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山東魏橋紡織科技有限公司
**Shandong Weiqiao Textile
Technology Company Limited***
*(a company incorporated in the People's
Republic of China with limited liability)*

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: 02698)

**JOINT ANNOUNCEMENT
IRREVOCABLE UNDERTAKING RELATING TO
(1) PROPOSED PRE-CONDITIONAL PRIVATISATION OF THE
COMPANY BY THE OFFEROR BY WAY OF
MERGER BY ABSORPTION
AND
(2) PROPOSED WITHDRAWAL OF LISTING**

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



INTRODUCTION

Reference is made to (i) the announcement (the “**Joint Announcement**”) jointly published by the Offeror and the Company dated 4 December 2023; and (ii) the composite document (the “**Composite Document**”) jointly issued by the Offeror and the Company dated 23 January 2024 in relation to, among others, the Merger Agreement and the Merger. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Composite Document.

IRREVOCABLE UNDERTAKING BY BRANDES INVESTMENT

As disclosed in the Joint Announcement, on 4 December 2023, the Offeror and Weiqiao Chuangye obtained an irrevocable undertaking from Brandes Investment, which is an investment adviser with investment authority from its clients over 38,419,000 H Shares as at the date of the Joint Announcement (representing approximately 9.29% of the total issued H share capital of the Company and approximately 9.35% of the total issued H Shares held by the Independent H Shareholders as at the date of the Joint Announcement). Of the 38,419,000 H Shares held by Brandes Investment, 23,029,500 H Shares are held on behalf of the Discretionary Brandes Clients (representing approximately 5.57% of the total issued H share capital of the Company and approximately 5.60% of the total issued H Shares held by the Independent H Shareholders as at the date of the Joint Announcement), and the remaining 15,389,500 H Shares are held on behalf of the Non-discretionary Brandes Clients (representing approximately 3.72% of the total issued H share capital of the Company and approximately 3.74% of the total issued H Shares held by the Independent H Shareholders as at the date of the Joint Announcement).

PRUDENCE INVESTMENT IRREVOCABLE UNDERTAKING

On 28 February 2024, the Offeror and Weiqiao Chuangye further obtained an irrevocable undertaking (the “**Prudence Investment Irrevocable Undertaking**”) from Prudence Investment Management (Hong Kong) Limited (“**Prudence Investment**”), which is entitled to exercise voting rights of 56,657,000 H Shares (“**Prudence Investment IU Shares**”) that can be voted at the EGM and the H Shareholders’ Class Meeting. Such Prudence Investment IU Shares represent approximately 13.69% of the total issued H share capital of the Company and approximately 13.78% of the total issued H Shares held by the Independent H Shareholders. The number of the Prudence Investment IU Shares was determined in accordance with the H Shares held by Prudence Investment at 4:30 pm on 6 February 2024 (the “**Record Date**”), being the latest time for lodging transfers of H Shares in order to be entitled to attend and vote at the EGM and the H Shareholders’ Class Meeting, and did not cover any H Shares acquired by Prudence Investment after the Record Date, which would not carry any voting rights at the EGM and the H Shareholders’ Class Meeting for the purpose of approving the Merger.

Pursuant to the Prudence Investment Irrevocable Undertaking, Prudence Investment, acting in the capacity as the investment manager, has irrevocably undertaken to the Offeror and Weiqiao Chuangye that it will exercise all voting rights attached to the Prudence Investment IU Shares:

- (i) at any shareholder meeting or H share class meeting to be convened by the Company, in favour of all the resolutions to approve the Merger and any matters in connection with the Merger;
- (ii) otherwise exercise the voting rights attached to the Prudence Investment IU Shares in accordance with the instruction of the Offeror on any resolution which may impact on the success of the Merger; and
- (iii) exercise the voting rights attached to the Prudence Investment IU Shares against any resolution which (i) might reasonably be expected to restrict, impede or delay implementation of the Merger; or (ii) approves or gives effect to a proposal by a person other than the Offeror, to acquire (or have issued to it) any Shares or any assets of the Company or to privatise or delist the Company.

RESTRICTIVE COVENANTS

Prudence Investment has irrevocably undertaken that it will not:

- (a) directly or indirectly sell, transfer, charge, encumber, grant any option over (or cause the same to be done) or otherwise dispose of any interest in the Prudence Investment IU Shares prior to completion or lapse of the Merger (whichever is earlier); and
- (b) accept any other offer in respect of the Prudence Investment IU Shares, unless a competing general offer has been made in respect of the Shares which provides a higher offer price than the Cancellation Price as stated in the Joint Announcement, and the Offeror fails to match the terms of the competing general offer within ten business days of the announcement of the competing general offer.

REPRESENTATIONS AND WARRANTIES

Prudence Investment has represented and warranted to the Offeror and Weiqiao Chuangye in relation to the ownership of the Prudence Investment IU Shares and other matters related to the Merger including ownership in securities of the Company, no encumbrances, due incorporation, obtaining of approvals and binding force of the Prudence Investment Irrevocable Undertaking.

TERMINATION

The Prudence Investment Irrevocable Undertaking will terminate and the parties' obligations thereunder will cease if the Merger does not become effective, lapses or is withdrawn in accordance with the terms of the Merger. There are no other circumstances pursuant to which the Prudence Investment Irrevocable Undertaking may be terminated.

PRUDENCE INVESTMENT

Prudence Investment is a private company limited by shares registered under the laws of Hong Kong. It is a licensed corporation under the SFO, licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities.

TOTAL SHARES SUBJECT TO IRREVOCABLE UNDERTAKINGS

As at the date of this announcement, together with the 38,419,000 H Shares (including 15,389,500 H Shares held on behalf of the Non-discretionary Brandes Clients) subject to the irrevocable undertaking given by Brandes Investment, the aggregate number of H Shares subject to irrevocable undertakings given by both Brandes Investment and Prudence Investment, who will, and (in the case of Brandes Investment) will make best efforts to request its non-discretionary clients (if applicable) to, exercise (or, in the case of Brandes Investment, procure the exercise of) voting rights attached to such H Shares in favour of all the resolutions to approve the Merger and any matters in connection with the Merger at the EGM and the H Shareholders' Class Meeting, amounts to 95,076,000 (approximately 22.98% of the total issued H share capital of the Company and approximately 23.13% of the total issued H Shares held by the Independent H Shareholders).

The Conditions to effectiveness must be satisfied before the Merger Agreement becoming effective. The Merger Agreement becoming effective is therefore a possibility only. Further, Shareholders and potential investors in the securities of the Company should be aware that the Merger is subject to the Conditions to implementation set out in the Composite Document being satisfied or waived, as applicable. Neither the Offeror nor the Company provides any assurance that any or all Conditions can be satisfied, and thus the Merger Agreement may or may not become effective or, if effective, may or may not be implemented or completed. Shareholders and potential investors in the securities of the Company should therefore exercise caution when dealing in the securities of the Company.

Persons who are in doubt as to the action to take and the implications arising from the Merger should consult their stockbroker, bank manager, solicitor or other professional advisers (including tax adviser regarding the tax consequences of the cancellation of the H Shares and the implementation of the Merger).

By order of the sole director of
**Shandong Weiqiao Textile Technology
Company Limited***
Zhang Xiaoqiao
Sole Director

By order of the Board
Weiqiao Textile Company Limited*
Zhang Hongxia
Chairman

Shandong, the PRC
28 February 2024

As at the date of this joint announcement, the Offeror's sole director is Ms. Zhang Xiaoqiao. The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than those in relation to the Company) and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any of the statements in this joint announcement misleading.

As at the date of this joint announcement, the board of directors of Weiqiao Chuangye comprises 11 directors, namely Mr. Zhang Bo, Ms. Zhang Hongxia, Ms. Zhang Yanhong, Mr. Yang Congsen, Ms. Zhao Suwen, Mr. Wei Yingzhao, Mr. Liu Fenghai, Mr. Deng Wenqiang, Mr. Wei Jiakun, Mr. Xu Xiangzhong and Mr. Zhang Jinglei. The directors of Weiqiao Chuangye jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those in relation to the Company) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any of the statements in this joint announcement misleading.

As at the date of this joint 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. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those in relation to the Offeror, Weiqiao Chuangye and any party acting in concert with any of them) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror and the directors of Weiqiao Chuangye in their capacity as such) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any of the statements in this joint announcement misleading.

* *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).*