

Weiqiao Textile Announces 2016 Annual Results and to Resume Trading

Solid Performance and Sound Financial Position Management to Increase Shareholding as a Proof of Confidence

(Hong Kong, 13 August, 2017) – Weiqiao Textile Company Limited (“the Company” or “Weiqiao Textile”) and its subsidiaries, collectively the “Group”) (HKEX: 2698), the largest cotton textile producer in China, announced its annual results for the year ended 31 December, 2016 (the “Year under Review” or the “Year”).

At the request of the Group, trading in the shares of the Company (“the Shares”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) was suspended from 22 March, 2017. The Company is pleased to announce that all the resumption conditions have been fulfilled, and the Company has made an application to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Monday, 14 August, 2017.

Performance Improvement

The annual results announcement of the year ended 31 December, 2016 was published by the Company on 11 August, 2017. During the Year under Review, the revenue of the Group was approximately RMB14,175 million, representing an increase of approximately 13.4% over the corresponding period of last year. Net profit attributable to owners of the Company amounted to approximately RMB993 million, with an increase of approximately 1.4% as compared with the corresponding period of last year. Earnings per share were RMB0.83.

During the Year, in the face of various adverse factors, the Group adhered to the “Sanpin Strategy (三品戰略)” of “enriching product variety, improving product quality, and building brand name (增品種, 提品質, 創品牌)” to maintain stable operations by strengthening corporate management, focusing on technology innovation and stepping up efforts in product development and business expansion. Overall operations remained smooth and stable.

During the Year, the Group completed adjustments in its organizational structure and established four wholly-owned subsidiaries by dividing the business units based on various production bases and business sectors, forming independent operating segments of textile and electricity and steam businesses. The Group believes the adjustment will help to further strengthen business management, improve operation efficiency and enhance performance assessment.

On the side of the textile business, facing industrial structural adjustment and upgrade, the Group seized development opportunities by accelerating technology advancements and promoting intelligent production. The intelligent compact yarn plant of the Group was completed and put into production in November 2016. The plant is equipped with advanced

intelligent yarn production equipment, and the number of the workers per ten thousand spindles is reduced to less than ten, effectively lowering labor costs as well as improving intelligence and automation level. The Group stuck to the strategy of developing middle to high-end products, increasing the number of products catering to market and consumer needs and improving product quality.

With respect to the electricity and steam business, following the acquisition of thermal power assets with an installed capacity of 1,320 MW by the Group during the Year, the total installed capacity reached 2,820 MW and the electricity business expanded significantly. The Group sold excess electricity to the parent group and independent third party clients in the surrounding areas, increasing its revenue streams and achieving a relatively stable profit, which helped to improve the profitability of the Group.

Continuous Dividend Payout

The Board proposed final dividend for 2016 of RMB0.28 per share (including tax). The dividend payout ratio implied (in terms of distributable dividend) would be 37.6%.

Ms. Zhang Hongxia, Chairman of Weiqiao Textile, said, “The Company is committed to safeguarding and enhancing the interests of our shareholders. For more than a decade since we became a public company, no matter in good or bad times, the Company has insisted on distributing dividends. From the listing date to 2016 (including 2016), the Company paid a total of approximately RMB3.85 billion in dividends to shareholders. Facing the challenging market environment in 2016, the Group has rationally allocated its resources, deepened the market development, and achieved good operational results and many new highlights. We believe we will be able to continue growing our business through these strategic initiatives, and we will continue to pay dividends to our shareholders.”

Enhancement of Internal Control and Management

The Company has engaged an internal control advisor on 28 June, 2017 to review the financial reporting procedures and internal control systems of the Company. The internal control advisor has made suggestions regarding the internal control systems of the Company.

In view of the internal control proposal, the Company has actively reviewed and improved the deficiencies of past internal control work. In the future, the Company will strengthen its risk assessment and internal training, implement stricter internal control systems and supervision mechanisms to enhance the company's management and internal controls. Company management and the finance department will continue to improve their management abilities and endeavor to reduce risks to the Company and shareholders.

Proposed Increase in Shareholding and Outlook

On 13 August, 2017, the Company was informed by Shandong Weiqiao Pioneering Group Co., Ltd. (“Weiqiao Pioneering”, together with its subsidiaries but excluding the Company, the “Parent Group”) and the executive directors of the Company (the “Executive Directors”). Weiqiao Pioneering () and the Executive Directors propose to increase their shareholding in the Company (H Shares) within 12 months commencing from 14 August 2017 (inclusive). This demonstrates that Weiqiao Pioneering and the Executive Directors are confident in the growth prospect and intrinsic value of the Company. The detailed plan shall be determined based on the market conditions and the Company's share price. Such shareholding increase shall not exceed 5% of the total shares of the Company and shall comply with the

relevant laws and regulations and the listing rules of the Stock Exchange.

Ms. Zhang Hongxia, Chairman of Weiqiao Textile, said, “The Company is financially sound and well-run, and the management has continuously improved corporate governance, with ongoing steps being made to enhance the management level and performance. On behalf of the management team of Weiqiao Textile, I would like to express my gratitude to our shareholders, customers, partners and employees for their unwavering support for the Group. I believe that by leveraging our positive brand image, extensive operational experience, sufficient cash flow and healthy financial position, the Group will continue to enhance its core competitiveness, maintain healthy, stable and sustainable development momentum and create better returns for our shareholders with stronger growth. “

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About Weiqiao Textile

Weiqiao Textile Company Limited, a non state-owned enterprise, is the largest cotton textile producer in the PRC, specializing in the production and sales of cotton yarn, grey fabric and denim, as well as the production and sales of electricity. During the past ten years, the Group developed large-scale production capabilities by capitalizing on China's rapid economic growth. It has achieved a strong position in the global textile markets by employing advanced technology in state-of-the-art facilities. Weiqiao Textile is located in Shandong, China's second largest cotton producing province. The Group has four production bases in Weiqiao, Binzhou, Weihai and Zouping and employs approximately 63,000 people. As at 31 December, 2016, the Group produced approximately 365,000 tons of cotton yarn, 868,000,000 meters of grey fabric and 74,000,000 meters of denim.

Disclaimer

This press release distributed herewith includes forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that Weiqiao Textile expects or anticipates will or may occur in the future (including but not limited to projections, targets, estimates and business plans) are forward-looking statements. Weiqiao Textile's actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions, political risks, project delay, project approval, cost estimates and other risks and factors beyond our control. In addition, Weiqiao Textile makes the forward-looking statements referred to herein as of today and undertakes no obligation to update these statements.

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