareholder and duly signed by its legal representative.

(J) The EGM is expected to last not more than half a day. Shareholders attending the EGM are responsible for their own transportation and accommodation expenses.

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