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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)

PROFIT WARNING

This announcement is made by Weiqiao Textile Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and the potential investors that, based on the unaudited management accounts of the Group for the period from January to June 2023, the Group is expected to record a net loss for the six months ended 30 June 2023, the main reasons for which are as follows:

- (1) in the first half of 2023, under the adverse impact of the global macro market environment, the profit margin of the Group’s cotton textile products remained under pressure, and hence the Group would continue to record a gross loss in its textile business in the first half of the year; and
- (2) in the first half of 2023, although the Group maintained a profit in the electricity business, under the impact of the macro demand, the sales volume of electricity decreased correspondingly as compared to the same period last year, leading to a period-on-period decrease in gross profit; meanwhile, based on the condition of the electricity assets, the Group made an impairment provision for certain of them.

Based on the above main reasons, the Board expects that the Group will record a net loss of approximately RMB500 million to RMB600 million for the six months ended 30 June 2023.

The Board will pay close attention to the overall development of the textile industry in China during the second half of the year, and will make timely adjustments to the Group’s operation strategy according to the overall situation of the industry, fully utilise its characteristics and advantages, and

continue to make great efforts in aspects including management innovation, cost reduction and efficiency improvement, investments in research and development activities as well as green and intelligent manufacturing, in order to enhance its competitiveness in domestic and overseas markets.

As the Company is still in the process of finalising the Group's unaudited interim results for the six months ended 30 June 2023, the Company has not yet quantified the specific amount of the loss of the Group. This profit warning announcement is only a preliminary assessment made by the management of the Company and it is not based on any figures or information which have been audited or reviewed by the Company's auditor. Shareholders and potential investors are advised to read carefully the unaudited interim results announcement of the Company for the six months ended 30 June 2023, which is expected to be published by the end of August 2023.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

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

Shandong, the People's Republic of China
28 July 2023

As at the date of this announcement, the Board comprises nine directors, namely Ms. Zhang Hongxia, Ms. Zhang Yanhong, Mr. Wei Jiakun, Ms. Zhao Suwen and Mr. Zhang Jinglei as executive directors; Ms. Zhao Suhua as non-executive director; and Mr. George Chan Wing Yau, Mr. Chen Shuwen and Mr. Liu Yanzhao as independent non-executive directors.

* *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 the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).*