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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
PAYMENT OF DEPOSIT UNDER A MOU
IN RELATION TO A PROPOSED ACQUISITION**

THE PROPOSED ACQUISITION

On 18 December 2015 (after trading hours), the Company entered into a MOU with the Vendor to promote the proceeding of the Proposed Acquisition and set out, among other things, the intention of conducting the Proposed Acquisition and the payment terms of the Deposit for the Proposed Acquisition.

Pursuant to the MOU, the Purchaser shall pay the Deposit in the aggregate sum of RMB300,000,000 to the Vendor within five (5) business days from the date of the execution of the MOU.

As one or more of applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the payment of the Deposit exceed 5% but are less than 25%, the payment of Deposit contemplated under the MOU constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

The Proposed Acquisition is expected to constitute a very substantial acquisition as defined under Chapter 14 of the Listing Rules and the Company will comply with the relevant reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules after the execution of the Formal Agreement.

* *For identification purposes only*

The Board is pleased to announce that on 18 December 2015 (after trading hours), the Company entered into a MOU with the Vendor to promote the proceeding of the Proposed Acquisition and set out, among other things, the intention of conducting the Proposed Acquisition and the payment terms of the Deposit for the Proposed Acquisition.

THE MOU AND THE PAYMENT TERMS OF THE DEPOSIT

Date

18 December 2015 (after trading hours)

Parties

- (i) the Company; and
- (ii) the Vendor.

The Company is principally engaged in the sale and process of cotton, production, sale and process of cotton spinning, woven fabric, dipdye, knitwear, clothing, export and import business as is registered in the registration authorities. The Vendor is a company incorporated in the PRC and is principally engaged in the business of process and sale of aluminum products, including aluminum plates and aluminum foils, and sale of electricity.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is an independent third party and is not a connected person of the Company.

Principal terms of the MOU

Target Assets proposed to be acquired

Pursuant to the terms of the MOU, the Company intends to acquire and the Vendor intends to sell the Target Assets wholly owned by the Vendor.

Consideration

The consideration for the Proposed Acquisition will be subject to further negotiation between the Parties based on the valuation of the Target Assets by a qualified independent valuer employed by the Purchaser. According to the management account and construction budget of the Vendor, the Directors estimate that the total consideration for the Proposed Acquisition will be from RMB4 billion to RMB5 billion, which is subject to further negotiation and adjustment based on the Formal Agreement.

Terms of the payment of Deposit

Pursuant to the MOU, the Purchaser shall pay the Deposit in the aggregate sum of RMB300,000,000 to the Vendor within five (5) business days from the date of the execution of the MOU. The amount of deposit was determined based on arm's length negotiation between the Purchaser and the Vendor with reference to the estimated transaction value.

In the event that the Formal Agreement is entered into between the Vendor and the Purchaser upon the fulfillment of all conditions precedent provided in the MOU, the Deposit shall be applied as a part of the consideration determined in accordance with the terms of the Formal Agreement.

In the event that the conditions precedent provided in the MOU are not satisfied, the Proposed Acquisition shall be terminated and the Vendor shall refund the Deposit to the Purchaser together with the interest accrued thereon at the concurrent bank deposit rate.

In the event that the Proposed Acquisition does not or is unable to proceed due to the Vendor's breach of the provisions in the MOU, the Vendor should refund the Deposit in double to the Purchaser.

In the event that the Proposed Acquisition does not or is unable to proceed due to the Purchaser's breach of the provisions in the MOU, the Vendor is entitled to deduct 10% of the Deposit as compensation.

Conditions precedent

The Proposed Acquisition shall be conditional upon the fulfilment of all of the following conditions precedent:

- (i) the Purchaser being satisfied with the results of the Due Diligence Review;
- (ii) the legally binding Formal Agreement executed by the Purchaser and the Vendor; and
- (iii) the approval of the Board and/or the passing by the Shareholders at a shareholders' meeting (if necessary) of the Purchaser.

Due diligence review

After the execution of the MOU, the Purchaser is entitled to assign a team comprising of legal, financial and business specialists and conduct due diligence review on the Vendor. The Vendor shall duly cooperate with the Purchaser in this respect.

Exclusivity

The Vendor has agreed not to negotiate or seek opportunities with any other potential buyers regarding the sale of the Target Assets within the six (6) months after execution of the MOU.

Binding effect

Save for the provisions relating to Deposit, confidentiality and exclusivity, the MOU does not have any legally binding effect on either party and can only serve as a foundation of further negotiations between the Parties, especially in the aspect that the Purchaser is not obliged to enter into a Formal Agreement or does not undertake to acquire the Target Assets under any conditions or terms whatsoever.

REASONS FOR THE PROPOSED ACQUISITION

Given the development and expansion of the textile and aluminum industry clustering in the place of the Company, the demand for electricity in the industry clustering is increasing rapidly. The Company intends to take advantage of the self-supply thermal power assets it is equipped with now and efficiently enlarge the installed capacity by acquiring the Target Assets, supplying companies located in the Economic Development Zone of Zouping County with electricity so as to increase the revenue and profitability level of the Company. Such decision is estimated to have positive influences on the profits of the Company.

LISTING RULES IMPLICATIONS

As one or more of applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the payment of the Deposit exceed 5% but are less than 25%, the payment of Deposit contemplated under the MOU constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

The Proposed Acquisition is expected to constitute a very substantial acquisition as defined under the Chapter 14 of the Listing Rules and the Company will comply with the relevant reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules after the execution of the Formal Agreement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions will have the following respective meanings:

“Board” the board of Directors of the Company

“Company” 魏橋紡織股份有限公司 (Weiqiao Textile Company Limited)

“connected persons”	has the meaning ascribed thereto under the Listing Rules
“Deposit”	the deposit paid by the Purchaser to the Vendor pursuant to the MOU
“Director(s) ”	director(s) of the Company from time to time
“Due Diligence Review”	the due diligence review that the Purchaser has the right to conduct after the execution and under the provisions of the MOU
“Formal Agreement”	the formal assets acquisition agreement proposed to be entered into between the Parties regarding the acquisition of the Target Assets
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding entered into between the Purchaser and the Vendor as described in this announcement
“Parties”	the parties to the MOU
“PRC”	the People’s Republic of China and for the purpose of this announcement, exclude Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Proposed Acquisition”	the proposed acquisition by the Company of the Target Assets
“Purchaser”	the Company, as the purchaser of the Target Assets
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Assets”	the thermal power assets (熱電資產) wholly owned by the Vendor with an expected capacity of 1,320 MW for four generator sets in construction in Changshan Town, Zouping County, Shandong Province. The first generator sets will be put into operation in December 2015, and electricity generated by the Target Assets is expected to be used for supplying companies located in the Economic Development Zone of Zouping County
“Vendor”	the owner of the Target Assets, Zouping Changshan Industry Co., Ltd.(鄒平長山實業有限公司), a limited liability company incorporated in the PRC
“%”	per cent

By order of the Board
Weiqiao Textile Company Limited*
Zhang Jinglei
Executive Director and Company Secretary

Shandong, the People’s Republic of China
18 December 2015

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. Chen Shuwen 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 “Weiqiao Textile Company Limited” and the Chinese name of the Company under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).*