

press release

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ESQUEL AND STANDARD CHARTERED MICROFINANCE PROGRAMME BENEFITS OVER 600 COTTON FARMERS

Phase 1 of the programme successfully completed

10 April 2009, Shanghai - Esquel Cotton Investment Limited and Akesu Esquel Agricultural Development Company Limited (collectively "Esquel Group") and Standard Chartered Bank (China) Limited ("Standard Chartered Bank") announced the successful completion of Phase 1 of their Microfinance programme, which is benefitting over 600 farmers in Xinjiang. Phase 2 of the project is now underway.

This is the first time a foreign bank has become involved in establishing a Microfinance programme lending directly to farmers in China. As part of the first phase of this project, which was launched in December 2007, credit-based loans were granted to over 600 beneficiaries from 110 households in Baishaiirike Village, Wuluquele Town, Awati County, Akesu District, Xinjiang Uygur Autonomous Region. Amongst the beneficiaries, 75% were farmers who had been excluded from traditional banking services. In addition, three training sessions were provided to nearly 500 cotton farmers on topics including Budgeting, Debt Management and Financial Management.

All the principal and interest incurred in Phase 1 was repaid by the end of 2008. Riding on this success, Phase 2 of the programme was launched with over 200 needy households expected to receive loans via credit cooperatives in Awati before the spring sowing season in 2009.

Marjorie Yang, Chairman of Esquel Group, said, "Cotton is Esquel's foremost raw material and cotton farmers are the solid foundation of our vertically integrated supply chain. We treasure the partnerships with cotton farmers and we are pleased to assist them in improving their farming livelihood and enhancing their standard of living. As reflected in our 2008 results, credit-based Microfinance programme have been warmly received by local farmers, given their procedural simplicity and operating flexibility. This programme has not been affected by the financial crisis - on the contrary, we have invested more heavily into it. We are very happy to be working with Standard Chartered on this programme, and are inspired to increase the scope of this initiative to benefit even more farmers."

Katherine Tsang, Executive Vice Chairman and CEO of Standard Chartered Bank (China) Limited, said, "Standard Chartered is delighted to be working together with

Esquel Group on this ground-breaking Microfinance programme. We have effectively increased local cotton farmers' access to financial services, providing them with working capital to enhance productivity – as well as improve their living standards. More importantly, achieving 100% repayment in Phase 1 proves the outstanding creditworthiness of Chinese farmers, and the sustainability of a well-managed Microfinance programme in China's rural areas. Standard Chartered wholeheartedly supports the Government's policy of expediting financial reforms in rural areas. By working together with local expert intermediaries to reach out to farmers, focusing on agri-business which supports rural regions, and operating our own Village Bank, Standard Chartered's 3-pronged approach to rural finance is well-rounded and geared towards the long-term, sustainable growth of the entire economy and the community."

The Esquel and Standard Chartered Microfinance Programme provides working capital loans, without pledge or guarantee, to local cotton farmers. Usage of the loan involves farming-related costs. Once the amount and term are determined, the loans are disbursed to farmers through an entrustment loan arrangement via the local Awati Credit Cooperatives.

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Note to editors:

Esquel Group – World's Leading Producers of Premium Cotton Shirts

Founded in 1978, Esquel Group is one of the world's leading producers of premium cotton shirts with annual turnover of nearly US\$780 million. Esquel's operations is vertically integrated; production begins in Xinjiang province in northwestern China, where the Group grows and spins its own Extra Long Staple (ELS) Cotton, continues through weaving, dyeing, manufacturing, accessories, packaging and retailing at other locations in China and worldwide. With a workforce of 47,000, Esquel manufactures 76 million pieces of garments annually.

Esquel Group has production facilities in China, Malaysia, Vietnam, Mauritius, and Sri Lanka, and a network of branches servicing key markets in China, Japan, Europe and the U.S. Esquel manufactures for the world's best-known and highly respected brands such as Abercrombie & Fitch, J.Crew, Tommy Hilfiger, Polo Ralph Lauren, Brooks Brothers, JCPenny, Next, Muji, Ito-Yokado, Right On, Nike and Hugo Boss.

By incorporating five business principles known as e-Culture – ethics, environment, exploration, excellence and education – Esquel's goal is to contribute positively to all its stakeholders while growing a sustainable business.

Xinjiang is the key sources of raw materials for Esquel Group. In 1995, Esquel Group invested US\$45 million in Turpan and established Turpan Esquel Textile Company Limited producing premium high count yarn with 80 counts. In 1998, Esquel Group acquired Xinjiang Green Garden Finetex Company Limited in Urumqi for US\$29 million and renamed it Xinjiang Esquel Textile Company Limited thereafter. In 2001, Esquel Group invested US\$21 million and introduced Asia's first COM4 production facility. After several capital increment and transformations, Xinjiang Esquel Textile Company Limited has become one of the largest domestic manufacturers for compact spinning. In collaboration with The Xinjiang Production and Construction Corps, Esquel Group opened up 40,000 mu of cotton fields for the production of extra long staple cotton in Maigaiti county of Kashi. Esquel Group also has two extra long staple cotton processing factories with total production capacity of 10,000 tons in Akesu, as well as a research and development center for developing new species of extra long staple cotton.

Xinjiang Esquel Textile Company Limited assumes a number of projects at national scale, it is a national leading corporation for industrialized operation in agriculture and innovation.

Esquel Group in Xinjiang

Since setting foot in Xinjiang in 1995, Esquel Group has grown into the largest foreign-owned enterprise in Xinjiang with a total investment exceeding \$149M. As a national leading corporation for industrialized operation in agriculture, Esquel Group has built an excellent long-term relationship with the farmers in Xinjiang by providing them with productive raw materials and capitals through methods like “purchasing contracts”, guaranteeing an agreed price at harvest.

Standard Chartered – Leading the way in Asia, Africa and the Middle East

Standard Chartered PLC, listed on both London and Hong Kong stock exchanges, ranks among the top 25 companies in the FTSE-100 by market capitalisation. The London-headquartered Group has operated for over 150 years in some of the world's most dynamic markets, leading the way in Asia, Africa and the Middle East. Its income and profits have more than doubled over the last five years primarily as a result of organic growth and supplemented by acquisitions.

Standard Chartered aspires to be the best international bank for its customers across its markets. The Bank derives more than 90 per cent of its operating income and profits from Asia, Africa and the Middle East, generated from its Wholesale and Consumer Banking businesses. The Group has around 1,750 branches and outlets located in over 70 countries. The extraordinary growth of its markets and businesses creates exciting and challenging international career opportunities.

Leading by example to be the right partner for its stakeholders, the Group is committed to building a sustainable business over the long term and is trusted worldwide for upholding high standards of corporate governance, social responsibility, environmental protection and employee diversity. It employs 75,000 people, nearly half of whom are women. The Group's employees are of 115 nationalities, of which 60 are represented among senior management.

In China, the Bank set up its first branch in Shanghai in 1858, and has remained in operation throughout the past 150 years. Standard Chartered Bank (China) Limited is one of the first foreign banks to locally incorporate in China in April 2007. This demonstrates the Bank's commitment to the China market, and its leading position as a foreign bank in the banking industry.

Standard Chartered has one of the largest foreign bank networks – with 15 branches, 37 sub-branches, 1 representative office and a Village Bank in China. In 2008, Standard Chartered China clinched the Asian Banker's Best Foreign Retail Bank in China Award, and the "Outstanding Corporate Award of 2008 Corporate Social Responsibility Ranking in China" by China Business Network.

For more information on Standard Chartered, please log on www.standardchartered.com

Standard Chartered Bank and Rural Finance

Standard Chartered Bank is actively involved in the rural finance area through practicing various models in 22 countries including India, Bangladesh, Pakistan, Nigeria, Tanzania, etc. In China, Standard Chartered Bank has adopted a 3-pronged strategy to rural finance – focusing on agri-business, intermediaries and direct financing.