



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

ANNUAL RESULTS 2004

環球翹楚

Leader in The World

March 2005

Agenda



- Financial Highlights
- Industry Overview
- Business Review
- Future Plans and Strategies
- Open Forum





Financial Highlights

Financial Highlights

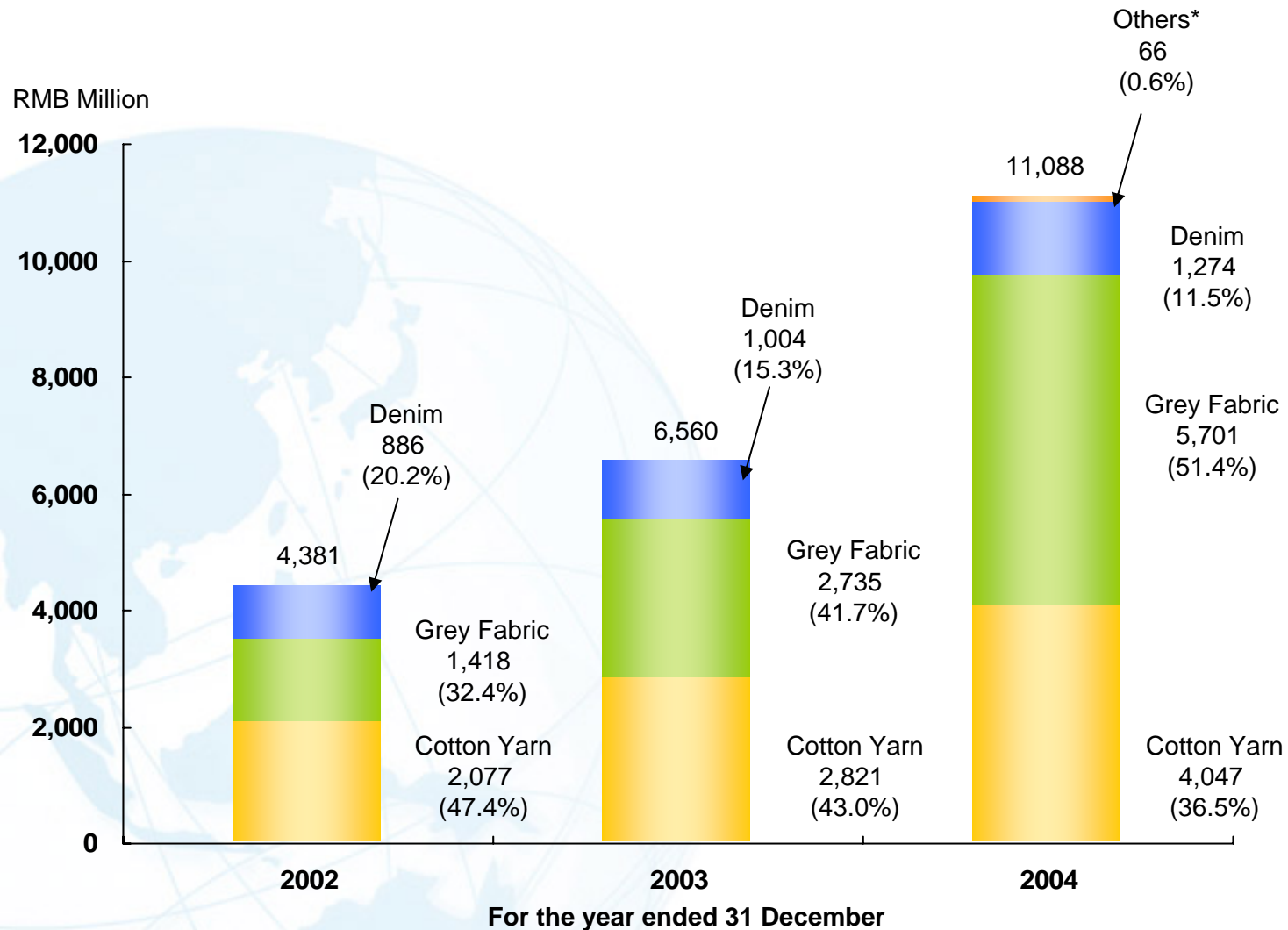


For the year ended 31 December

RMB Million	2002	2003	2004	03/04 Change
Turnover	4,381	6,560	11,088	+69.0%
Gross profit	651	1,210	1,857	+53.5%
GP margin (%)	14.9	18.5	16.8	(1.7 pts)
Net profit	288	542	826	+52.4%
NP margin (%)	6.6	8.3	7.5	(0.8 pts)
EPS – basic (RMB)	1.01	0.89	0.97	+9.0%
Final dividend per share (RMB)	-	0.056*	0.25	+346.4%
Dividend payout ratio (%)	N/A	35%	35%	-

* Represented dividend per share determined from the date of Listing on 24 September 2003

Turnover Breakdown by Product Categories



* Comprise of cotton seeds and by products

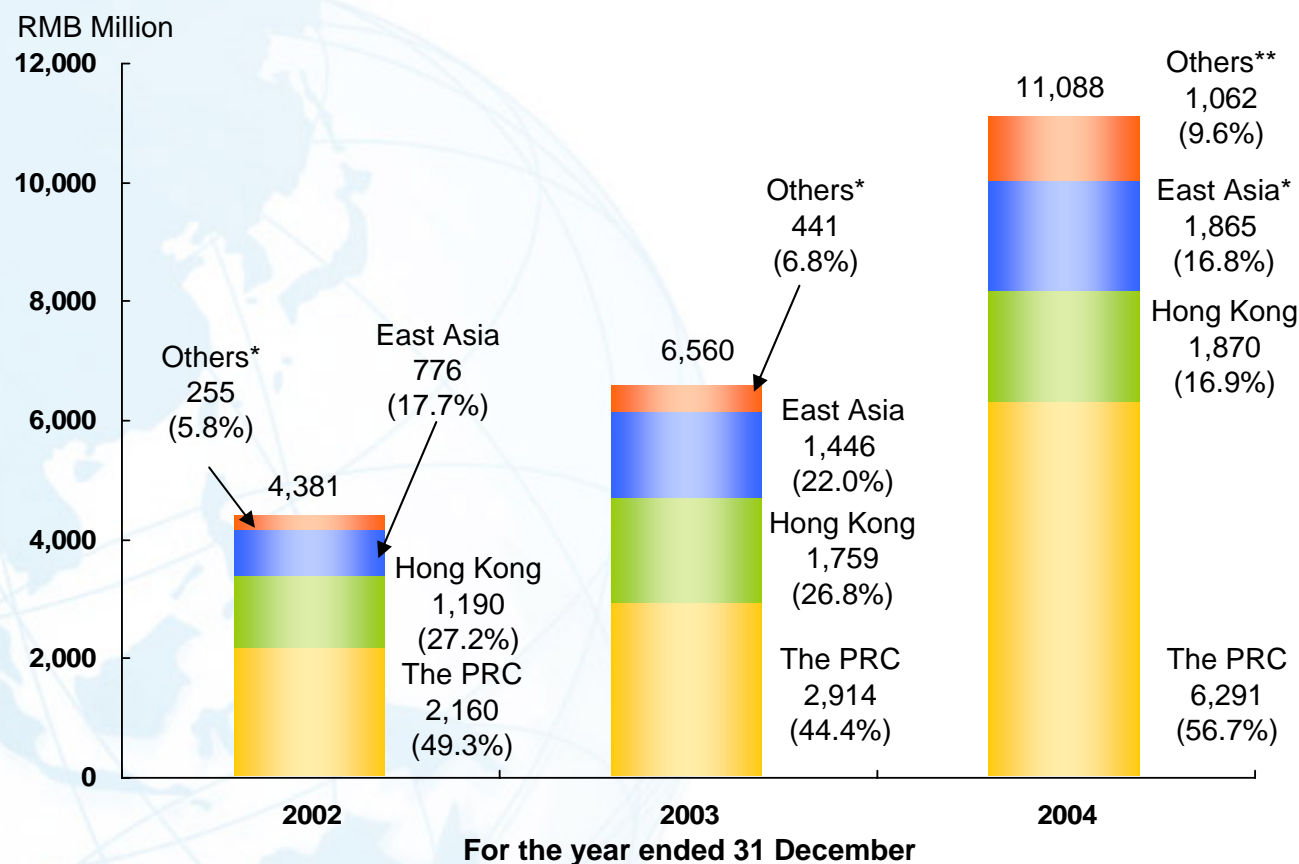
Turnover by Regions

Increase in sales in the PRC due to:

- Strong domestic demand growth
- Asia-Pacific customers shifted their production facilities to the PRC

Increase in sales in other regions due to:

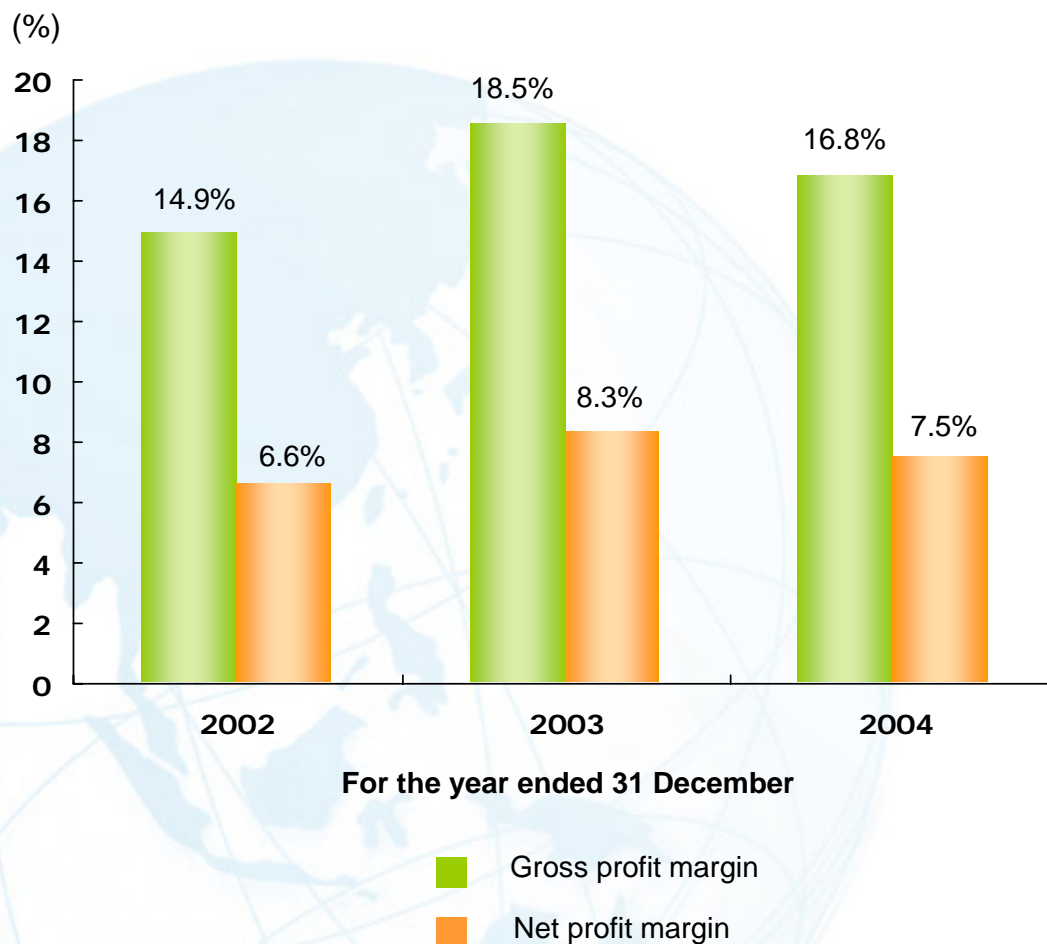
- Explored EU and US markets so as to capture the opportunities for quota elimination in 2005



* Principally comprise of Japan and South Korea

** Principally comprise of Taiwan, Thailand, the US and certain European countries

GP and NP Margins



Gross margins dropped mainly due to:

- Volatile cotton price in 2004
- Downstream customers suffered from credit tightening policy

GP and GP Margins by Products

For the year ended 31 December

RMB Million	2002		2003		2004	
Cotton yarn	489	23.6%	606	21.5%	694	17.2%
Grey fabric	48	3.4%	386	14.1%	799	14.0%
Denim	114	12.9%	218	21.7%	342	26.8%
Others*	-	-	-	-	22	33.8%
Total	651	14.9%	1,210	18.5%	1,857	16.8%

* Comprise of cotton seeds and by products

Cost Analysis

As a percentage of sales

For the year ended 31 December	2002	2003	2004
COGS	85.1	81.6	83.3
Selling and distribution costs	1.8	2.3	2.5
Administrative expenses	1.0	1.4	1.3
Other operating expenses	0.4	0.5	0.5
Finance costs	2.3	2.4	2.6

Other Financial Figures

As at 31 December	2002	2003	2004
Net Assets (RMB million)	1,545	4,598	6,070
Return on Equity* (%)	26.8	17.6	15.5
Current Ratio (times)	1.1	1.3	1.1
Debt-to-equity Ratio** (%)	142	64	78
For the year ended 31 December			
AR Turnover (days)	21	28	20
Inventory Turnover (days)	73	142	106

*Calculated based on average equity

** The ratio of total bank borrowings to shareholders' equity net of cash and cash equivalents



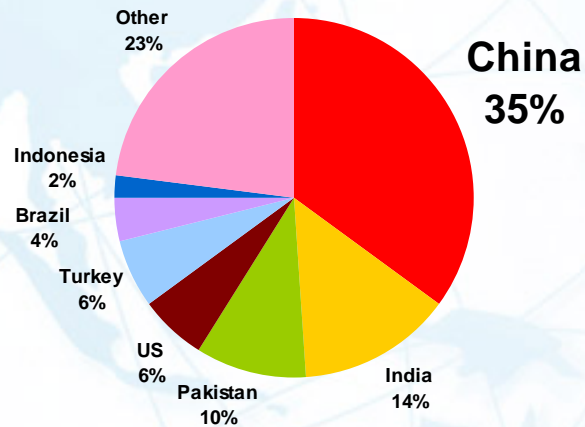
Industry Overview

Industry Overview – China's Position in Global Textile Market



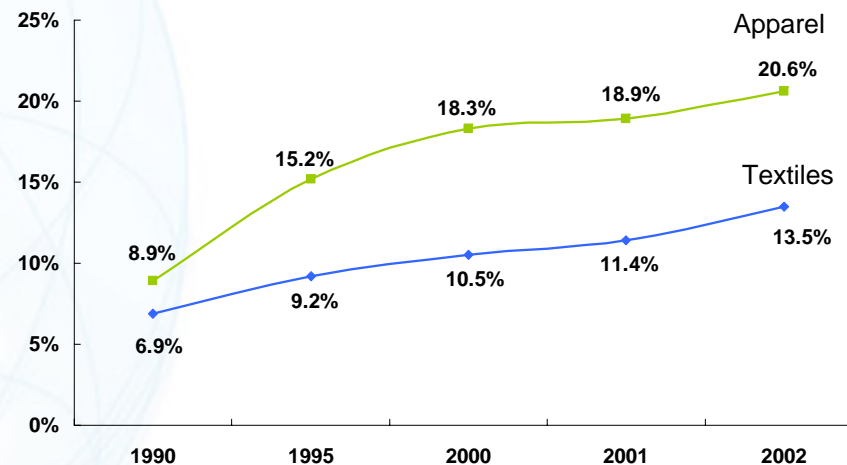
- China is gaining share in the global textile market
 - World's largest cotton production and consumption country, with 35% global market share in cotton consumption in 2003/04
 - World's largest textile trading country
 - Textile and apparel's exports rose 24.3% and 18.7% to US\$33.5B and US\$61.6B respectively in 2004

Global Share in Cotton
Consumption 2003-04



Source: ICAC estimates

China's Share of World Textile & Apparel Trade

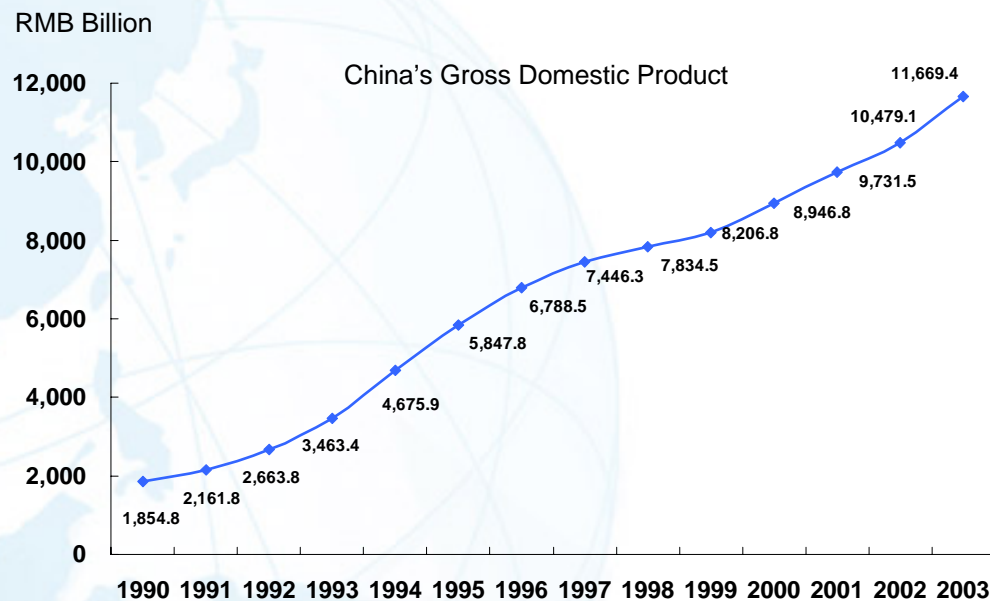


Source: WTO & USDA

Industry Overview - Long-term Growth Momentum of China's Textile Industry



- China GDP per capita exceeded USD1,000 in 2003
- Future GDP growth will rely on consumption drive instead of investment drive



Source: National Bureau of Statistics of China

- Textile trade liberalisation – textile quota removed since 1 Jan 2005

Industry Overview – How Does Quota Elimination Affect China's Textile Industry?



Market Overview

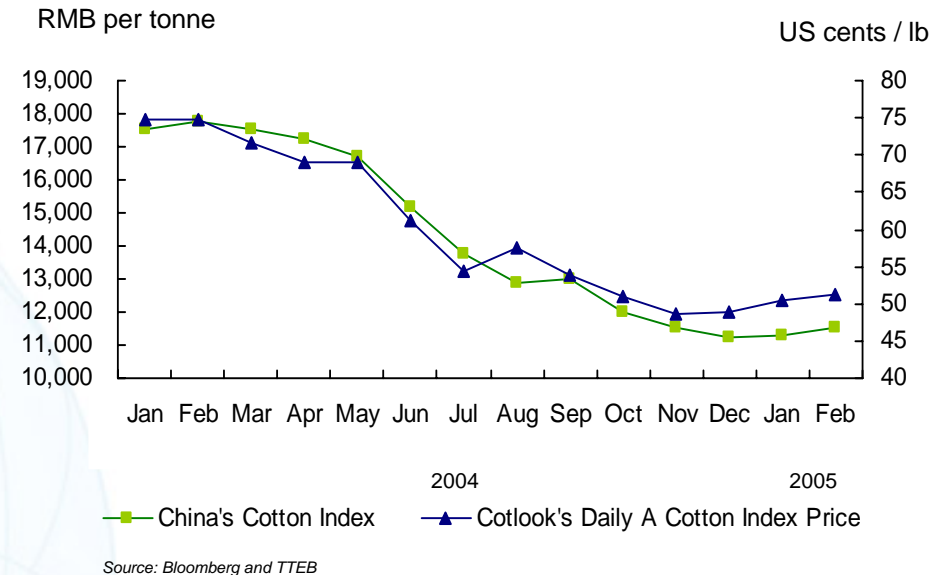
Macro Environment

- Cotton prices reached its peak in 1H 2004 and decreased significantly in 2H 2004
- Expect cotton prices to increase due to drop of the plant area in the PRC in 2005/06
- Shortage of electricity
- Industry consolidation

PRC's Cotton Textile Industry in 2004

- 18.5% growth in production volume of yarn
- 21.2% growth in production volume of cotton fabric

Source: TTEB





Business Review

Expanding Production Scale

Weiqiao Production Base
(1st, 2nd and 3rd Production Areas)

Zouping Production Base commenced
production in January 2004
(1st and 2nd Industry Park of Zouping)

Binzhou Production Base
(Binzhou Industrial Park 1st and 2nd
Production Areas)

Weihai Production Base
(Weihai Weiqiao and Weiwei Industrial
Park)



**No. of staff as at 31 Dec 2004:
approximately 101,300**

Growing Production Volume

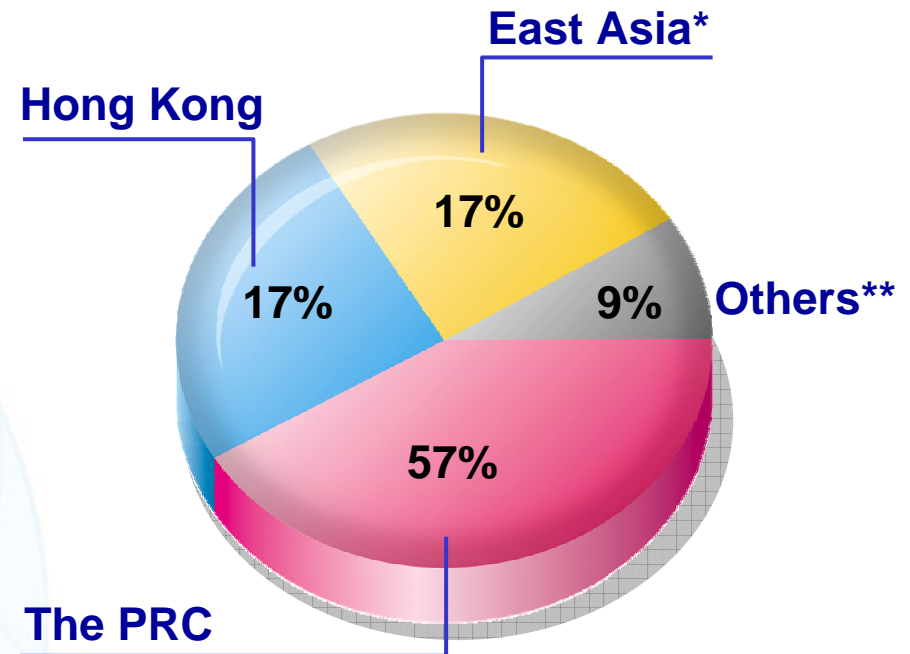


- Binzhou Industrial Park 1st Production Area reached full capacity
- Newly established Zouping Production Base has commenced operation since January 2004

	2003	2004	03/04 Change
Cotton yarn (tons)	324,000	543,000	+68%
Grey fabric (metres)	585 million	1,205million	+106%
Denim (metres)	105 million	131 million	+25%

Enlarging Customer Base

- Domestic customers: Over 4,800 customers in about 30 provinces and municipalities
- Strong domestic demand and Asia-Pacific customers shifted their production base to the PRC
- Overseas customers: About 500 customers spanning across over 20 countries and regions
- EU and US markets only accounted for 9% of total revenue in 2004



For the year ended 31 December 2004

** Principally comprise of Japan and South Korea*

*** Principally comprise of Taiwan, Thailand, the US and certain European countries*



Future Plans and Strategies

Upcoming Opportunities



- Strong domestic demand drives the industry growth
- Opportunities from the trend of global textile trade deregulation
- Intense competition will accelerate the industry consolidation
- Fluctuation of cotton price has much impacts to the small size manufacturers

Further enhance production capacity and efficiency to capture upcoming market opportunities

Strategy and Mission



- Leveraging on its leading position in the market, as well as the beneficiary of growing market demand and the industry consolidation in 2005, Weiqiao Textile will:

Employ more advanced equipment to produce more high-end products

Optimize capital structure to reduce expansion cost

Strengthen corporate governance for sustaining growth

To be the ***Largest*** and ***Strongest***
Cotton Textile Manufacturer in the World



Open Forum