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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

On 15 June 2012, the Company and Binzhou Industrial Park entered into the Asset Transfer Agreement with Zhonghai Investment, pursuant to which the Company and Binzhou Industrial Park have agreed to transfer to Zhonghai Investment the Disposal Assets for a consideration of RMB698,500,000 in aggregate determined with reference to the aggregate appraised value of the Disposal Assets of approximately RMB698,450,000 (equivalent to approximately HK\$862,284,000) as at 31 May 2012.

The Board believes that the Transfer will not affect the daily production and operation of the Group.

The terms and conditions of the Transfer have been negotiated on an arm's length basis. The Board considers such terms to be normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The Transfer constitutes a discloseable transaction for the Company under the Listing Rules.

A THE ASSET TRANSFER AGREEMENT

1. Introduction

On 15 June 2012, the Company and Binzhou Industrial Park entered into the Asset Transfer Agreement with Zhonghai Investment, pursuant to which the Company and Binzhou Industrial Park agreed to transfer to Zhonghai Investment the Disposal Assets for a consideration of RMB698,500,000 in aggregate determined with

* For identification purpose only

reference to the aggregate appraised value of the Disposal Assets of approximately RMB698,450,000 (equivalent to approximately HK\$862,284,000) as at 31 May 2012. Details of the Transfer are set out below.

2. Date

15 June 2012

3. Parties

- (a) The Company (the owner of the Thermal Power Assets)
- (b) Binzhou Industrial Park (the owner of the Land Use Right)
- (c) Zhonghai Investment

4. Disposal Assets

The Company and Binzhou Industrial Park will together transfer to Zhonghai Investment all the Disposal Assets, among which the Company will transfer the Thermal Power Assets and Binzhou Industrial Park will transfer the Land Use Right to Zhonghai Investment, respectively.

5. Consideration

The consideration for the Transfer amounts to RMB698,500,000 in aggregate (equivalent to approximately HK\$862,346,000), among which RMB611,300,000 shall be payable to the Company for the Thermal Power Assets and RMB87,200,000 shall be payable to Binzhou Industrial Park for the Land Use Right, respectively. The above consideration has been determined with reference to the aggregate appraised value of the Disposal Assets of approximately RMB698,450,000 (equivalent to approximately HK\$862,284,000) as at 31 May 2012 as set out in the assets valuation report prepared by Huayong Appraisal and shall be paid in full at one time within 20 business days after the signing of the Asset Transfer Agreement.

6. Completion

Completion is subject to (i) the Transfer having been approved by the board of directors of Binzhou Industrial Park and the Board, respectively, and the above consideration having been fully paid by Zhonghai Investment; (ii) the Transfer having been internally approved as required by Zhonghai Investment; and (iii) Zhonghai Investment having obtained the approval for the Transfer from the competent authority and other requisite approvals (if required).

Completion is scheduled to take place on the date when all the above conditions are satisfied. If not all the above conditions are satisfied by 31 December 2012, each of the Company, Binzhou Industrial Park and Zhonghai Investment shall be entitled from 1 January 2013 (including the date) to propose in writing to terminate the Asset Transfer Agreement.

7. Other significant terms

- (i) The Company shall hand over all the machinery and equipment of the Thermal Power Assets to Zhonghai Investment within three business days after the Completion and shall transfer all the properties title of the Thermal Power Assets to Zhonghai Investment within six months after the Completion. Binzhou Industrial Park shall transfer the title of the Land Use Right to Zhonghai Investment within six months after the Completion.
- (ii) Where it becomes impossible for a party to perform the obligations under the Asset Transfer Agreement due to a force majeure event, including but not limited to earthquake, fire, tidal wave and war, such obligations shall be suspended during the force majeure event and such party shall notify the other party in writing together with the appropriate notarized evidence of the force majeure event. If the force majeure event delays or prevents the performance of the obligations of such party for a continuous period of three months or more, any party shall be entitled to request to terminate the Asset Transfer Agreement.
- (iii) The Company and Binzhou Industrial Park shall only separately, but not jointly and severally (i) be liable for the obligations under the Transfer as to the Thermal Power Assets and the Land Use Right, respectively; and (ii) be entitled to effect or terminate the Asset Transfer Agreement as to the related terms and assets or enter into supplemental agreement with Zhonghai Investment, without affecting the rights and obligations of each other.

B REASONS FOR AND BENEFITS OF THE TRANSFER

The Disposal Assets are located at Economic Development Zone in Binzhou City. With rapid urbanization in Binzhou City, relevant authorities plan to improve urban planning to further facilitate healthy development of Development Zone in Binzhou City. Under such background, on 15 June 2012, the Company and Binzhou Industrial Park entered into the Asset Transfer Agreement with Zhonghai Investment.

The Board believes that the terms and conditions of the Transfer are fair and reasonable and are in the interests of the Shareholders as a whole. The Directors are of the view that the Group still has power generation units with installed capacity of 1,410 MW, which is

capable of fully meeting the power needs required by the production and operation of the Group. Therefore, the Disposal Assets will not affect the production and operation of the Group.

C INFORMATION REGARDING THE DISPOSAL ASSETS

The net book value of the Disposal Assets on the books of the Company as at 31 May 2012 was approximately RMB651,762,000 (equivalent to approximately HK\$804,644,000). It is expected that the gain accrued for the Transfer (after deducting the expected taxation of approximately RMB44,520,000 arising on transfer of assets and the net book value of the Disposal Assets from the consideration of the Transfer) is approximately RMB2,220,000 (equivalent to approximately HK\$2,741,000). The Board intends to apply the proceeds from the Transfer as general working capital of the Group.

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

D LISTING RULES IMPLICATIONS

As certain applicable percentage ratios in respect of the Transfer are more than 5% but less than 25%, the Transfer, therefore, constitutes a discloseable transaction for the Company under 14.06(2) of the Listing Rules.

The terms and conditions of the Transfer have been negotiated on an arm's length basis. The Board considers such terms to be normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

E GENERAL

The Group is principally engaged in the production, sale and distribution of cotton yarn, grey fabric and denim.

Zhonghai Investment is principally engaged in investment under the guideline of relevant authorities.

To the best of knowledge, information and belief of the Directors having made all reasonable enquiry, Zhonghai Investment and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

F DEFINITIONS

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

“Asset Transfer Agreement”	the agreement dated 15 June 2012 and entered into between the Company, Binzhou Industrial Park and Zhonghai Investment relating to the Transfer of the Disposal Assets
“Binzhou Industrial Park”	Binzhou Weiqiao Technology Industrial Park Company Limited (濱州魏橋科技工業園有限公司), a company established in the PRC on 26 November 2001 with limited liability, which is owned as to 98.5% by the Company and the owner of the Land Use Right
“Board”	the board of Directors of the Company
“Company”	魏橋紡織股份有限公司(Weiqiao Textile Company Limited), the owner of the Thermal Power Assets
“Completion”	the completion of the Transfer
“Director(s)”	the director(s) of the Company
“Disposal Assets”	the assets to be transferred to Zhonghai Investment pursuant to the Asset Transfer Agreement, comprising the Thermal Power Assets and the Land Use Right
“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
“Huayong Appraisal”	Shandong Huayong Assets Appraisal Co., Ltd.(山東華永資產評估有限公司), the valuer appointed by the Company for the valuation of the Disposal Assets
“Land Use Right”	the land use right of the land at which the Thermal Power Assets are located
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MW”	Megawatt, one million watts
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Thermal Power Assets”	the assets located at Economic Development Zone in Binzhou City which will not affect the daily production and operation of the Group, mainly comprising the thermal power plant with an installed capacity of 180 MW and other ancillary assets and properties
“Transfer”	the transaction as contemplated under the Asset Transfer Agreement
“VAT”	value added tax
“Zhonghai Investment”	Binzhou Zhonghai Venture Capital Investment And Operation Co., Ltd. (濱州市中海創業投資經營有限公司), a company established in the PRC on 7 July 2006 with limited liability. Public Utilities Management Bureau in Economic Development Zone in Binzhou City (濱州經濟開發區公用事業管理局) and Loading and Transportation Service Management Office in Economic Development Zone in Binzhou City(濱州經濟開發區裝卸運輸服務管理處) respectively hold 51% and 49% equity interests in Zhonghai Investment. Public Utilities Management Bureau in Economic Development Zone in Binzhou City(濱州經濟開發區公用事業管理局) and Loading and Transportation Service Management Office in Economic Development Zone in Binzhou City(濱州經濟開發區裝卸運輸服務管理處) are public institutions established by Management Committee of Economic Development Zone in Binzhou City(濱州經濟開發區管理委員會). To the best of the

knowledge, information and belief of the Directors, having made all reasonable enquiry, Zhonghai Investment 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

15 June 2012
Shandong, the PRC

Notes:

1. *As at the date of this announcement, the Board 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. 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 RMB0.81 = HK\$1.00*
- * *The Company is registered in Hong Kong as an 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).*