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

Interim Results 2009

二零零九年九月

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

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Financial Review

Financial Review

(RMB million)	For the six months ended 30 Jun		Change (%)
	2008	2009	
Turnover	8,888	6,380	-28.2
Gross profit	676	485	-28.3
GP margin (%)	7.6	7.6	--
OP margin (%)	7.2	12.7	5.5 PPT
Profit before tax	272	532	95.6
Net profit attributable to shareholders	273	395	44.7
Diluted earnings per share (RMB)	0.23	0.33	43.5
NP margin (%)	3.1	6.2	3.1 PPT

Financial Review

(RMB million)	For the six months ended 30 Jun 2008	2009	Change (%)
Total assets	26,298	**26,257**	**-0.2**
Total liabilities	13,155	**12,586**	**-4.3**
Net asset value	13,143	**13,671**	**4.0**
Current ratio (times)	1.07	**1.04**	**-0.03 times**
Account receivable turnover (days)	21	**16**	**-5 days**
Inventory turnover (days)	82	**108**	**26 days**
Account payable turnover (days)	47	**53**	**6 days**
Net debt to equity ratio (%)	55	**47**	**-8 PPT**
Gearing ratio (%)	50	**48**	**-2 PPT**

Cost Analysis

(RMB million)	For the six months ended 30 Jun		Change (%)
	2008	2009	
COGS	8,212	5,894	-28.2
Sales and distribution costs	184	129	-29.9
Administrative expenses	99	94	-5.1
Other operating expenses	50	36	-28.0
Finance costs	367	276	-24.8

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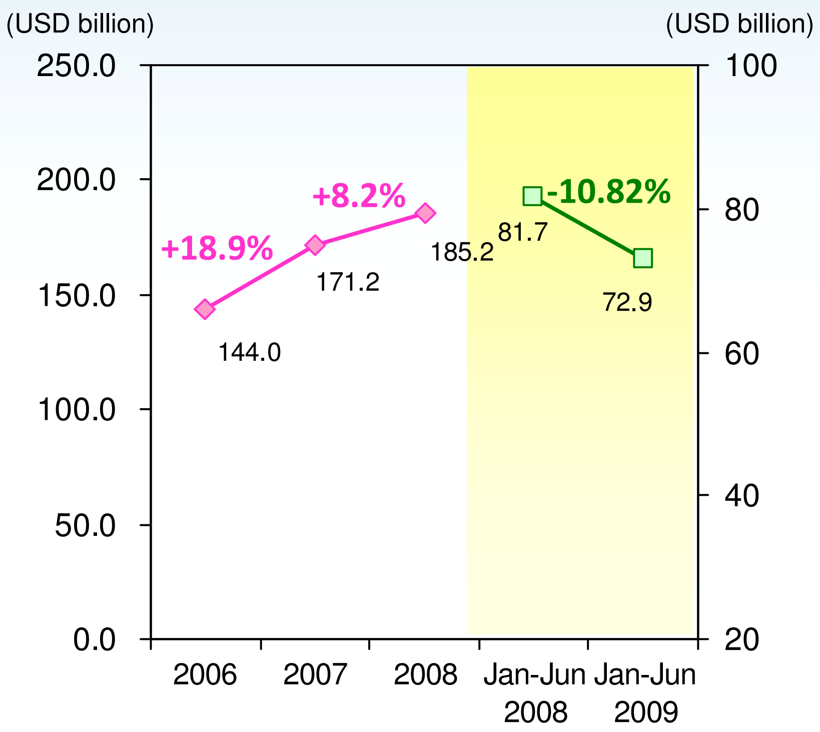
Industry and Market Analysis

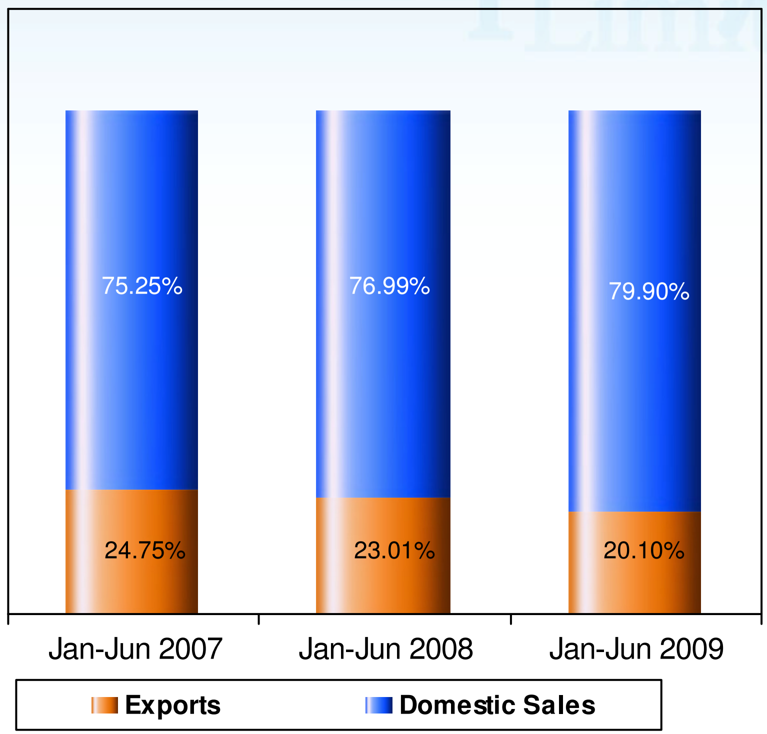
Global Economic Recession – Export Setback & Relative Stable Domestic Demand

Growth Trend of China Textile & Apparel Exports



Source: China Customs; Cottonchina.org

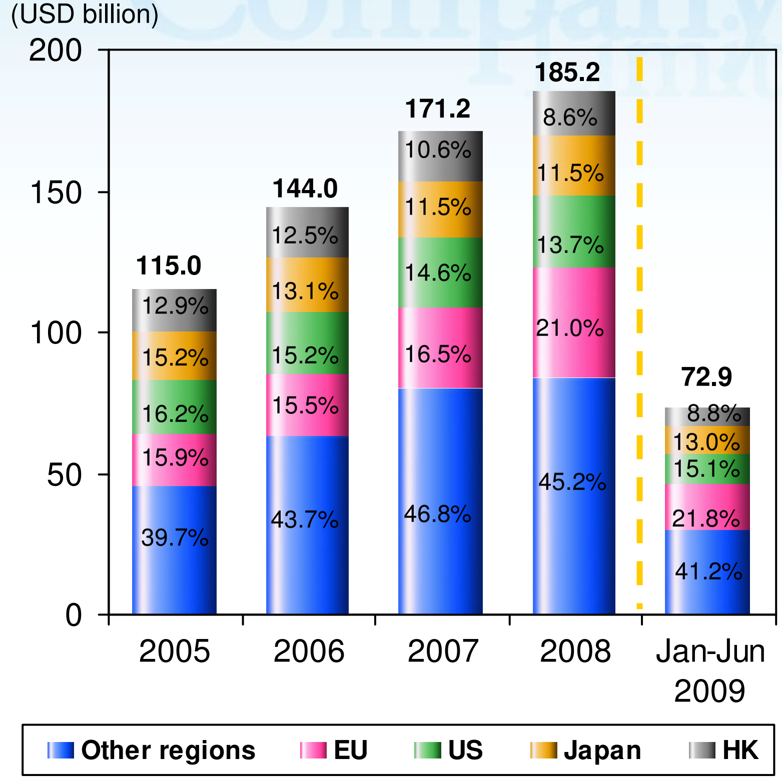
Proportion of Exports & Domestic Sale for China Textile & Apparel industry



Global Economic Recession – Export Setback & Relative Stable Domestic Demand (Cont'd)

- From Jan-Jun 2009, China's textile & apparel exports amounted to USD72.85 billion, representing a yoy decrease of 10.82%
- From Jan-Jun 2009, China's textile & apparel was exported to:
  - US: yoy increase of 1.96%
  - Japan: yoy increase of 2.03%
  - EU: yoy decrease of 8.62%
  - Hong Kong: yoy decrease of 15.72%
  - Other regions: yoy decrease of 17.90%

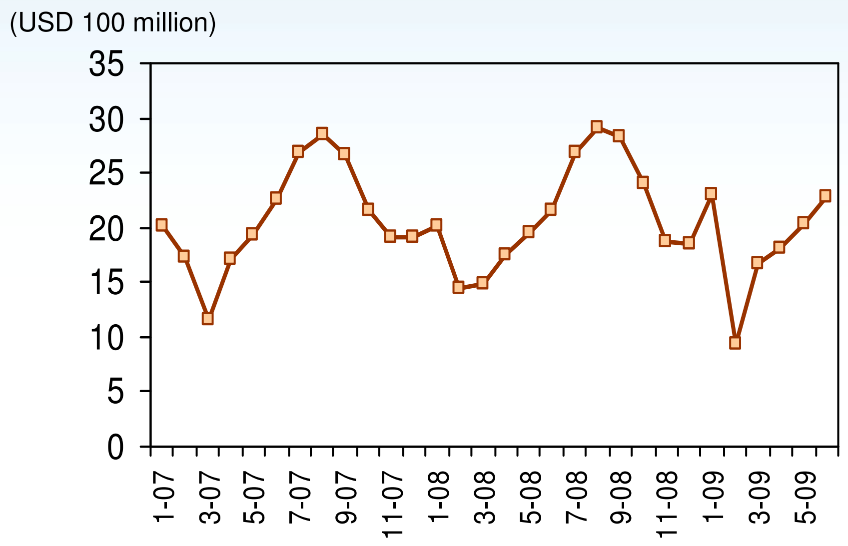
Value of China's Textile & Apparel Exports & Proportion in percentage by Geography



Source: China Customs; National bureau of Statistics of China

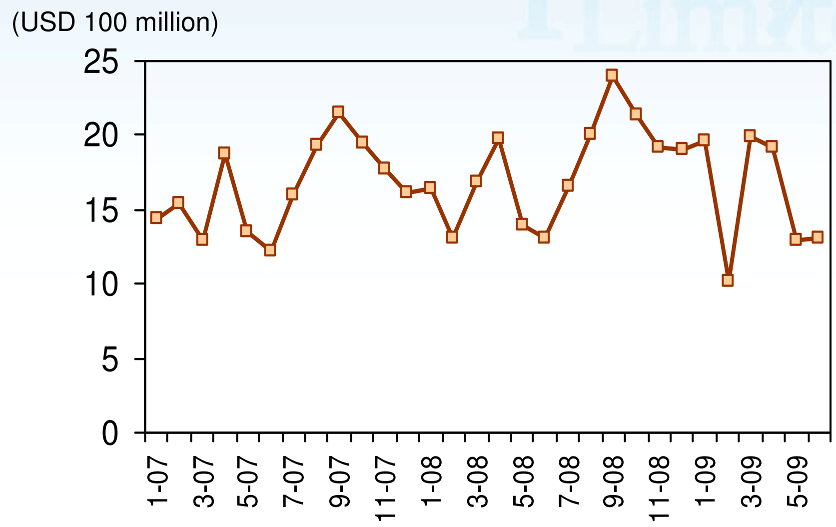
China's export to US and Japan remains stable

China's textile & apparel exports to US



Source: cottonchina.org

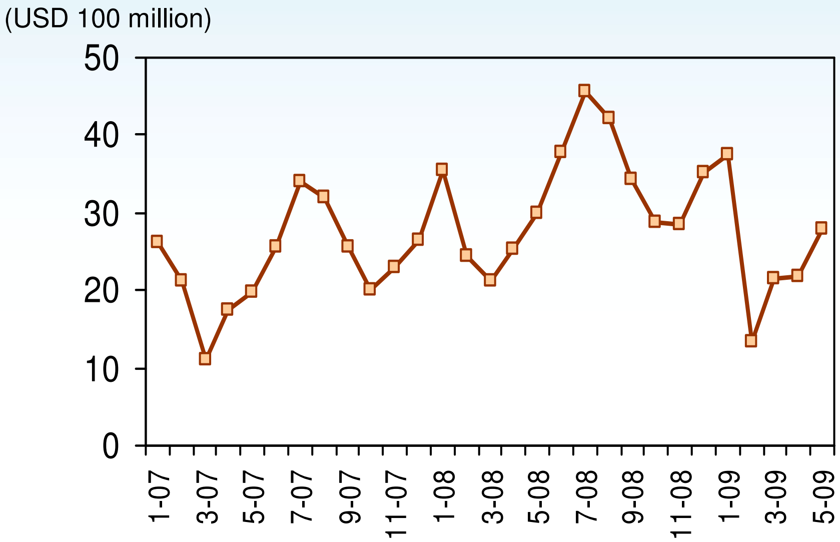
China's textile & apparel exports to Japan



Source: cottonchina.org

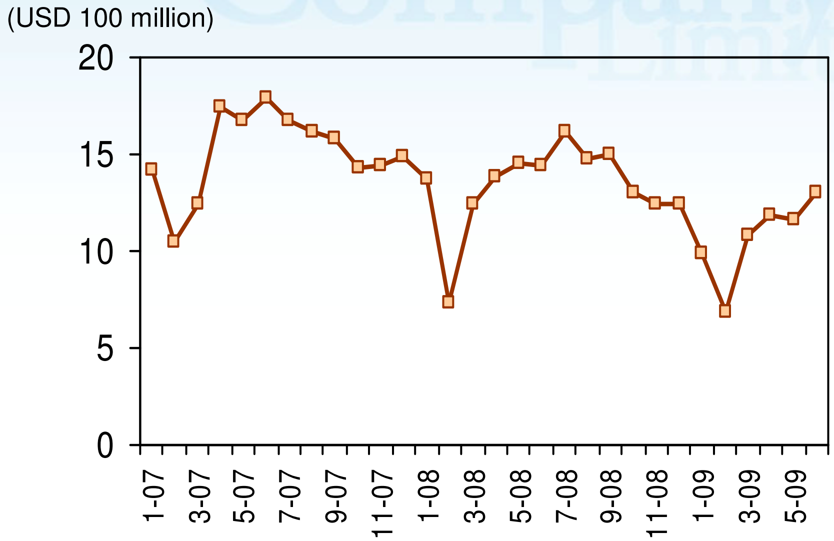
China's export to EU and HK declines

China's textile & apparel exports to EU



Source: cottonchina.org

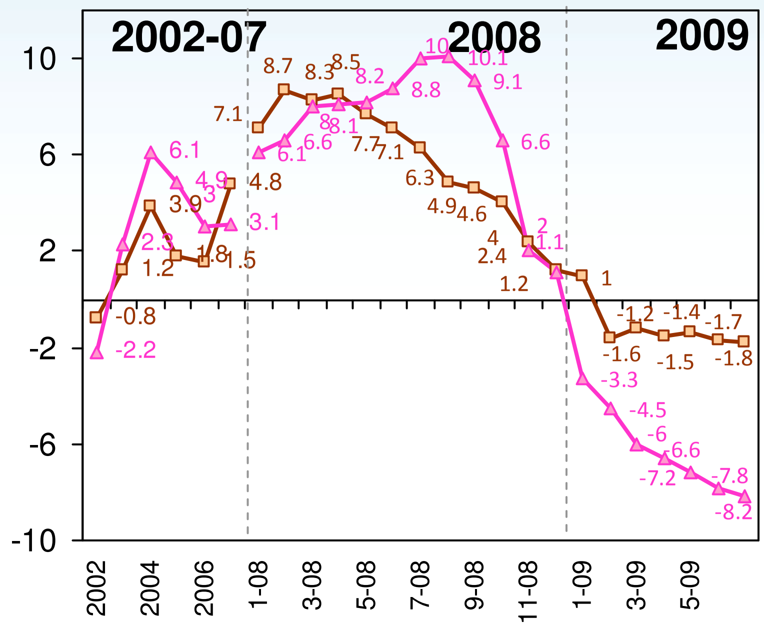
China's textile & apparel exports to HK



Source: cottonchina.org

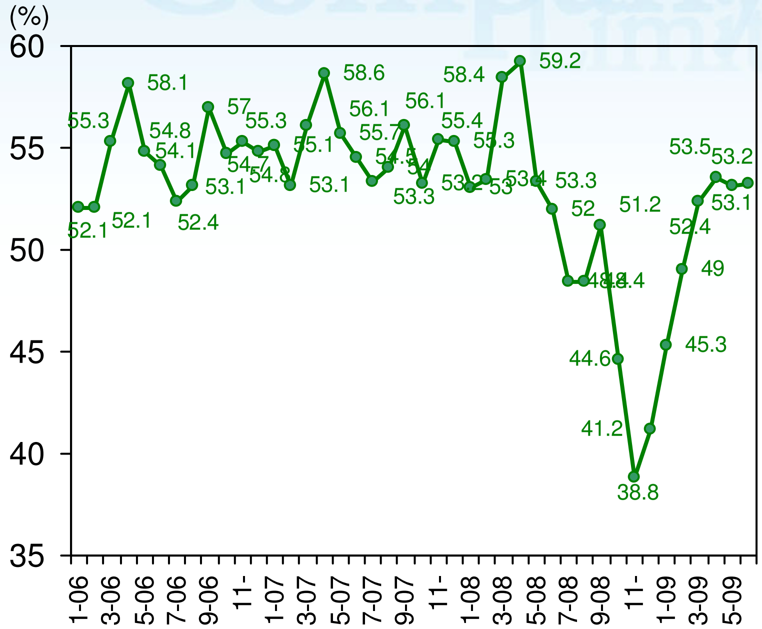
PPI Trend versus CPI

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



Source: National Bureau of Statistics of China

Purchasing Manager Index (PMI)



Source: China Federation of Logistics and Purchasing

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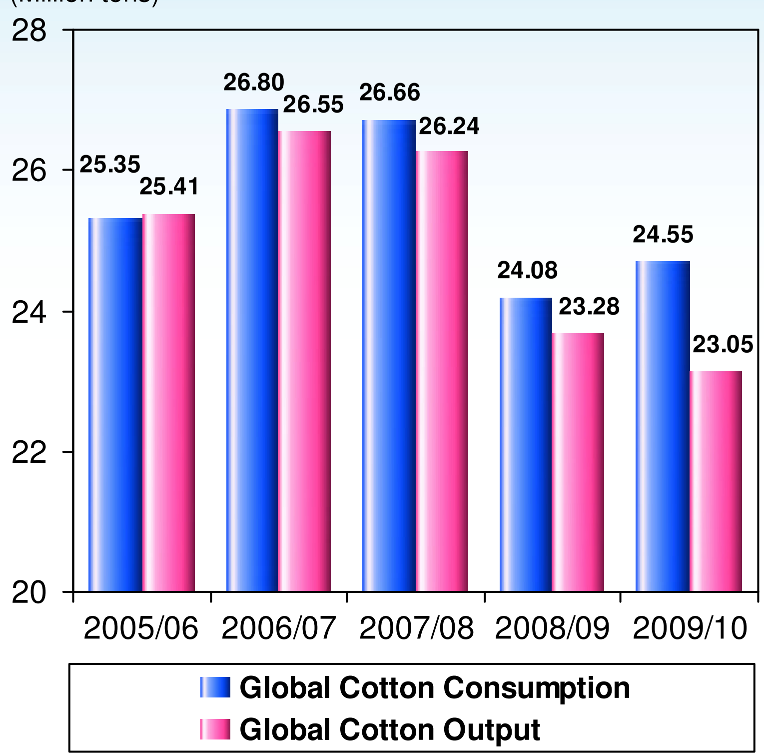
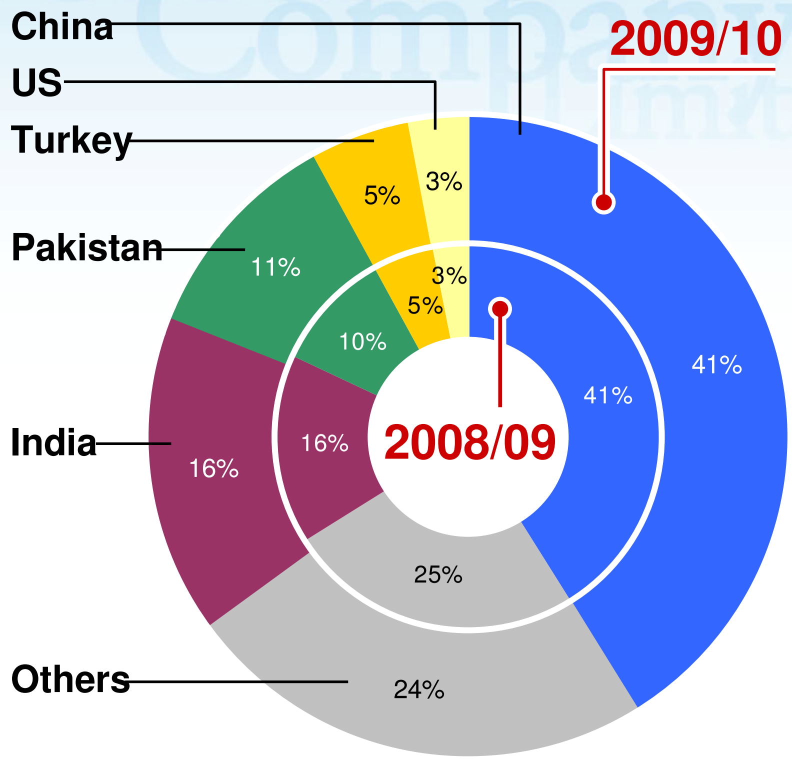
Global Cotton Demand Analysis

Global cotton output and consumption



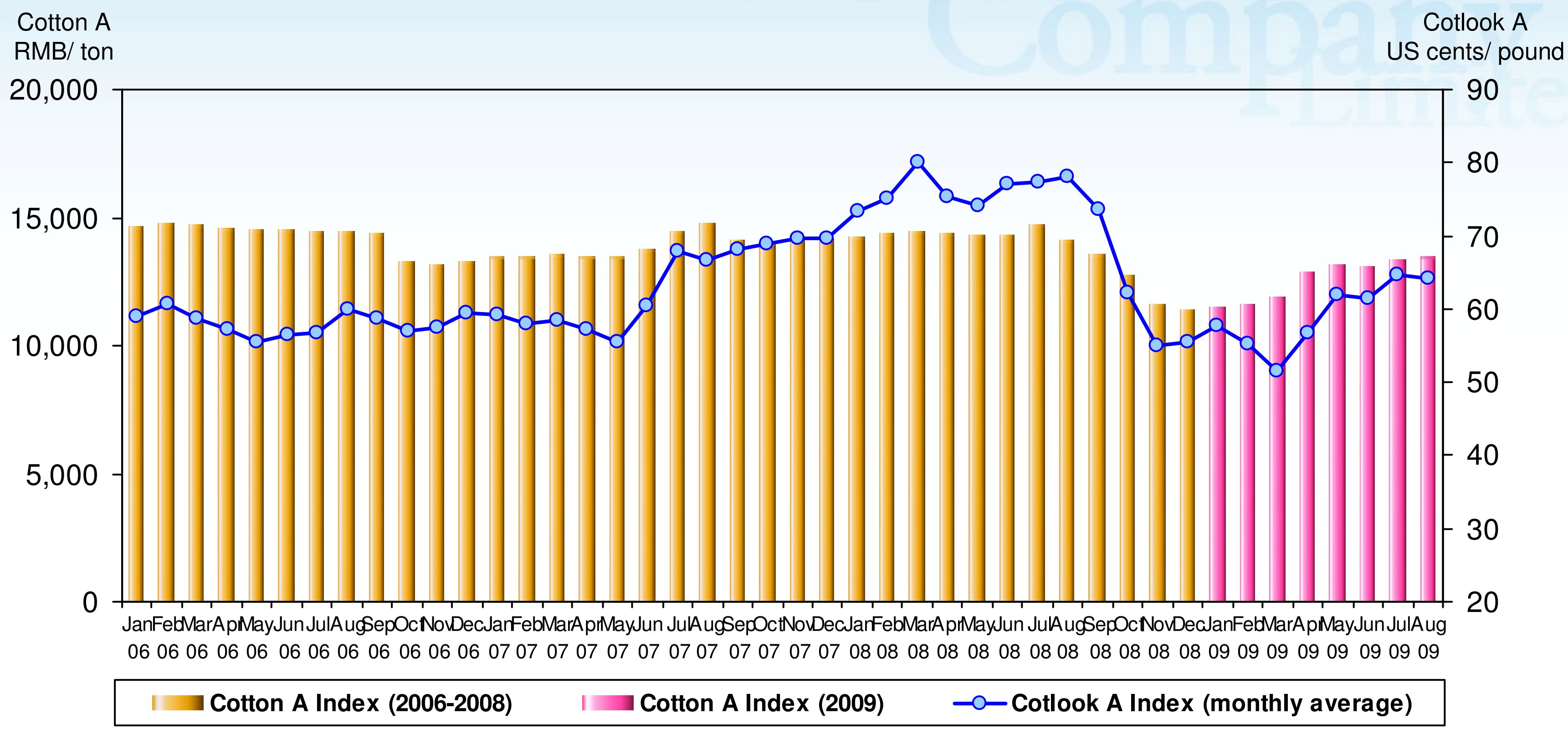
Source: USDA

Breakdown of Global Cotton Consumption



Cotton Price Trend Analysis

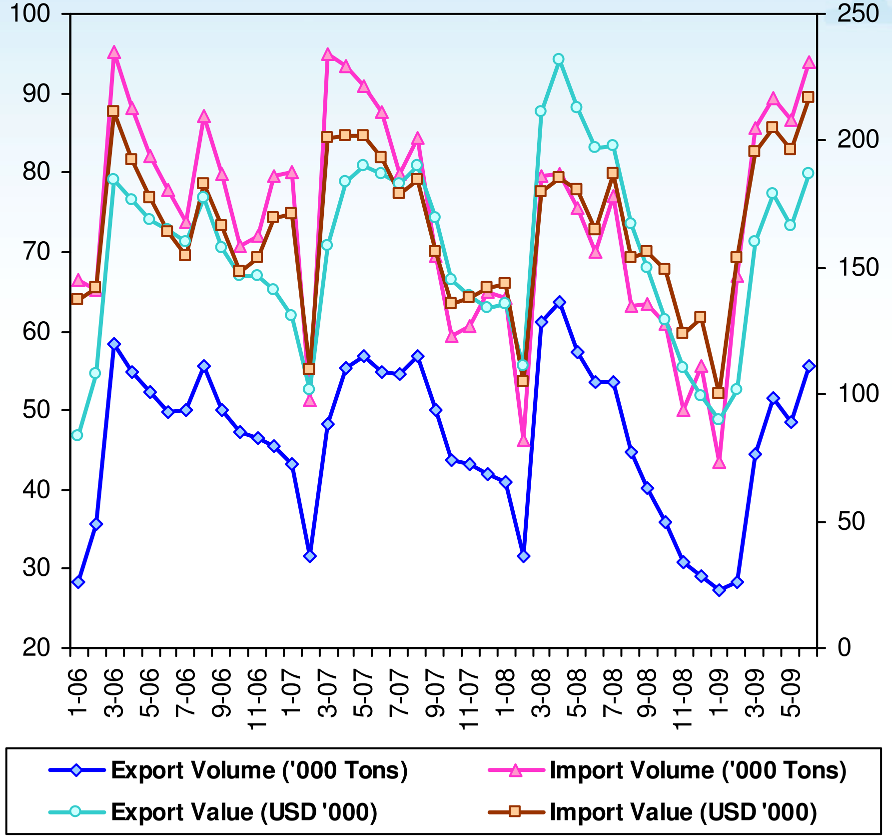
Cotton Price: Cotton A Index and Cotlook A Index from Jan 2006 to Aug 2009



Source: cncotton.com, cottonchina.org

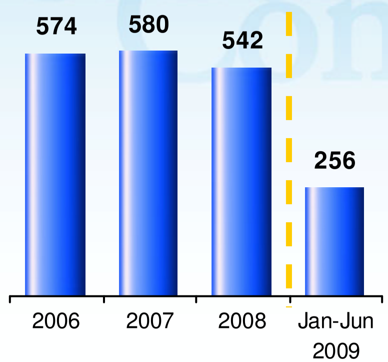
Import and Export of Cotton Yarn: Volume & Value

Jan 2006 to Jun 2009

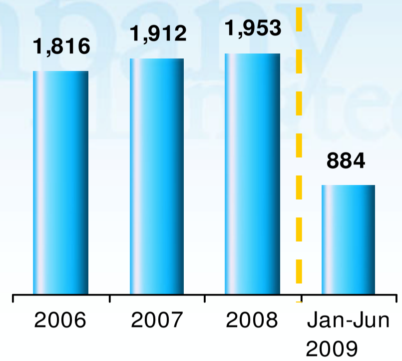


Source: cottonchina.org

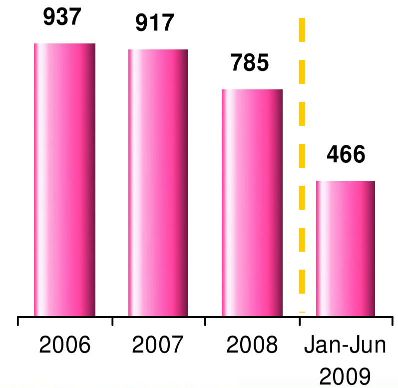
Export Volume



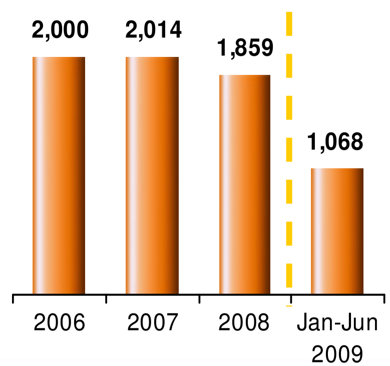
Export Value

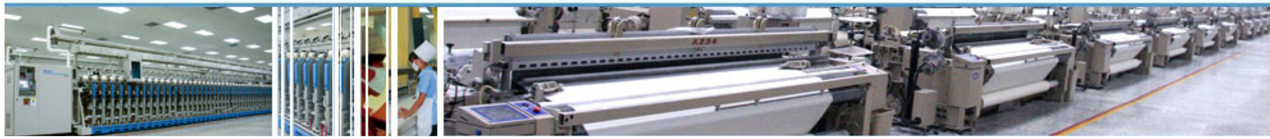


Import Volume



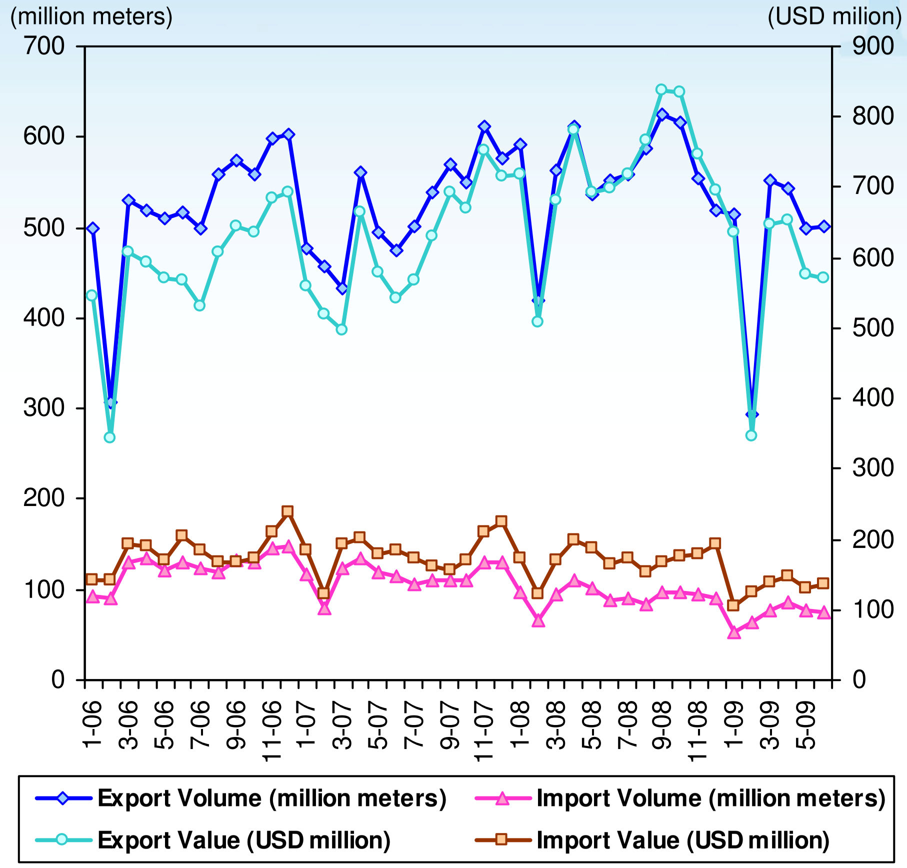
Import Value





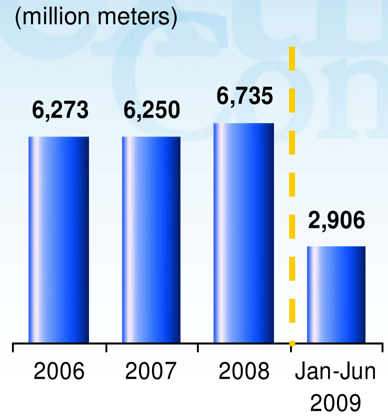
Import and Export of Grey Fabric: Volume & Value

Jan 2006 to Jun 2009

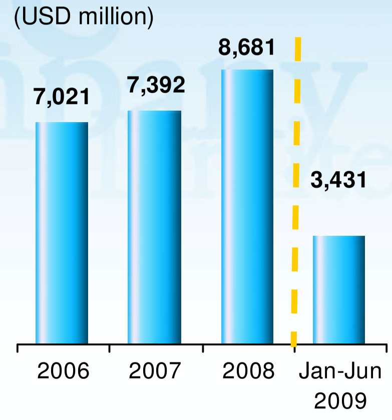


Source: cottonchina.org

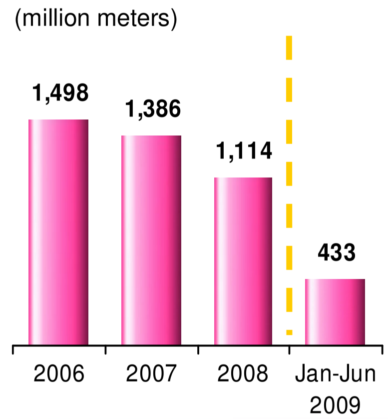
Export Volume



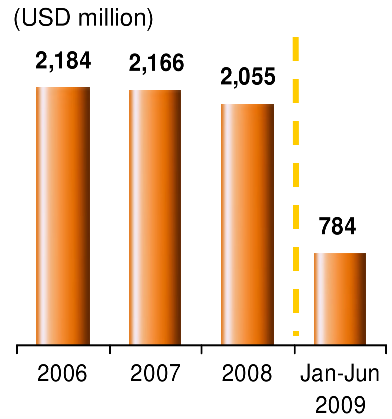
Export Value



Import Volume

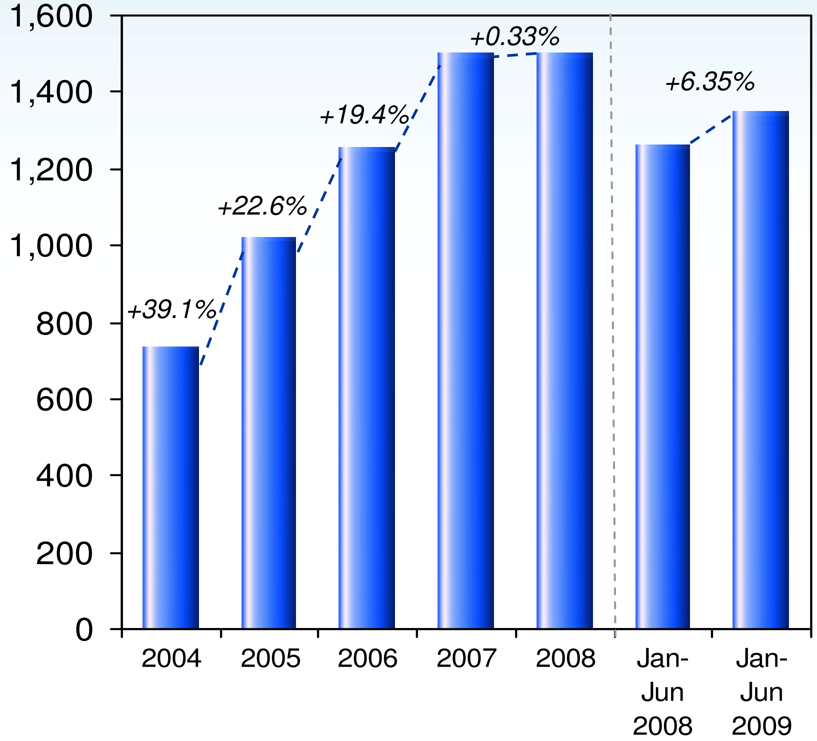


Import Value



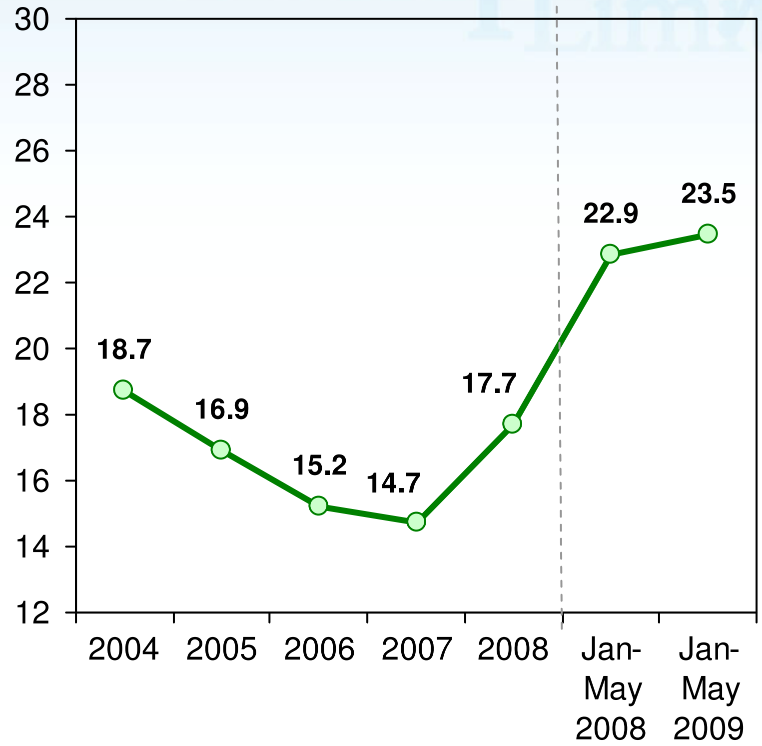
Fixed Asset Investment and Proportion of Loss-making Enterprises in Textile Industry

Fixed Asset Investment of Textile Industry from 2004 to Jan-Jun 2009



Source: China Cotton Textile Association

Proportion of Loss-making Textile Enterprises from 2004 to Jan-May 2009



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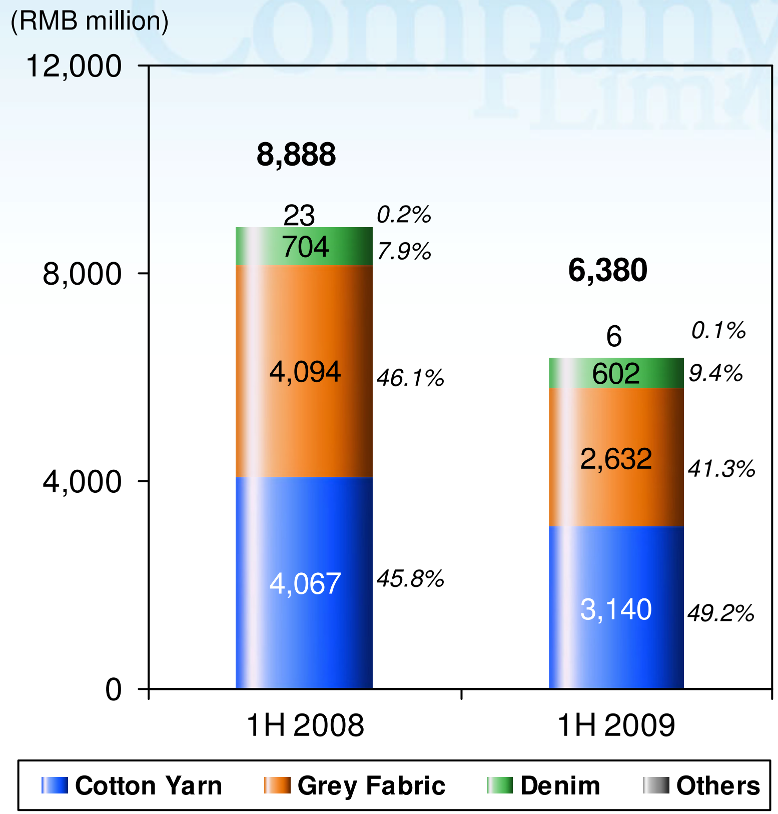
Business Review

Revenue Analysis by Product Category

- During the period under review, the sales of cotton yarn, grey fabric and denim accounted for 49.2%, 41.3% and 9.4% of total sales respectively

(RMB million)	1H 2008	1H 2009
Cotton Yarn	4,067	3,140
Grey Fabric	4,094	2,632
Denim	704	602
Others	23	6
Total Revenue	8,888	6,380

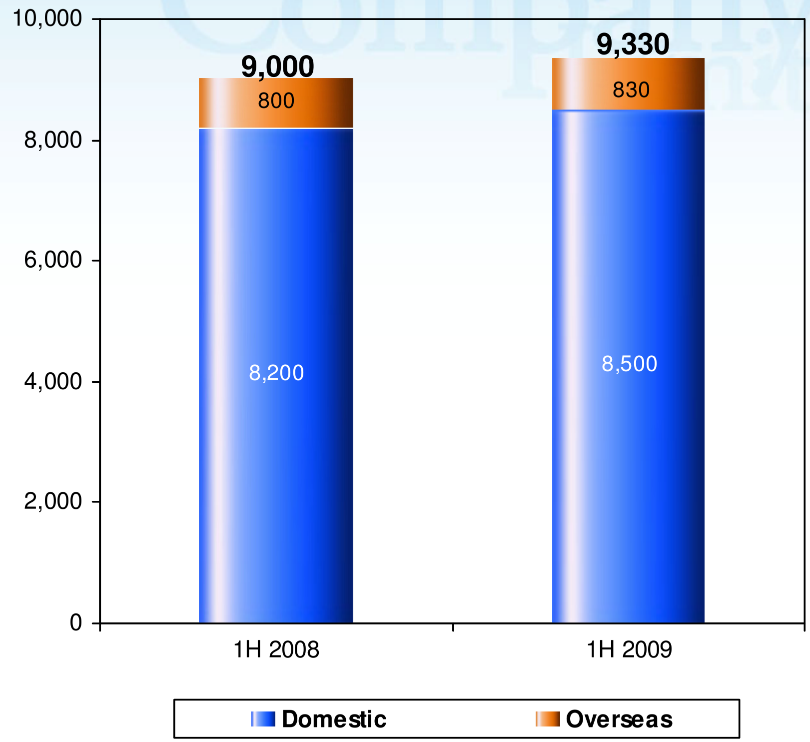
Sales Breakdown by Product



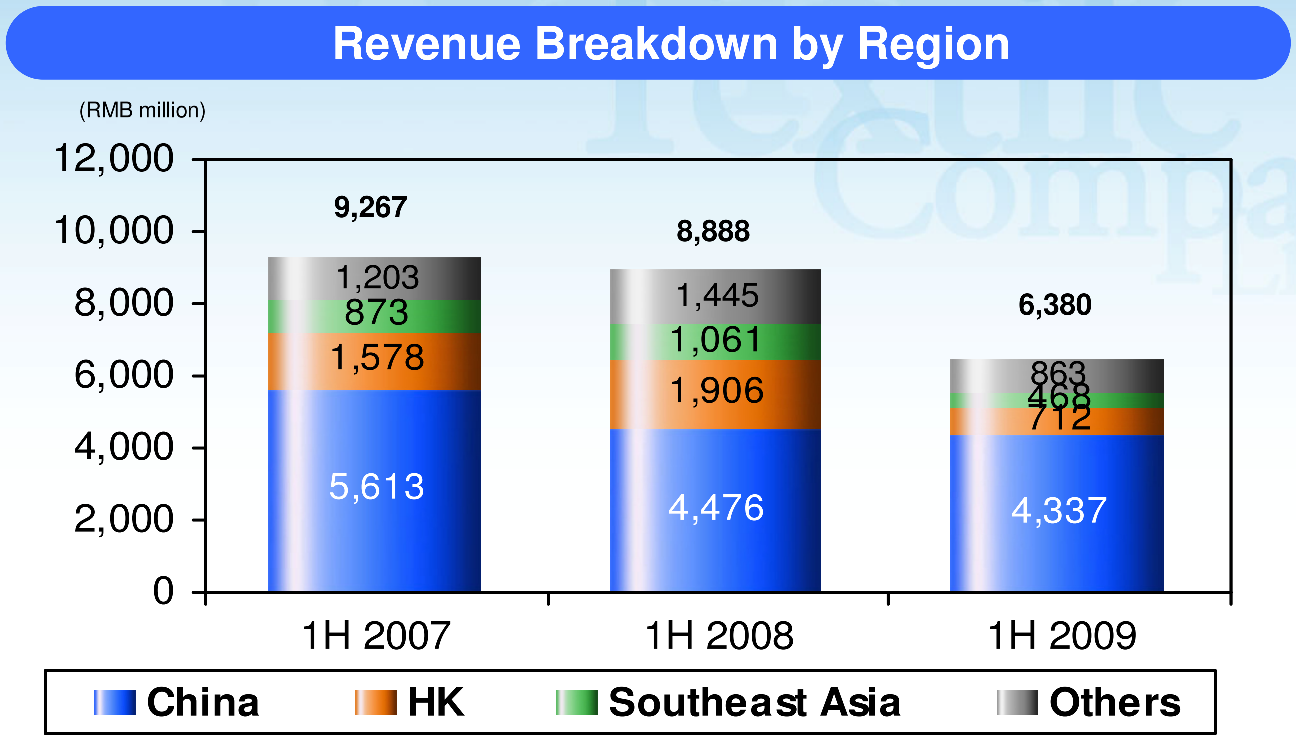
Strong Customer Base

- 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 10.8% of total sales in 1H 2009
- Sales to single largest customer accounted for 3.8%

Number of customers



Regional Revenue Analysis



- Secured overseas market sales network，representing 32.0% of total sales
- Revenue from EU and the US market accounted for 1.5% of total revenue in 1H 2009

Review of Acquisition of Power Plant in 2008

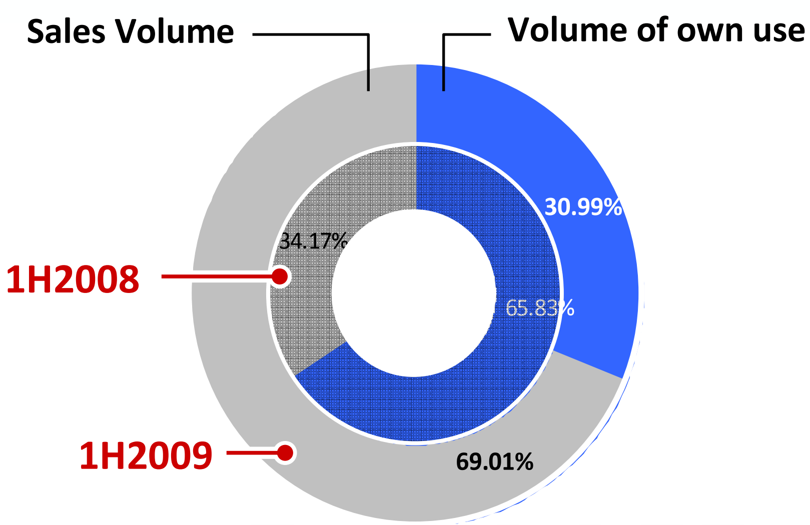
Date	Project	Total consideration (RMB)
1H 2008	Acquisition of thermal power assets of Shandong Weiqiao Chuangye Group Co., Ltd with total installed electricity generation capacity of 600 MW	2,210,000,000
4 Sep 2008	Agree to acquire thermal power assets of Gaoxin Thermal Power, with total installed electricity generation capacity of 420 MW	1,599,017,500
Total		3,809,017,500

Thermal power assets acquired for this year	Total installed electricity generation power (MW)
Thermal power assets in Weihai	120
Second thermal power assets in Zouping	480
Gaoxin thermal power assets	420

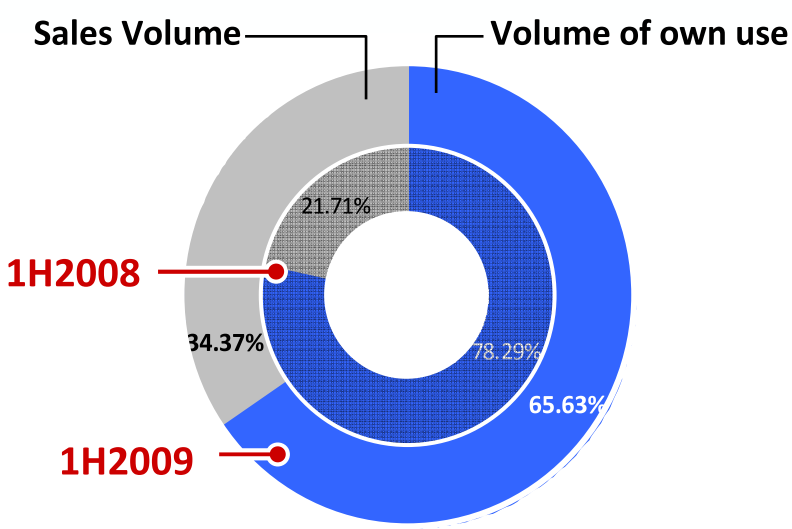
Revenue and Proportion of Electricity and Steam for Own Use

(RMB million)	As at 30 Jun 2009	As at 30 Jun 2008	Change (%)
Sale of electricity and steam	**1,553**	438	254.6
Less: costs incurred	**(1,053)**	(359)	193.3
Gross profit from sale of electricity and steam	**500**	79	532.9

Breakdown of electricity for own use and sale



Breakdown of steam for own use and sale



Maintain a Leading Position in the Industry

- Shandong Weiqiao Chuangye Group nominated in Forbes "Top 10 China's Enterprises List in 2008"
- No. 1 in 2008 Top 100 Yarn Export Enterprise in the PRCD
- No. 1 in 2008 Top 100 Fabric Export Enterprise in the PRC
- Weiqiao Textile's grey fabric recognized by AQSIQ as "China Brandname Products"
- Weiqiao Textile's combed yarn recognized by AQSIQ as "China Brandname Products"

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Prospects and Strategies

Prospects

Challenges

Macroeconomic environment

- Financial crisis remains a threat to the global economy, resulting in global consumption setback
- Keen domestic competition as exporters turned to local sales
- Slowdown of domestic sales
- Increasing risk of deflation in domestic economy

Industry

- Relative production overcapacity
- High inventory level that are yet to be digested

Opportunities

Macroeconomic environment

- National economy stands and picks up with favourable policies showing effects
- Domestic demand offset the setback in export
- Relatively stable exchange rate for RMB versus USD and Euro
- Implementation of an expansionary monetary policy

Industry

- Increase in VAT rebate for export
- Textile industry named one of theTop Ten Revitalization Industries
- Decrease in cotton and energy costs
- Intensified competition speeds up industry consolidation
- Industrial upgrading favorable the improvement of profit margin in the long run

Corresponding Strategies

- To enhance internal control and improve management efficiency
- To promote technological upgrades and enhance product mix
- To impose stringent cost control and optimize capital structure
- To strengthen staff training and improve quality of the staff force
- To optimize resources allocation and enhance core competitiveness

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

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