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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)

PRICE SENSITIVE INFORMATION
REFORM OF THE OWNERSHIP STRUCTURE OF THE
CONTROLLING SHAREHOLDER OF THE COMPANY

INTRODUCTION

This announcement is made by Weiqiao Textile Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Listing Rules.

The Company received a notice from 鄒平縣供銷合作社聯合社 (Zouping County Supply and Marketing Cooperation Union) (the “**ZCSU**”), that on 8 March 2010, CITIC Trust Co., Ltd. (中信信托有限責任公司) (the “**Trustee**”), who held 51% of equity interest in 山東魏橋創業集團有限公司 (Shandong Weiqiao Chuangye Group Company Limited) (the “**Holding Company**”) as a trustee for ZCSU, entered into a equity transfer agreement with 鄒平供銷投資有限公司 (Zouping Supply and Marketing Investment Company Limited) (the “**Zouping Investment**”), pursuant to which the Trustee transferred its 51% equity interest in Holding Company to Zouping Investment (the “**Share Transfer**”). Immediately after the Share Transfer, ZCSU will cease to hold any equity interest in Holding Company. Holding Company is the controlling shareholder of the Company and holds approximately 61.86% shares of the Company.

BACKGROUND OF THE SHARE TRANSFER

ZCSU is a collectively-owned enterprise with 84 members holding its interests and voting rights and the ultimate controlling shareholder of the Company immediately prior to the Share Transfer. As disclosed in the prospectus of the Company dated 15 September 2003 (page 84), pursuant to 關於深化供銷合作社改革的決定 (Decision on the Future Reform of the Supply and Marketing Cooperatives) issued by the State Council of the PRC, ZCSU should undergo structural reform with the members and the structure of its councils being decided by a representative meeting under democratic principles. Such

reform should be conducted and implemented under the leadership of the Communist Party Committee and the Government of Zouping County. The daily management of ZCSU is responsible by its councils, and any major issue is decided by the representative meeting organized by the 84 members under democratic principles, with each member entitled to one vote. According to communication between ZCSU and the Government of Zouping County, the latter wish to complete such reform and therefore ZCSU initiated the Share Transfer, and Zouping Investment established by all the 84 members of ZCSU will take over the shares.

INFORMATION ON ZOUPING INVESTMENT

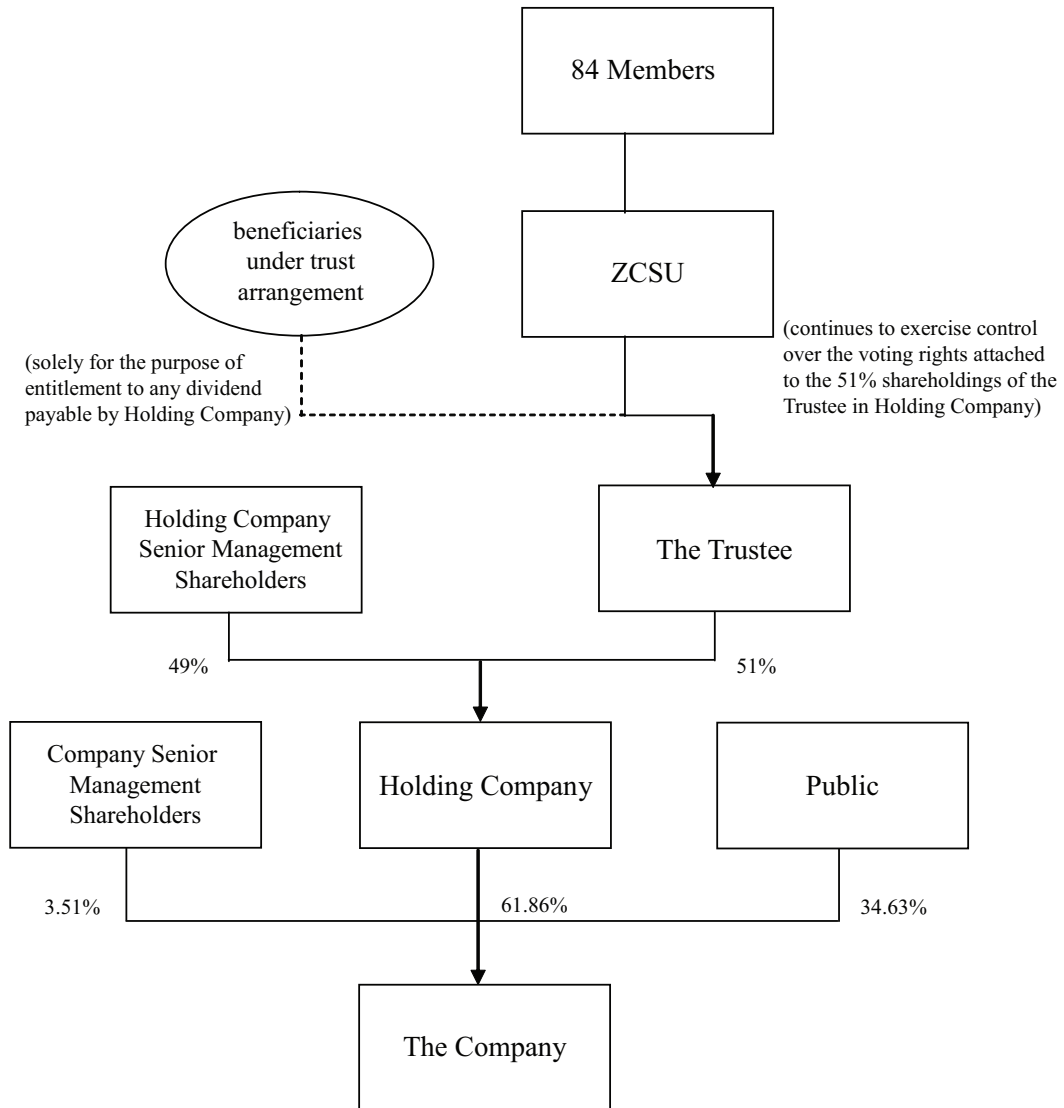
Zouping Investment is a limited liability company incorporated in Zouping County in the Shangdong Province, the PRC and is principally engaged in investment and investment consultation. The entire equity interests in Zouping Investment are currently hold by 25 individuals, who are all members of ZCSU and hold the interests of ZCSU. Out of the 25 individuals, 4 of them are holding equity interests in Zouping Investment on their own behalf, as well as on behalf of other individuals, who together are the remaining 59 members of ZCSU (the “**4 Individuals**”). Pursuant to the constitutional documents of Zouping Investment, each of the owners of equity interests in Zouping Investment is entitled to one vote at the meeting of shareholders. The 4 Individuals will exercise the voting right attached to the equity interests that they hold on behalf of the other 59 individuals, independently and separately, in accordance with their instructions. Mr. Zhang Shiping, one of the non-executive director of the Company, holds 25% equity interests in Zouping Investment and 30 votes in aggregate, on his own behalf and on the behalf of others. Therefore, the 84 members of ZCSU exercise their voting powers at the shareholders meeting of Zouping Investment in the same manner as they would at the representative meeting of ZCSU.

WAIVER GRANTED TO ZOUPING INVESTMENT

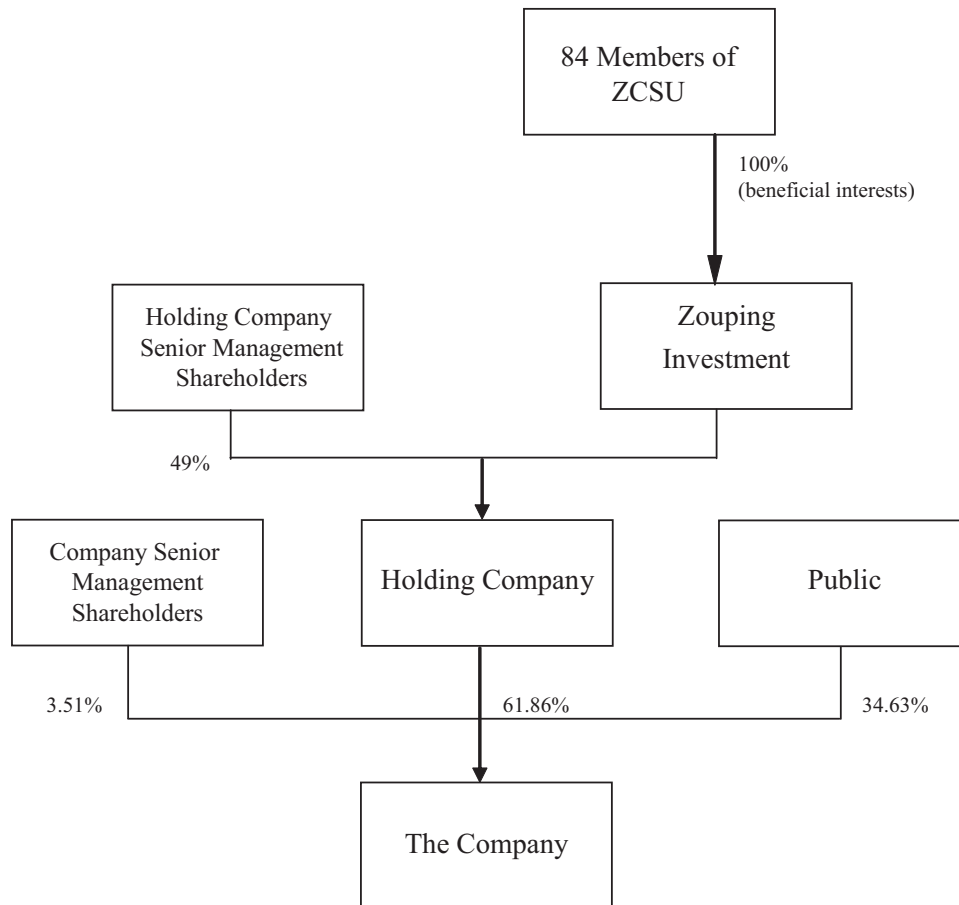
Immediately following the Share Transfer, Zouping Investment became the ultimate controlling shareholder of the Company and indirectly holds more than 30% of the voting rights of the Company and Zouping Investment is therefore required, under Rule 26.1 of the Code on Takeovers and Mergers, to make a mandatory general offer for all the issued shares, unless a waiver is obtained. In this regard, on 25 November 2009, the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong Special Administrative Region has granted a waiver to Zouping Investment from the obligation to make a general offer for all the issued shares of the Company arising from the Share Transfer.

SHAREHOLDING STRUCTURE OF THE GROUP BEFORE AND AFTER THE SHARE TRANSFER

(1) Before the Share Transfer



(2) After the Share Transfer



On behalf of the Board
Wei qiao Textile Company Limited
Zhao Suwen
Executive Director and Company Secretary

Shandong, People's Republic of China
10 March 2010

As at the date of this announcement, the board of directors of the Company comprises 11 directors, namely Ms. Zhang Hongxia, Mr. Qi Xingli, Ms. Zhao Suwen and Ms. Zhang Yanhong as executive directors, Mr. Zhang Shiping, Mr. Wang Zhaoting, Ms. Zhao Suhua and Ms. Wang Xiaoyun as non-executive directors and Mr. Wang Naixin, Mr. Xu Wenying and Mr. George Chan Wing Yau as independent non-executive directors.

* *The Company is registered in Hong Kong as a non-Hong Kong company under the English name "Wei qiao Textile Company Limited" and the Chinese name of the Company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).*