

(For Immediate Release)



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

## Weiqiao Textile Announces 2008 Annual Results

**Net Profit Attributable to Shareholders Exceeds RMB596 million**

**Final Dividend was RMB0.1569 per share**

### Financial Highlights

RMB million	For the year ended 31 December		Change
	2008	2007	
Revenue	16,453	18,590	-11.5%
Gross profit	1,431	2,662	-46.2%
Net profit attributable to shareholders	596	1,868	-68.1%
Basic earnings per share (RMB)	0.50	1.56	-67.9%
Proposed final dividend per share (RMB)	0.1569	0.5005	-68.7%

(29 March 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 annual results of the Company and its subsidiaries (collectively, the “Group”; Stock Code: 2698) for the year ended 31 December 2008.

For the year ended 31 December 2008, the Group’s revenue was approximately RMB16,453,000,000, representing a decrease of 11.5% when compared with last year. Net profit attributable to shareholders of the Company was approximately RMB596,000,000, representing a decrease of 68.1% as compared with the previous year and earnings per share amounted to RMB0.50. The decrease in net profit attributable to shareholders of the Company was mainly attributable to the decrease in demand from the external textile product market, more intense competition in the domestic textile product market as a result of the effect of the general economic environment and the selling price reduction strategy adopted by the Group to gain the market share and client resources, leading to a decrease in profit margin. The Board proposed a final dividend of RMB0.1569 per share for the year ended 31 December 2008.

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Commented on the Group's annual results, Ms. Zhang Hongxia, Chairman of Weiqiao Textile, said, "The global financial tsunami triggered by the US subprime crisis in 2008 had a heavy impact on the global economy. Although the Chinese government took decisive measures to sustain the stable development of the national economy by easing monetary policy, increasing infrastructure investment and expanding domestic demand in the second half of the year 2008, the growth of the Chinese economy slowed down under the influence of the economic recession in Europe and the US. In this difficult and changing market environment, Weiqiao Textile's operational results were also significantly affected."

For the year ended 31 December 2008, the Group's production volume of cotton yarn, grey fabric and denim were approximately 819,000 tons, 1,452,000,000 meters and 167,000,000 meters, representing a decrease of 8.1%, 11.8% and 7.2%, respectively, as compared with last year. This was mainly attributable to an increase in medium-to-high-end products as a result of the adjustment made by the Group to the product portfolio in accordance with the market demand, which led to a slight decrease of production volume. During the period under review, the proportion of revenue from grey fabric and denim increased as compared with last year. Such increase was mainly due to the adjustment of products' portfolio by the Group according to the change in market demand. And the revenue of cotton yarn decreased as compared to last year, which was mainly attributable to the continuous contraction of the cotton yarn export markets under the impact of the global financial crisis. In particular, demand for the knitwear market was sluggish with more intensive competition, the Company adopted price reduction strategy to boost sales, resulting in a decrease in the sales revenue from cotton yarn.

During the Period under Review, the Group continued to actively expand its market share and consolidate its customer base. As at 31 December 2008, the Group had a total of 8,300 domestic customers and over 810 overseas customers, both representing a growth of approximately 3.8% as compared with last year, reflecting the comprehensive sales network and well-founded customer base of the Group.

The Group has been emphasizing on cost saving and securing stable energy supply. On 14 January 2008, the Company entered into an asset transfer agreement with its parent company, pursuant to which the Company agreed to acquire the thermal power assets of the parent company at an aggregate consideration of RMB2,210,000,000.

In addition, the Company entered into an asset swap agreement with Zouping Gaoxin Thermal Power Co., Ltd. on 4 September 2008 and acquired the thermal power assets owned by Gaoxin Thermal Power at a consideration of RMB1,599,017,500, and transferred the assets making up the Weiqiao First Thermal Power Plant of the Company to Gaoxin Thermal Power for RMB291,476,160 as payment of part of the consideration, and the remaining consideration would be offset by supplying electricity to Gaoxin Thermal Power. During the period under review, the Company received revenue of approximately RMB357,000,000 (inclusive of VAT) from electricity sales in 2008, which offset part of the remaining consideration.

In view of the sluggish global economy and the difficulties faced by the textile industry, the State Council promulgated an economic stimulus plan with a total amount of RMB4 trillion in November 2008, which aimed at stimulating the Chinese economy by expanding domestic demand. It also approved in principle the stimulus plan for the textile industry on 4 February 2009 to adjust and revitalize China's textile industry through various specific measures. In addition, the rate of export tax rebate for certain textile clothing will increase from 15% to 16%, with effect from 1 April 2009. The Group believes that all these measures will help alleviate the pressure on operation for textile enterprises.

Ms. Zhang concluded, "Looking ahead, the market environment will remain very challenging in 2009 and the prospects will continue to be overcastted by uncertainties. In this challenging market environment, Weiqiao Textile will continue to actively upgrade its production facilities, improve operating efficiency and strengthen cost control, so as to enhance the Group's core competitiveness. The Group will also strive to expand the market share of medium-to-high-end products to maintain and strengthen its position as the first-choice supplier in China and around the world for international purchasers. We will continue to make efforts to enhance the scale and strength of Weiqiao Textile, promote more healthy and stable corporate development of the Group and to continuously create value for the 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 31 December 2008, the Company had a total of around 8,300 domestic customers scattering 30 provinces and over 810 overseas customers spanning across 20 countries and regions. In 2008, the Group had a production volume of about 819,000 tons of cotton yarn, 1,452,000,000 meters of grey fabric and 167,000,000 meters of denim.

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