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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)

(1) VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTIONS RELATED TO THERMAL POWER ASSETS SWAP AGREEMENT AND (2) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS (SUPPLY OF COTTON YARN, GREY FABRIC AND DENIM)

VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTIONS

The Company is pleased to announce that on 21 October 2014, the Company entered into the Thermal Power Assets Swap Agreement with the Holding Company, pursuant to which the Company has agreed to acquire the Holding Company No. 7 Thermal Power Plant owned by the Holding Company and the Company will satisfy the payment by transferring to the Holding Company the Weiqiao Thermal Power Plants and setting off the balance by cash within five business days upon the completion of the Thermal Power Assets Swap Agreement.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 31 October 2011. According to the aforesaid announcement, among others, the Company has agreed to supply or procure its subsidiaries to supply cotton yarn/grey fabric and denim to Parent Group for the production of downstream cotton textile products for a term of three years commencing on 1 January 2012 and ending on 31 December 2014.

* *For identification purpose only*

The Board wishes to announce that the Company, on 21 October 2014, entered into the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement for a period of three years commencing on 1 January 2015 and ending on 31 December 2017 pursuant to which the Group will supply cotton yarn, grey fabric and denim to Parent Group.

Terms and conditions of the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement are basically the same as those of the Old Cotton Yarn/Grey Fabric and Denim Supply Agreement.

LISTING RULES IMPLICATION

Holding Company is the controlling shareholder of the Company. It therefore constitutes a connected person of the Company under the Listing Rules.

As certain applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition and the Disposal exceeds 100% and 75%, respectively, each of the Acquisition and the Disposal constitutes a very substantial acquisition and a very substantial disposal for the Company under Chapter 14 of the Listing Rules, respectively, and both of them constitute connected transactions under Chapter 14A of the Listing Rules. Therefore, the Acquisition and the Disposal are subject to the reporting, announcement and independent shareholders' approval requirements set out in Chapter 14 and Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (as defined under the Listing Rules) in respect of the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement are more than 5% and the total consideration is more than HK\$10,000,000, the Continuing Connected Transactions constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules and are subject to the reporting, annual review, announcement and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

An EGM will be convened to consider and, if thought fit, approve, among other things, the Thermal Power Assets Swap Agreement and the Acquisition and Disposal thereunder, as well as the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement and the Continuing Connected Transactions thereunder and the Annual Parent Cotton Yarn/Grey Fabric and Denim Supply Caps.

A circular containing, among others, further details of the Thermal Power Assets Swap Agreement, the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement and the Annual Parent Cotton Yarn/Grey Fabric and Denim Supply Caps, the letter from the Independent Board Committee to the Independent Shareholders, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and notice of the EGM will be despatched to the Shareholders on or before 10 November 2014.

VERY SUBSTANTIAL ACQUISITION AND VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTIONS

(A) Thermal Power Assets Swap Agreement

The material terms of the Thermal Power Assets Swap Agreement are set out as follows:

Date

21 October 2014

Parties

- (a) the Company; and
- (b) the Holding Company.

Connected person

Holding Company

Assets to be acquired and disposed by the Company

Pursuant to the Thermal Power Assets Swap Agreement, the Company has agreed to acquire the Holding Company No. 7 Thermal Power Plant owned by the Holding Company and the Company will satisfy the payment by transferring to the Holding Company the Weiqiao Thermal Power Plants and setting off the balance by cash within five business days upon the completion of the Thermal Power Assets Swap Agreement.

The Holding Company No. 7 Thermal Power Plant to be acquired by the Company from the Holding Company comprise principally the thermal power facilities, such as the buildings, machinery and equipment and construction works in process, and the land use rights for the land underneath that are owned by the Holding Company. Details of the Holding Company No. 7 Thermal Power Plant are set out in paragraph C below.

The Weiqiao Thermal Power Plants to be disposed of by the Company to the Holding Company comprise the thermal power facilities, such as the buildings, machinery and equipment and construction works in process, that are owned by the Company. Details of the Weiqiao Thermal Power Plants are set out in paragraph D below.

Pursuant to the Thermal Power Assets Swap Agreement, the Company and the Holding Company shall transfer the machinery and equipment together with all the relevant financial and legal materials within three business days, and shall complete legal procedures regarding transfer of buildings and land use rights (where is applicable), to the other party within 30 business days upon the completion of the Acquisition and Disposal.

Consideration

According to the appraisal reports issued by independent property valuers, the value of Holding Company No. 7 Thermal Power Plant and the Weiqiao Thermal Power Plants amounted to approximately RMB4,368,062,200 (equivalent to approximately HK\$5,529,192,700) and approximately RMB3,836,369,200 (equivalent to approximately HK\$4,856,163,500), respectively, as at 31 August 2014.

The machinery and equipment, buildings and the construction works in process are valued by replacement cost approach. The replacement cost considers the current cost of replacement (reproduction) of a property. Where there exists an obvious and significant deterioration, such depreciation shall be deducted. The land use rights of the Holding Company No. 7 Thermal Power Plant is valued by market comparison approach, which considers prices recently paid for similar land use rights, with adjustments made to the indicated market prices to reflect condition and utility of the appraised land use rights.

The consideration of the Acquisition is approximately RMB4,368,062,200 (equivalent to approximately HK\$5,529,192,700), equivalent to the value of the Holding Company No. 7 Thermal Power Plant in the appraisal report. The Company will satisfy the payment of the Acquisition by disposing to the Holding Company the Weiqiao Thermal Power Plants and setting off the balance between the respective value of the Holding Company No. 7 Thermal Power Plant and the Weiqiao Thermal Power Plants, i.e. approximately RMB531,693,000 (equivalent to approximately HK\$673,029,200), by cash within five business days upon the completion of the Thermal Power Assets Swap Agreement.

Completion

The completion of the Acquisition and Disposal is subject to the following conditions precedent:

- (a) the Thermal Power Assets Swap Agreement being duly executed by the Company and the Holding Company;
- (b) the Thermal Power Assets Swap Agreement and the Acquisition and Disposal thereunder being approved by the Shareholders of the Company; and
- (c) the Thermal Power Assets Swap Agreement and the Acquisition and Disposal thereunder being approved by the board of directors of the Holding Company.

Completion is scheduled to take place on the date (or a later date as mutually agreed between the Holding Company and the Company) when the last of the above conditions are satisfied. If all the above conditions are not satisfied by 31 March 2015, each of the Company and the Holding Company is entitled to terminate the Thermal Power Assets Swap Agreement by giving written notice to the other party starting from 1 April 2015.

Upon Completion:

- (a) the Company would hold all the rights and obligations in relation to the Holding Company No. 7 Thermal Power Plant previously owned and operated by the Holding Company; and
- (b) the Holding Company would hold all the rights and obligations in relation to the Weiqiao Thermal Power Plants previously owned and operated by the Company.

In relation to the obligations mentioned above for the Company, the Directors confirm that such obligations are mainly relating to the tax payable by the Company under the PRC laws for the Acquisition under the Thermal Power Assets Swap Agreement and the obligations relating to ancillary facilities of the Holding Company No. 7 Thermal Power Plant which are under construction.

Other significant terms

- (a) Where it becomes impossible for a party to perform the Thermal Power Assets Swap 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 three months, any party may give notice to the other party to terminate the Thermal Power Assets Swap Agreement at the end of this period.
- (b) Considering that the operation of the Holding Company No. 7 Thermal Power Plant by the Holding Company may be affected by the PRC national and local laws, regulations and government policies, as well as the operation status of the Company, including but not limited to possible energy shortages in the future, the Holding Company has granted the Company a put option in relation to the Holding Company No. 7 Thermal Power Plant, i.e. the Company has the right which entitles it to require the Holding Company to purchase all or part of the Holding Company No. 7 Thermal Power Plant according to the related laws, regulations and government policies of the PRC or the Company's reasonable business judgment and the value determined by an independent third party valuer at the relevant time. The Holding Company has undertaken to obtain all necessary permits and approvals for the transfer of all or part of the Holding Company No. 7 Thermal Power Plant by the Company to it. There is no expiry date for such put option. The Directors confirm that if the Company exercises or transfers the put option in the future, it will comply with relevant Listing Rules requirements.

(B) Reasons for and Benefit of Entering into the Thermal Power Assets Swap Agreement

The reasons for entering into the Thermal Power Assets Swap Agreement are set out below:

- (a) The Weiqiao Thermal Power Plants under the Thermal Power Assets Swap Agreement have been operated over eight years while the Holding Company No. 7 Thermal Power Plant was put into operation gradually from the fourth quarter of 2013, with higher operation efficiency and lower repair and maintenance costs.
- (b) The installed power generation capacity per unit for the Weiqiao Thermal Power Plants ranged from 30 MW to 60 MW while the installed power generation capacity per unit for the Holding Company No. 7 Thermal Power Plant is 330 MW, with equipment more environmentally friendly. The current generation cost per KW for the Holding Company No. 7 Thermal Power Plant is around 30% lower than the current generation cost per KW for the Weiqiao Thermal Power Plants. The power generation cost of the Group is expected to be reduced after the completion of the Acquisition.
- (c) The acquisition of large thermal power units would avoid potential investment in construction of large thermal power assets of the Group.

As the Group's existing power grid can be used to transport the power generated by the Holding Company No. 7 Thermal Power Plant, the production and operation will not be adversely affected by the Acquisition and Disposal.

Based on the above, the Board believes that the terms of the Thermal Power Assets Swap Agreement and the Acquisition and Disposal thereunder are fair and reasonable and beneficial to the Group and are in the interests of the Shareholders as a whole.

(C) Information regarding the Holding Company No. 7 Thermal Power Plant

Name of the plant	Assets location	Installed capacity at completion (MW)
Holding Company No. 7 Thermal Power Plant	Changshan Town, Zouping County, Shandong Province, the PRC	1320 MW

The construction of Holding Company No. 7 Thermal Power Plant was started in May 2010 and put into operation gradually in the fourth quarter of 2013.

The original purchase cost (construction cost) of the Holding Company No. 7 Thermal Power Plant to the Holding Company was approximately RMB4,491,318,300 (equivalent to approximately HK\$5,685,213,000). The power and steam generated by the Holding Company No. 7 Thermal Power Plant was used for the production and operation of the Holding Company

and its relevant subsidiaries. The power and steam generated by the Holding Company No. 7 Thermal Power Plant is expected to be used for the production and operation of the Group after the completion of the Acquisition.

The book value of the Holding Company No. 7 Thermal Power Plant on the books of the Holding Company as at 31 August 2014 was approximately RMB3,991,091,700 (equivalent to approximately HK\$5,052,014,800).

The Holding Company No. 7 Thermal Power Plant does not itself alone constitute a business or a company. As such, the information regarding the net profit attributable to the Holding Company No. 7 Thermal Power Plant is not available.

(D) Information regarding the Weiqiao Thermal Power Plants

Name of the plant	Assets location	Installed capacity at completion (MW)
Weiqiao Town No. 2 Thermal Power Plant	Weiqiao Town, Zouping County, Shandong Province, the PRC	180 MW
Weiqiao Town No. 3 Thermal Power Plant	Weiqiao Town, Zouping County, Shandong Province, the PRC	420 MW
Zouping No. 1 Thermal Power Plant	Economic Development Zone, Zouping County, Shandong Province, the PRC	210 MW
Zouping No. 2 Thermal Power Plant	Economic Development Zone, Zouping County, Shandong Province, the PRC	480 MW

The book value of the Weiqiao Thermal Power Plants on the books of the Company as at 31 August 2014 was approximately RMB3,750,839,200 (equivalent to approximately HK\$4,747,897,700). It is expected that, after the deduction of relevant tax of approximately RMB67,746,500 (equivalent to approximately HK\$85,755,000), the gain accrued for the disposal of such asset is approximately RMB17,783,000 (equivalent to approximately HK\$22,510,100). The expected net profit in relation to the Disposal is approximately RMB11,900,200 (equivalent to approximately HK\$15,063,000). The power and steam generated by the Weiqiao Thermal Power Plants was used for the production and operation of the Group. The power and steam generated by the Weiqiao Thermal Power Plants is expected to be used for the production and operation of the Holding Company after the completion of the Disposal.

Similar to the Holding Company No. 7 Thermal Power Plant above, Weiqiao Thermal Power Plants do not themselves alone constitute a business or a company. As such, the information regarding the net profit attributable to the Weiqiao Thermal Power Plants is not available.

As the Weiqiao Thermal Power Plants are proposed to be disposed of to the Holding Company as part of the payment for the Acquisition, no sale proceeds will be received from the Disposal.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

(A) Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement

Date

21 October 2014

Parties

- (a) the Company as the seller; and
- (b) Holding Company as the buyer.

Connected person

Holding Company

Transaction nature

The Company and Holding Company entered into the Old Cotton Yarn/Grey Fabric and Denim Supply Agreement on 31 October 2011, pursuant to which the Company has agreed to supply or procure its subsidiaries to supply cotton yarn/grey fabric and denim to Parent Group for the production of downstream cotton textile products. The Company and Holding Company entered into the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement on 21 October 2014 with a term commencing on 1 January 2015 and ending on 31 December 2017.

Pursuant to the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement, the Company will continue to supply or will procure its subsidiaries to supply cotton yarn/grey fabric and denim to Parent Group.

Pricing basis and payment terms

The prices of cotton yarn/grey fabric and denim supplied by the Group to Parent Group are determined by reference to the prices at which comparable types of relevant products are supplied by the Group to independent third parties under normal commercial terms in the ordinary course of its business in the PRC.

The Directors have confirmed that the pricing basis agreed between the Company and Holding Company for the supply of the cotton yarn/grey fabric and denim is fair and reasonable, negotiated on an arm's length basis and constitutes a normal commercial term.

The Company would, on the last business day of each calendar month, prepare a book of the relevant costs/expenses that shall be paid by Holding Company for that month. Holding Company shall, within the first 10 business days of the following month, pay the amount due in full in cash.

Maximum aggregate annual value

For each of the two years ended 31 December 2013 and the first eight months of the year 2014, the values of the aggregate supply of the cotton yarn/grey fabric and denim by the Group to Parent Group amounted to approximately RMB1,049,040,000 (equivalent to approximately HK\$1,327,898,700), approximately RMB885,887,000 (equivalent to approximately HK\$1,121,375,900) and approximately RMB852,167,000 (equivalent to approximately HK\$1,078,692,400), respectively (exclusive of VAT). The Directors currently estimate that the values of the aggregate supply of the cotton yarn/grey fabric and denim for the year 2014 will be RMB1,278,250,000 (equivalent to approximately HK\$1,618,038,000) (exclusive of VAT).

The Directors currently estimate that Annual Parent Cotton Yarn/Grey Fabric and Denim Supply Caps for each of the three years ending on 31 December 2017 would not exceed RMB1,917,380,000 (equivalent to approximately HK\$2,427,063,300), RMB2,876,060,000 (equivalent to approximately HK\$3,640,582,300) and RMB3,163,670,000 (equivalent to approximately HK\$4,004,645,600), respectively (exclusive of VAT).

The Annual Parent Cotton Yarn/Grey Fabric and Denim Supply Caps for each of the two years ending on 31 December 2016 represent an average growth rate of 50% each year from the year ended 31 December 2015 to the year ended 31 December 2016 based on (i) the estimated annual average growth rate of 44% from the year ended 31 December 2013 to the year ended 31 December 2014, which was calculated by annualising the actual transaction value for the first eight months ended 31 August 2014; and (ii) the expected increase of orders from Parent Group resulted by improvement in capacity utilization rate of Parent Group and the recovering market condition of textile market in China due to the positive influence of the cotton direct subsidy policies which narrows down difference between international and domestic cotton prices. The Annual Parent Cotton Yarn/Grey Fabric and Denim Supply Caps for the year ending on 31 December 2017 represents an growth rate of 10% as compared to the year ending 31 December 2016 based on the expected stabilized growth of production capacity of Parent Group after expansion in the past few years.

(B) Reasons for and Benefit of Entering into the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement

Parent Group has a substantial and stable demand for cotton yarn/grey fabric and denim for further processing into downstream cotton textile products for sale to independent third parties. Parent Group is one of the Group's major customers for cotton yarn/grey fabric and denim. The provision of cotton yarn/grey fabric and denim to Parent Group at prices no more favourable

than those available to independent third parties falls within the ordinary and usual course of the Group's business. The Directors believe that the establishment of long-term cooperation with 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.

IMPLICATIONS UNDER THE LISTING RULES

Holding Company is the controlling shareholder of the Company. It therefore constitutes a connected person of the Company under the Listing Rules.

As certain applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition and the Disposal exceeds 100% and 75%, respectively, each of the Acquisition and the Disposal constitutes a very substantial acquisition and a very substantial disposal for the Company under Chapter 14 of the Listing Rules, respectively, and both of them constitute connected transactions under Chapter 14A of the Listing Rules. Therefore, the Acquisition and the Disposal are subject to the reporting, announcement and independent shareholders' approval requirements set out in Chapter 14 and Chapter 14A of the Listing Rules.

As certain applicable percentage ratios (as defined under the Listing Rules) in respect of the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement are more than 5% and the total consideration is more than HK\$10,000,000, the Continuing Connected Transactions constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules and are subject to the reporting, annual review, announcement and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

The Directors (excluding the independent non-executive Directors who reserve their rights pending receipt of advice from the Independent Financial Adviser) consider that the terms and conditions of the Thermal Power Assets Swap Agreement and the Renewed Cotton Yarn/Grey Fabric and Denim Supply 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.

EGM

The Company will convene the EGM as soon as possible for the purpose of seeking the approval by the Independent Shareholders of:

- (a) the Thermal Power Assets Swap Agreement and the Acquisition and Disposal thereunder;
- (b) the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement and the Continuing Connected Transactions thereunder; and
- (c) the Annual Parent Cotton Yarn/Grey Fabric and Denim Supply Caps for each of the three years ending on 31 December 2017.

Holding Company will abstain from voting at the EGM for the approval of the relevant agreements and annual caps in aforesaid sub-paragraphs (a), (b) and (c) in the announcement. Mr. Zhang Shiping and Ms. Zhang Hongxia, both being Directors, who hold 31.59% (including the indirect equity interests held by Mr. Zhang Shiping) and 9.73% (including the indirect equity interests held by Ms. Zhang Hongxia through her husband, Mr. Yang Congsen) of the equity interests in Holding Company, respectively, will also abstain from voting at the EGM for the approval of the relevant agreements and annual caps in aforesaid sub-paragraphs (a), (b) and (c) in the announcement.

Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquires, no Shareholder has a material interest in the Acquisition, Disposal or the Continuing Connected Transactions, and no Shareholder is required to abstain from voting to approve the Thermal Power Assets Swap Agreement or the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement or the Annual Parent Cotton Yarn/Grey Fabric and Denim Supply Caps 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 Independent Board Committee will advise the Independent Shareholders in relation to their voting on the resolutions relating to the Thermal Power Assets Swap Agreement, the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement and the Annual Parent Cotton Yarn/Grey Fabric and Denim Supply Caps.

First Shanghai Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Thermal Power Assets Swap Agreement, the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement and the Annual Parent Cotton Yarn/Grey Fabric and Denim Supply Caps.

A circular containing, among others, further details of the Thermal Power Assets Swap Agreement, the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement and the Annual Parent Cotton Yarn/Grey Fabric and Denim Supply Caps, the letter from the Independent Board Committee to the Independent Shareholders, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and notice of the EGM will be despatched to the Shareholders on or before 10 November 2014.

GENERAL

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

Holding Company is a company incorporated in the PRC on 14 April 1998 with limited liability. Holding Company is principally engaged in the processing and sale of cotton, lint cotton, cotton seed oil, fabrics, cotton yarn, print cloth, retail and distribution of cloth.

DEFINITIONS

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

“Acquisition”	the acquisition of the Holding Company No. 7 Thermal Power Plant owned by the Holding Company by the Company as contemplated under the Thermal Power Assets Swap Agreement
“Annual Parent Cotton Yarn/ Grey Fabric and Denim Supply Caps”	the annual caps for the continuing connected transactions under the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement commencing on 1 January 2015 and ending on 31 December 2017 as set out in the paragraph headed “Maximum aggregate annual value” of this announcement
“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
“Continuing Connected Transactions”	the continuing connected transactions under the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Weiqiao Thermal Power Plants owned by the Company to the Holding Company as contemplated under the Thermal Power Assets Swap Agreement
“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 as soon as possible for the Independent Shareholders to consider and, if thought fit, approve, among other things, the Thermal Power Assets Swap Agreement and the Acquisition and Disposal thereunder, as well as the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement and the Continuing Connected Transactions thereunder and the Annual Parent Cotton Yarn/Grey Fabric and Denim Supply Caps
“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
“Holding Company No. 7 Thermal Power Plant”	the thermal power plant located in Changshan Town, Zouping County, Shandong Province, the PRC, including the thermal power facilities and the land use rights for the land underneath, owned by the Holding Company that are proposed to be acquired by the Company from the Holding Company pursuant to the Thermal Power Assets Swap Agreement
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“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\$
“Independent Board Committee”	an independent board committee of the Company comprising all the independent Directors
“Independent Financial Adviser”	First Shanghai Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Thermal Power Assets Swap Agreement, the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement and the Annual Parent Cotton Yarn/Grey Fabric and Denim Supply Caps
“Independent Shareholders”	the shareholders of the Company other than Holding Company, Mr. Zhang Shiping and Ms. Zhang Hongxia for the purpose of the Thermal Power Assets Swap Agreement and the Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Old Cotton Yarn/Grey Fabric and Denim Supply Agreement”	the cotton yarn/grey fabric and denim supply agreement entered into between the Company and the Holding Company on 31 October 2011

“Parent Group”	Holding Company, its subsidiaries, associated companies and associates (as defined in the Listing Rules) (excluding the Group)
“PRC”	the People’s Republic of China
“Renewed Cotton Yarn/Grey Fabric and Denim Supply Agreement”	the cotton yarn/grey fabric and denim supply agreement entered into between the Company and the Holding Company on 21 October 2014
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of the shares of the Company
“Shares”	Domestic Shares and H Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Thermal Power Assets Swap Agreement”	the agreement dated 21 October 2014 and entered into between the Company and the Holding Company relating to the Acquisition and the Disposal
“VAT”	value added tax
“Weiqiao Thermal Power Plants”	the four thermal power plants located in Weiqiao Town and Economic Development Zone of Zouping County, Shandong Province, the PRC, including the thermal power facilities owned by the Company, that are proposed to be disposed by the Company to the Holding Company pursuant to the Thermal Power Assets Swap Agreement

By Order of the Board
Wei qiao Textile Company Limited
Zhang Jinglei
Executive Director and Company Secretary

21 October 2014
Shandong, The People’s Republic of China

Note:

- As at the date of this announcement, the board of directors of the Company comprises nine directors, namely Ms. Zhang Hongxia, Mr. 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.

2. For indication purposes only, the conversion of RMB into HK\$ is based on the exchange rate of RMB0.79 = HK\$1.

* *For identification purposes only. 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).*