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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)

**FULFILMENT OF ALL RESUMPTION CONDITIONS
AND
RESUMPTION OF TRADING**

FULFILMENT OF ALL RESUMPTION CONDITIONS

Reference is made to the announcement of the Company dated 20 June 2017 in relation to the Resumption Conditions imposed by the Stock Exchange on the Company. As at the date of this announcement, the Company has fulfilled all the Resumption Conditions to the satisfaction of the Stock Exchange.

RESUMPTION OF TRADING

Trading in the Shares has been suspended on the Stock Exchange from 9:00 a.m. on 22 March 2017. Since all the Resumption Conditions have been fulfilled, 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.

I. BACKGROUND

At the request of Weiqiao Textile Company Limited (the “**Company**”, together with its subsidiaries, 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 9:00 a.m. on 22 March 2017. Reference is made to the announcement of the Company dated 20 June 2017 (the “**Announcement**”) in relation to the conditions imposed by the Stock Exchange on the Company in respect of the resumption of trading in the Shares on the Stock Exchange (the “**Resumption Conditions**”). Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

As stated in the Announcement, the Resumption Conditions include:

- (a) to address the Audit Findings (the “**First Resumption Condition**”);
- (b) to publish all outstanding financial results and address any audit qualifications (the “**Second Resumption Condition**”);
- (c) to demonstrate that the Company has put in place adequate internal control systems to meet the obligations under the Listing Rules (the “**Third Resumption Condition**”); and
- (d) to inform the market of all material information (the “**Fourth Resumption Condition**”).

II. FULFILMENT OF ALL THE RESUMPTION CONDITIONS

The Company is pleased to announce that as at the date of this announcement, the Company has fulfilled all the Resumption Conditions to the satisfaction of the Stock Exchange.

1. The First Resumption Condition – Address the Audit Findings

The Audit Findings raised by Ernst & Young, the Company’s previous auditor, mainly relate to the relevant fund transactions between the Company and Shandong Weiqiao Pioneering Group Co., Ltd.* (山東魏橋創業集團有限公司, the “**Parent Company**”, together with its subsidiaries, including the Company, the “**Parent Group**”). According to the Guidelines for Commercial Banks on the Management of Risks Associated with the Granting of Credit to Group Customers (商業銀行集團客戶授信業務風險管理指引) issued by the China Banking Regulatory Commission, the relevant credit-granting banks have been treating the Parent Group as a group customer for the credit management purpose. Based on such background, the Group and the Parent Group (excluding the Group) conducted relevant fund transactions. As at the date of this announcement, the balance of the relevant fund transactions was nil. In the future, the Company and the Parent Company will enter into a fund cooperation framework agreement subject to the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. In addition, the Company has made appropriate accounting entries and disclosure in the Group’s audited consolidated financial statements for the year ended 31 December 2016 (the “**2016 Financial Statements**”) to account all the fund transactions.

Both the Company’s domestic auditor, ShineWing Certified Public Accountant (“**ShineWing Domestic**”), and international auditor, SHINEWING (HK) CPA Limited (“**ShineWing (HK)**”), have adopted relevant audit procedures on each of the transactions involved in the Audit Findings, including but not limited to conducting on-site inquiries at the bank counters, sorting through and analyzing the background, the counterparties and the entire process of funds transfer of the transactions involved in the Audit Findings.

The directors of the Company (the “**Directors**”) and the audit committee of the Company believe, the relevant audit procedures conducted by ShineWing Domestic and ShineWing (HK) are sufficient and adequate to address the Audit Findings and there are relevant disclosures in relation to the transactions involved in the Audit Findings in the 2016 Financial Statements. In this respect, ShineWing (HK) is of the opinion that the 2016 Financial Statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016.

Therefore, the Company has fulfilled the First Resumption Condition.

2. The Second Resumption Condition – Publication of all outstanding financial results

The annual results announcement of the year ended 31 December 2016 was published by the Company on 11 August 2017 and the annual report containing the 2016 Financial Statements for the year ended 31 December 2016 is expected to be despatched to the shareholders of the Company on or before 18 August 2017. The 2016 Financial Statements give a true and fair view of the consolidated financial position of the Group and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

Therefore, the Company has fulfilled the Second Resumption Condition.

3. The Third Resumption Condition – Internal control review

Reference is made to the announcement of the Company dated 28 June 2017, in relation to the engagement of ZHONGHUI ANDA Risk Services Limited (the “**Internal Control Adviser**”) as the internal control adviser of the Company. The Internal Control Adviser is engaged to review the financial reporting procedures and internal control systems of the Company.

In the internal control review report submitted by the Internal Control Adviser to the Company (the “**Internal Control Report**”), the Internal Control Adviser has identified certain deficiencies of the Company’s internal control systems with recommendations for improvement. The Company has adopted all of the recommendations of the Internal Control Adviser and has taken appropriate remedial measures (the “**Remedial Measures Adopted**”).

Set out below are the details of the major deficiencies identified by the Internal Control Adviser and the Remedial Measures Adopted:

No.	Major Deficiencies	The Remedial Measures Adopted
1.	The Company did not comply with the requirements of the Listing Rules to publish the annual results announcement and despatch the annual report within the specified period after the end of the financial year ended 31 December 2016.	The Company has published its annual results announcement on 11 August 2017 and will despatch the annual report on or before 18 August 2017.
2.	The Group did not comply with the procedures as prescribed by the Chapter 14A of the Listing Rules to perform the relevant approval procedures for connected transactions before conducting the internal funds transfer transactions between the Company and the Parent Company, and to publish the announcement, make disclosures in the annual report and the audit report upon the approval (e.g. such transactions may relate to the related party transactions under Hong Kong Accounting Standard 24).	The Company has proposed to enter into the fund cooperation framework agreement with the Parent Company, in relation to, among others: (i) the fund cooperation, (ii) the consideration and payment, and (iii) the term of the agreement and its proposed annual caps, and the Company will convene an extraordinary general meeting for the approval of the fund cooperation framework agreement and the transactions contemplated thereunder (including the annual caps). The information of related party transactions will be included in the notes of the annual audit report for the year ended 31 December 2016 of the Group.
3.	The Group did not make the accounting voucher and keep accounts for the internal funds transfer between the Company and the Parent Company, for instance, to record the information of the borrowing entities and bank loans on the general ledgers.	The Group has accounted for such fund transfer in the Company's general ledgers in accordance with the requests from the auditor. In addition, the information of related party transactions will be included in the notes of the annual audited report for the year ended 31 December 2016. The Group has strengthened the professional trainings in relation to the internal funds transfer.

No.	Major Deficiencies	The Remedial Measures Adopted
4.	In the process of bank reconciliation, the Group did not correct the relevant differences on the general ledgers, and continued to keep the relevant differences in the monthly bank reconciliation sheet (銀行調節表).	The Group will make monthly bank reconciliation sheet (銀行調節表). If there is any mistake and omission found through reconciliation, the Group will make timely entry and adjustment to ensure that the data on the general ledgers can be reconciled with that on the monthly statement of the bank.

The Internal Control Adviser has completed its follow-up review and has come to a conclusion that from its review of the Remedial Measures Adopted, its enquiries and discussions with the management of the Company, as well as its examination of relevant documents and records, as of the date of the Internal Control Report, no major internal control deficiency was brought to its attention.

Having considered the Internal Control Report and the Remedial Measures Adopted, the Directors are of the view that the Company's current financial reporting procedures and internal control systems are adequate to meet the obligations under the Listing Rules.

Therefore, the Company has fulfilled the Third Resumption Condition.

4. The Fourth Resumption Condition – Inform the market of all material information

Having made such enquiry with respect to the Company as is reasonable in the circumstances, the Directors confirm that to the best of their knowledge, information and belief, save as disclosed in this announcement, there is no other material information that needs to be disclosed pursuant to any of the requirements set out in the Listing Rules, nor are there any other matters that need to be brought to the attention of the shareholders and potential investors of the Company, and the Directors are not aware of any other inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as at the date of this announcement.

III. RESUMPTION OF TRADING

Trading in the Shares has been suspended on the Stock Exchange from 9:00 a.m. on 22 March 2017. Since all the Resumption Conditions have been fulfilled, 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.

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

11 August 2017

Shandong, the People's Republic of China

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.

* *For identification purpose 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).*