



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

Weiqiao Textile Announces 2009 Interim Results

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Net Profit Attributable to Equity Holders Surged 44.7% to RMB395 million

Financial Highlights

RMB million	For the six months ended 30 June		Change
	2009	2008	
Revenue	6,380	8,888	-28.2%
Gross Profit	485	676	-28.3%
Net profit attributable to equity holders	395	273	44.7%
Basic earnings per share (RMB)	0.33	0.23	43.5%

(6 September 2009 – Hong Kong) The Board of Directors (the “Board”) of Weiqiao Textile Company Limited (the “Company” or “Weiqiao Textile”), the largest cotton textile producer in China, is pleased to announce the interim results of the Company and its subsidiaries (Collectively, the “Group”; Stock Code: 2698) for the six months ended 30 June 2009.

The revenue of the Group amounted to approximately RMB6,380 million for the six months ended 30 June 2009, representing a decrease of 28.2% over the same period last year, which was mainly attributable to the impact of the global financial crisis on the PRC textile industry and the shrinking overall export demand, declining export orders and revenue from exports, resulting in the decrease in the overall turnover. Net profit attributable to equity holders of the Company was approximately RMB395 million, representing an increase of 44.7% over the same period last year. The increase in net profit attributable to equity holders of the Company was primarily due to the revenue derived from the sales of electricity and steam and the decrease in cost incurred for the Period. Earnings per share were RMB0.33. The Board recommended no payment of the interim dividend for the six months ended 30 June 2009.

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Commented on the Group's interim results, Ms. Zhang Hongxia, Chairman of Weiqiao Textile, said, "During the first half of 2009, the operating environment of the PRC cotton textile industry remained challenging. Despite those favorable measures taken by the Chinese government alleviated, to a certain extent, the operational pressure on the PRC textile industry, the shrinking export demand and slowdown in domestic demand have had an adverse impact on the entire PRC textile industry and the Group. By consolidating business development, strengthening internal management and cost control, optimizing resource allocation, adjusting product mix in accordance with market demand and securing its market share through the establishment of a stable customer base, the Group effectively curbed the downward profit trends."

During the first half of 2009, the production of cotton yarn, grey fabric and denim was approximately 291,000 tonnes, 550,000,000 meters and 54,000,000 meters, representing decreases of approximately 31.0%, 26.8% and 38.6% respectively over the same period last year. Such decline was primarily due to the shrinking export market demand and the decline in the amount of export orders under the impacts of the global financial crisis. Meanwhile, customers had become more selective and had higher requirements on the products. Hence, the Company took measures to lower the rotation rate of equipment to ensure product quality, which affected the production output. In addition, as a result of high turnover rate of staff, it takes some time for new employees to master relevant skills. With the scale of the Group grew, more workers from other regions were employed and the extension of Chinese New Year holidays for staff by the Group also partly affected the productivity.

During the Period under Review, the Group continued to actively expand its market share and consolidate its customer base. As at 30 June 2009, the Group had 8,500 domestic customers and 830 overseas customers, representing an increase of approximately 3.7% and 3.8% respectively over the same period last year, hence consolidating and expanding the Group's sales network and customer base.

The acquisition of the thermal power assets from Shandong Weiqiao Chuangye Group Company and Zouping Gaoxin Thermal Power Co., Ltd. in 2008 increased the Group's installed power generation capacity to approximately 1,590 MW. In the current challenging operating environment, the operation of these thermal power assets by the Group could effectively reduce the costs of production, while increasing profit. For the six months ended 30 June 2009, Weiqiao Textile's sale of electricity and steam amounted to approximately RMB1,553 million, resulting in gains of approximately RMB500 million.

In light of the negative changes in the global condition, the Chinese government has taken decisive measures, including market expansion and technology upgrade, to support the development of the textile industry in the PRC. During the Period, the Chinese government further raised the VAT rebate rate of the exports of textile products to 16%. As the economic stimulus package totaling to RMB4 trillion gradually delivers its synergies and the government's policies to expand the domestic demand, ensure growth and adjust structure begin to take effect, the PRC economic environment is showing tentative signs of recovery. However, improvement of the overall macro-economic environment has yet to be realized and it is difficult to reverse the prevailing shrinking demand in a short term. The textile industry will continue to be affected by the overall global economic environment.

Ms. Zhang concluded, "In response to the extremely challenging market environment, the Group will continue to strengthen its production innovation and technology upgrade, and produce more value-added and medium-to-high-end products complying with the Chinese government's efforts in promoting technology upgrade among the enterprises. In addition to enhancing internal management, providing staff training and improving staff quality, the Group will exercise stringent cost control while optimizing the product mix and strengthen its core competitiveness, so as to maintain its leading position among its industry peers and create value for its shareholders."

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Company Profile

Weiqiao Textile Company Limited ("Weiqiao Textile" or the "Company", together with its subsidiaries, collectively known as the "Group") is principally engaged in the production, sale and distribution of cotton yarn, grey fabric and denim. The Company is the largest cotton textile producer in China. Weiqiao Textile is located in the Shandong Province, the third largest cotton-producing province, with a large production scale. According to the statistics of China Chamber of Commerce for Imports & Exports of Textiles, Weiqiao Textile ranked number 1 in terms of the aggregate export values of yarn and fabric in the PRC. As at 30 June 2009, the Company had a total of around 8,500 domestic customers scattering 30 provinces and over 830 overseas customers spanning across 20 countries and regions. For the first half of 2009, the Group had a production volume of about 291,000 tons of cotton yarn, 550,000,000 meters of grey fabric and 54,000,000 meters of denim.

For more information:

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