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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 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.

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and the potential investors that, based on the unaudited management account, it is expected that there would be a significant decrease in the interim operating results of the Group for the six months ended 30 June 2019 as compared to the corresponding period of 2018, the main reasons for which are as follows:

- (1) despite that the electricity business of the Group maintained stable operation during the first half of 2019, as the global economy experienced sluggish growth with weakened market consumption due to several adverse factors such as the emerging trade protectionism, the overall textile industry was under great pressure due to sluggish market demands in the Chinese cotton textile product market, imposing negative impacts on the gross profit and gross profit margin of the Group; and
- (2) staff costs of the Group recorded an increase as compared with that of the corresponding period last year as the Group continued to improve employee benefits by offering further salary raise during the first half of 2019.

The Board will watch closely the overall development of the Chinese textile industry during the second half of the year, and will make timely adjustments to our operation strategy according to the overall situation of the industry. The Board believes that improvement in the textile product market

during the second half of 2019 will impose positive impact on the overall financial performance of the Group for the year 2019. Furthermore, the Group is poised to benefit from improvement in the market sentiment leveraging on its widespread sales network and stable market shares.

As the Company is still in the process of finalising the Group's unaudited interim results for the six months ended 30 June 2019, the Company has not yet quantified the amount of the decrease in the Group's profit. 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 2019, which is expected to be published before the end of August 2019.

**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 Jinglei**  
*Executive Director and Company Secretary*

Shandong, the PRC  
8 July 2019

*As at the date of this announcement, the Board comprises eight Directors, namely Ms. Zhang Hongxia, Ms. Zhang Yanhong, 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.*

\* *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).*