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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)

**CONTINUING CONNECTED TRANSACTIONS
REVISION OF THE ANNUAL CAP FOR THE YEAR 2023 AND
THE ENTERING INTO OF THE RENEWED
FABRICS, KNITTED FABRICS, APPAREL AND HOME TEXTILES
PRODUCTS SUPPLY AGREEMENT**

REVISION OF THE ORIGINAL 2023 ANNUAL CAP

Reference is made to the 2021 Announcement. According to the aforesaid announcement, the Company and the Parent Company entered into the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement on 17 May 2021 for a term commencing on 17 May 2021 and ending on 31 December 2023 (both days inclusive), pursuant to which the Parent Group agreed to supply fabrics, knitted fabrics, apparel and home textiles products (including but not limited to fabrics, knitted fabrics, apparel and home textiles products) to the Group.

Based on reasons mentioned below in this announcement, the transaction amounts for the fabrics, knitted fabrics, apparel and home textiles products supplied by the Parent Group to the Group during the year 2023 increased and is expected to further increase for the remaining period of the year 2023. The Directors estimate that the maximum transaction amount for the fabrics, knitted fabrics, apparel and home textiles products to be supplied by the Parent Group to the Group under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement for the year ending 31 December 2023 will exceed the Original 2023 Annual Cap. The Board therefore proposes to revise the Original 2023 Annual Cap.

THE ENTERING INTO OF THE RENEWED FABRICS, KNITTED FABRICS, APPAREL AND HOME TEXTILES PRODUCTS SUPPLY AGREEMENT

The Board would like to announce that, on 13 October 2023, the Company and the Parent Company entered into the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement for a term commencing on 1 January 2024 and ending on 31 December 2026 (both days inclusive), pursuant to which the Parent Group agreed to supply fabrics, knitted fabrics, apparel and home textiles products (including but not limited to fabrics, knitted fabrics, apparel and home textiles products) to the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Parent Company holds approximately 63.67% of the total issued shares of the Company and is therefore the controlling shareholder and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the requirements under Chapter 14A of the Listing Rules applicable to the Revised 2023 Annual Cap for the continuing connected transactions under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement before the Original 2023 Annual Cap is exceeded.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Revised 2023 Annual Cap for the continuing connected transactions contemplated under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement is more than 5%, such 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 under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Continuing Connected Transactions For Parent Company Products is more than 5%, the Continuing Connected Transactions For Parent Company Products 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 under Chapter 14A of the Listing Rules.

The EGM will be convened to consider and, if thought fit, approve, among other things, the Revised 2023 Annual Cap, the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products contemplated thereunder (including the Annual Caps For Parent Company Products).

A circular containing, among others, (i) further details of the Revised 2023 Annual Cap, the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products contemplated thereunder (including the Annual Caps For Parent Company Products); (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from South China Capital to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM will be despatched to the Shareholders on or before 6 November 2023.

A. REVISION OF THE ORIGINAL 2023 ANNUAL CAP

Reference is made to the 2021 Announcement. According to the aforesaid announcement, the Company and the Parent Company entered into the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement on 17 May 2021 for a term commencing on 17 May 2021 and ending on 31 December 2023 (both days inclusive), pursuant to which the Parent Group agreed to supply fabrics, knitted fabrics, apparel and home textiles products (including but not limited to fabrics, knitted fabrics, apparel and home textiles products) to the Group.

The Revised 2023 Annual Cap only increases the annual cap for the year 2023 for the continuing connected transactions contemplated under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement between the Company and Parent Group. There was no change to the other aspects of the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement.

1. Original 2023 Annual Cap

As disclosed in the 2021 Announcement, the Original 2023 Annual Cap for the year ending 31 December 2023 is RMB72,000,000 (excluding VAT).

2. Revised 2023 Annual Cap

Based on the reasons mentioned in this announcement, the transaction amounts for the fabrics, knitted fabrics, apparel and home textiles products supplied by the Parent Group to the Group during the year 2023 increased and is expected to further increase for the remaining period of the year 2023. The Directors estimate that the maximum transaction amount under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement for the year ending 31 December 2023 will exceed the Original 2023 Annual Cap. The Board therefore proposes to revise the Original 2023 Annual Cap as below:

**For the year ending
31 December 2023**
(RMB)
(excluding VAT)

Original 2023 Annual Cap	72,000,000
Revised 2023 Annual Cap	100,000,000

3. Basis of the Revised 2023 Annual Cap

The Revised 2023 Annual Cap is determined based on the following:

- (a) the actual unaudited transaction amounts for the nine months ended 30 September 2023 are approximately RMB68,225,400 (excluding VAT). Considering the average monthly transaction amounts for the past nine months in 2023 and the expected increase of the relevant transactions for the remaining period of the year 2023, the annual transaction amount for 2023 is expected to be approximately RMB93,240,000 (excluding VAT); and
- (b) the Group established a specialised trading company to engage in trade-related business. In 2023, with the continuous development of the market, the trading business in respect of products such as fabrics, knitted fabrics, apparel and home textiles products gradually increased, resulting in a corresponding increase in the transaction amounts.

4. Reasons for and benefits of the Revised 2023 Annual Cap

In light of the increased transaction amounts as set out above, based on the unaudited management accounts of the Group for the nine months ended 30 September 2023, the transaction amounts under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement are approaching the Original 2023 Annual Cap for the year ending 31 December 2023. The Board therefore proposes the Revised 2023 Annual Cap.

Based on the above, the Board represented by one non-executive Director (i.e. Ms. Zhao Suhua, excluding Ms. Zhang Hongxia, Ms. Zhang Yanhong, Mr. Wei Jiakun, Ms. Zhao Suwen and Mr. Zhang Jinglei who had abstained from voting on the relevant resolution of the Board approving the Revised 2023 Annual Cap as they and/or their associates concurrently have material interests in and/or that they serve as directors of the Parent Company and the independent non-executive Directors whose views will be contained in the circular to be despatched to the Shareholders after considering the advice from the Independent Financial Adviser) considers that the Revised 2023 Annual Cap is fair and reasonable and is in the interests of the Company and its Shareholders as a whole.

B. THE RENEWED FABRICS, KNITTED FABRICS, APPAREL AND HOME TEXTILES PRODUCTS SUPPLY AGREEMENT

The Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement shall expire by the end of 2023 and the Company and the Parent Company consider to continue their business in respect of the supply of fabrics, knitted fabrics, apparel and home textiles products. The Board would like to announce that, on 13 October 2023, the Company and the Parent Company entered into the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement for a term commencing on 1 January 2024 and ending on 31 December 2026 (both days inclusive), pursuant to which the Parent Group agreed to supply fabrics, knitted fabrics, apparel and home textiles products (including but not limited to fabrics, knitted fabrics, apparel and home textiles products) to the Group. The terms and conditions of the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement are basically the same as those of the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement.

The major terms of the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement are set out as follows:

1. Date

13 October 2023

2. Parties

(i) the Company; and

(ii) the Parent Company

3. Connected person

The Parent Company is the controlling shareholder of the Company, holding approximately 63.67% of the total issued shares of the Company as at the date of this announcement, and it therefore constitutes a connected person of the Company under the Listing Rules.

4. Transaction nature

The Company and the Parent Company entered into the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement on 13 October 2023 for a term commencing on 1 January 2024 and ending on 31 December 2026 (both days inclusive), pursuant to which the Parent Group agreed to supply fabrics, knitted fabrics, apparel and home textiles products (including but not limited to fabrics, knitted fabrics, apparel and home textiles products) to the Group.

5. Pricing basis and payment terms

The prices of the fabrics, knitted fabrics, apparel and home textiles products to be supplied by the Parent Group to the Group shall be determined with reference to the prices at which the same or comparable types of fabrics, knitted fabrics, apparel and home textiles products are supplied by the Parent Group to independent third parties on normal commercial terms in its ordinary and usual course of business in the PRC. The Parent Company shall provide the evidence of such market prices to the Company upon the request of the Company.

The Directors (excluding the independent non-executive Directors whose views will be contained in the circular to be despatched to the Shareholders after considering the advice from the Independent Financial Adviser) confirmed that the pricing basis agreed between the Company and the Parent Company for supply of fabrics, knitted fabrics, apparel and home textiles products is negotiated on an arm's length basis and is fair and reasonable, and constitutes normal commercial terms.

The Parent Company would, on the last business day of each calendar month, prepare an account book of the relevant fees that shall be paid by the Company for that month. The fees undue shall not be included in such account book. The Group shall, within the first ten (10) business days of the following month, pay the amount due in full.

6. Termination and renewal

Either party to the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement may terminate it by providing at least thirty (30) days prior written notice to the counterparty. The Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement is renewable for another term of three (3) years (subject to the compliance of relevant requirements under the Listing Rules by the Company) unless either party decides not to renew it and gives at least thirty (30) days prior written notice to the counterparty accordingly.

7. Historical transaction amounts and the Annual Caps For Parent Company Products

The historical transaction amounts and historical annual caps for the fabrics, knitted fabrics, apparel and home textiles products supplied by the Parent Group to the Group under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement for the two financial years ended 31 December 2022 and the financial year ending 31 December 2023 are as follows:

For the financial year ended/ending 31 December

	2021	2022	2023
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
	<i>(excluding VAT)</i>	<i>(excluding VAT)</i>	<i>(excluding VAT)</i>
Historical transaction amounts	16,223,700	40,836,300	93,241,400 <i>(Note 1)</i>
Historical annual caps	50,000,000	60,000,000	100,000,000 <i>(Note 2)</i>
Utilisation rates	32.45%	68.06%	93.24% <i>(Note 1)</i>

Note 1: For the nine months ended 30 September 2023, the aggregate transaction amounts for the supply of fabrics, knitted fabrics, apparel and home textiles products by the Parent Group to the Group amounted to approximately RMB68,225,400 (excluding VAT). In general, the fourth quarter is the peak season for product demand and coupled with the approaching Chinese New Year, the Directors currently expect that the transaction amounts for each month of the fourth quarter of 2023 will increase by approximately 10% as compared to the monthly average transaction amounts for the nine months ended 30 September 2023 (RMB7,580,600 (exclusive of VAT)). Therefore, the total transaction amounts for the supply of fabrics, knitted fabrics, apparel and home textiles products by the Parent Group to the Group for the three months ending 31 December 2023 are expected to be approximately RMB25,016,000 (excluding VAT).

Note 2: The Revised 2023 Annual Cap.

Set out below are the Annual Caps For Parent Company Products which are estimated to be payable by the Group to the Parent Group under the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement for the period from 1 January 2024 to 31 December 2026:

	For the financial year ending 31 December 2024	For the financial year ending 31 December 2025	For the financial year ending 31 December 2026
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
	<i>(excluding VAT)</i>	<i>(excluding VAT)</i>	<i>(excluding VAT)</i>
Annual Caps For Parent Company Products	139,860,000	167,830,000	201,400,000

Note: Weiqiao Textile Trading (Shanghai) Company Limited (魏橋紡織貿易(上海)有限公司), a subsidiary of the Group, was established in August 2020. The business of the company is undergoing a period of rapid development, with the trading business of products such as fabrics, knitted fabrics, apparel and home textiles products gradually increasing, and is expected to continue to maintain a higher rate of growth in the foreseeable future. At the*

same time, the Parent Group has completed the automation and digitisation of part of the production lines, which has increased its production capacity and improved product grade, and is therefore able to satisfy all aspects of the supply of fabrics, knitted fabrics, apparel and home textiles products, thereby driving the demand for its products in the market. Having considered the compound annual growth rate of approximately 90% from 2021 to 2023, the annual cap for the financial year ending 31 December 2024 is expected to increase by approximately 50% compared to the estimated annual transaction amounts for the financial year ending 31 December 2023 (approximately RMB93,240,000 (excluding VAT)).

The annual cap for each of the two financial years ending 31 December 2026, compared to the preceding financial year, is expected to increase by approximately 20%. This growth rate is estimated after taking into account that (i) due to the expansion of the domestic textile market and the efforts made by the Group to develop new customers, the Group expects to gain a larger share in the domestic market and will require the Parent Group to supply more fabrics, knitted fabrics, apparel and home textiles products for the three years ending 31 December 2026; and (ii) based on a 50% increase in the annual cap for 2024, the growth rate is expected to be relatively stable in 2025 and 2026.

8. Reasons for and benefits of entering into the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement

In order to expand the domestic market and ensure the quality of fabrics, knitted fabrics, apparel and home textiles products, the Company and the Parent Company entered into the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement after considering, among others, the following reasons:

- (i) the close location between the Parent Company and the Company makes it convenient and efficient for supply of fabrics, knitted fabrics, apparel and home textiles products; and
- (ii) the Parent Company has advanced technology to produce fabrics, knitted fabrics, apparel and home textiles products of high quality, and is able to provide fabrics, knitted fabrics, apparel and home textiles products with flexible adjustment for the sales plan of the Company, which is favourable to the stable operations and expansion of the Group's business.

Based on the above, the Board represented by one non-executive Director (i.e. Ms. Zhao Suhua, excluding Ms. Zhang Hongxia, Ms. Zhang Yanhong, Mr. Wei Jiakun, Ms. Zhao Suwen, and Mr. Zhang Jinglei who had abstained from voting on the relevant resolution of the Board approving the Renewed Fabrics, Knitted Fabrics, Apparel and House Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products as they and/or their associates concurrently have material interests in and/or that they serve as directors of the Parent Company and the independent non-executive Directors whose views will be contained in the circular to be despatched to the Shareholders after considering the advice from the Independent Financial Adviser)

considers that the Continuing Connected Transactions For Parent Company Products are and will be conducted in the ordinary and usual course of business of the Group and the terms of the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement (including the Annual Caps For Parent Company Products) have been negotiated on an arm's length basis, and are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

C. LISTING RULES IMPLICATIONS

As at the date of this announcement, the Parent Company holds approximately 63.67% of the total issued shares of the Company and is therefore the controlling shareholder and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company shall re-comply with the requirements under Chapter 14A of the Listing Rules applicable to the Revised 2023 Annual Cap for the continuing connected transactions under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement before the Original 2023 Annual Cap is exceeded.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Revised 2023 Annual Cap for the continuing connected transactions contemplated under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement is more than 5%, such 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 under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Continuing Connected Transactions For Parent Company Products is more than 5%, the Continuing Connected Transactions For Parent Company Products constitute non-exempt continuing connected transactions under Chapter 14A of the Listing Rules and are also subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Each of Ms. Zhang Hongxia, Ms. Zhang Yanhong, Mr. Wei Jiakun, Ms. Zhao Suwen and Mr. Zhang Jinglei had abstained from voting on the relevant resolution of the Board for approving the Revised 2023 Annual Cap, the Renewed Fabrics, Knitted Fabrics, Apparel and House Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products as they and/or their associates concurrently have material interests in and/or that they serve as directors of the Parent Company.

D. INTERNAL CONTROL PROCEDURES

The Company has adopted the following internal control measures to ensure that the continuing connected transactions contemplated under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products are and will be conducted in accordance with the pricing policies and the terms of the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement respectively, and in compliance with the relevant Listing Rules:

- (i) the finance department of the Company shall obtain and monitor all the quotations and/or pricing records as reference prices of the continuing connected transactions contemplated under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products to ensure the prices of fabrics, knitted fabrics, apparel and home textiles products to be supplied by the Parent Group to the Group are no less favourable to the Group than the prices at which the same or comparable types of fabrics, knitted fabrics, apparel and home textiles products are supplied by independent third parties to the Group;
- (ii) the finance department of the Company shall monitor and ensure that the continuing connected transactions contemplated under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products are and will be conducted in accordance with the terms of the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement, respectively, and the Revised 2023 Annual Cap and the Annual Caps For Parent Company Products, respectively, shall not be not exceeded;
- (iii) Prior to executing any contract of the continuing connected transactions under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products, such contract, including its transaction amounts and terms, will be provided by the sales department of the Company to the finance department of the Company for their review. Such contract will not be executed unless and until the finance department of the Company has confirmed that the aggregate amounts of the transaction sums under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement will not exceed the Revised 2023 Annual Cap and the Annual Caps For Parent Company Products, respectively, and that the terms of such contract are in compliance with the terms of the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement or the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement (as the case may be). If it is contemplated that the Revised 2023 Annual Cap

or Annuals Caps For Parent Company Products (as the case may be) will be exceeded as a result of entering into the relevant contracts, such transaction will not be entered into until the Company has complied with the relevant requirements under the Listing Rules;

- (iv) the Board will continue to periodically review the Company's internal control systems and their effectiveness; and
- (v) the independent non-executive Directors shall, and the Company shall engage external auditors to, conduct annual review of the continuing connected transactions contemplated under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement, the Continuing Connected Transactions For Parent Company Products, the Revised 2023 Annual Cap and the Annual Caps For Parent Company Products in accordance with the requirements of the Listing Rules.

E. EGM

The EGM will be convened to consider and, if thought fit, approve, among other things, the Revised 2023 Annual Cap, the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products contemplated thereunder (including the Annual Caps For Parent Company Products).

As at the date of this announcement, the Parent Company held approximately 63.67% of the total issued shares of the Company. According to the Listing Rules, the Parent Company will abstain from voting on the resolutions relating to the Revised 2023 Annual Cap, the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products contemplated thereunder (including the Annual Caps For Parent Company Products) at the EGM. Ms. Zhang Hongxia, being a Director, serves as a director of the Parent Company and holds approximately 7.78% (directly and indirectly) of the equity interest in the Parent Company. She and her family members (jointly holding approximately 1.92% of the equity interest in the Company) will also abstain from voting on the resolutions relating to the Revised 2023 Annual Cap, the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products contemplated thereunder (including the Annual Caps For Parent Company Products) at the EGM.

Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquires, no other Shareholder has a material interest in the resolutions relating to the Revised 2023 Annual Cap, the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products (including the Annual Caps For Parent Company Products), and therefore no other Shareholder is required to abstain from voting on such resolutions at the EGM.

The votes to be taken at the EGM in relation to the above proposed resolutions will be taken by poll.

The Independent Board Committee will be established to advise the Independent Shareholders in relation to their voting on the resolution(s) relating to the Revised 2023 Annual Cap, the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products contemplated thereunder (including the Annual Caps For Parent Company Products).

South China Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Revised 2023 Annual Cap, the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products contemplated thereunder (including the Annual Caps For Parent Company Products).

A circular containing, among others, (i) further details of the Revised 2023 Annual Cap, the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products contemplated thereunder (including the Annual Caps For Parent Company Products); (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from South China Capital to the Independent Board Committee and the Independent Shareholders; and (iv) the notice of the EGM will be despatched to the Shareholders on or before 6 November 2023.

F. GENERAL INFORMATION

The Group is principally engaged in the production, sales and distribution of cotton yarn, grey fabric and denim as well as electricity and steam business.

The Parent Company is principally engaged in the processing and sales of cotton, lint cotton, cotton seed oil, fabrics, cotton yarn and print cloth, retail and distribution of cloth and supply of industrial water. For details of the shareholdings of the Parent Company, please refer to the circular of the Company dated 24 October 2022.

G. DEFINITIONS

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

“2021 Announcement”	the announcement of the Company dated 17 May 2021 regarding the entering into of the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement
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“Annual Caps For Parent Company Products”	the annual caps for the Continuing Connected Transactions For Parent Company Products for the period from 1 January 2024 to 31 December 2026
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	魏橋紡織股份有限公司 (Weiqiao Textile Company Limited*), a joint stock limited company incorporated in the PRC with limited liability and the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 2698)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Continuing Connected Transactions For Parent Company Products”	the continuing connected transactions contemplated under the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company proposed to be convened and held as soon as practicable for the Independent Shareholders to consider and, if thought fit, approve, among other things, the Revised 2023 Annual Cap, the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products contemplated thereunder (including the Annual Caps For Parent Company Products)
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

<p>“Independent Board Committee”</p>	<p>an independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. George Chan Wing Yau, Mr. Chen Shuwen and Mr. Liu Yanzhao, established to give an opinion on the Revised 2023 Annual Cap, the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products contemplated thereunder (including the Annual Caps For Parent Company Products)</p>
<p>“Independent Financial Adviser” or “South China Capital”</p>	<p>South China Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Revised 2023 Annual Cap, the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products contemplated thereunder (including the Annual Caps For Parent Company Products)</p>
<p>“Independent Shareholders”</p>	<p>Shareholders who do not have any material interests in the Revised 2023 Annual Cap, the Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement and the Continuing Connected Transactions For Parent Company Products contemplated thereunder other than by virtue of their respective shareholdings in the Company</p>
<p>“Listing Rules”</p>	<p>the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited</p>
<p>“Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement”</p>	<p>the fabrics, knitted fabrics, apparel and home textiles products supply agreement entered into between the Company and the Parent Company on 17 May 2021 for a term commencing on 17 May 2021 and ending on 31 December 2023 (both days inclusive)</p>
<p>“Original 2023 Annual Cap”</p>	<p>the original annual cap amount for the transactions under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement for the year ending 31 December 2023 as disclosed in the 2021 Announcement</p>

“Parent 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 on 14 April 1998, being the controlling shareholder of the Company
“Parent Group”	the Parent Company, its subsidiaries and associates (excluding the Group)
“PRC”	the People’s Republic of China
“Renewed Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement”	the renewed fabrics, knitted fabrics, apparel and home textiles products supply agreement entered into between the Company and the Parent Company on 13 October 2023 for a term commencing on 1 January 2024 and ending on 31 December 2026 (both days inclusive)
“Revised 2023 Annual Cap”	the revised annual cap for the year 2023 for the continuing connected transactions contemplated under the Old Fabrics, Knitted Fabrics, Apparel and Home Textiles Products Supply Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	registered holder(s) of the shares of the Company
“VAT”	value added tax of the PRC
“%”	per cent

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

13 October 2023
Shandong, the PRC

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