



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



2007 Interim Results Presentation



3 September 2007

Disclaimer

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Agenda

- Financial Review
- Industry and Market Analysis
- Business Review
- Strategy and Objectives



Financial Review



Financial Review

(RMB million)	1H2006	1H2007	Change (%)
Turnover	9,264	9,267	+0.03
Gross profit	1,435	1,514	+5.5
GP margin (%)	15.5	16.3	+0.8ppt
Operating profit margin (%)	13.6	15.4	+1.8ppt
Profit before tax	927	1,055	+13.8
Profit attributable to shareholders	601	670	+11.5
Diluted earnings per share (RMB)	0.50	0.56	+12.0
NP margin (%)	6.5	7.2	+0.7ppt

Financial Review

(RMB million)	1H2006	1H2007
Total assets	25,731	27,313
Total liabilities	14,701	15,045
Net assets value	11,031	12,268
Current ratio (times)	1.0	1.2
Account receivable turnover (days)	15	17
Inventory turnover (days)	77	72
Account payable turnover (days)	47	38
Net debt to equity ratio (%)	48	48
Gearing ratio (%)	57	55

Cost Analysis

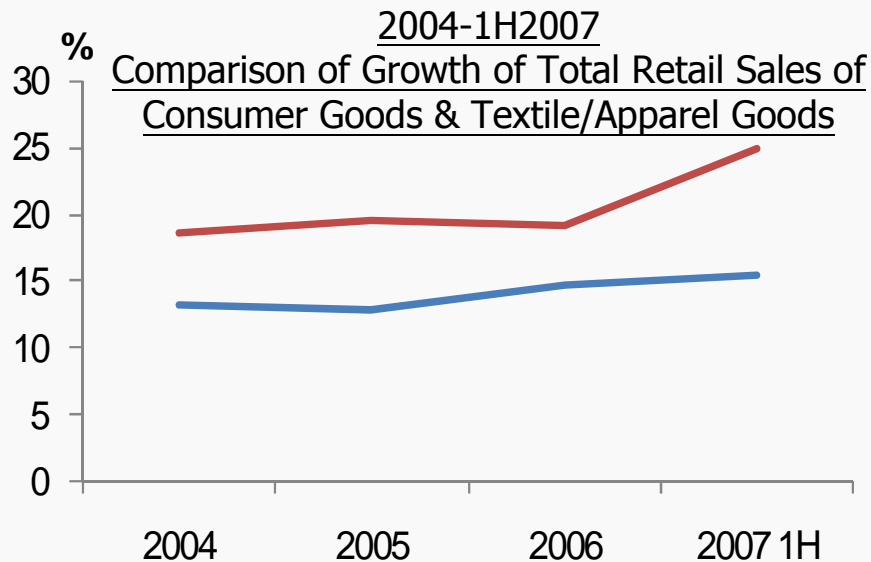
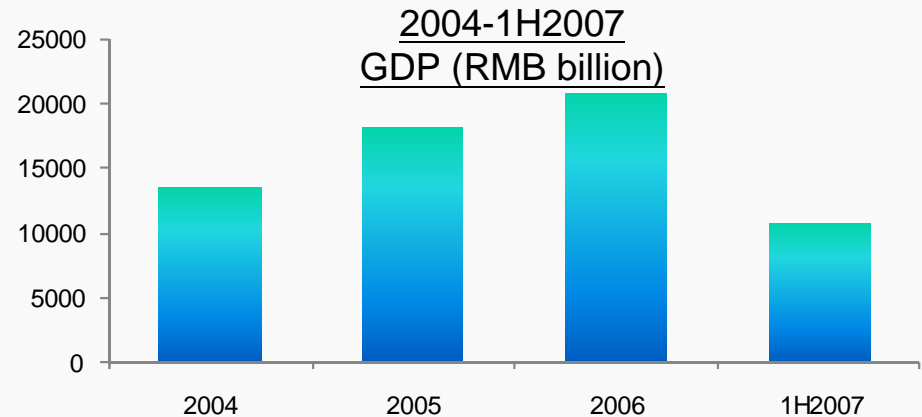
(RMB million)	1H2006	1H2007	Change (%)
COGS	7,829	7,753	-1.0
Sale and distribution cost	162	200	+23.5
Administrative expenses	100	81	-19.0
Other operating expenses	38	23	-39.5
Finance costs	329	373	+13.4



Industry & Market Analysis

Strong Economic Growth & Domestic Demand

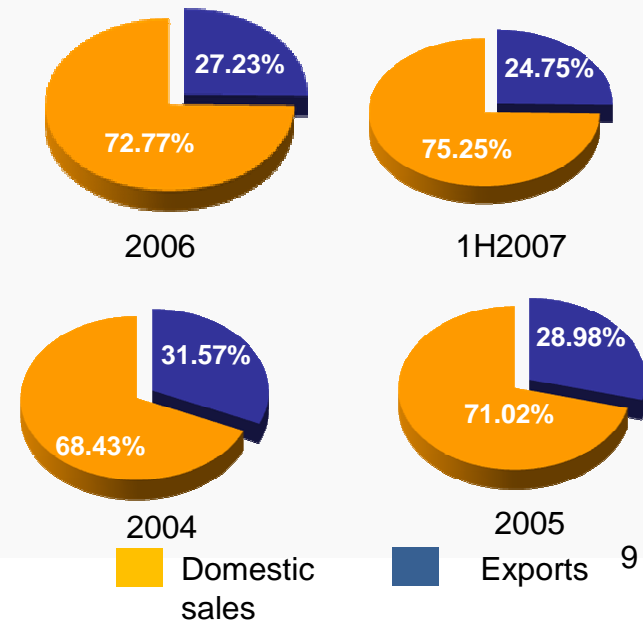
- Compared with the corresponding period last year, GDP climbed 11.5% to RMB 10,676.8 billion¹
- Whereas total retail sales of consumer goods climbed 15.4% to RMB 4,204.4 billion¹
- Total retail sales of textile/apparel goods increased by 25.0%¹



Note : — Consumer Goods — Textile/Apparel

1.Source: National Bureau of Statistics of China

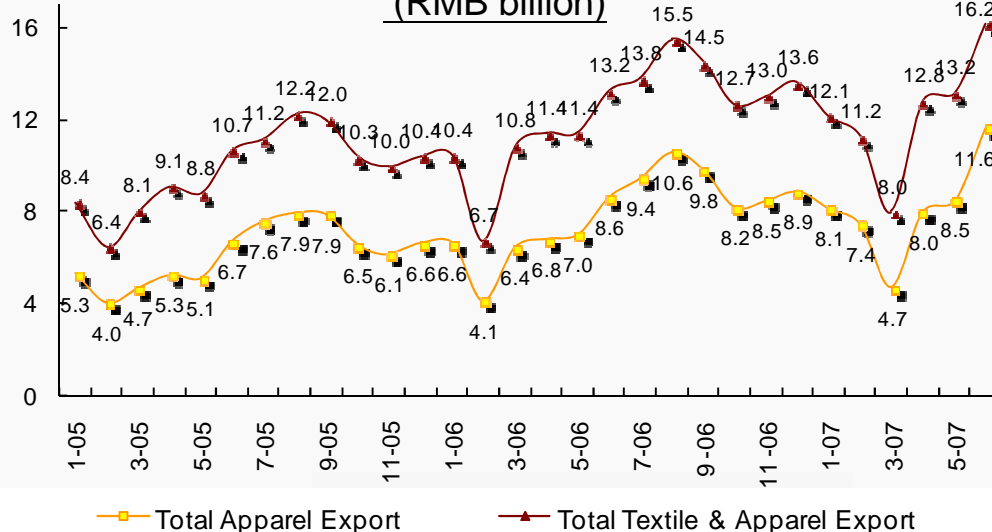
Textile/ Apparel Industry - Weighing of Domestic Sales & Exports
2004-1H2007



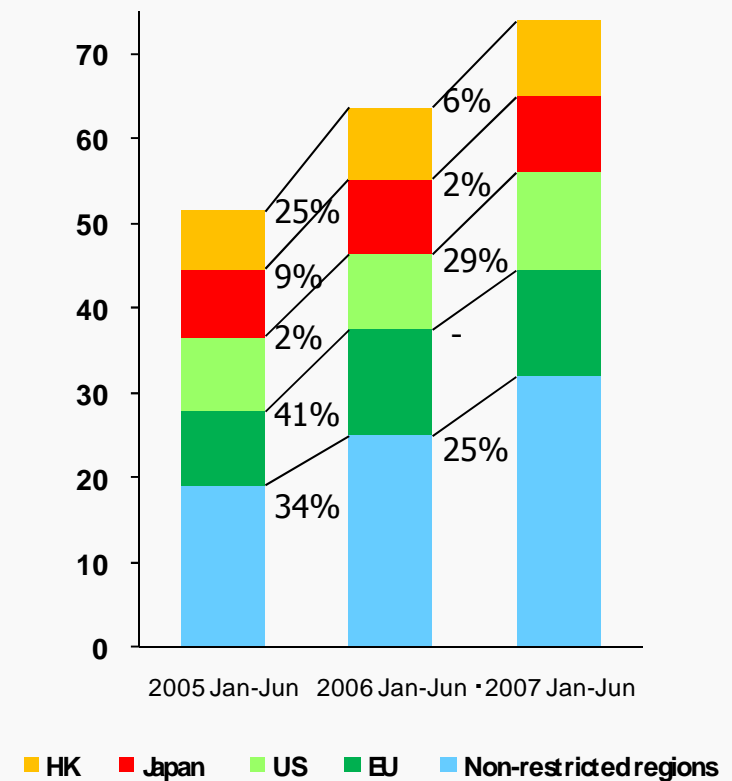
Textile & Apparel Export: Grew Amidst Challenges

- Appreciating RMB, rising costs and decreasing export rebate rates slowed the growth of textile and apparel export. In 1H2007, total export of textile and apparel was USD75.47 billion, increased 17.5%
- Under the US textile safeguard restrictions, items worth of USD 3.56 billion were exported to the US in the first 5 months in 2007
- Under the EU textile safeguard restrictions, items worth of USD 2.89 billion were exported to the 27 EU countries in 1H2007
- By end of 2007, EU will lift safeguard restriction on China but new trade barriers will continue to emerge

Textile and Apparel Exports from Jan 2005 to Jul 2007
(RMB billion)

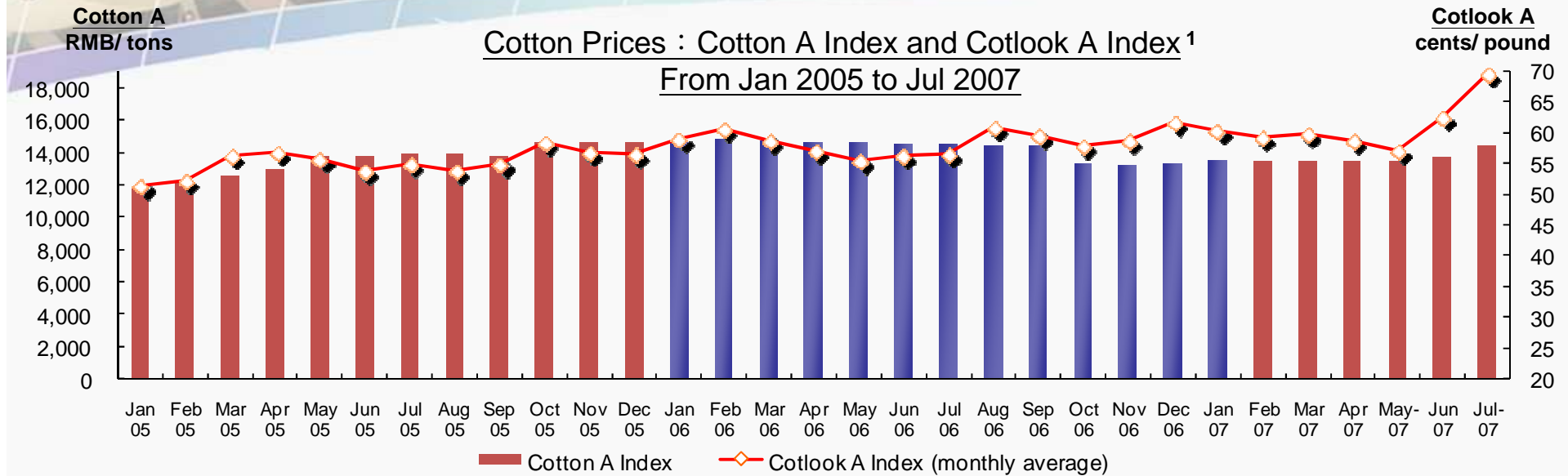


Value of China's Textile/Apparel Exports (USD billion) and Percentage Change by Countries
Jan-Jun (2005 to 2007)



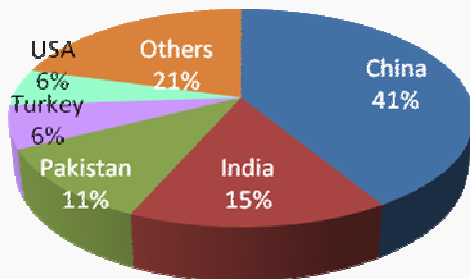
*Source: China Customs; National Bureau of Statistics of China; TTEB.com

Price Trend and Demand of Cotton

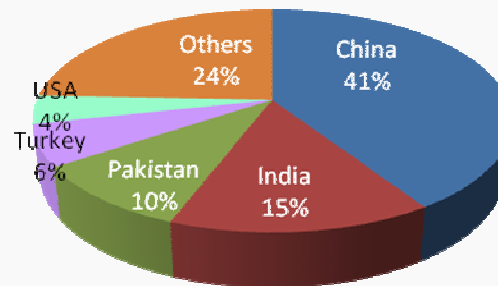


Breakdown of World's Cotton Consumption²

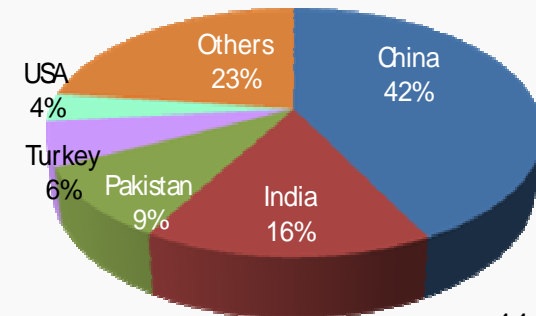
2005/06



2006/07



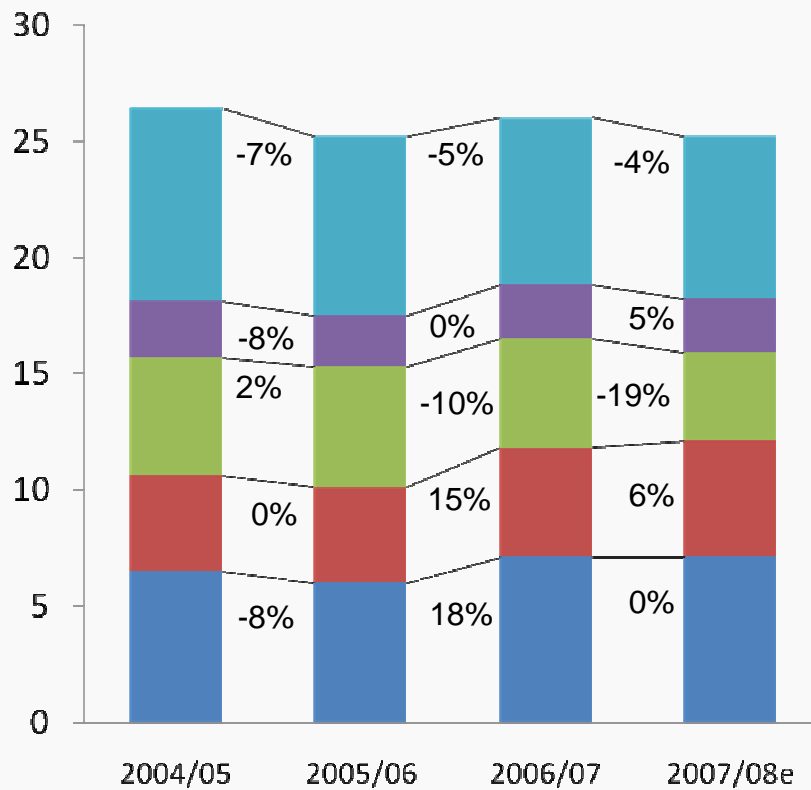
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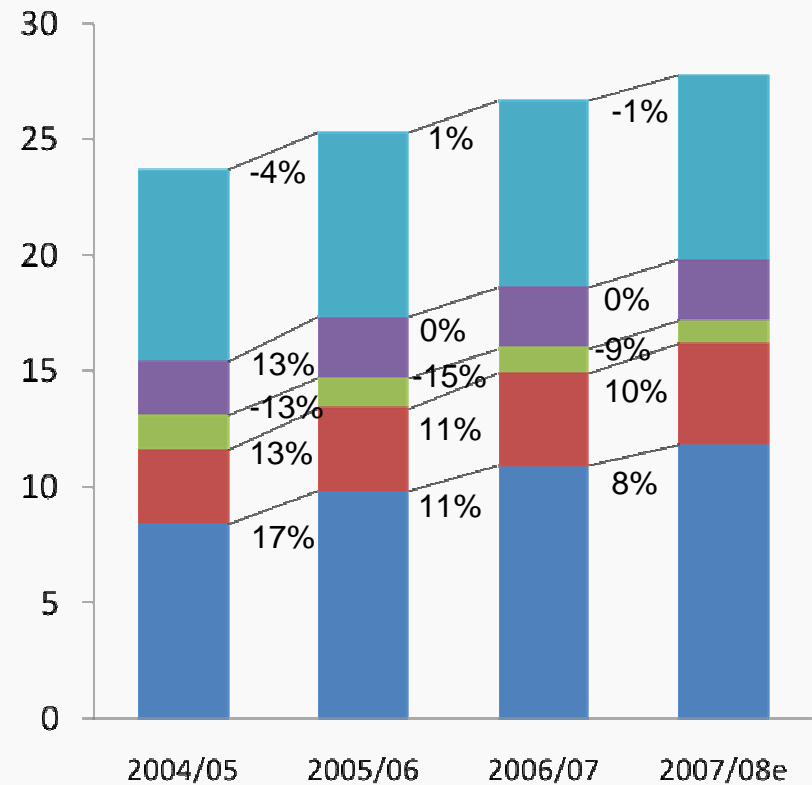
1 . cncotton.com, cotlook.com; 2. USDA

World's Output & Consumption of Cotton

World Cotton Production
(Millions of metric tons)



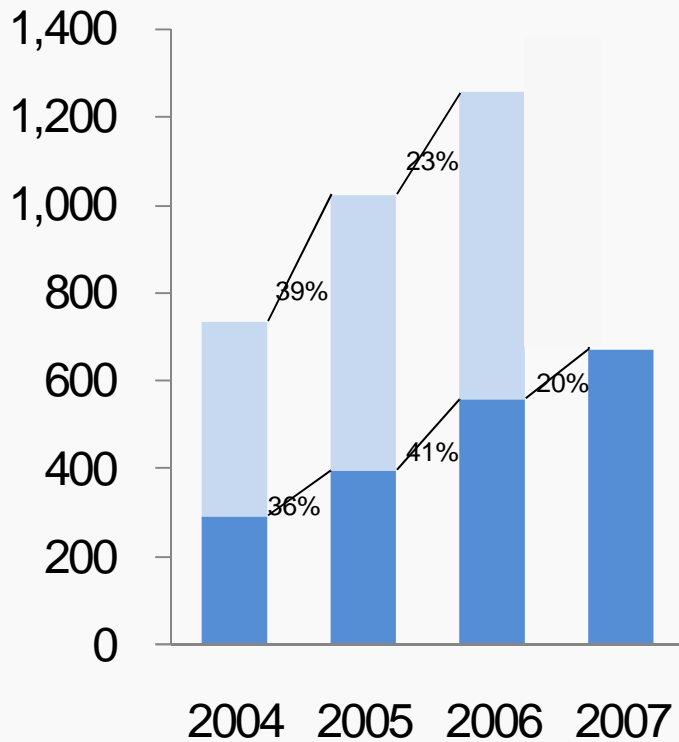
World Cotton Consumption
(Millions of metric tons)



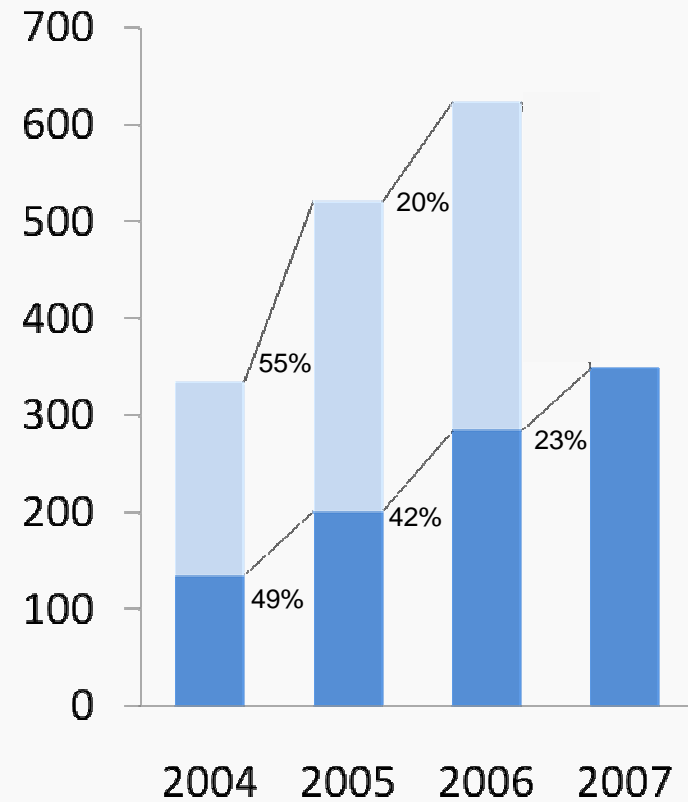
Others Pakistan USA India China

Investment Trend of Textile Industry

Capital Investment in Textile Industry (RMB 100 million)



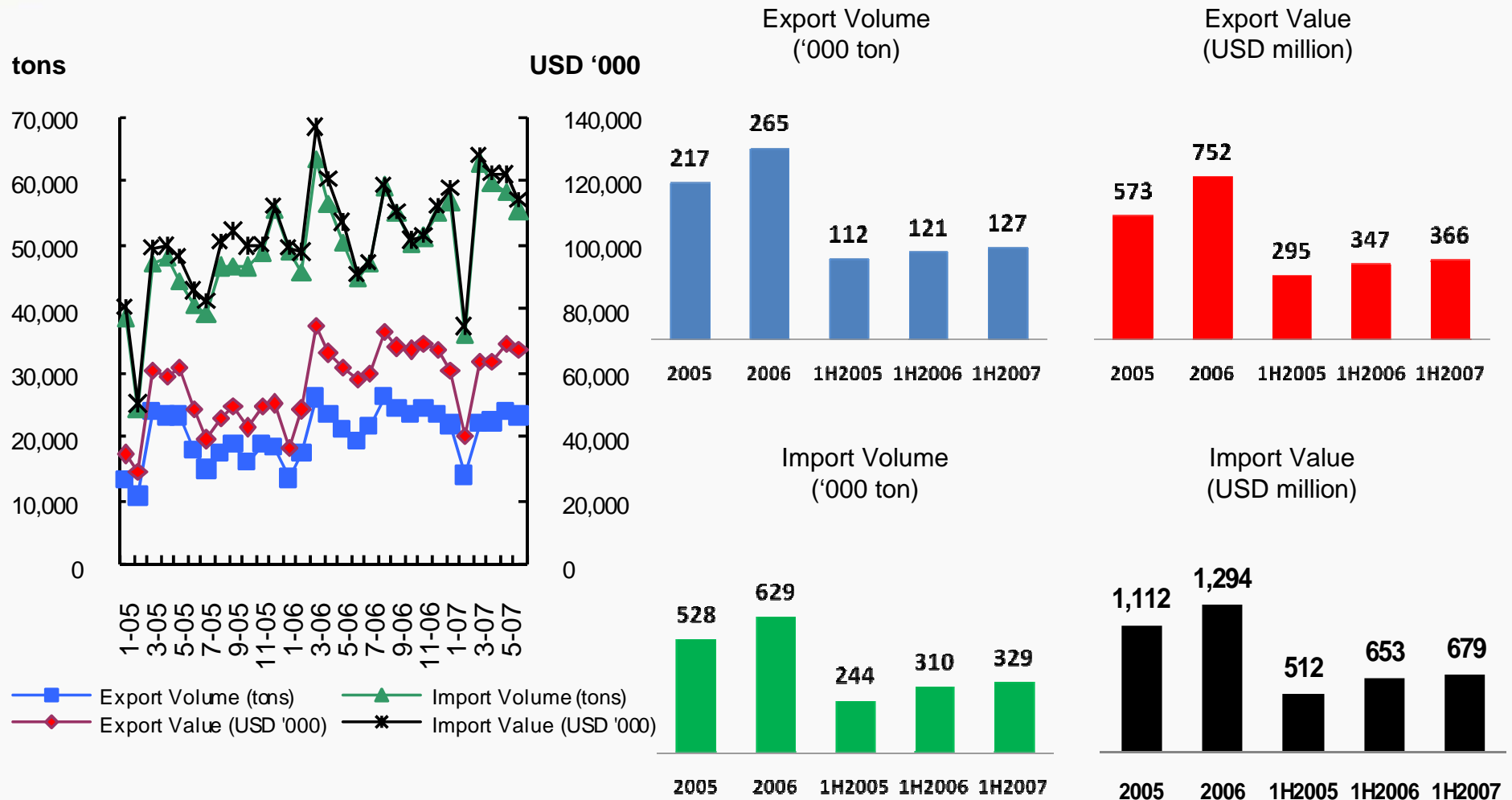
Capital Investment in Cotton Industry (RMB 100 million)



■ 2H ■ 1H

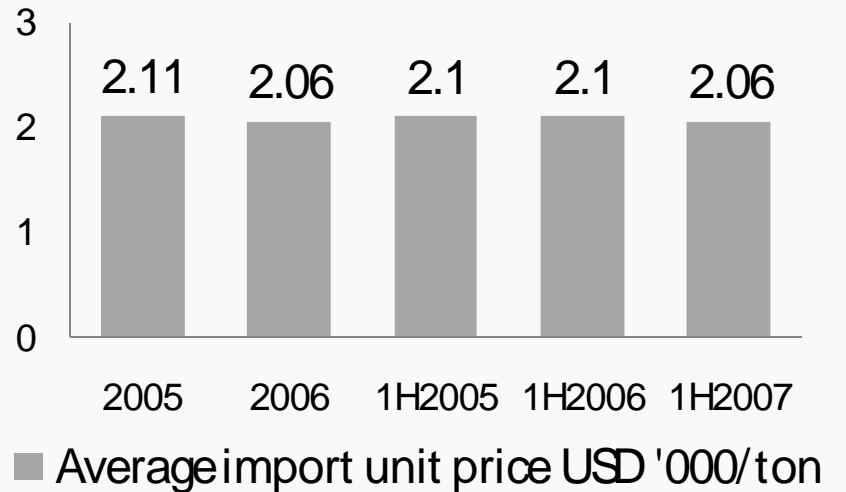
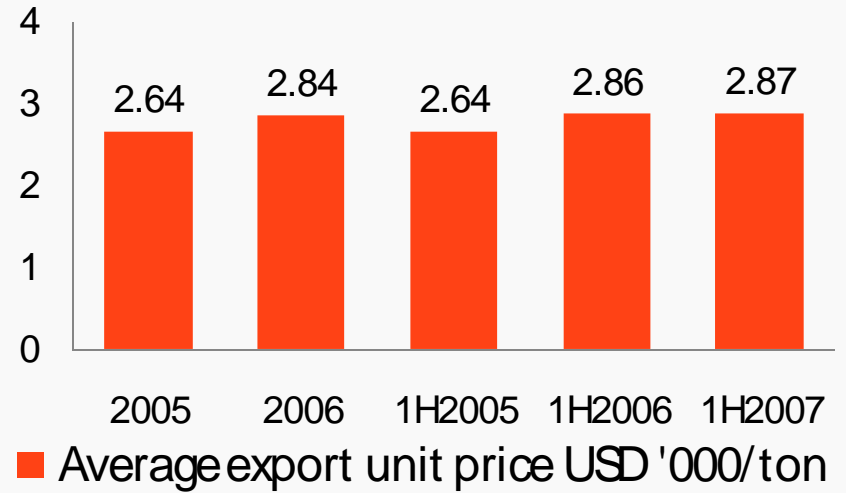
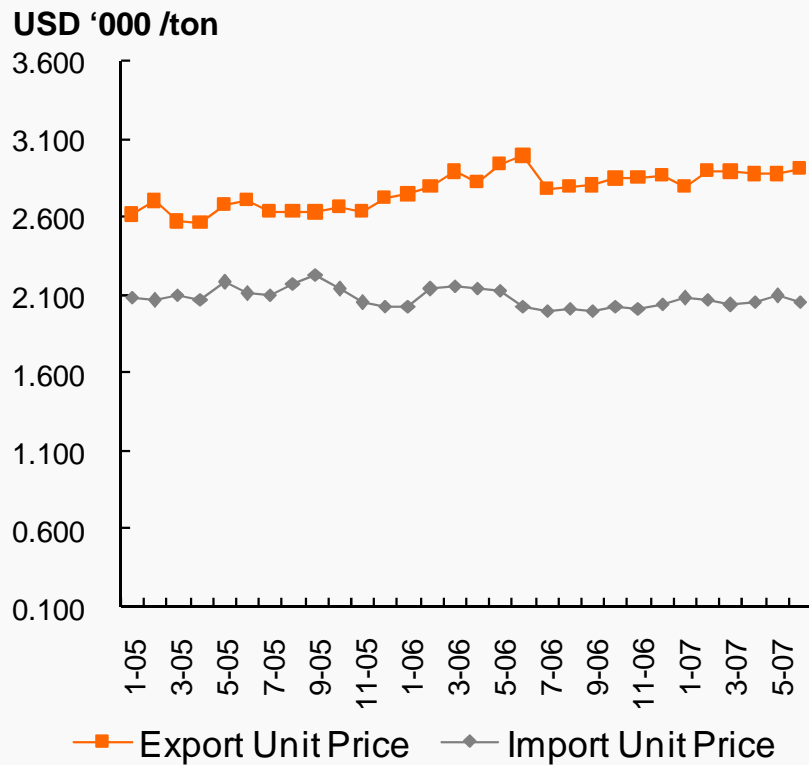
Import and Export of Cotton Yarn: Volume & Value

Jan 2005 to Jun 2007



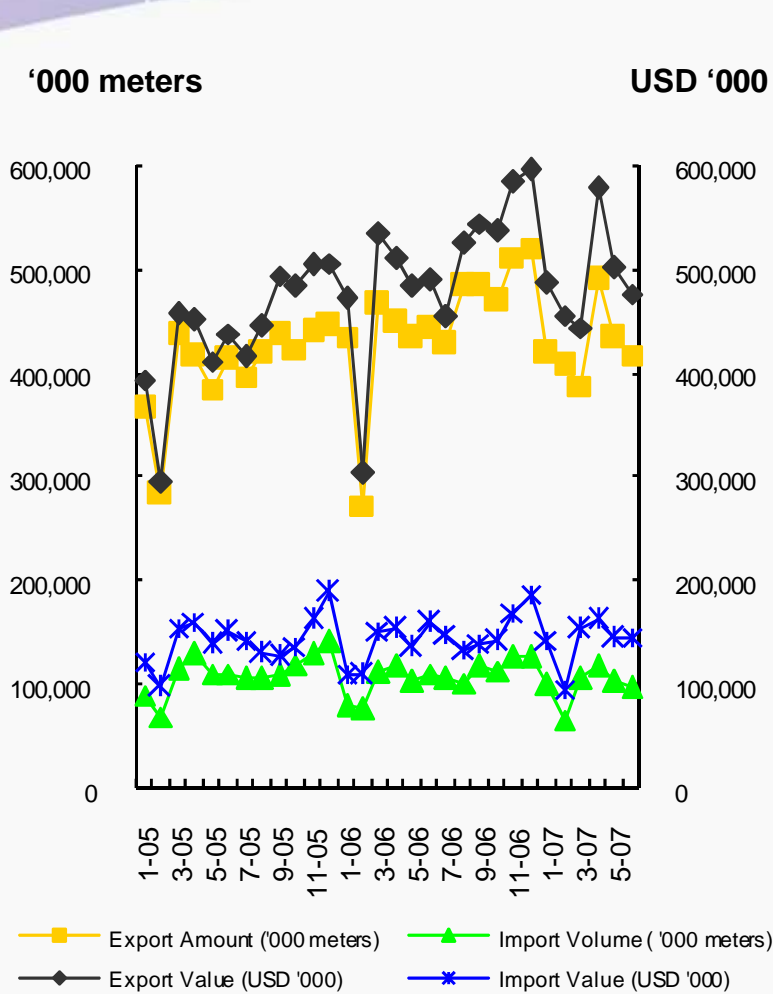
Import and Export of Cotton Yarn: Price

Jan 2005 to Jun 2007

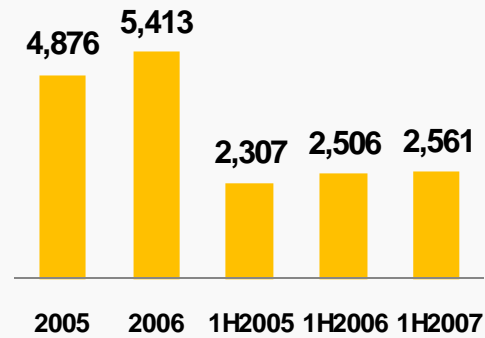


Import and Export of Grey Fabric: Volume & Value

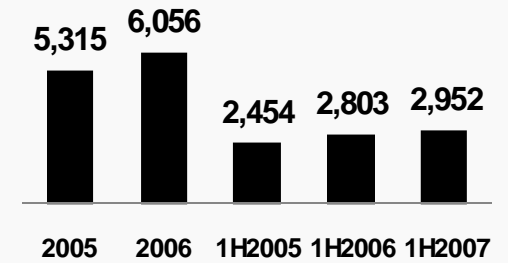
Jan 2005 to Jun 2007



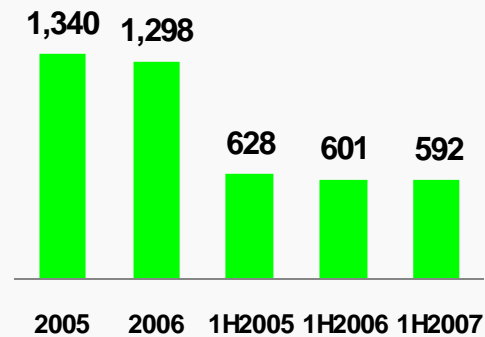
Export Volume (million meters)



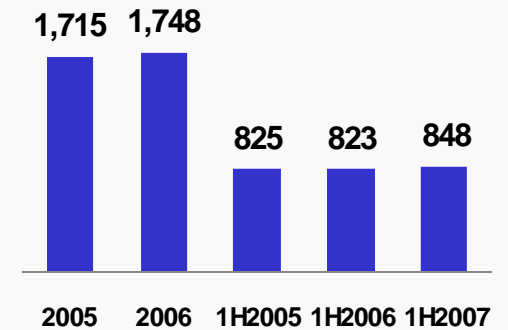
Export Value (USD million)



Import Volume (million meters)



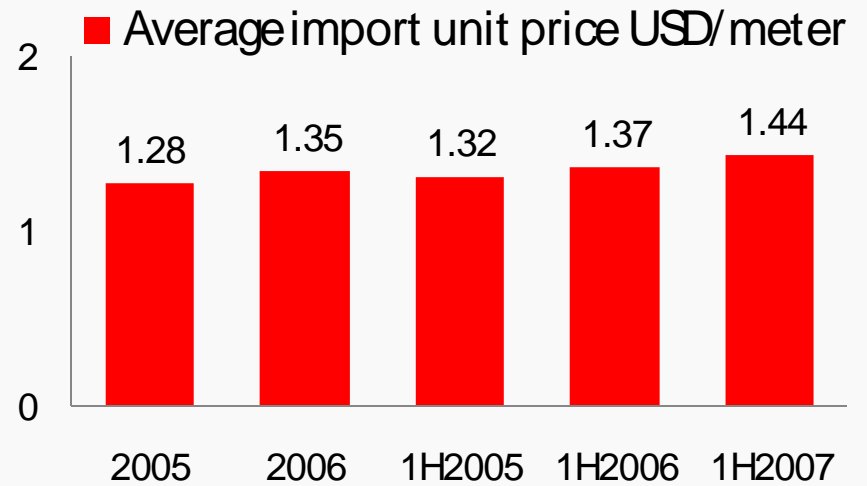
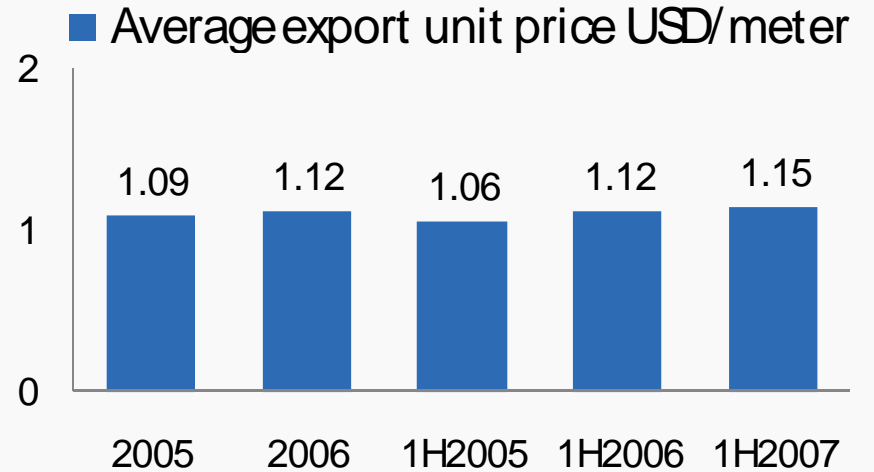
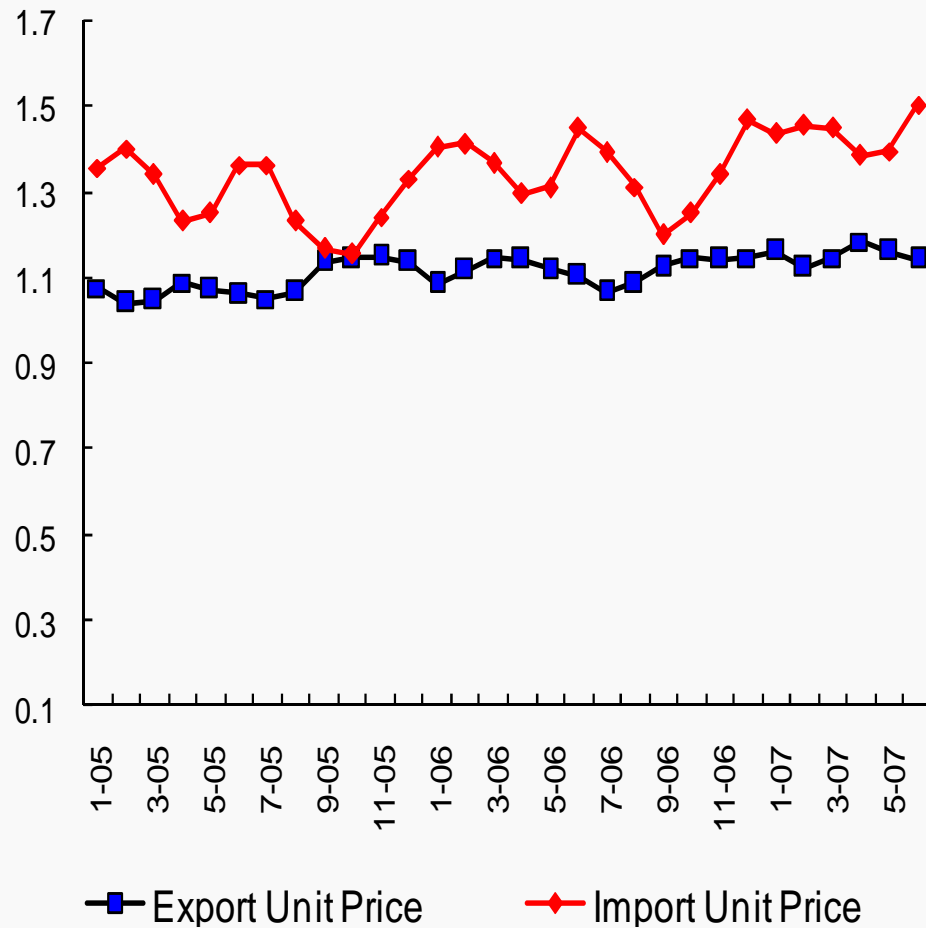
Import Value (USD million)



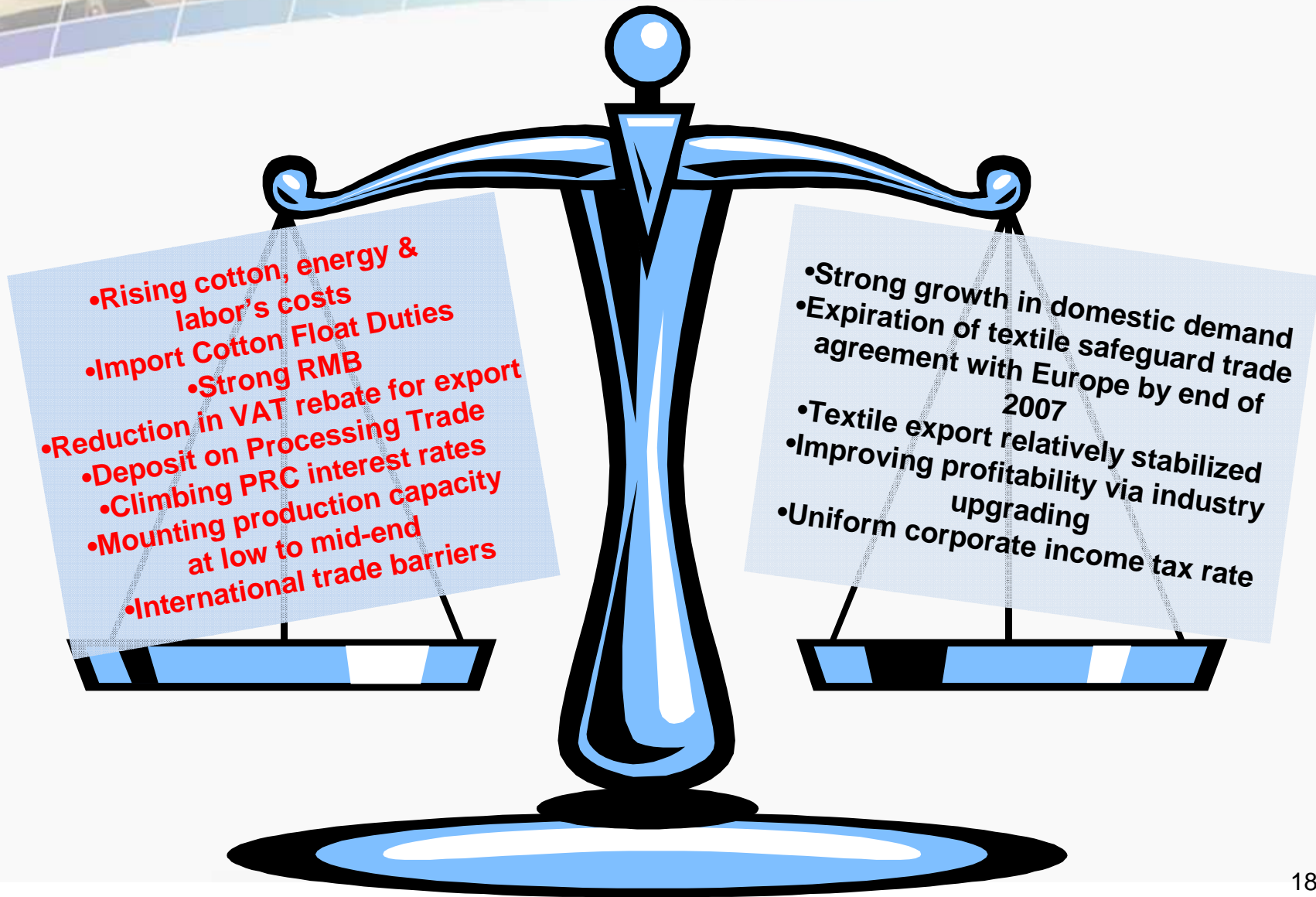
Import and Export of Grey Fabric: Price

Jan 2005 to Jun 2007

USD / Meter



Co-existence of Opportunities & Challenges





Business Review

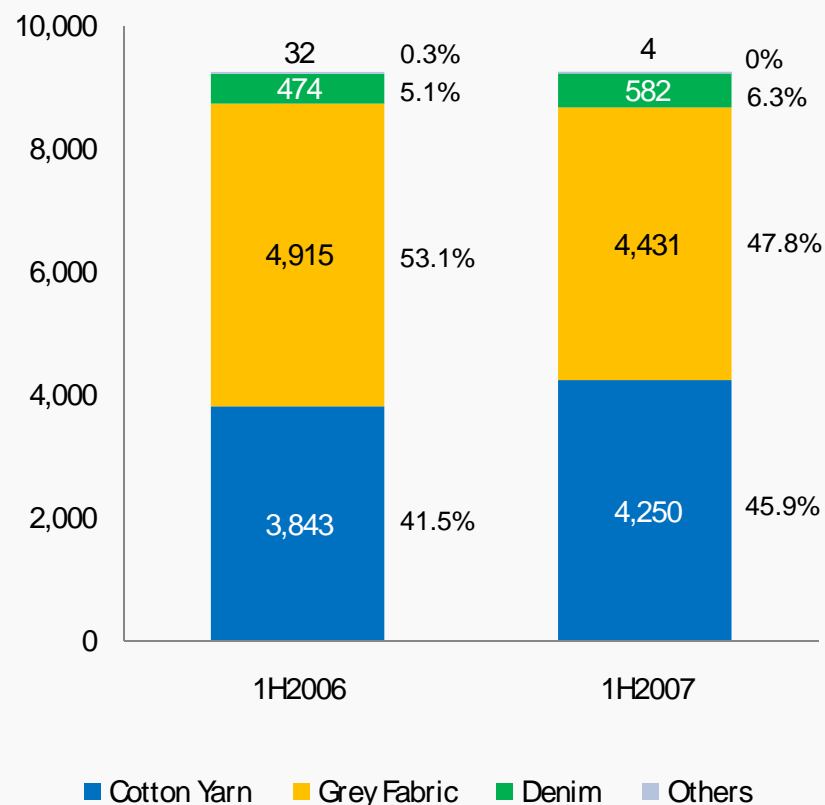


Stable Growth in Turnover

- The sale of cotton yarn, grey fabric and denim accounted for 45.9%, 47.8% & 6.3% of the total sales in 1H2007

(RMB million)	2006 1 H	2007 1 H	Change (%)
Cotton Yarn	3,843	4,250	+10.6
Grey Fabric	4,915	4,431	-9.8
Denim	474	582	+22.8
Others	32	4	-87.5
Total	9,264	9,267	+0.03

Sales Breakdown by Product
(RMB million)

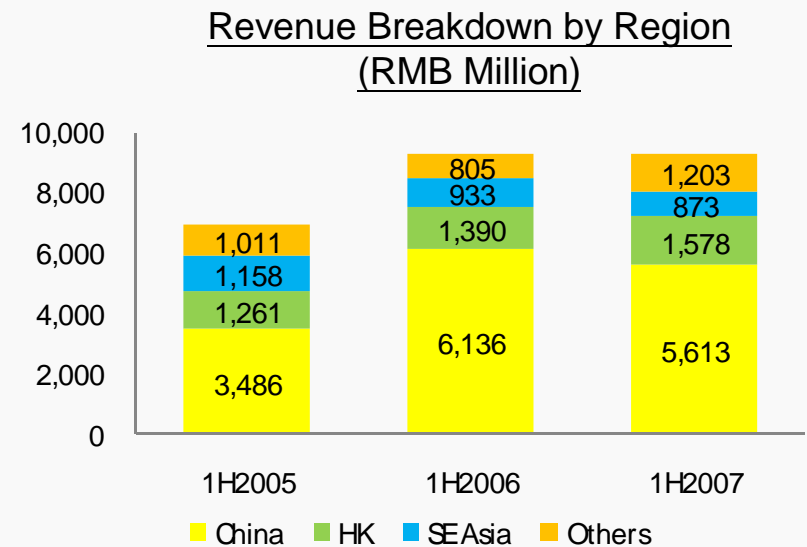
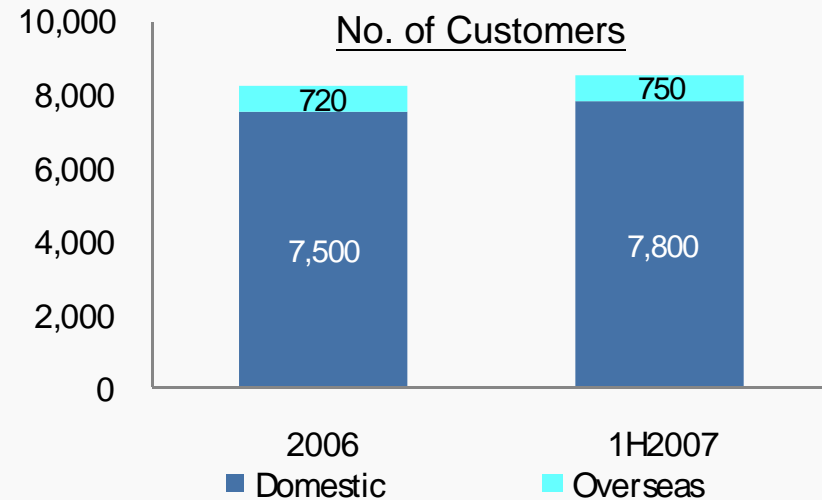


Gross Profit Margin by Segment

	1H2006 RMB '000	GP Margin (%)	1H2007 RMB '000	GP Margin (%)
Cotton yarn	459,123	12.0	712,060	16.8
Grey fabric	876,854	17.8	710,608	16.0
Denim	95,750	20.2	91,060	15.7
Others	3,623	11.2	396	8.9
Total	1,435,350	15.5	1,514,124	16.3

Extensive Customer Base

- Primary business focused on upstream targeted market remained in China Mainland and South-East Asia
- Domestic customers: approximately 7,800 customers across 30 provinces.
- Overseas customers: approximately 750 customers across 20 countries and regions
- Revenue from EU and US accounted for 4.8% of total revenue in 1H2007
- Sales to top five customers accounted for 13.2% of total sales in 1H2007
- Sales to single largest customer accounted for 5.3%

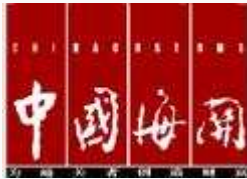


Leader of the Textile Industry



No. 78 and the only selected textile company in Fortune magazine's "Top 100 Listed Companies in the PRC"

A constituent stock of both HSCEI and MSCI China Index



No. 1 in 2006 Top 100 Textile & Apparel Export Enterprise in the PRC

No. 1 in 2006 Top 100 Textile Export Enterprise in the PRC

No. 1 in 2006 Top 100 Yarn Export Enterprise in the PRC

No. 1 in 2006 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 was shortlisted as "China Brandname Products" in 2007



Prospects & Strategies



Objectives & Strategies

Continue to benefit from economy of scale & strong bargaining power

Increase proportion of high-end products in total product mix

Secure stable energy supply & enhance operation efficiency

Optimize capital structure and improve corporate governance



To be the largest & strongest cotton textile manufacturer of the world



Questions & Answers

