



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

2013 Interim Results Presentation

26 August 2013

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
- Prospects and Strategies



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Agenda

Financial Review



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Financial Review

(RMB in millions)	2012 As at 30 June	2013 As at 30 June	Change (%)
Turnover	7,709	6,702	-13.1
Gross Profit	419	602	43.6
Gross Profit Margin (%)	5.4	9.0	3.6 pp
Operating profit margin (%)	5.5	10.3	4.8 pp
Profit before tax	97	420	333.0
Profit attributable to shareholders	54	266	392.6
Diluted earnings per share (RMB)	0.05	0.22	340.0
Net profit margin (%)	0.7	4.0	3.3 pp

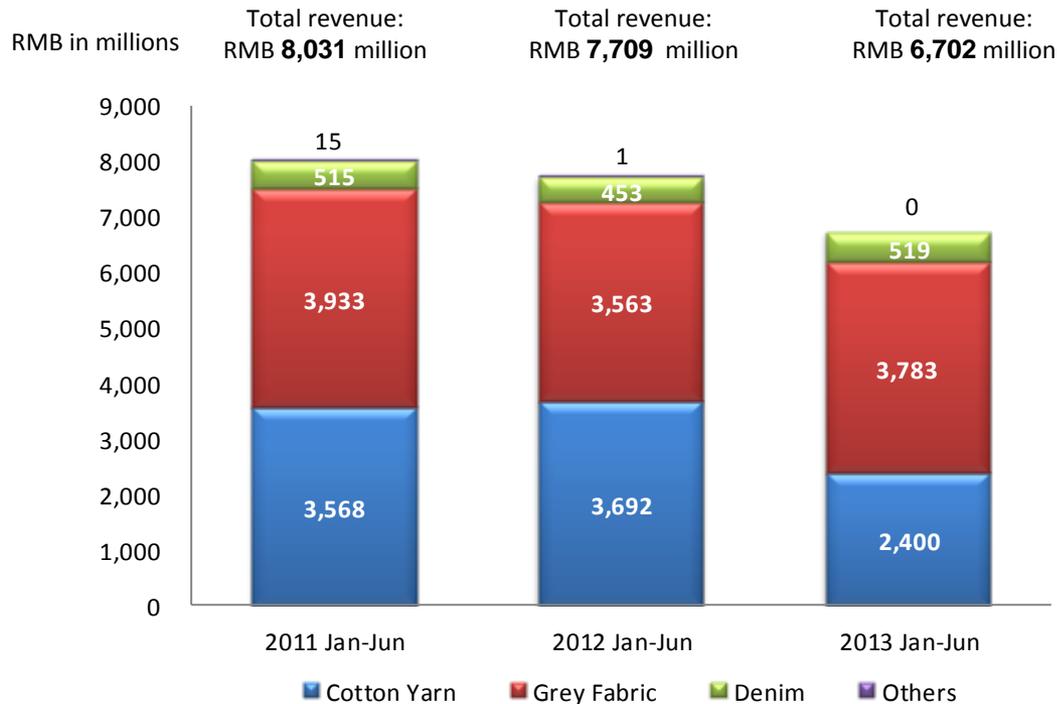


Financial Review

(RMB in millions)	2012 As at 31 Dec	2013 As at 30 June	Change (%)
Total assets	28,374	27,237	-4.0
Total liabilities	12,730	11,481	-9.8
Net asset value	15,645	15,756	0.7
Current ratio (times)	1.8	1.9	0.1 time
Account receivable turnover(days)	13	11	-2 days
Inventory turnover(days)	149	210	+61 days
Account payable turnover(days)	50	56	+6 days
Net debt to equity ratio(%)	32.0	29.0	-3.0 pp

Sales Breakdown by Products

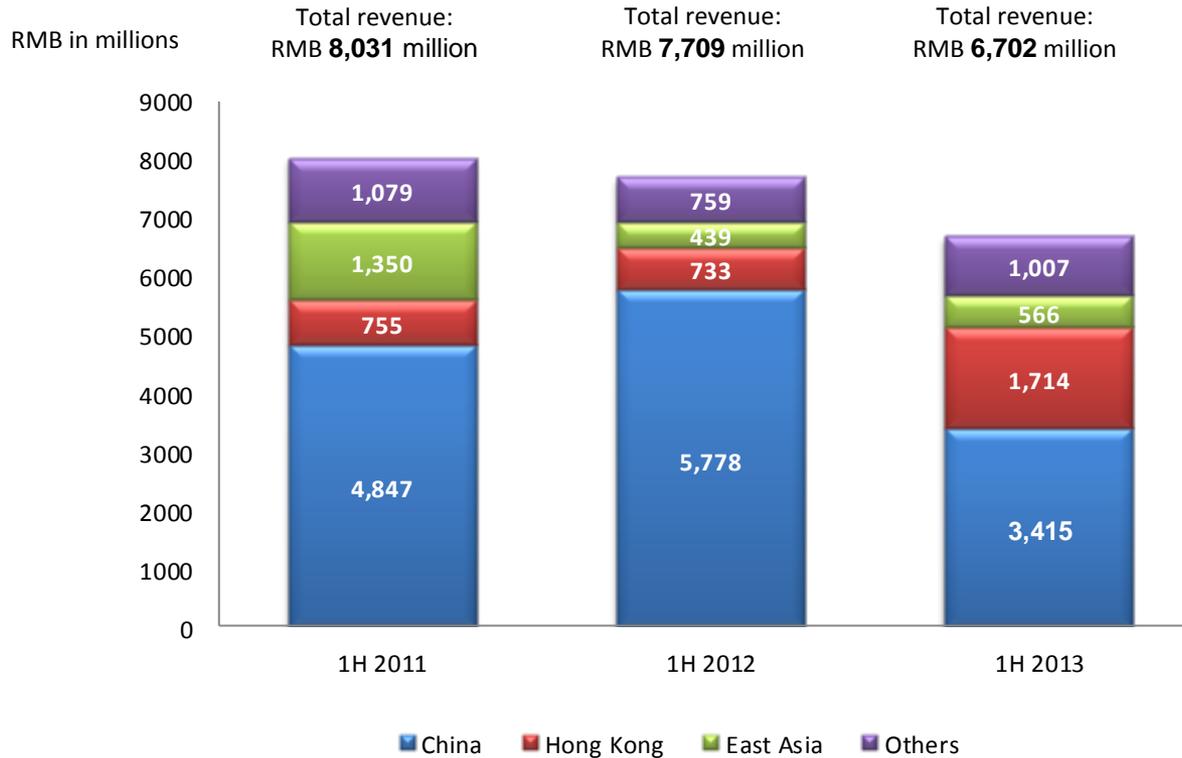
Sales Breakdown by Products



- During the period under review, sales of cotton yarn, grey fabric, and denim accounted for approximately 35.8%, 56.5% and 7.7% of total sales respectively.

Sales Breakdown by Regions

Sales Breakdown by Regions



- Stable sales in overseas markets, representing approximately 49.0% of total sales
- Sales from EU and US accounted for approximately 6.1% of total revenue in 1H 2013



Cost Analysis

	2012 As at 30 June	2013 As at 30 June	Change (%)
Cost of goods sold	7,290	6,099	-16.3
SG&A as % of revenue	3.9%	4.4%	0.5 pp
Sales and distribution costs	105	103	-1.9
Administrative expenses	118	141	19.5
Other expenses	80	53	-33.8
Finance costs	323	268	-17.0

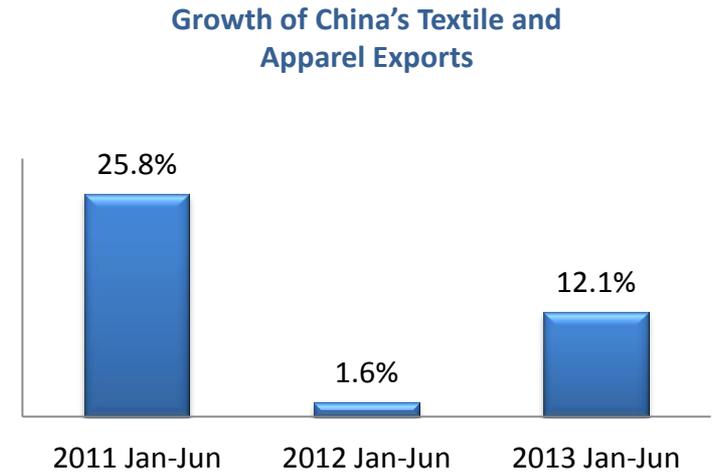
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Industry and Market Analysis

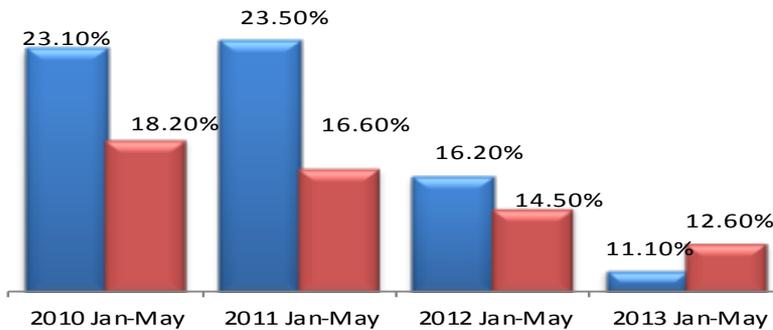


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China's Textile Industry in 1H 2013 – Slower Domestic Market Growth; Exports Still under Pressure



Retail Sales Growth of Textile Products V.S. Overall Retail Sales Growth



■ Retail sales yoy growth of textile products
■ Overall retail sales yoy growth

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

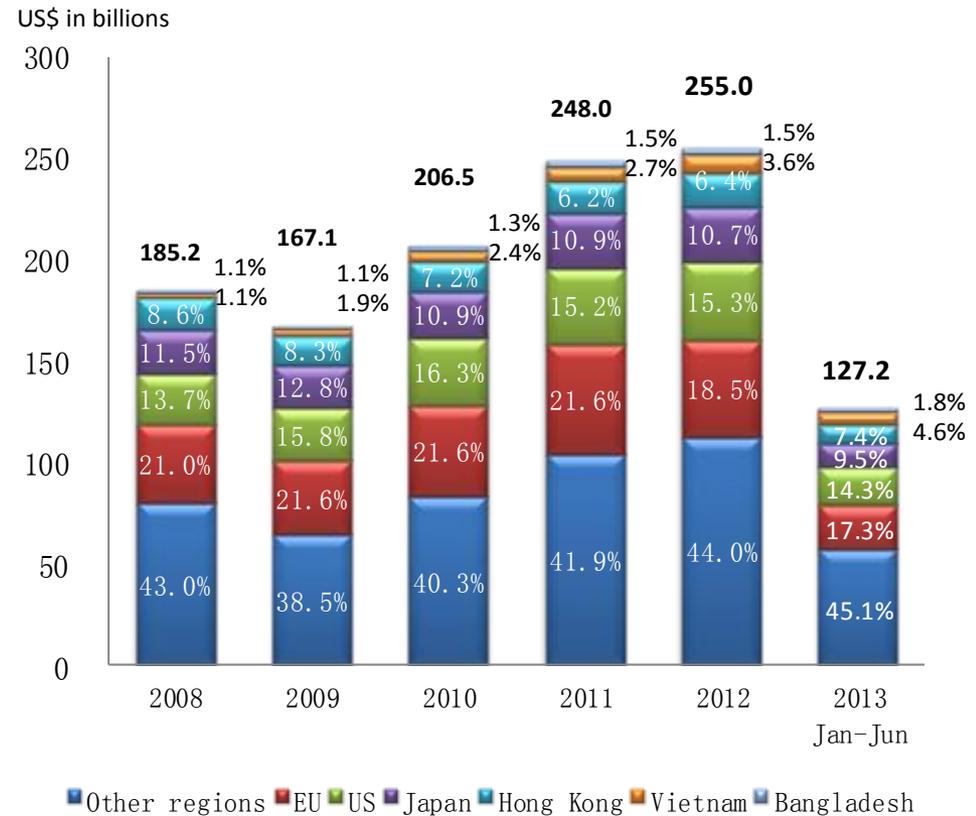


■ Exports ■ Domestic Sales

China's Textile and Apparel Exports Analysis – Specific Markets

- In 1H2013, China's textiles and apparel exports amounted to approximately USD127.2 billion, up 12.1% yoy approximately, growth rate increased by approximately 10.5 percentage points.
- In 1H2013, China's textile and apparel were exported to:
 - US : yoy up 5.0%, growth rate down 1.9 pp, approximately
 - Japan: yoy down 0.4% approximately
 - EU: yoy up 3.0%, growth rate up 15.2 pp, approximately
 - HK : yoy up 23.4%, growth rate up 22.1 pp, approximately
 - Vietnam: yoy up 55.7%, growth rate up 30.2 pp, approximately
 - Bangladesh: yoy up 30.1%, growth rate up 40.3 pp, approximately
 - Other regions: yoy up 15.7%, growth rate up 10.1 pp, approximately

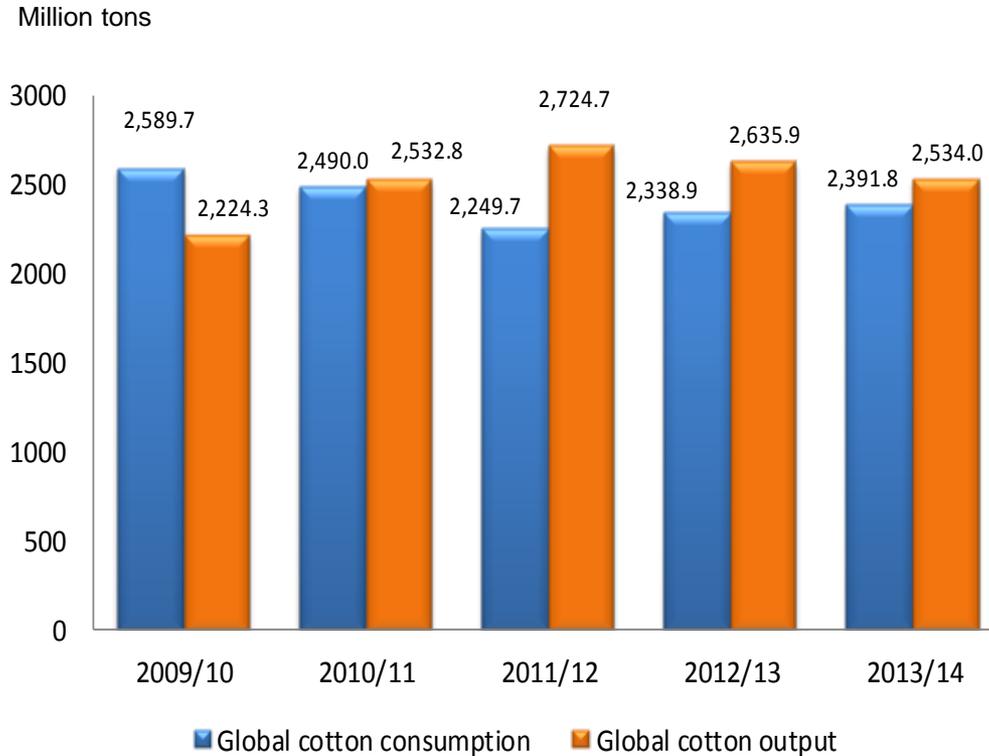
Value of China's Textile and Apparel Exports and Geographical Breakdown



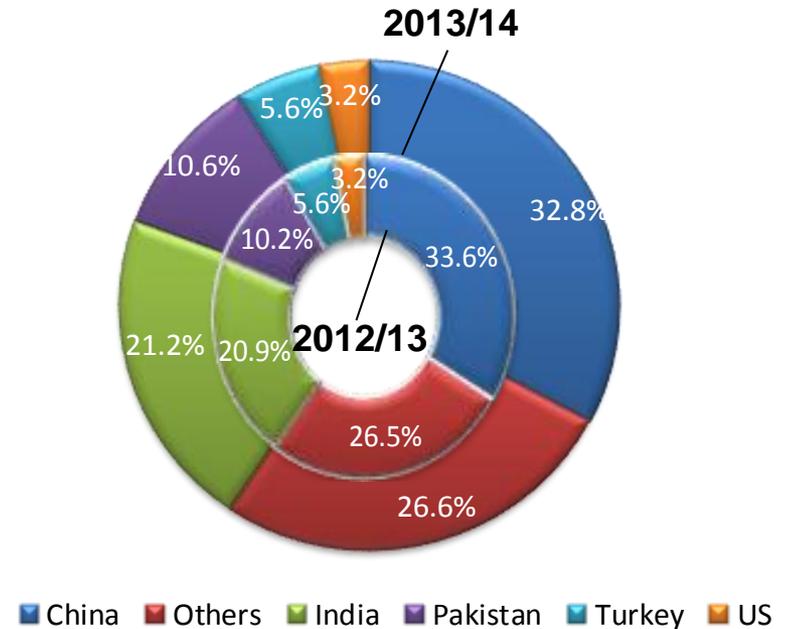
Source: China Customs, National Bureau of Statistics of China, China Chamber of Commerce for Import & Export of Textiles

Global Cotton Market – Supply and Demand Analysis

Expected Global Cotton Output and Consumption

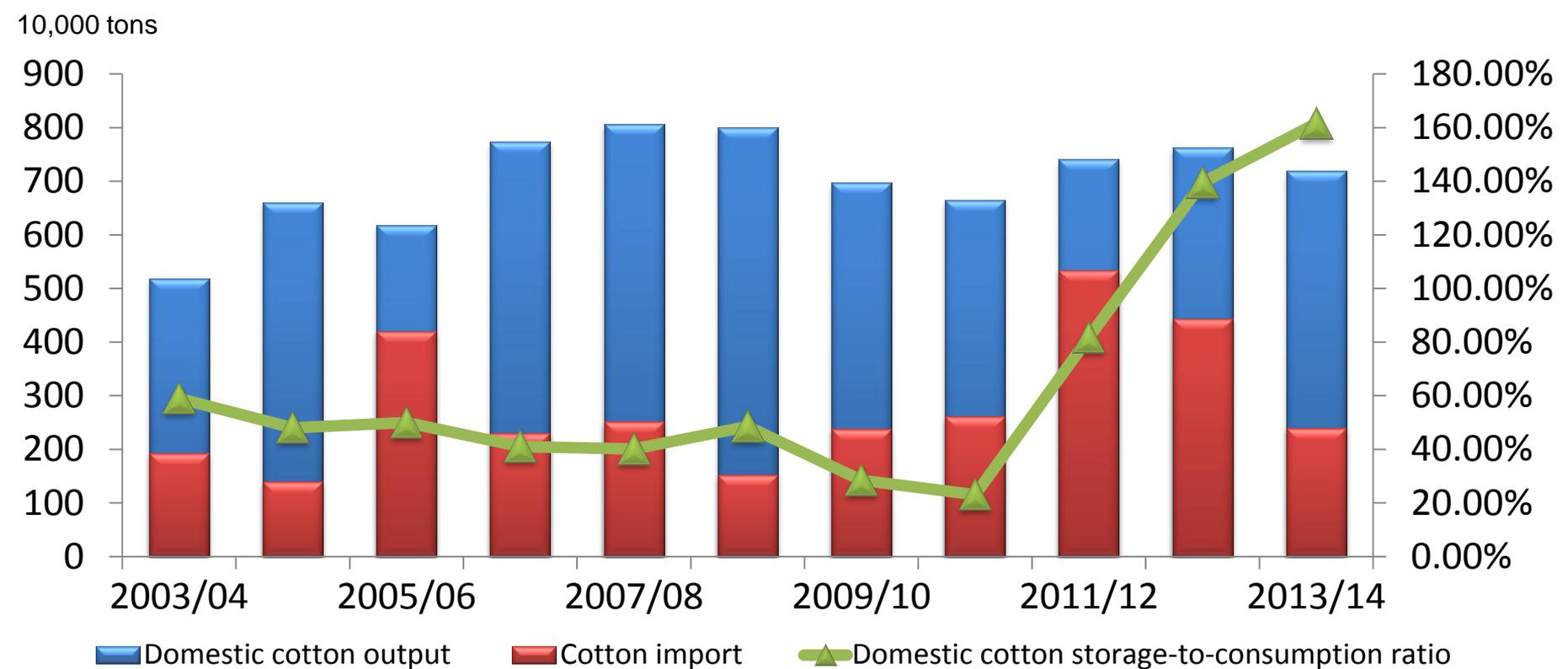


Geographical Breakdown of the Expected Global Cotton Consumption



Source: USDA; released in August

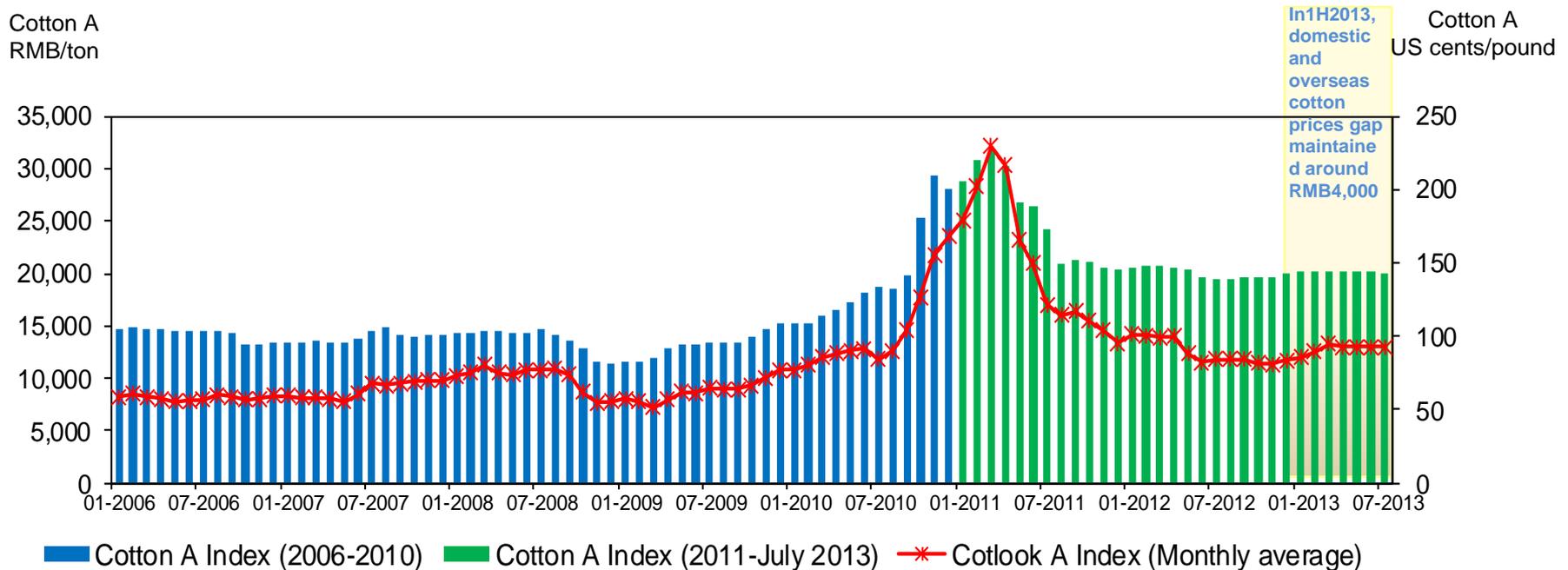
National Cotton Storage and Sales in 2013/2014



- By Mar 31, the accumulated trading volume for temporary cotton storage was up to 6.506 million tons
- By Jul 31, the accumulated volume of reserve cotton traded was 3.716 million tons, 24.7% of the 15.0429 million tons for sale from China's National Cotton Reserves.

Global Cotton Price Analysis – Price Movement

Cotton price : Cotton A Index and Cotlook A Index from Jan 2006 to July 2013



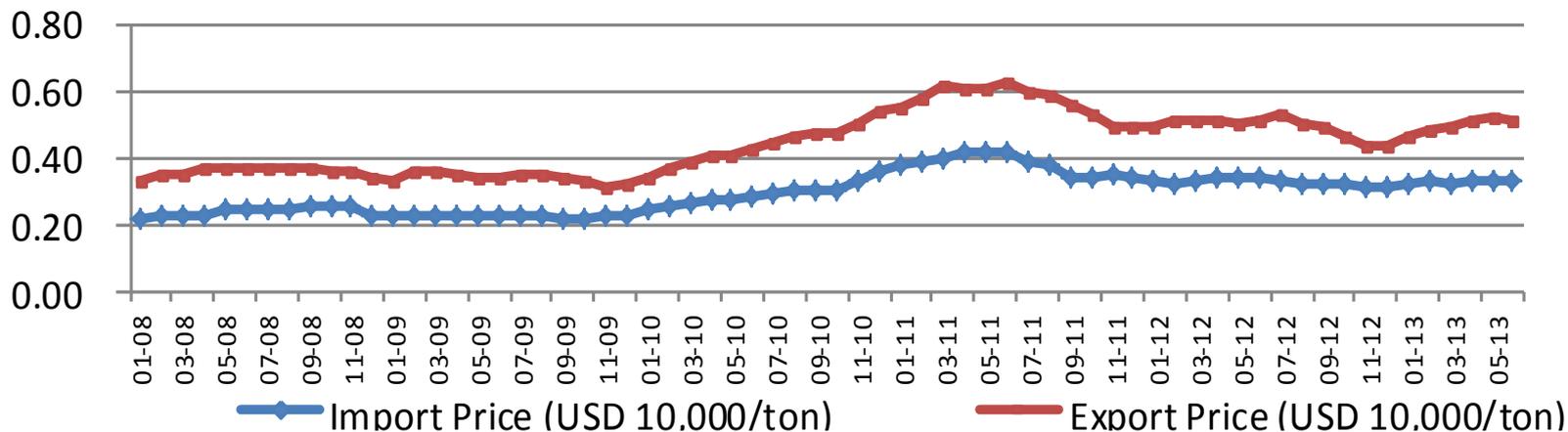
- According to USDA, China's expected cotton output in 2013/2014 would be 7.185 million tons, and the expected cotton consumption would be 7.838 million tons.

Source: cottonchina.org, cncotton.com

Imports and Exports of Cotton Yarn: Unit Price, Volume, and Value

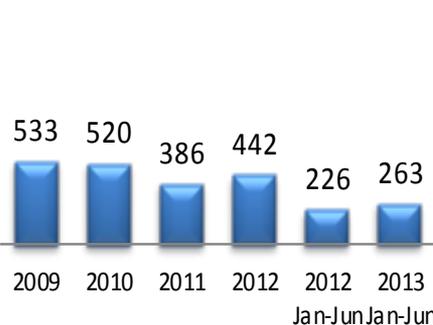
USD 10,000/ton

Import and Export Prices from 2008 to 2013.6



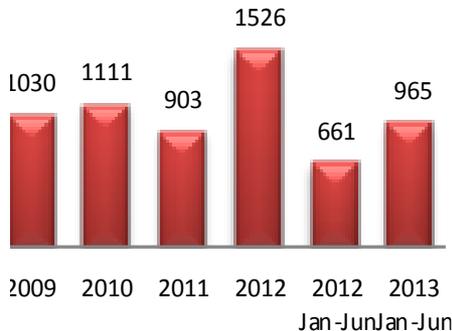
Export Volume

'000 tons



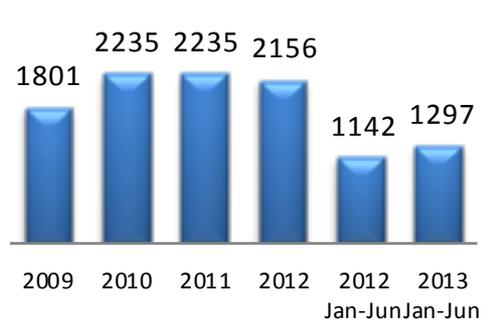
Import Volume

'000 tons



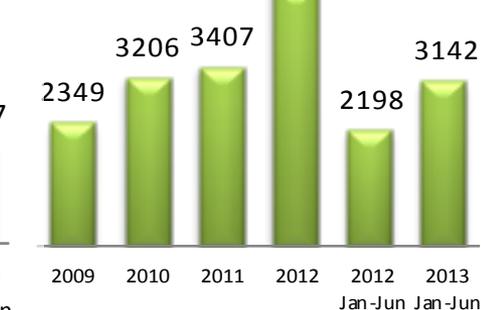
Export Value

US\$ in millions



Import Value

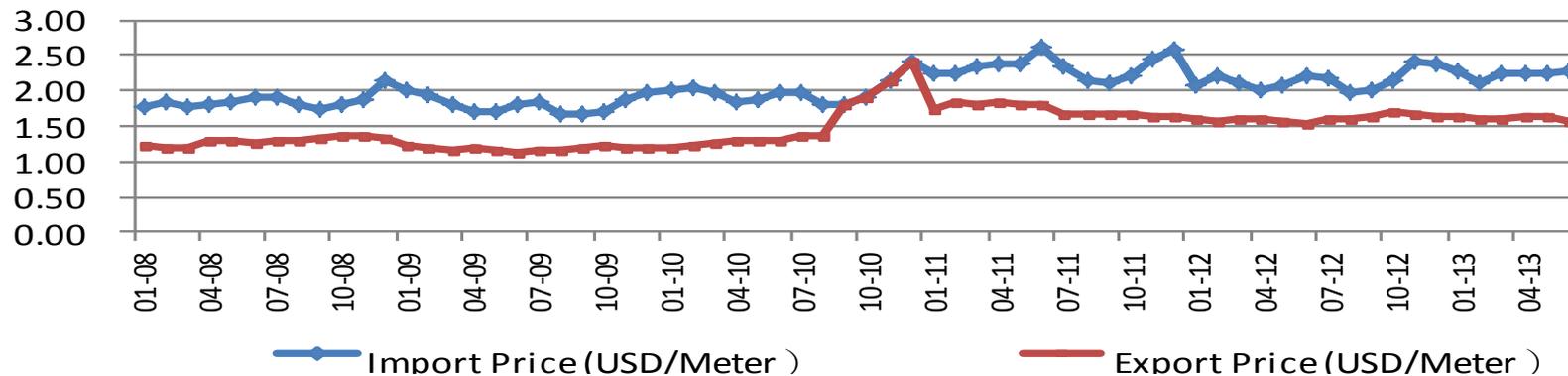
US\$ in millions



Imports and Exports of Grey Fabrics: Unit Price, Volume, and Value

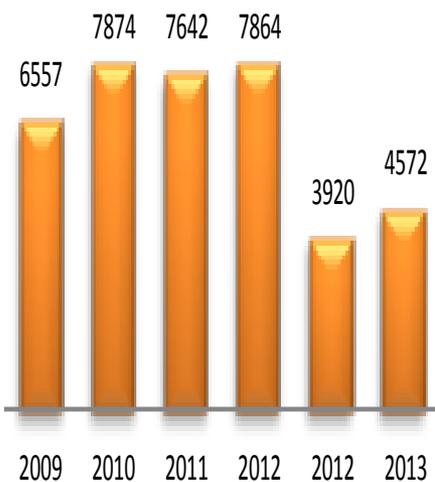
USD/Meter

Import and Export Prices from 2008 to 2013.6



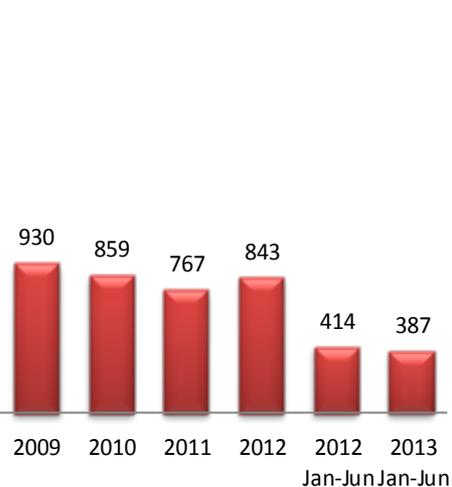
Export Volume

million meters



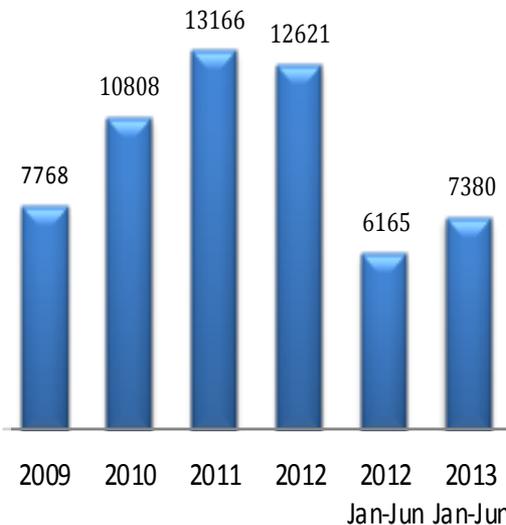
Import Volume

million meters



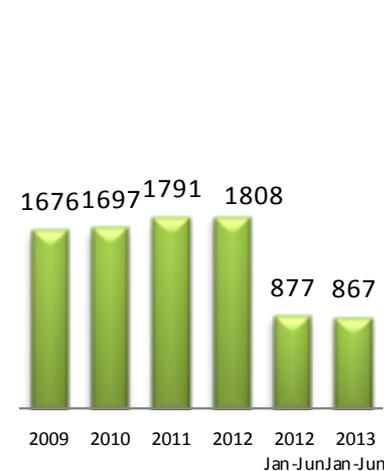
Export Value

US\$ in millions



Import Value

US\$ in millions



Source: cottonchina.com

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Prospects and Strategies



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Demand Trend in China's Textile and Apparel Market

Demand will be boosted by urbanization and "income doubling plan" in the long term.

Consumption of textile and apparel will be continuously boosted by urbanization and rising incomes.

Demand will shift to middle and high-end apparel products.

Higher priority will be given to comfort and quality of apparel products.

Brand apparel companies will focus more on leaner inventory management, resulting in slower growth.

Upgrade products portfolio to cater market demand.

Follow demand trend; emphasize product development; expand advanced production facilities; and increase the proportion of middle and high-end products.



Industrial Opportunities in 2H2013

Weiqiao Textile will benefit from industry consolidation in the long term

- The industry conditions will remain tough with low growth rate.
- Industry consolidation will generate healthy growth.



Objectives and Strategies



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



Seize opportunities in both domestic And overseas markets; further optimize our global market mix.



Accelerate technological upgrades of production equipment.



Accelerate research and development of new products and encourage innovation.



Upgrade workforce skills and expand talent pool.

Q & A

THANK YOU



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