



魏橋紡織股份有限公司
Weiqiao Textile Company Limited
(Stock Code: 2698)

2009 Annual Results Presentation

29 March 2010



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.



Agenda

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



Financial Review



Financial Review

(RMB million)	<i>For the year ended 31 Dec</i>		Change (%)
	2008	2009	
Turnover	16,453	14,333	-12.9
Gross profit	1,431	1,244	-13.1
GP margin (%)	8.7	8.7	0
OP margin (%)	8.6	12.0	3.4% point
Profit before tax	721	1,199	66.3
Profit attributable to shareholders	596	892	49.7
Diluted earnings per share (RMB)	0.50	0.75	50.0
NP margin (%)	3.6	6.2	2.6% point



Financial Review

(RMB million)	<i>For the year ended 31 Dec</i>		Change (%)
	2008	2009	
Total assets	27,296	26,755	-2.0
Total liabilities	13,831	12,587	-9.0
Net asset value	13,466	14,168	5.2
Current ratio (times)	1.0	1.2	0.2 times
Account receivable turnover (days)	9	22	+13 days
Inventory turnover (days)	92	78	-14 days
Account payable turnover (days)	63	43	-20 days
Net debt to equity ratio (%)	42.9	37.7	-5.2% point
Gearing ratio (%)	33.4	35.0	1.6% point



Cost Analysis

(RMB million)	<i>For the year ended 31 Dec</i>		Change (%)
	2008	2009	
COGS	15,022	13,090	-12.9
Sales and distribution costs	346	249	-28.0
Administrative expenses	193	190	-1.6
Other expenses	104	201	93.3
Finance costs	697	514	-26.3

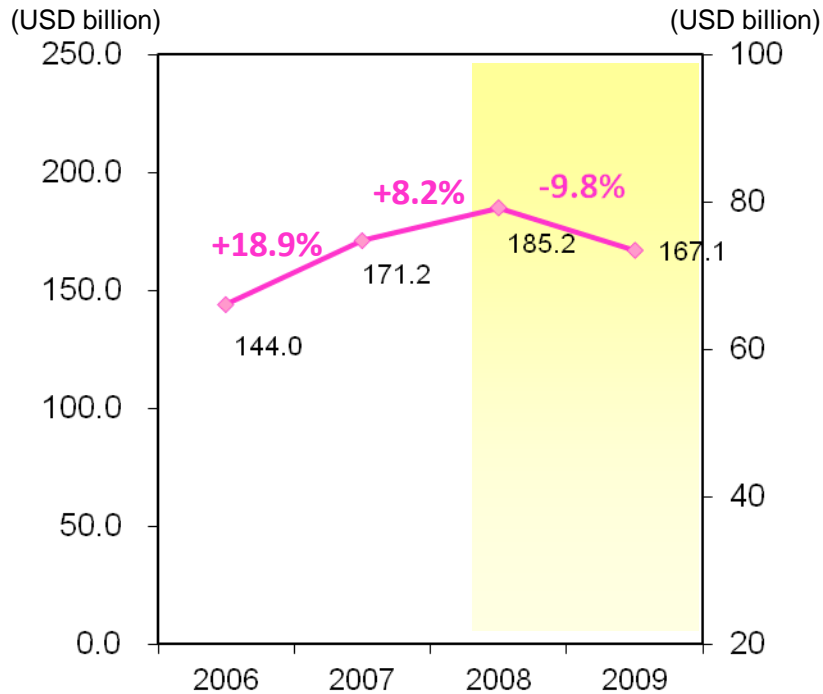


Industry and Market Analysis

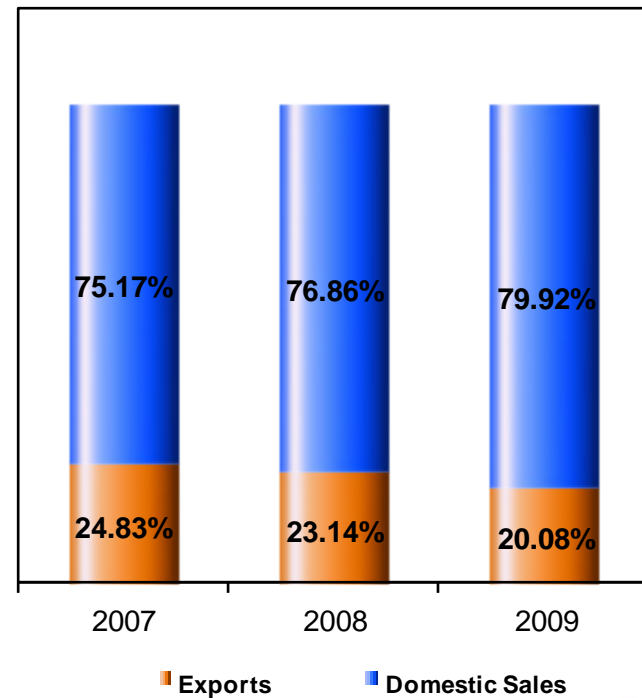


Global Economic Recession – Unfavorable Export & Domestic Demand Remains Growth

Trend of China Textile & Apparel Exports



Proportion of Exports & Domestic Sale for China Textile & Apparel industry



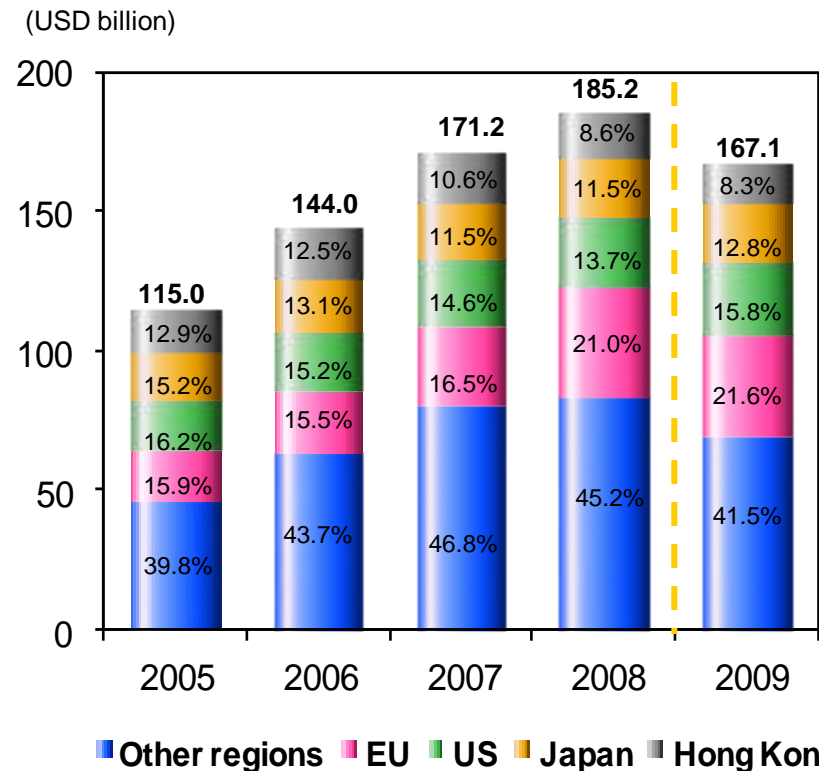
Source: China Customs; Cottonchina.org



Global Economic Recession – Unfavorable Export & Domestic Demand Remains Growth (con't)

- In 2009, China's textile & apparel exports amounted to USD 167.1 billion, representing a yoy decrease of 9.8%
- In 2009, China's textile & apparel was exported to:
 - US: yoy up 4.1%
 - Japan: yoy up 0.1%
 - EU: yoy down 7.2%
 - Hong Kong: yoy down 12.8%
 - Other regions: yoy down 17.2%

Value of China's Textile & Apparel Exports & Proportion in percentage by Geography



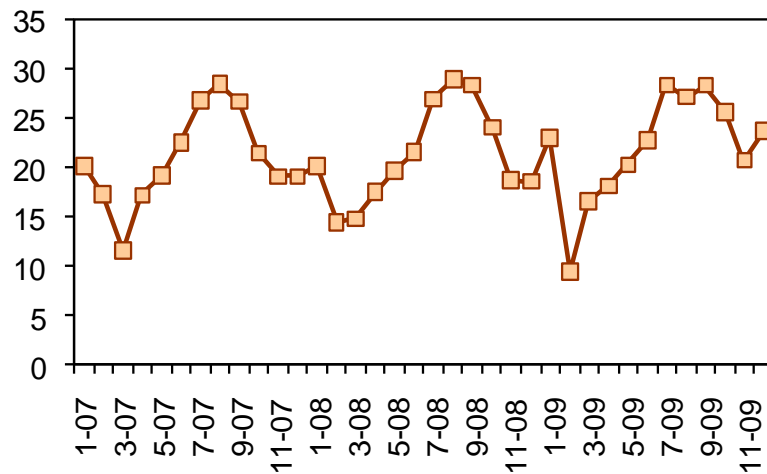
Source: China Customs; National bureau of Statistics of China



China's textile and apparel exports to US and Japan remains stable

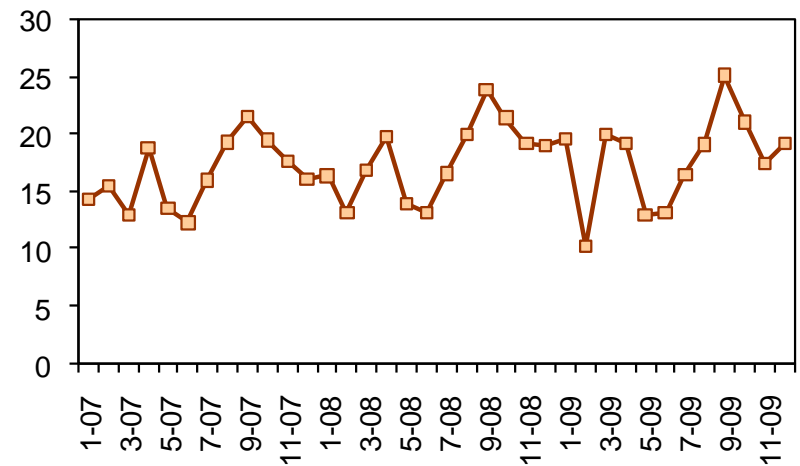
Trend of China's textile & apparel exports to US

(USD 100 million)



Trend of China's textile & apparel exports to Japan

(USD 100 million)



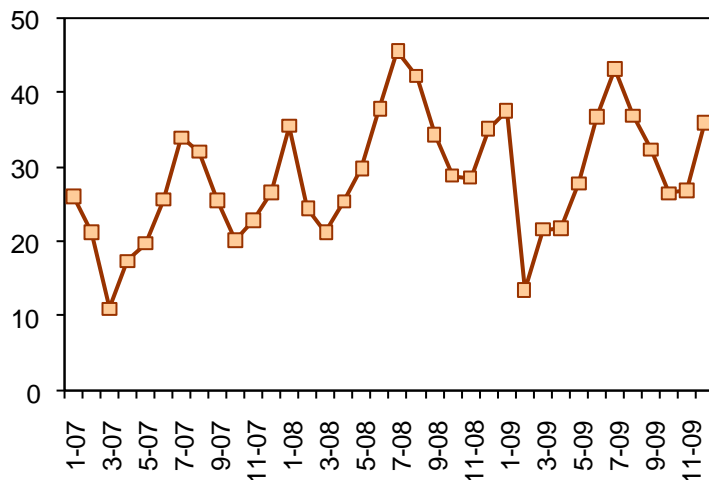
Source: cottonchina.org



China's textile and apparel exports to EU and HK descends

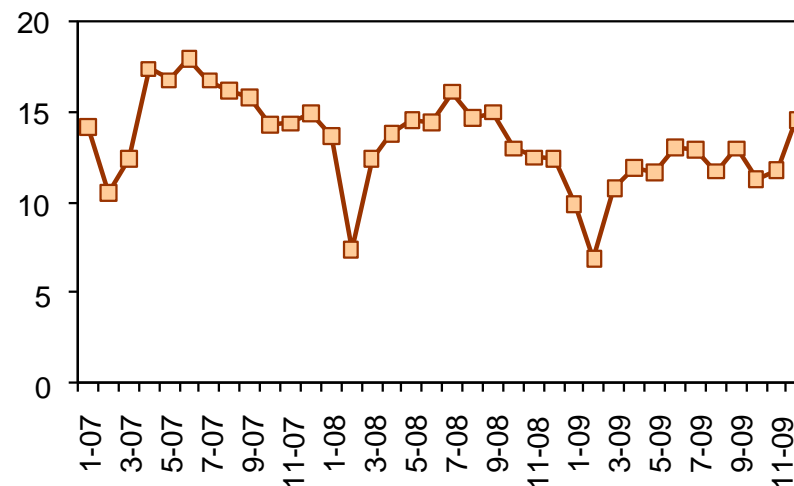
Trend of China's textile & apparel exports to EU

(USD 100 million)



Trend of China's textile & apparel exports to HK

(USD 100 million)

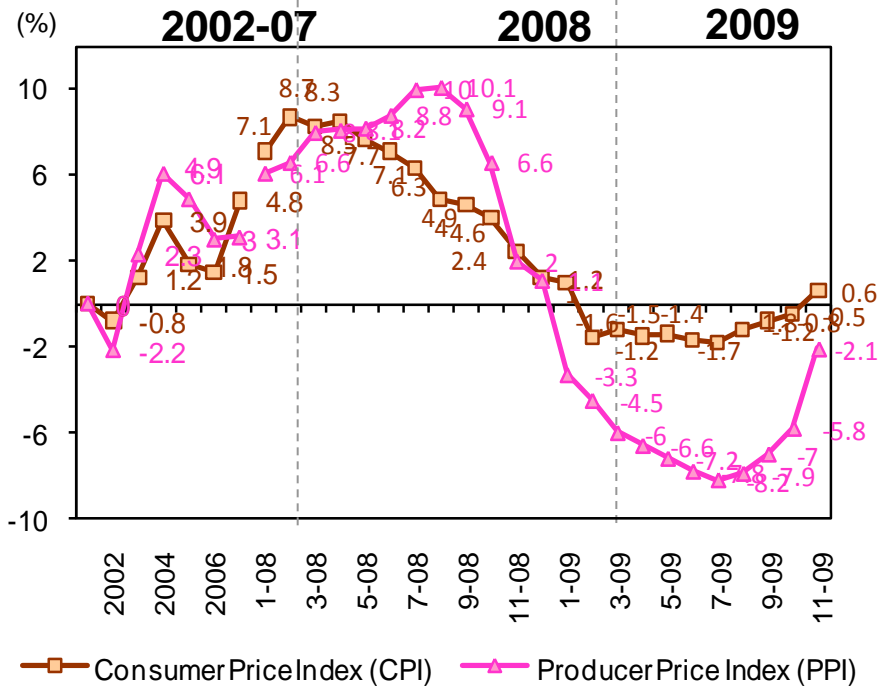


Source: cottonchina.org



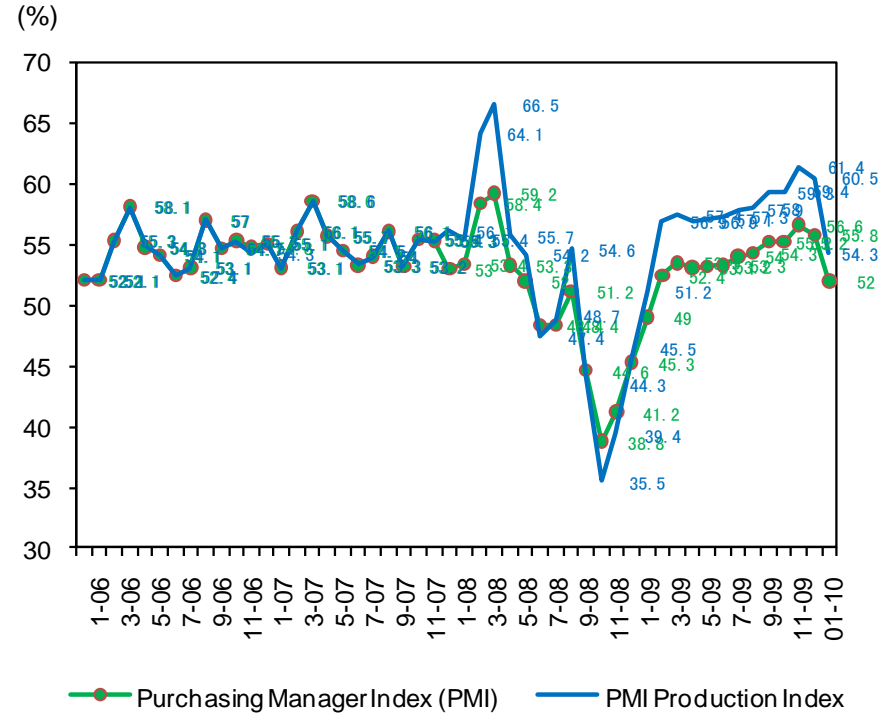
PPI Trend versus CPI

Consumer Price Index (CPI) and Producer Price Index (PPI)



Source: National Bureau of Statistics of China

Purchasing Manager Index (PMI) and PMI Production Index

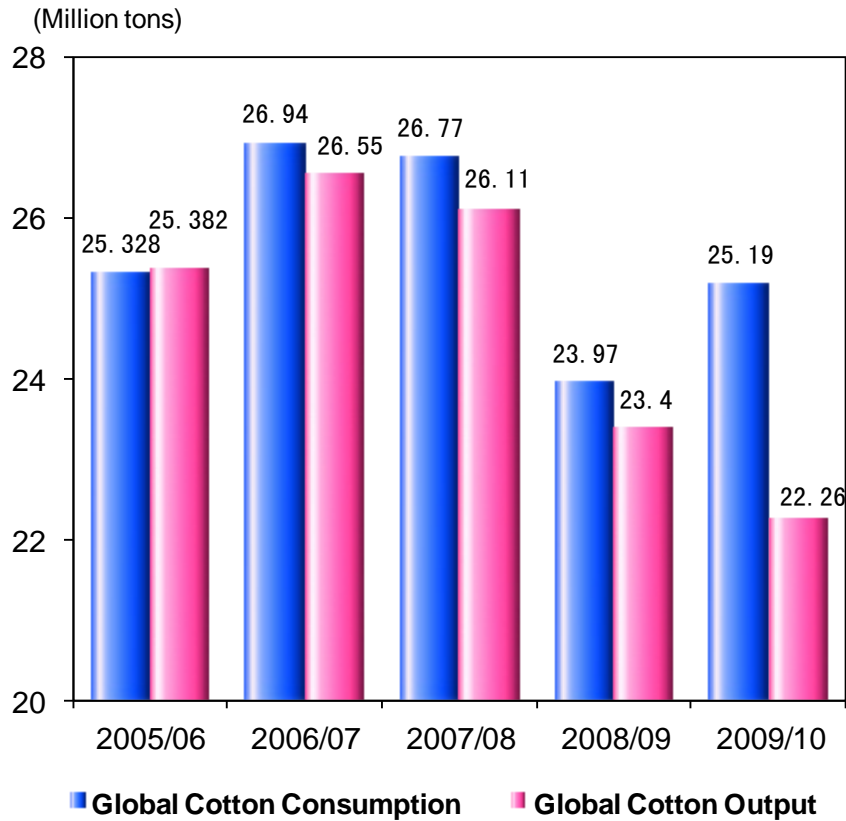


Source: China Federation of Logistics and Purchasing



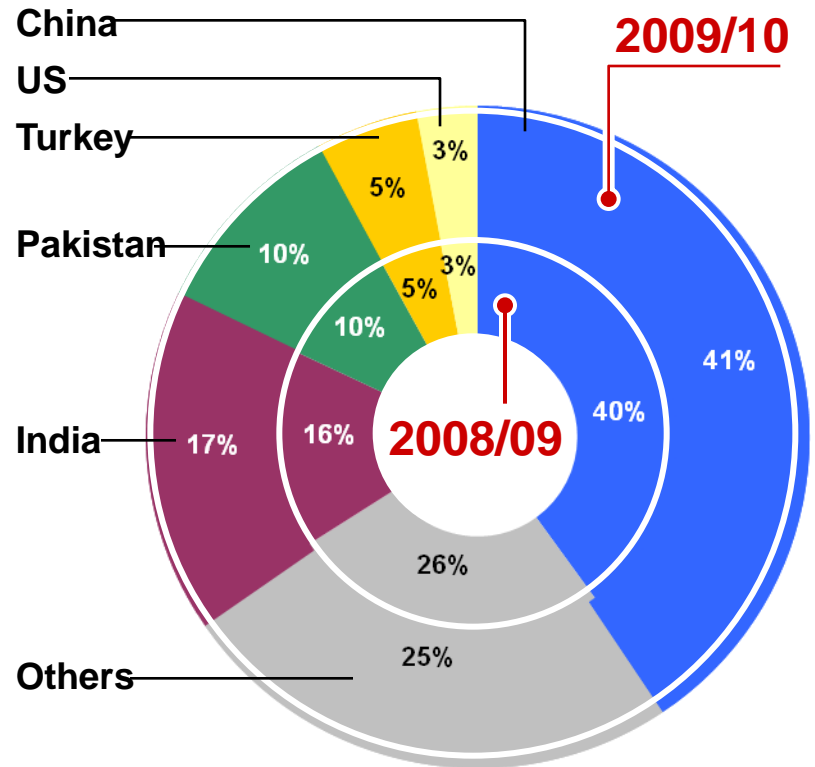
Global Cotton Demand Analysis

Expected global cotton output and consumption in March from USDA



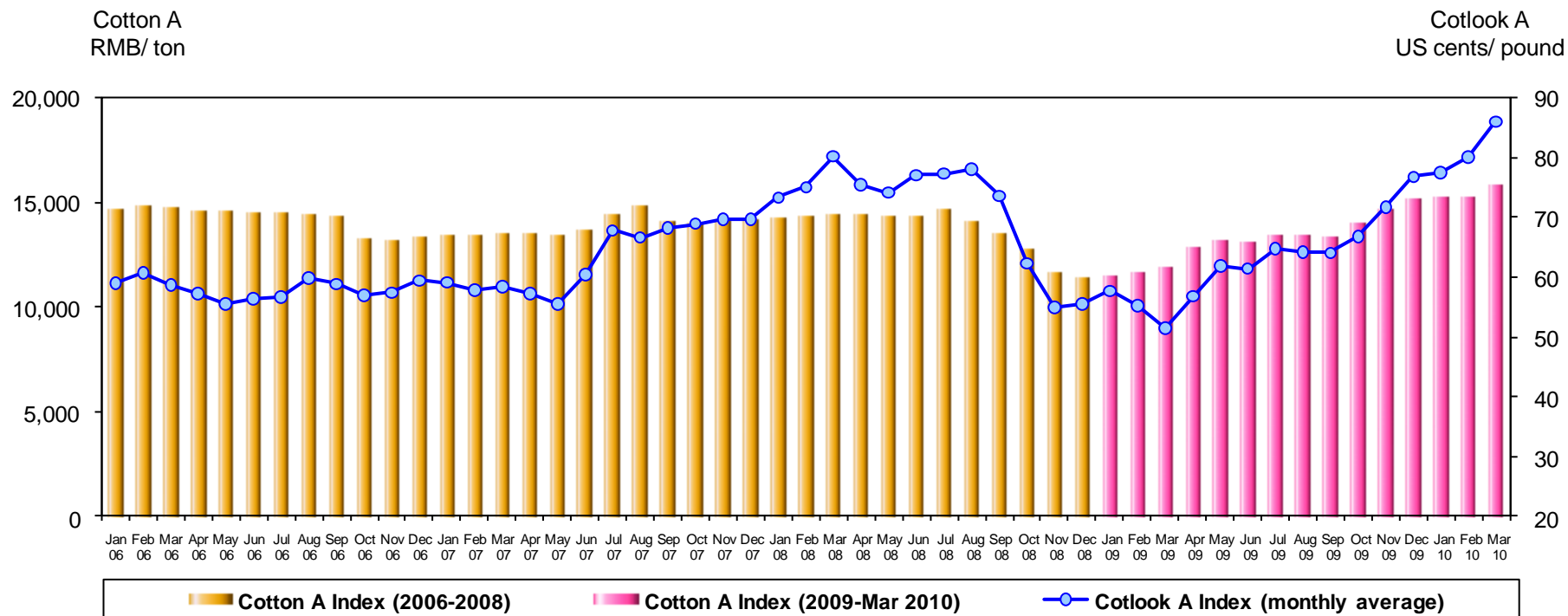
Source: USDA

Breakdown of the expected global cotton consumption in March from USDA



Cotton Price Trend Analysis

Cotton Price: Cotton A Index and Cotlook A Index from Jan 2006 to 24 Mar 2010

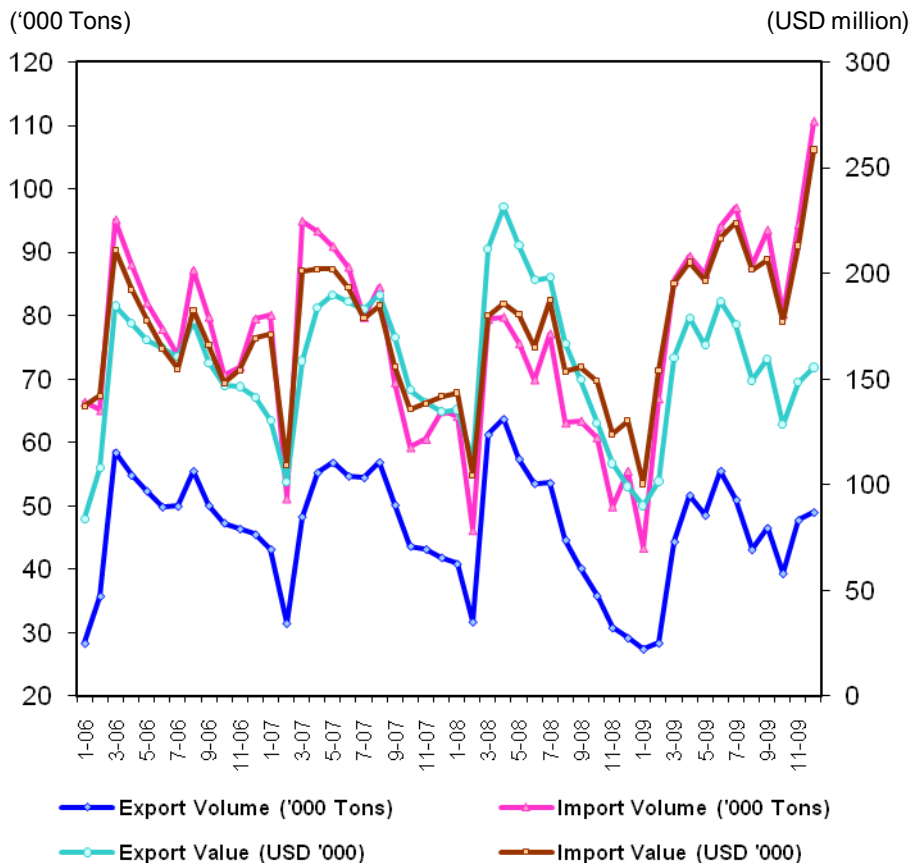


Source: cottonchina.org



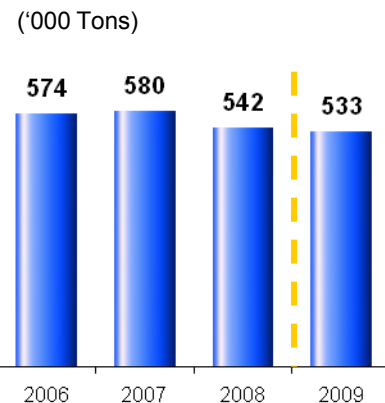
Import and Export of Cotton Yarn: Volume & Value

2006 to 2009

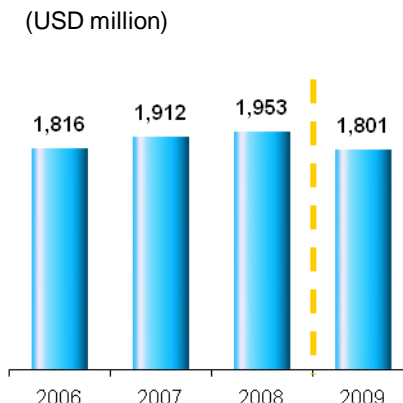


Source: cottonchina.org

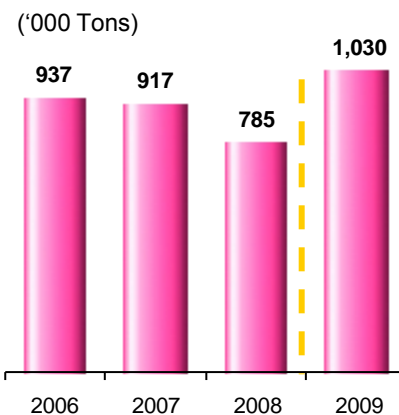
Export Volume



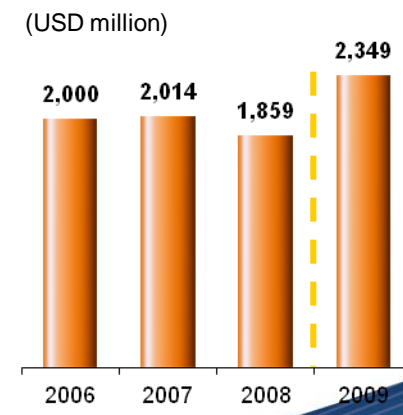
Export Value



Import Volume

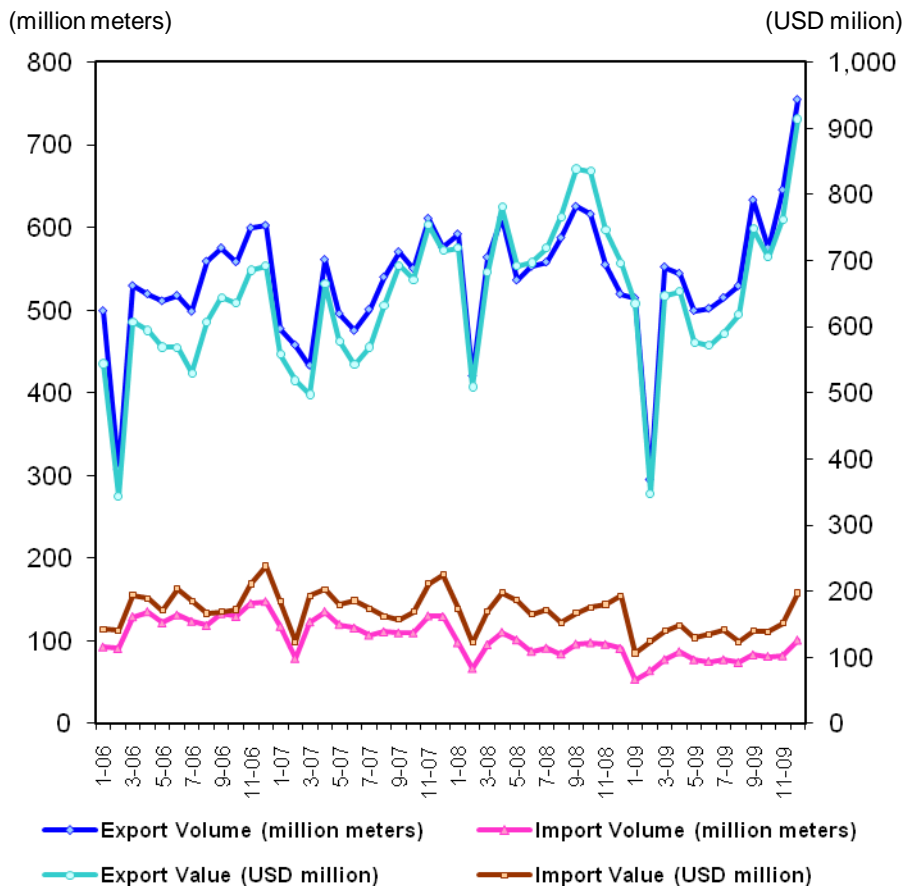


Import Value

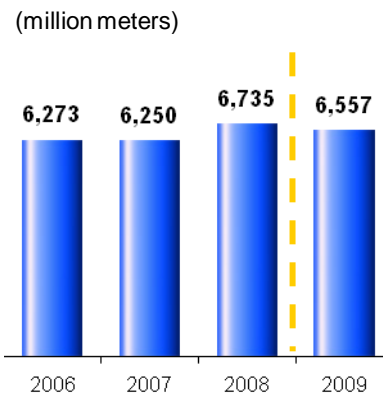


Import and Export of Grey Fabric: Volume & Value

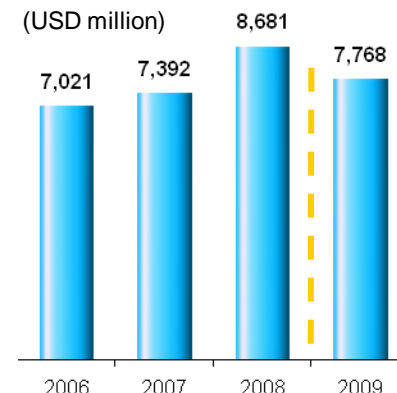
2006 to 2009



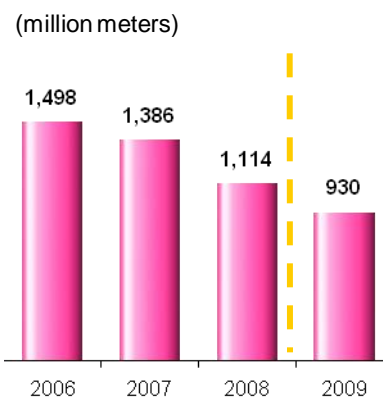
Export Volume



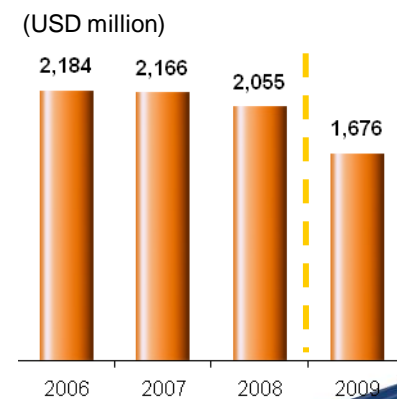
Export Value



Import Volume



Import Value



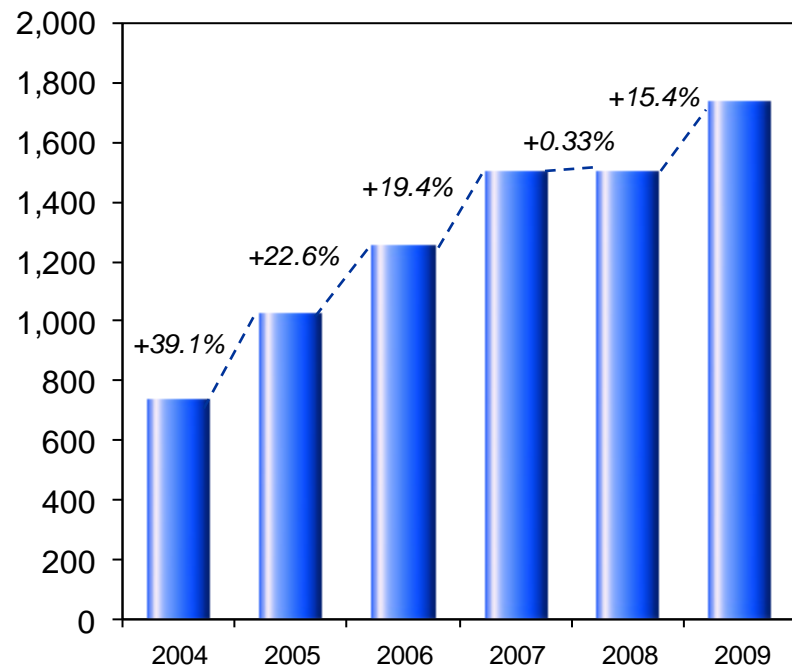
Source: cottonchina.org



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

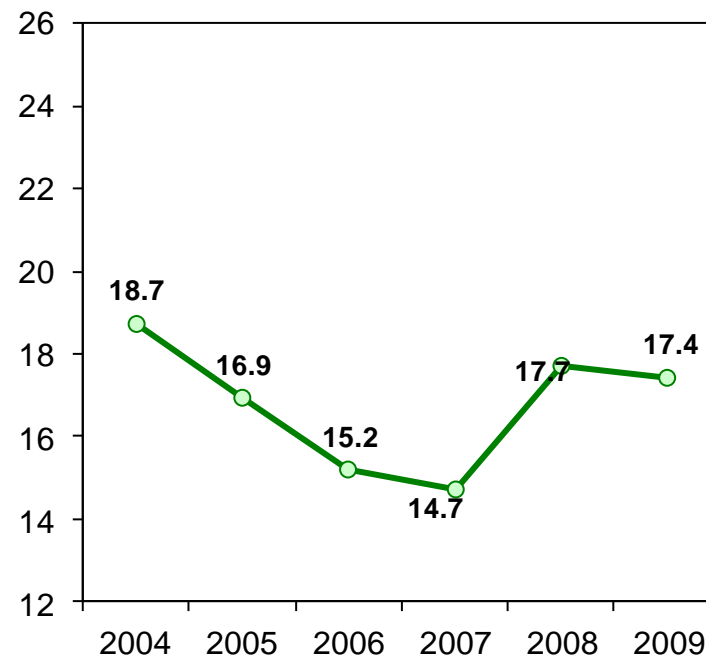
Fixed Asset Investment of Textile Industry from 2004 to 2009

(RMB 100 million)



Proportion of Loss-making Textile Enterprises from 2004 to 2009

(%)



Source: China Cotton Textile Association



Business Review



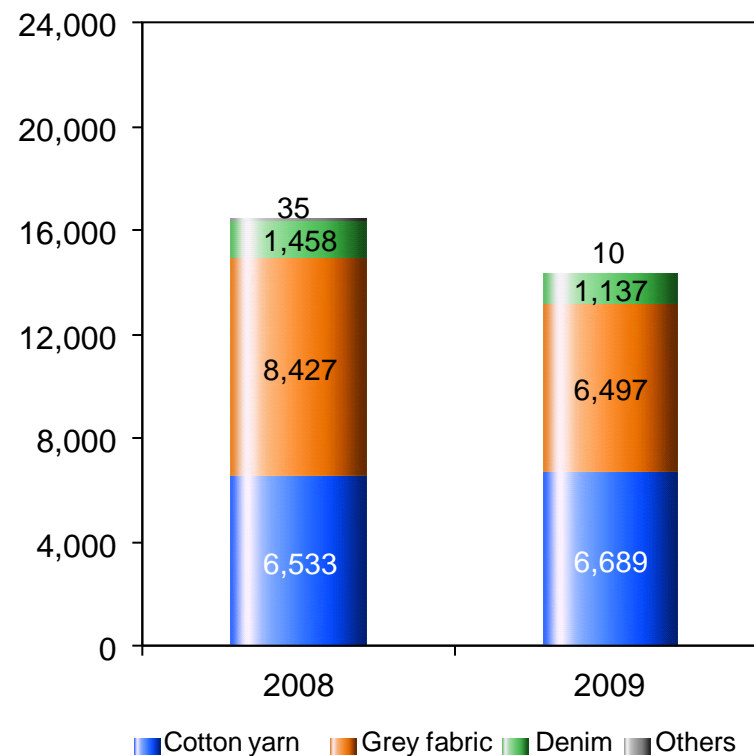
Revenue Analysis by Product Category

- During the period under review, the sales of cotton yarn, grey fabric and denim accounted 46.7%, 45.3% and 7.9% of total sales respectively

(RMB million)	2008	2009
Cotton Yarn	6,533	6,689
Grey Fabric	8,427	6,497
Denim	1,458	1,137
Others	35	10
Total Revenue	16,453	14,333

Sales Breakdown by Product

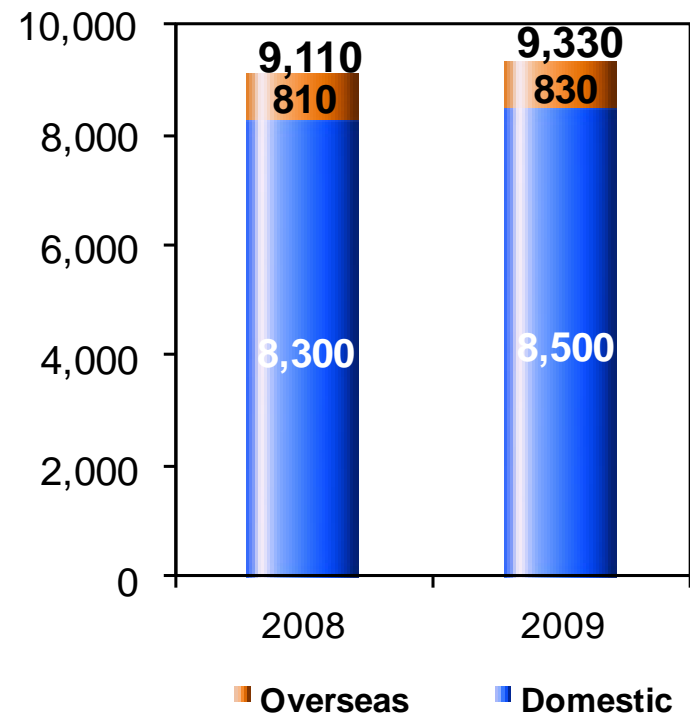
(RMB million)



Strong Customer Base

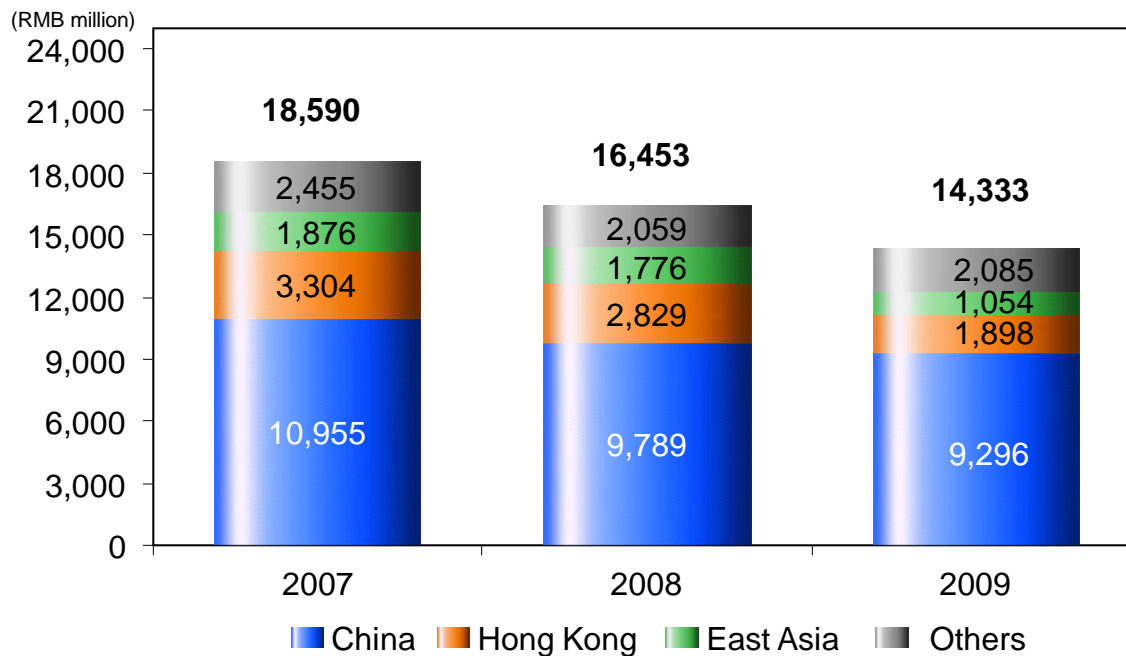
- Domestic Customer: approximately 8,500 customers across 30 provinces
- International Customer: approximately 830 clients across 20 countries and regions
- Sales to top five customers accounted for 12.3 % of total sales in 2009
- Sales to single largest customer accounted for 4.0 %

Number of customers



Regional Revenue Analysis

Revenue Breakdown by Region



- Secured overseas market sales network, representing 35.1% of total sales
- Revenue from EU and the US market accounted for 2.1% of total revenue in 2009



Power Plants guarantee Stable Energy Supply and Production Efficiency

(RMB million)	As at 31 Dec		Change (%)
	2009	2008	
Total installed electricity generation power	1,590	1,590	0
Revenue from sale of electricity and steam	3,122	1,624	92.2
Gross profit from sale of electricity and steam	957	305	213.8



Maintain a Leading Position in the Industry

- Weiqiao Textile's grey fabric recognized by AQSIQ as "China Brandname Products"
- Weiqiao Textile's combed yarn recognized by AQSIQ as "China Brandname Products"
- Weiqiao Textile's knitting yarn recognized by China Cotton Textile Association and China Knitting Industry Association as high credit product by users
- Weiqiao's production the "Riverside Scene at Qingming Festival" won it a patent for exterior design from National Intellectual Property Rights Organization



Prospects and Strategies



Prospects

Challenges

- Facing trade barriers from overseas
- China stimulus policies encountered the risk of withdrawal
- Pressure from Interest increasing and appreciation of RMB in PRC
- Increase in labor force, cotton and energy costs in the industry

Opportunities

- World economy stands and recovery to the international market
- Domestic demand remains stable growth to support the entire industry
- Apparent effect is shown from adjusting business structure, speeding up industry consolidation innovation and encouraging industrial upgrading
- Decrease of industry inventory



Objectives & Strategies

- To enhance corporate governance and quality of the staff force
- To replace the abolished equipment and upgrade technology
- To optimize capital structure and reduce financial costs
- To expand market share by seizing local and overseas market opportunities



**TO BE THE
LARGEST & STRONGEST
COTTON TEXTILE MANUFACTURER
IN THE WORLD**



Open Forum

