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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)

## **TAX RELIEF OBTAINED**

The Company has obtained approval and written confirmation from the Local Tax Bureau of Zouping County on 26 September 2005, according to which the Company was granted a tax relief in an aggregate amount of approximately RMB273,205,000 (equivalent to approximately HK\$262,697,000) owing to its investment in the domestic equipment used for technological reform during the years of 2003 and 2004.

Binzhou Industrial Park, a non wholly-owned subsidiary of the Company, has obtained approval and written confirmation from the Economic Development Zone Bureau of the Local Tax Bureau of Binzhou City on 15 October 2005 and 16 October 2005, respectively, according to which Binzhou Industrial Park was granted a tax relief in an aggregate amount of approximately RMB14,484,000 (equivalent to approximately HK\$13,927,000) owing to its investment in the domestic equipment used for technological reform during the years of 2003 and 2004.

Based on the current PRC tax law, the Company and Binzhou Industrial Park may further apply for similar tax relief in the future.

Weiqiao Textile Company Limited (the “**Company**”) has obtained approval and written confirmation from the Local Tax Bureau of Zouping County on 26 September 2005, according to which and in accordance with “The Provisional Measure on the Relief of Enterprise Income Tax Owing to the Investment in Domestic Equipment Used for Technological Reform (Cai Shui Zi No. [1999] 290)” issued by the Ministry of Finance and State Administration of Tax of the PRC, the Company was granted a tax relief of enterprise income tax in an aggregate amount of approximately RMB273,205,000 (equivalent to approximately HK\$262,697,000) owing to its investment in domestic equipment used for technological reform in compliance with the industrial policies of the state during the years of 2003 and 2004. In addition, the balance of the total investment which is subject to the tax relief to be carried forward to the coming years as confirmed by the taxation authorities is approximately RMB269,411,000 (equivalent to approximately HK\$259,049,000). The exact amount of tax relief of enterprise income tax to be granted to the Company for each of the following years shall be subject to the approval of the competent taxation authorities.

Binzhou Weiqiao Technology Industrial Park Co. Ltd. (the “**Binzhou Industrial Park**”), a non wholly-owned subsidiary of the Company, has obtained approval and written confirmation from the Economic Development Zone Bureau of the Local Tax Bureau of the Binzhou City on 15 October 2005 and 16 October 2005, respectively, according to which and in accordance with “The Provisional Measure on the Relief of Enterprise Income Tax Owing to the Investment in Domestic Equipment Used for Technological Reform (Cai Shui Zi No. [1999] 290)” issued by the Ministry of Finance and State Administration of Tax of the PRC, Binzhou Industrial Park was granted a tax relief of enterprise income tax in an aggregate amount of approximately RMB14,484,000 (equivalent to approximately HK\$13,927,000) owing to its investment in domestic equipment used for technological reform in compliance with the industrial policies of the state during the years of 2003 and 2004. In addition, the balance of the total investment which is subject to the tax relief to be carried forward to the coming years as confirmed by the taxation authorities is approximately RMB175,224,000 (equivalent to approximately HK\$168,485,000). The exact amount of tax relief of enterprise income tax to be granted to Binzhou Industrial Park for each of the following years shall be subject to the approval of the competent taxation authorities.

Based on the current PRC tax law, the Company and Binzhou Industrial Park may further apply for similar tax relief in the future.

Further details of the above-mentioned tax relief are expected to be disclosed in the announcement of the audited annual results of the Company for the year 2005, currently expected to be published in March 2006.

This announcement is made in compliance with the requirement under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By order of the Board  
**Weiqiao Textile Company Limited**  
**Zhao Suwen**  
*Executive Director and Company Secretary*

5 January 2006  
Shandong, the PRC

*Notes:*

*As at the date of this announcement, the board of directors of the Company is comprised of Mr. Zhang Bo, Ms. Zhang Hongxia, Mr. Qi Xingli, Ms. Zhao Suwen as executive directors, Mr. Zhang Shiping and Mr. Wang Zhaoting as non-executive directors and Mr. Wang Naixin, Mr. Xu Wenying and Mr. George Chan Wing Yau as independent non-executive directors.*

*\* The Company is registered in Hong Kong as an oversea company under the English name “Weiqiao Textile Company Limited”.*

*\* For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ herein is based on the exchange rate of RMB1.04=HK\$1.00.*

Please also refer to the published version of this announcement in South China Morning Post.