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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)

DISCLOSEABLE TRANSACTION
PROPERTY TRANSFER AGREEMENT

The Board is pleased to announce that on 14 December 2011, the Company entered into the Property Transfer Agreement with Zouping Kaida, pursuant to which the Company agreed to transfer and Zouping Kaida agreed to acquire the Properties for a consideration of RMB689,000,000 (equivalent to approximately HK\$840,243,900).

As one or more applicable percentage ratios (as defined in the Listing Rules) for the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

A. THE PROPERTY TRANSFER AGREEMENT

1. Date

14 December 2011

2. Parties

- (a) Company
- (b) Zouping Kaida

3. Subject asset

The Properties comprise certain buildings owned by the Group. The land use rights in respect of the land on which the Properties are currently located were leased by the Group from Parent Group and after Completion, the lease between the Group and Parent Group in respect of such land will be terminated accordingly.

4. Consideration

The consideration for the Disposal in the amount of RMB689,000,000 (equivalent to approximately HK\$840,243,900) in cash shall be paid by Zouping Kaida within one month after the execution of the Property Transfer Agreement.

The consideration for the Disposal was arrived at after arm's length negotiations between the Company and Zouping Kaida with reference to the Valuation Reports (the valuation of the Properties is RMB689,017,400 (equivalent to approximately HK\$840,265,100)).

5. Completion

Completion is scheduled to take place on the date when the title to the Properties was transferred from the Group to Zouping Kaida.

6. Other significant terms

- (a) Where it becomes impossible for a party to perform the Property Transfer Agreement due to a force majeure event, which includes but is not limited to earthquake, fire, tidal wave and war, such party shall notify the other party in writing, together with supporting written evidence of such force majeure event. If the force majeure delays or prevents the performance of the obligations of such party for a continuous period of 3 months, any party may give notice to the other party to terminate the Property Transfer Agreement at the end of this period; and
- (b) The relevant tax incurred in respect of the Disposal will be paid by the parties to the Property Transfer Agreement under the relevant PRC laws and regulations.

B. REASONS FOR AND BENEFITS OF THE ACQUISITION AND THE RELEVANT TRANSACTIONS

As disclosed in the annual reports of the Company for the year 2007, the construction of the buildings comprising the Properties was completed by the Group in 2007. However, due to the global economic crisis, the Group did not expand its production capacity according to the proposed goal, hence the buildings comprising the Properties have not been put into use for production as originally planned by the Group.

In November 2010, Zouping Economic Development Zone became a national economic zone from a provincial economic zone and therefore the demand for land was expected to increase. Under such background, Zouping Kaida was designated by the government of Zouping Economic Development Zone to engage in administration of reserve land acquisition plan, management of urban land resources and support for the development of service sector, such as logistics, supermarkets and information services. The Properties acquired by Zouping Kaida are expected to be used for the development of service sector in Zouping Economic Development Zone.

The Directors consider that it is in the interest of the Group to benefit from the Disposal to realise a gain of approximately RMB515,631,000 (equivalent to approximately HK\$628,818,300) (subject to audit) and the floor area of the buildings comprising the Properties only accounted for 8.7% of the Group's total floor area, therefore the Disposal is not expected to have a significant adverse effect on the operations of the Group since such buildings comprising the Properties were not used for production by the Group. The Directors consider that entering into the Property Transfer Agreement has provided a good opportunity for the disposal of the Properties and the enhancement of the cash position of the Company.

The Directors (including the independent non-executive Directors) consider that the terms of the Property Transfer Agreement are fair and reasonable. Taking into account the expected gain to be realised from the Disposal, the Directors (including the independent non-executive Directors) consider that the Disposal is in the interests of the Company and the Shareholders as a whole.

C. INFORMATION REGARDING THE PROPERTIES

	Gross Floor Area (sq.m.)
Properties Location	
Zouping Economic Development Zone, Zouping County, Binzhou City, Shandong Province, the PRC	268,700

The carrying value of the Properties as at 30 November 2011 in the unaudited consolidated financial statements of the Group was approximately RMB138,919,000 (equivalent to approximately HK\$169,413,400).

The Properties do not themselves alone constitute a business or a company. As such, the information regarding the net profit attributable to the Properties is not available.

D. POSSIBLE FINANCIAL EFFECTS OF THE DISPOSAL

Based on the carrying value of the Properties of approximately RMB138,919,000 (equivalent to approximately HK\$169,413,400) as at 30 November 2011, it is estimated that the Group will realise gain from the Disposal of approximately RMB515,631,000 (equivalent to approximately HK\$628,818,300) (subject to audit).

E. USE OF PROCEEDS

The Group intends to apply the proceeds from the Disposal, after deduction of the costs and expenses directly attributable thereto, towards the Group's general working capital.

F. LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined in the Listing Rules) for the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

G. GENERAL

The Group is principally engaged in the production, sale and distribution of cotton yarn, grey fabric and denim. Zouping Kaida is principally engaged in real estate development and infrastructure construction. To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, Zouping Kaida and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

H. DEFINITIONS

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

“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 Disposal
“connected person(s)”	has the meaning given to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Disposal”	the disposal of the Properties by the Company pursuant to the Property Transfer Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Holding Company”	山東魏橋創業集團有限公司 (Shandong Weiqiao Chuangye Group Company Limited), a limited liability company established in the PRC, being the controlling shareholder of the Company
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Jianxin”	Shandong Jianxin Assets Valuation Company Limited (山東鑾鑫資產評估有限公司), the valuer appointed by the Company for the valuation of the Properties
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parent Group”	Holding Company, its subsidiaries and associates from time to time (excluding the Group)
“PRC”	People’s Republic of China
“Properties”	certain properties proposed to be disposed by the Company to Zouping Kaida pursuant to the Property Transfer Agreement. Such properties comprise buildings owned by the Group, which are the subject properties of the Property Transfer Agreement
“Property Transfer Agreement”	the agreement dated 14 December 2011 and entered into between the Company and Zouping Kaida relating to the Disposal
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of the shares of the Company
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Reports”	The valuation reports issued by Jianxin in respect of the Properties, the value of which was RMB689,017,400 (equivalent to approximately HK\$840,265,100)

“Zouping Kaida”

Shandong Zouping Kaida Real Estate Development Co., Ltd. (山東鄒平開達房地產有限公司), a company incorporated in the PRC on 5 August 2005 with limited liability. Each of Zouping Economic Development Zone Governmental Trade Union Committee of Shandong Province (山東省鄒平經濟開發區機關工會委員會) and Mr. Geng Xianbin (耿憲彬) holds 94% and 6% equity interests in Zouping Kaida. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, Zouping Kaida and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company

By Order of the Board
Weiqiao Textile Company Limited
Zhang Hongxia
Executive Director and Chairman

14 December 2011

Shandong, the People’s Republic of China

Notes:

- 1. As at the date of this announcement, the Board of the Company comprises 11 Directors, namely Ms. Zhang Hongxia, Ms. Zhao Suwen, Ms. Zhang Yanhong and Mr. Zhang Jinglei as executive Directors, Mr. Zhang Shiping, Mr. Wang Zhaoting, Ms. Zhao Suhua and Ms. Wang Xiaoyun as non-executive Directors and Mr. Wang Naixin, Mr. Xu Wenying and Mr. George Chan Wing Yau as independent non-executive Directors.*
 - 2. For indication purpose only, the conversion of RMB into HK\$ is based on the exchange rate of RMB0.82 = HK\$1.00.*
- * The Company is registered in Hong Kong as a non-Hong Kong company under the English name “Weiqiao Textile Company Limited” and the Chinese name of the Company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).*