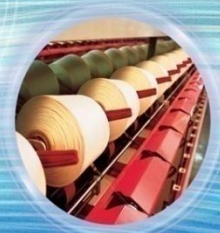
魏橋紡織股份有限公司
Weiqiao Textile Company Limited

2010 Annual Results Presentation

21 March 2011



Disclaimer

This presentation may include certain forward-looking statements. The actual results or development of Weiqiao Textile Company Limited 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, and other risks and factors beyond its control. In addition, these forward-looking statements are as of today and Weiqiao Textile Company Limited undertakes no obligation to update them. Statistical and other information relating to the PRC and the textile industry contained in this presentation have been compiled from various publicly available official or unofficial sources generally believed to be reliable. However, the quality of such source materials cannot be guaranteed.

魏橋紡織股份有限公司
Weiqiao Textile Company Limited

Agenda

- Financial Review
- Industry and Market Analysis
- Business Review
- Prospects and Strategies

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Weiqiao Textile Company Limited

Agenda

Financial Review

Financial Review

(RMB million)	As at 31 December 2009	**2010**	Change (%)
Turnover	14,333	**17,887**	24.8
Gross profit	1,244	**2,880**	131.5
Gross profit margin (%)	8.7	**16.1**	7.4% point
Operating profit margin (%)	12.0	**15.4**	3.4% point
Profit before tax	1,199	**2,257**	88.2
Profit attributable to shareholders	892	**1,627**	82.4
Diluted earnings per share (RMB)	0.75	**1.36**	81.3
Net profit margin (%)	6.2	**9.1**	2.9% point

Financial Review

(RMB million)	As at 31 December 2009	**2010**	Change (%)
Total assets	26,755	**28,390**	6.1
Total liabilities	12,587	**12,865**	2.2
Net asset value	14,168	**15,524**	9.6
Current ratio (times)	1.2	**1.5**	0.3 times
Account receivable turnover(days)	22	**11**	-11 days
Inventory turnover(days)	78	**143**	+65 days
Account payable turnover(days)	43	**33**	-10 days
Net debt to equity ratio(%)	37.7	**41.1**	3.5% point
Gearing ratio(%)	35.0	**33.0**	-2.0% point

Cost Analysis

(RMB million)	As at 31 December 2009	**2010**	Change (%)
Cost of goods sold	13,090	**15,008**	14.7
Sales and distribution costs	249	**287**	15.3
Administrative expenses	190	**202**	6.3
Other expenses	201	**74**	-63.2
Finance costs	514	**493**	-4.1

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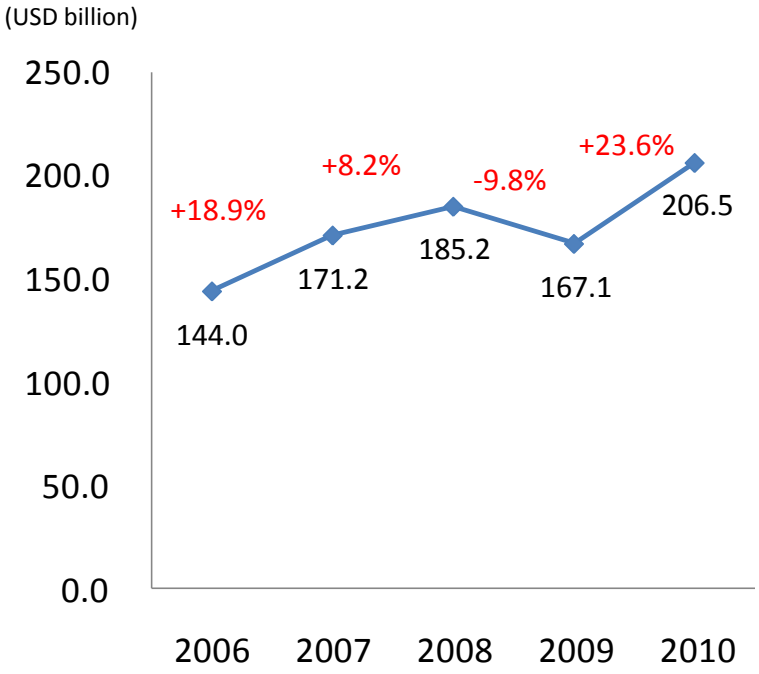
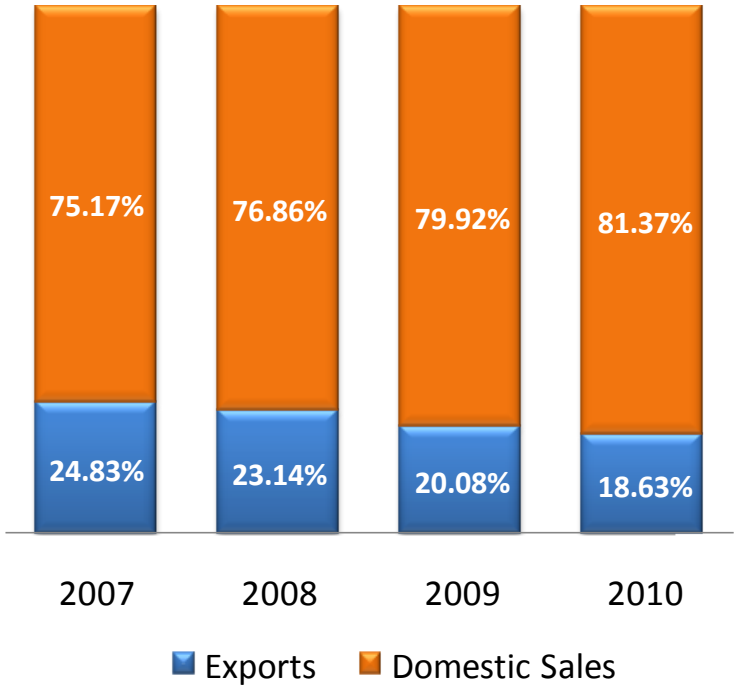
Industry and Market Analysis

Global Economy Remains Sustained Growth

Trend of China Textile and Apparel Exports



Proportion of Exports and Domestic Sale for China Textile and Apparel Industry

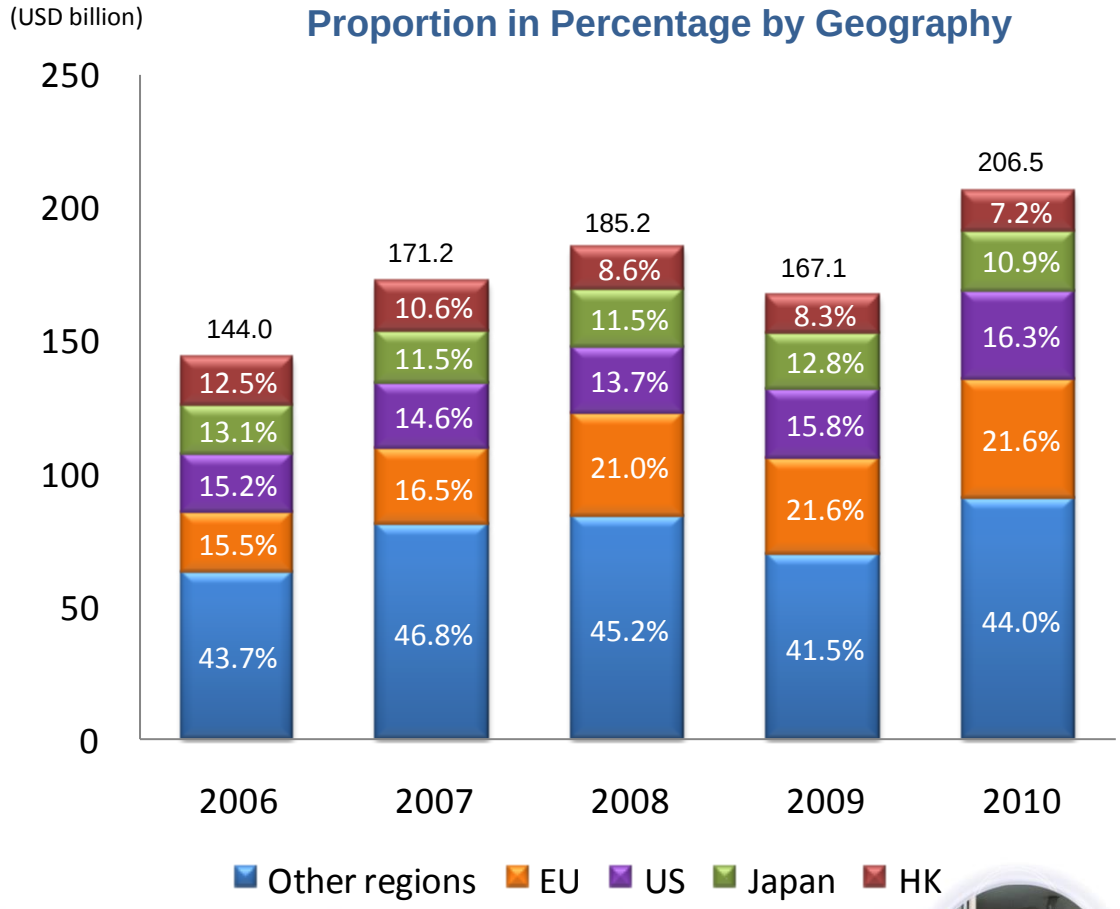


Source：China Customs, cottonchina.org

Global Economy Remains Sustained Growth (con't)

- In 2010, China's textile and apparel exports amounted to USD 206.5 billion, representing a yoy increase of 23.6%.
- In 2010, China's textile and apparel was exported to:
  - US : yoy up 27.7%
  - Japan : yoy up 5.2%
  - EU : yoy up 23.7%
  - HK : yoy up 7.1%
  - Other regions : yoy up 31.0%

Value of China's Textile and Apparel Exports and Proportion in Percentage by Geography

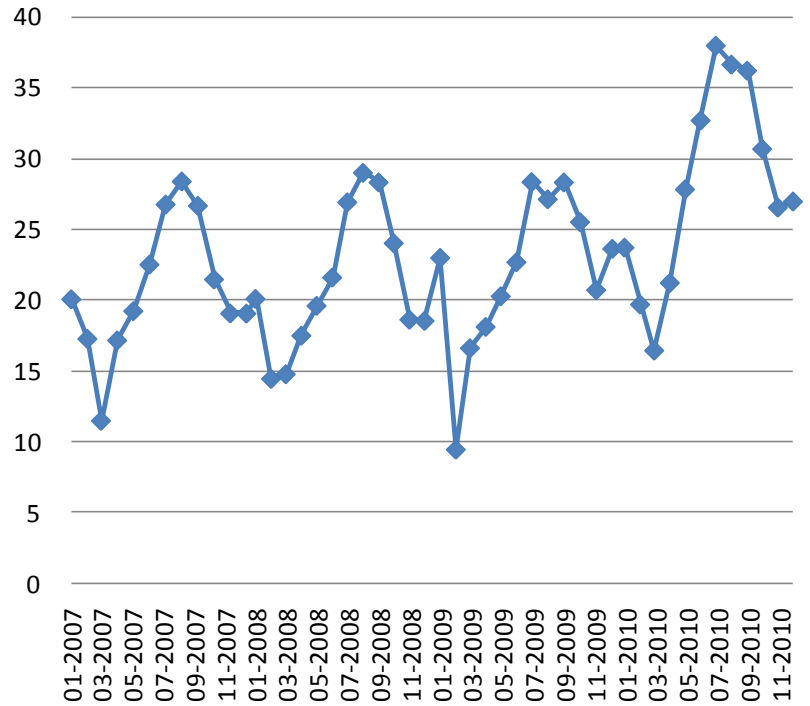


Source：China Customs, National Bureau of Statistics of China, cottonchina.org

China's Textile and Apparel Exports to US and EU Increases Substantially

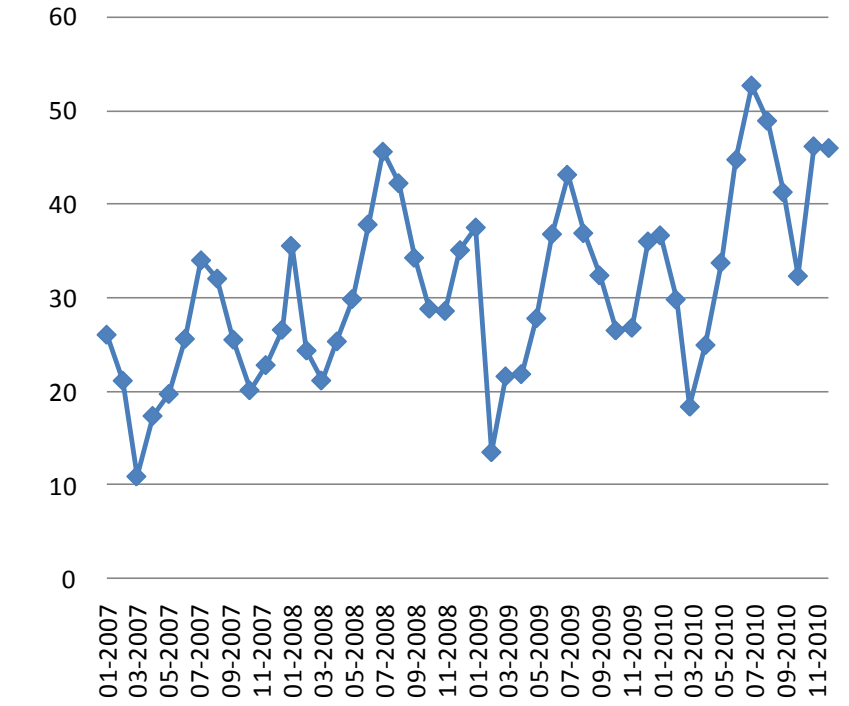
Trend of China's Textile and Apparel Exports to US

(USD 100 million)



Trend of China's Textile and Apparel Exports to EU

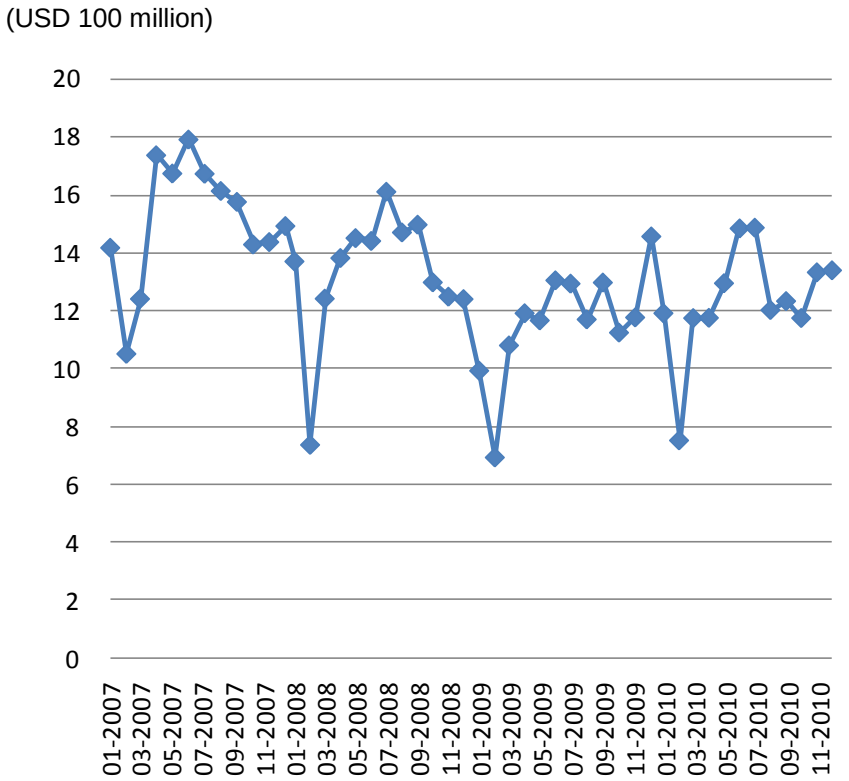
(USD 100 million)



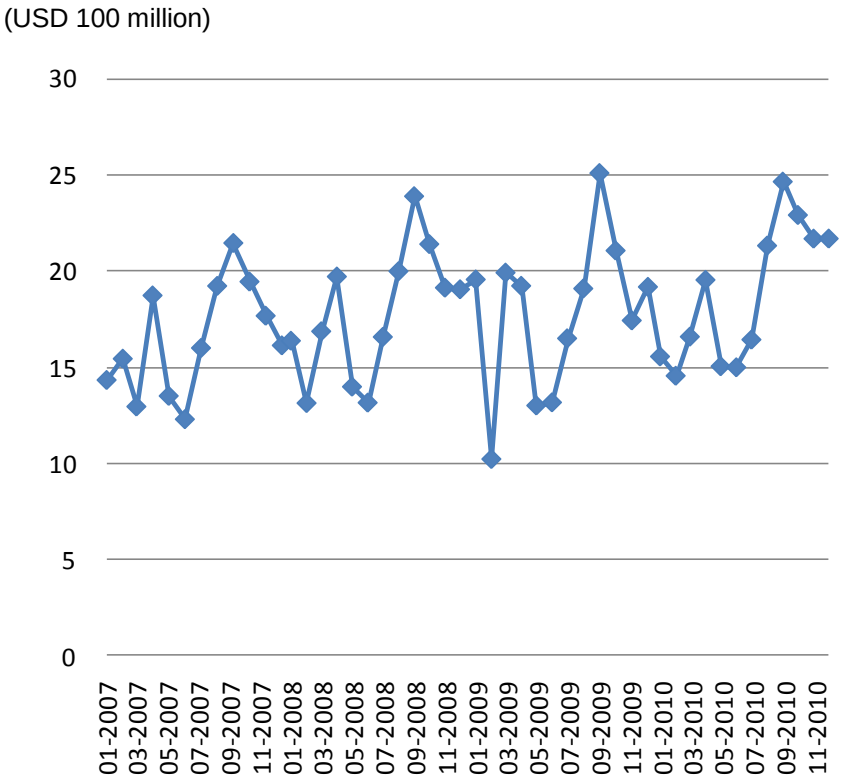
Source：cottonchina.org

Recovery Growth of China's Textile and Apparel Exports to HK and Japan

Trend of China's Textile and Apparel Exports to HK



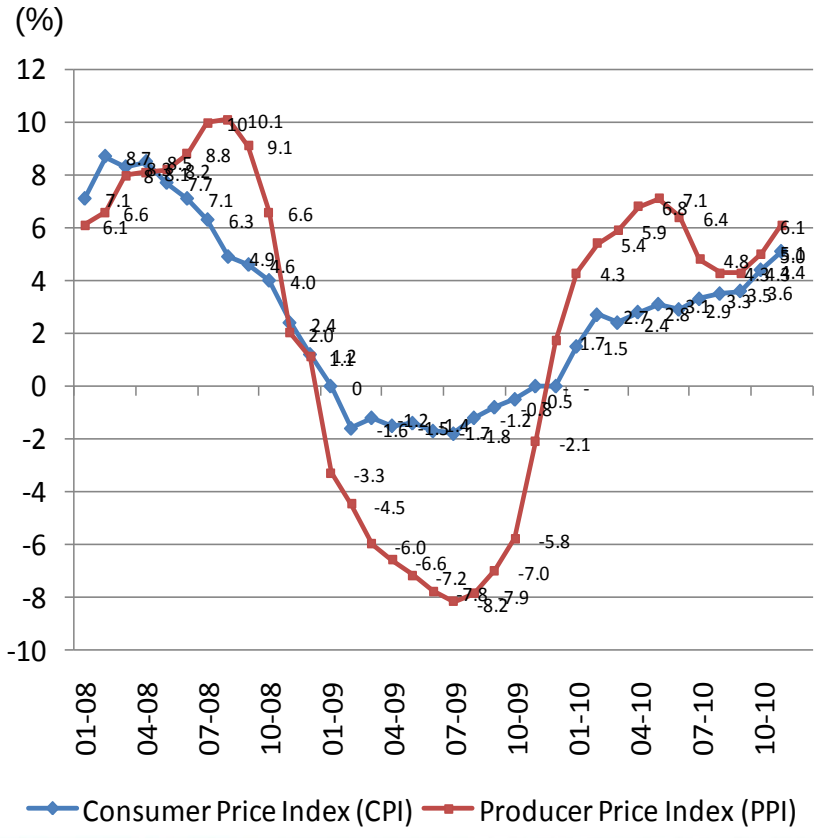
Trend of China's Textile and Apparel Exports to Japan



Source：cottonchina.org

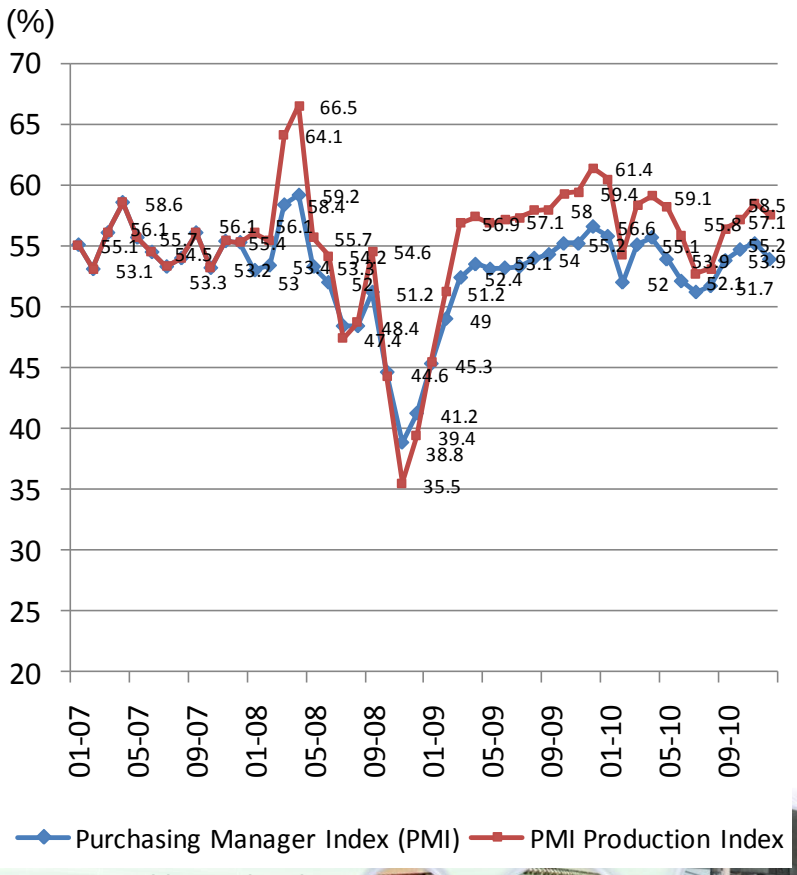
Trend of PPI, CPI and PMI

Trend of consumer price index (CPI) and producer price index (PPI)



Source：National Bureau of Statistics of China

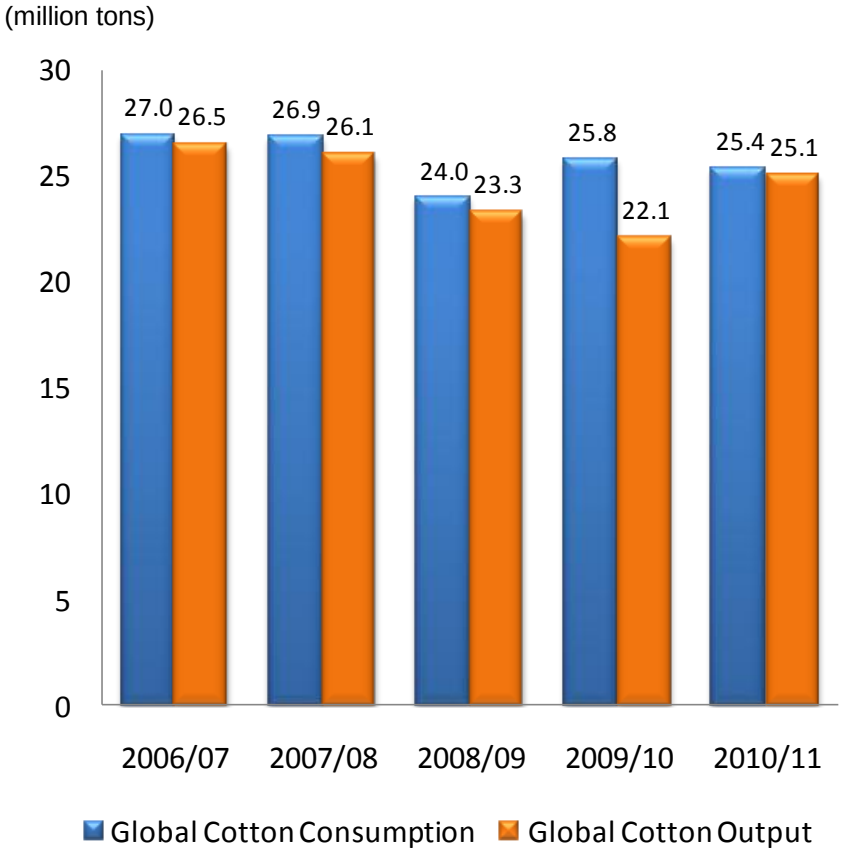
Trend of purchasing manager index (PMI) and PMI Production Index



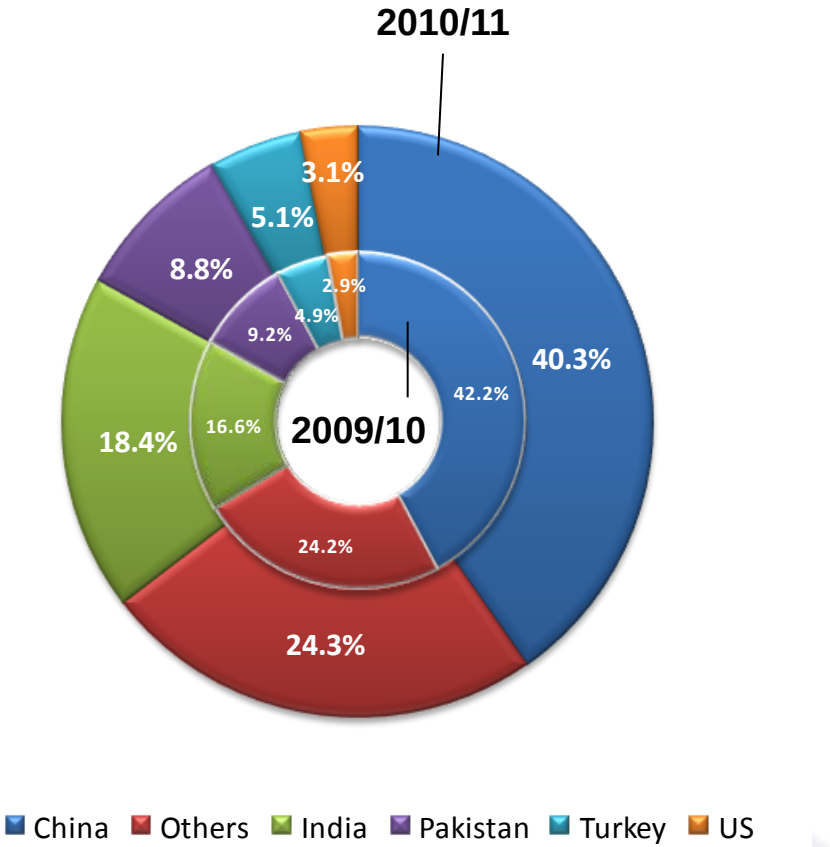
Source：China Federation of Logistics and Purchasing

Global Cotton Demand Analysis

Expected Global Cotton Output and Consumption in February from USDA



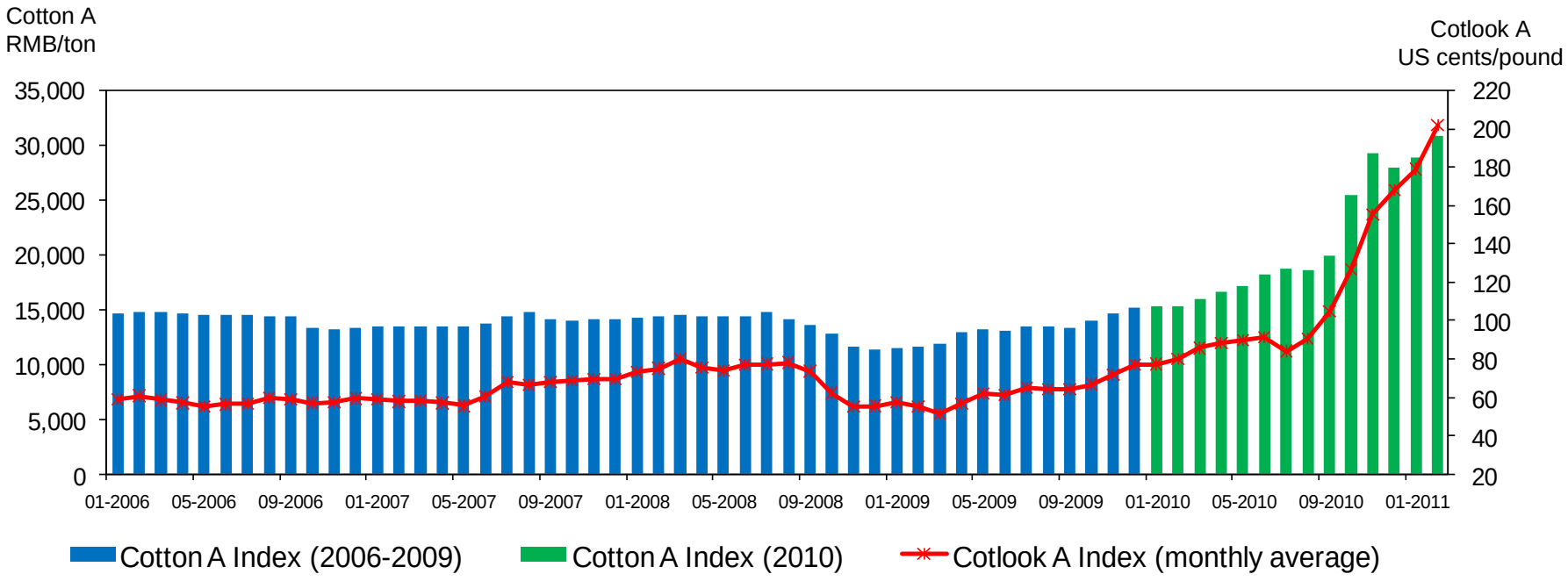
Breakdown of the Expected Global Cotton Consumption in February from USDA



Source：USDA

Cotton Price Trend Analysis

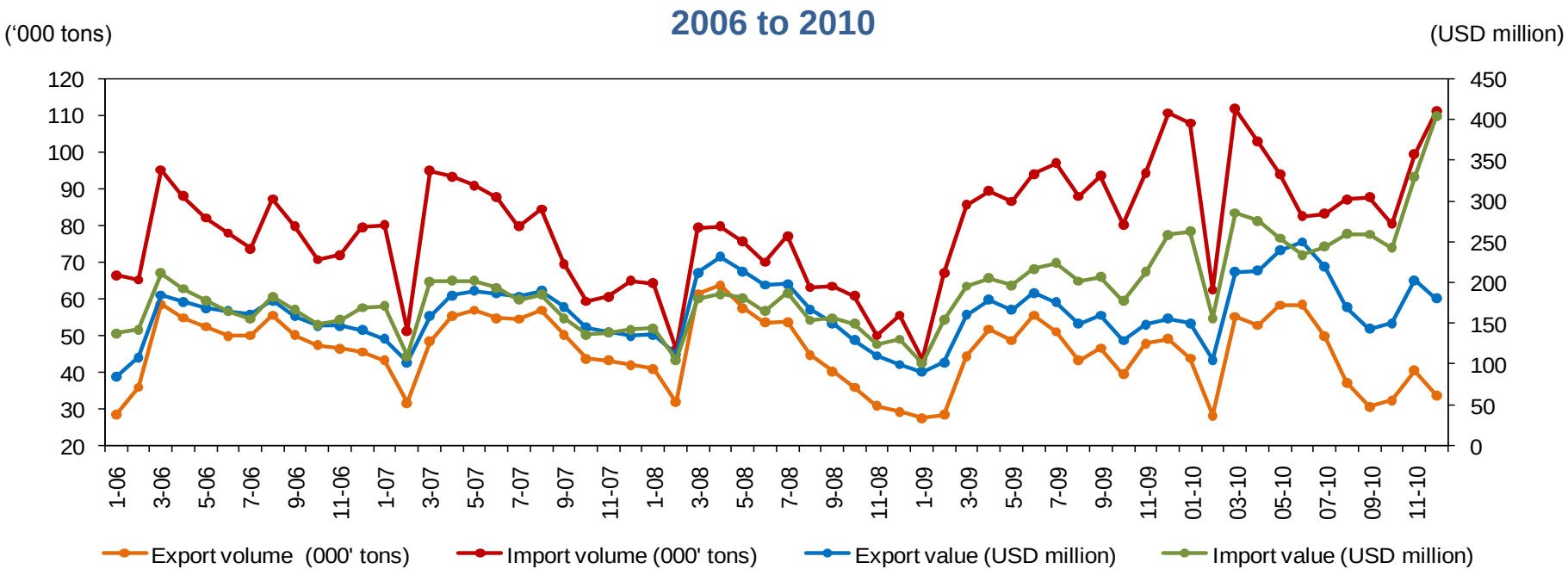
Cotton price：Cotton A Index and Cotlook A Index from Jan 2006 to 28 Feb 2011



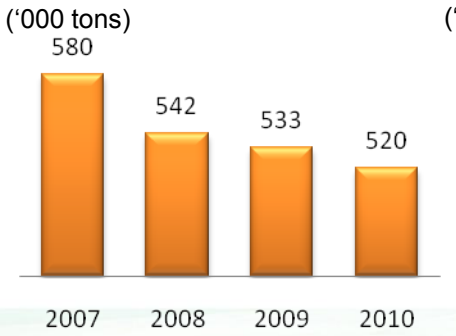
Source：cottonchina.org, cncotton.com

Import and Export of Cotton Yarn : Volume & Value

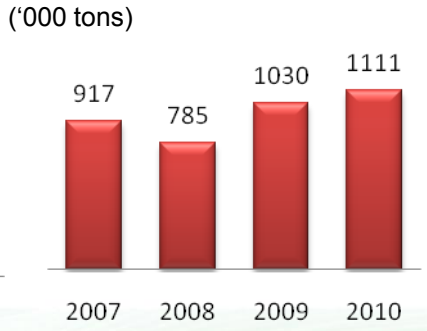
2006 to 2010



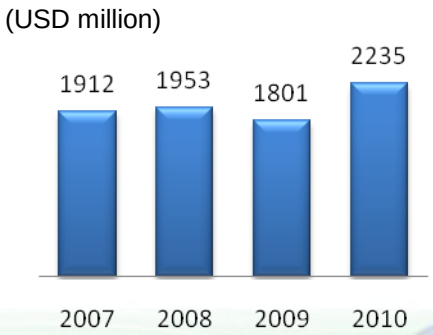
Export Volume



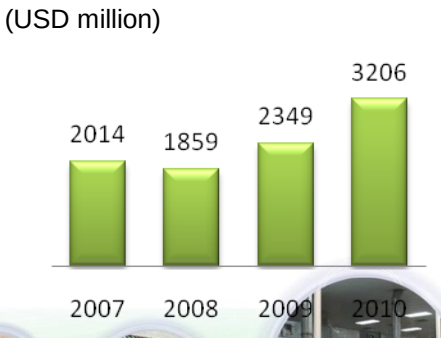
Import Volume



Export Value

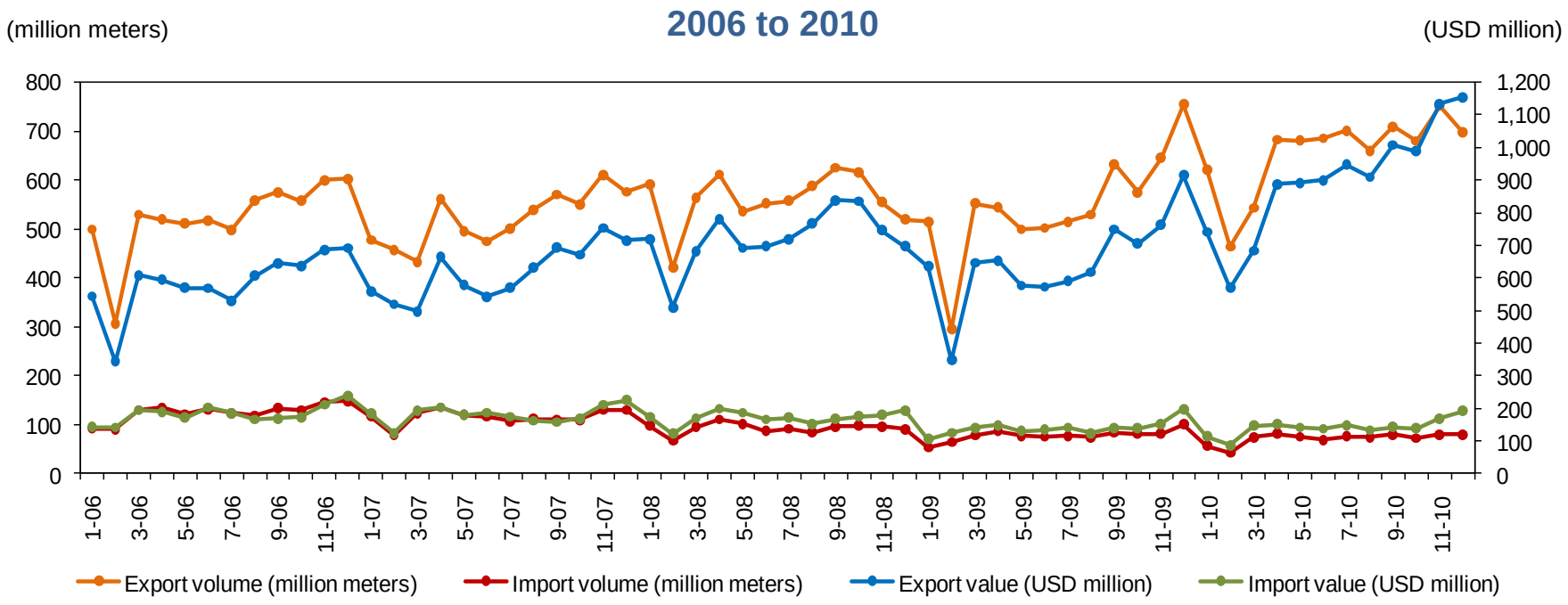


Import Value

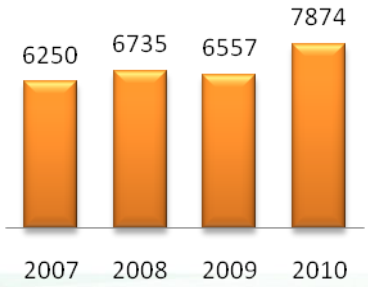


Source：cottonchina.org

Import and Export of Grey Fabric : Volume & Value



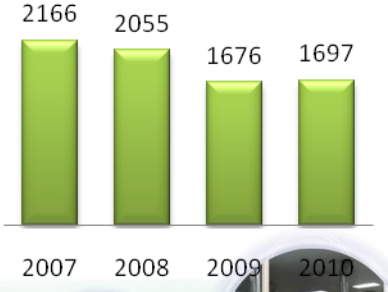
Export Volume



Import Volume

Export Value

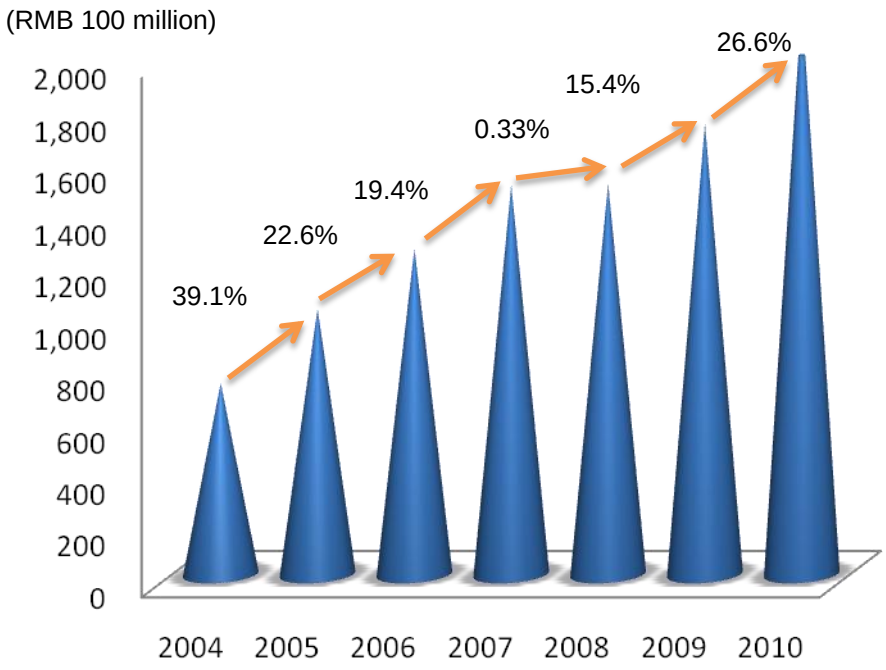
Import Value



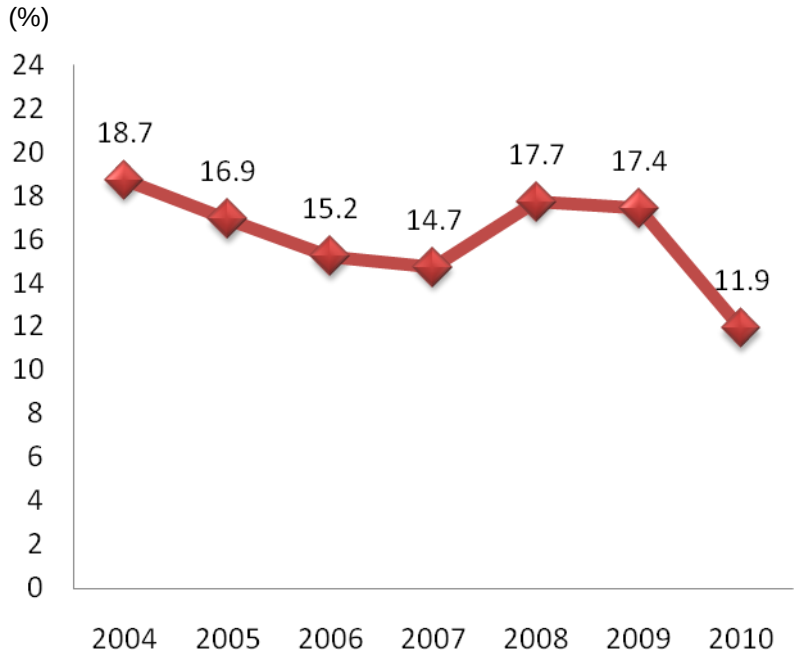
Source：cottonchina.org

Fixed Asset Investment and Proportion of Loss-making Enterprises in Textile Industry

Fixed Asset Investment of Textile Industry from 2004 to 2010



Proportion of Loss-making Textile Enterprises from 2004 to 2010



Source：China Cotton Textile Association

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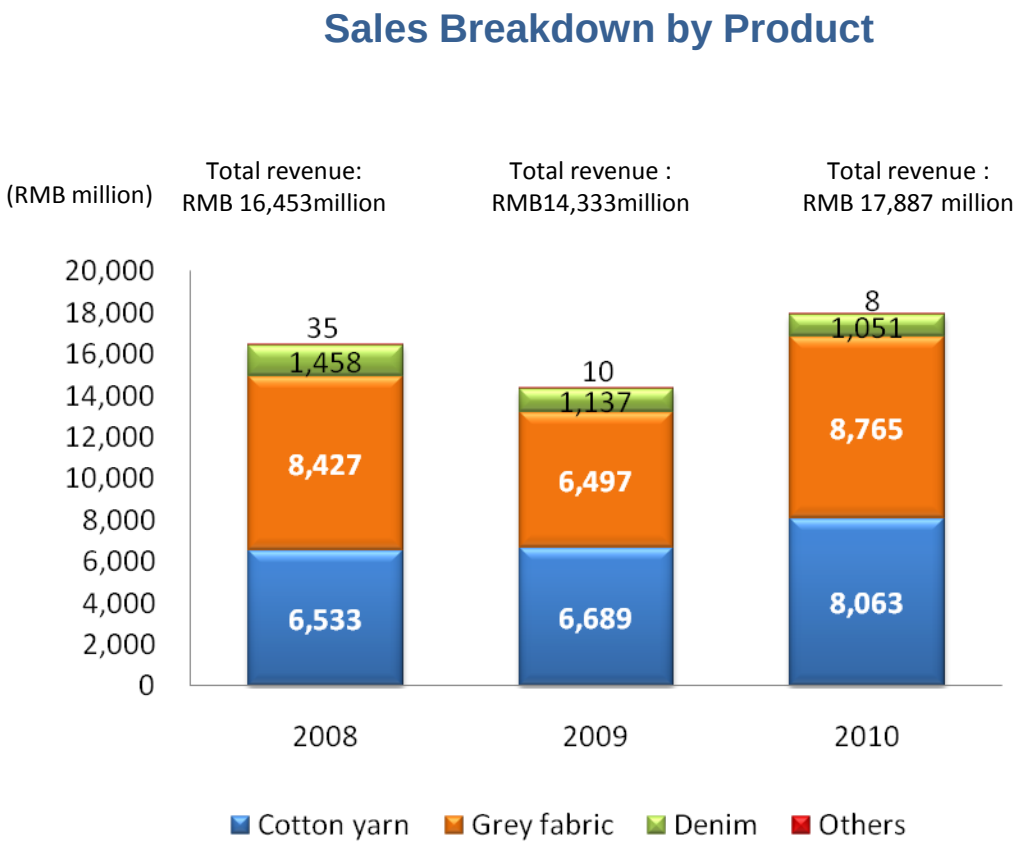
Business Review

Revenue Analysis by Product Category

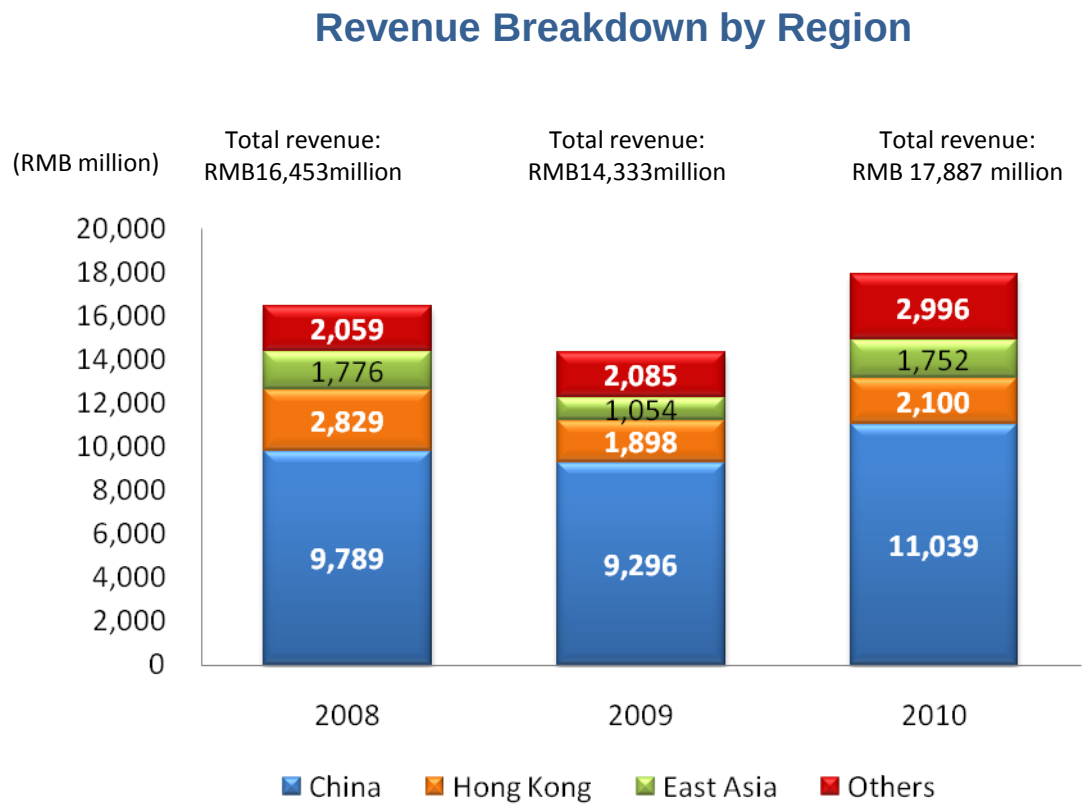


- During the period under review, sales of cotton yarn, grey fabric and denim accounted for 45.0%, 49.0% and 5.9% of total sales respectively

Strong Customer Base

- Domestic customers: approximately 9,000 customers across 30 provinces
- International customers: approximately 900 customers across 20 countries and regions
- Sales to top five customers accounted for 11.1% of total sales in 2010
- Sales to single largest customer accounted for 3.5%

Region Revenue Analysis



- A stable overseas market sales network, representing 38.3% of total sales
- Revenue from EU and the US markets accounted for 3.6% of total revenue in 2010

Maintain a Leading Position in the Industry

- In terms of sales revenues and total export value, Weiqiao Textile was ranked No. 1 in 2010 in the cotton textile industry
- Weiqiao Textile's grey fabric was recognized by AQSIQ as "China Brandname Product"
- Weiqiao Textile's combed yarn was recognized by AQSIQ as "China Brandname Product"
- Weiqiao Textile's knitting yarn was recognized by China Cotton Textile Association and China Knitting Industry Association as high credit product by users
- Weiqiao's product, the "Riverside Scene at Qingming Festival", won a patent for exterior design from National Intellectual Property Rights Organization
- Weiqiao Textile continued to strengthen its capability for technological innovation, and it was granted 50 utility model patents as of 2010.

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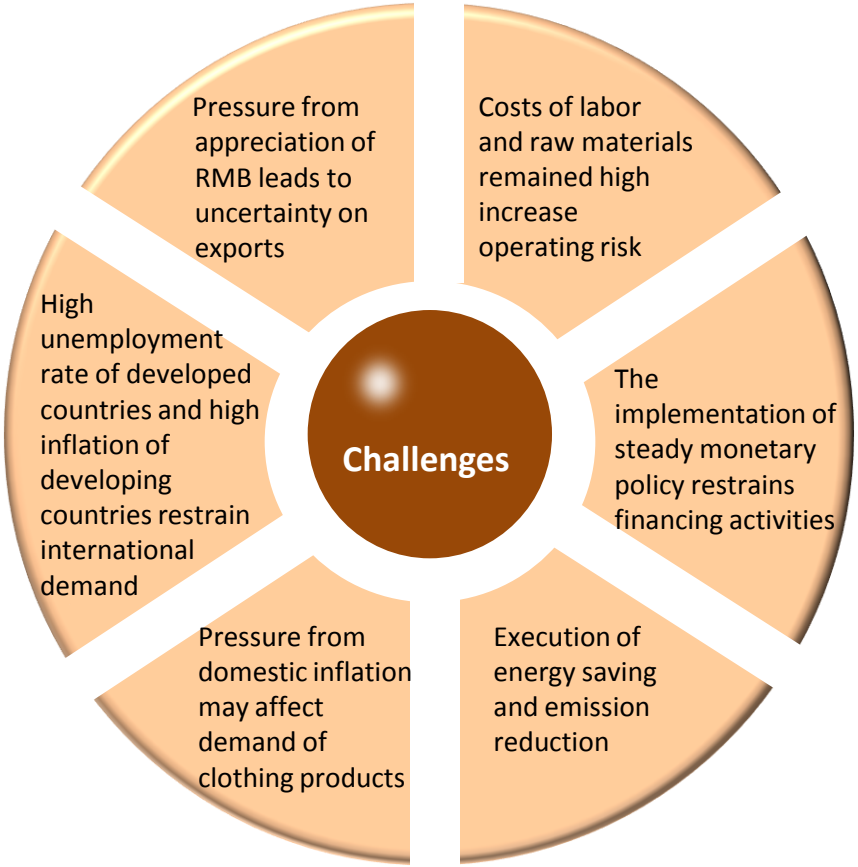
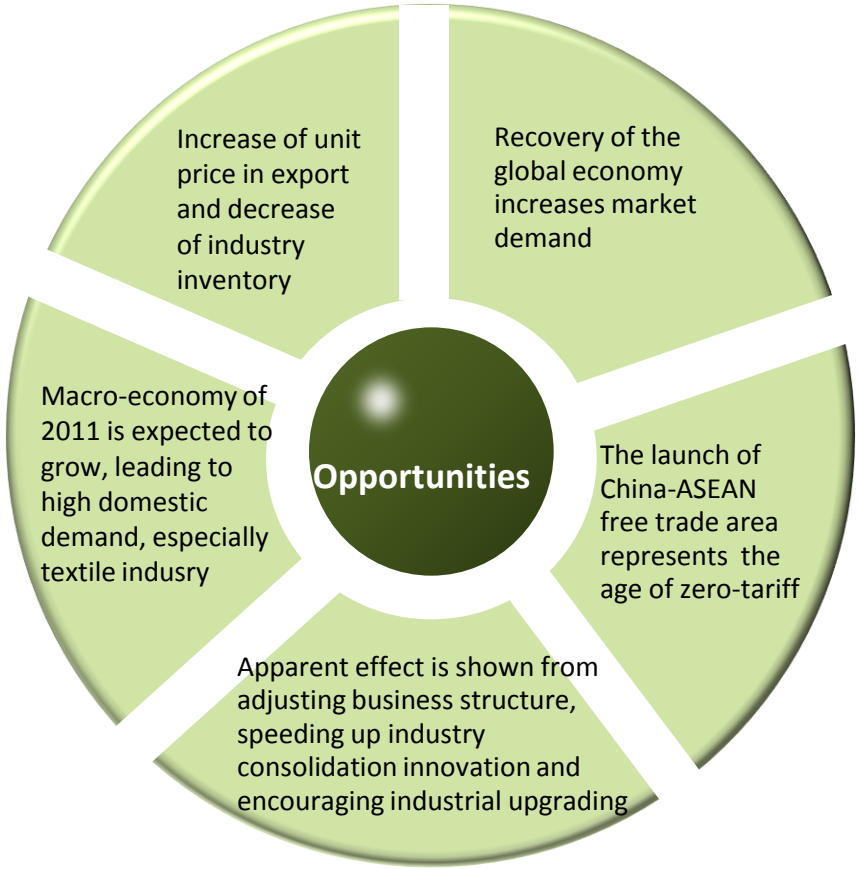
Prospects and Strategies

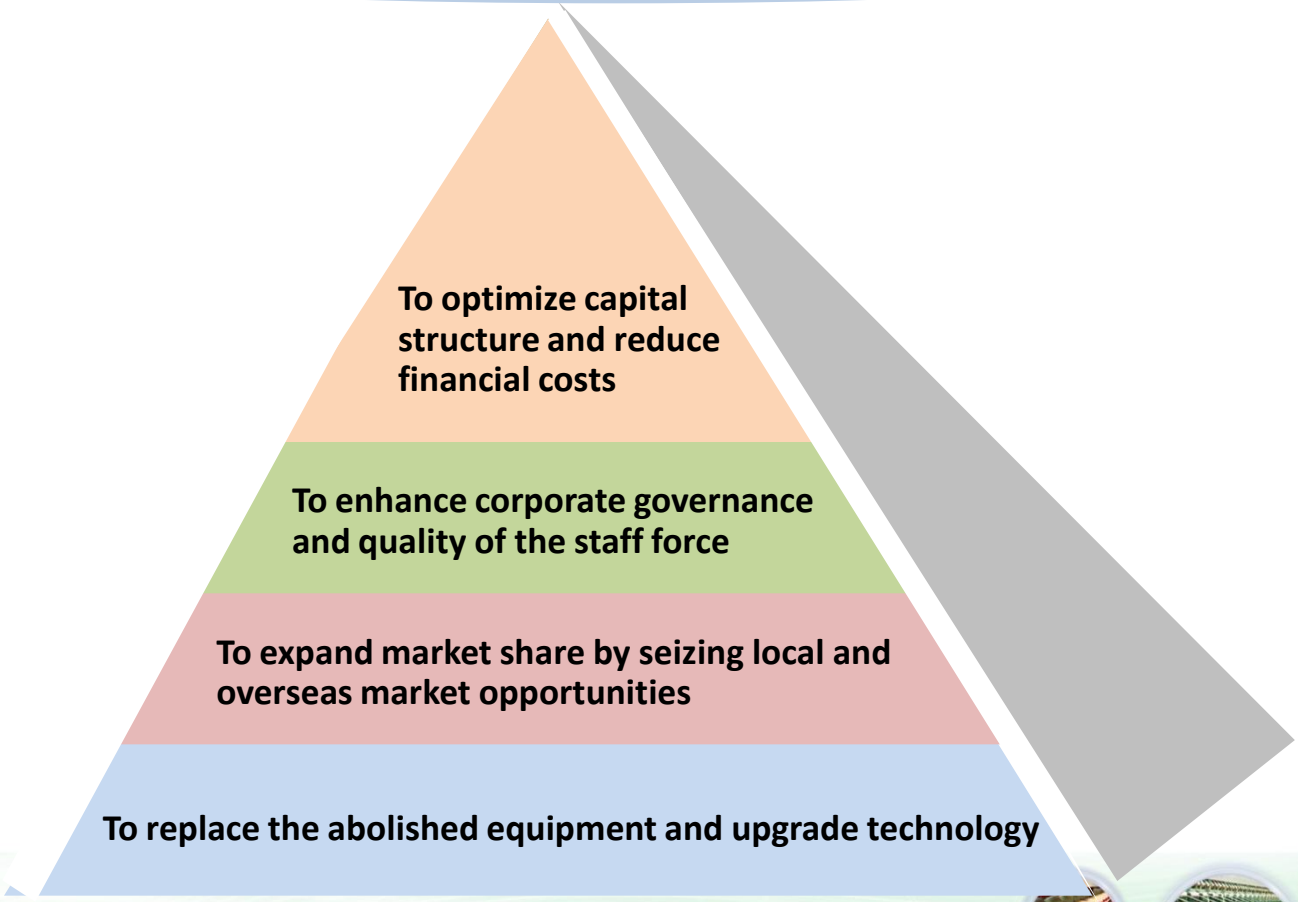
Prospects


Challenges
Pressure from appreciation of RMB leads to uncertainty on exports
Costs of labor and raw materials remained high increase operating risk
High unemployment rate of developed countries and high inflation of developing countries restrain international demand
The implementation of steady monetary policy restrains financing activities
Pressure from domestic inflation may affect demand of clothing products
Execution of energy saving and emission reduction


Opportunities
Increase of unit price in export and decrease of industry inventory
Recovery of the global economy increases market demand
Macro-economy of 2011 is expected to grow, leading to high domestic demand, especially textile indusry
The launch of China-ASEAN free trade area represents the age of zero-tariff
Apparent effect is shown from adjusting business structure, speeding up industry consolidation innovation and encouraging industrial upgrading

Objectives and Strategies

To be the largest and strongest cotton textile manufacturer in the world



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Thank you!

Open Forum