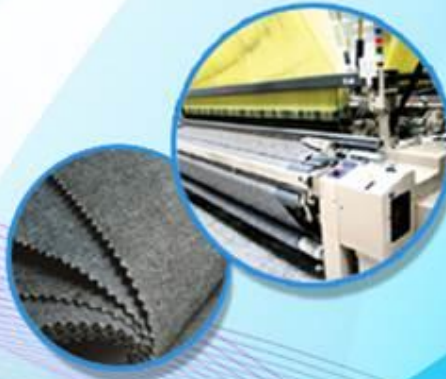


2014 Interim Results Presentation

25 August 2014



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 has 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
- Business Review
- Industry and Market Analysis
- Prospects and Strategies



Financial Review

Financial Review

(RMB in millions)	2013 As at 30 June	2014 As at 30 June	Change
Turnover	6,702	5,973	-10.9%
Gross Profit	602	506	-15.9%
Gross Profit Margin %	9.0	8.5	-0.5pp
Operating Profit Margin %	10.3	10.6	0.3pp
Profit before Tax	420	301	-28.3%
Profit Attributable to Shareholders	266	210	-21.1%
Diluted Earnings per Share (RMB)	0.22	0.18	-18.2%
Net Profit Margin %	4.0	3.5	-0.5pp

Financial Review

(RMB in millions)	2013 As at 31 Dec	2014 As at 30 June	Change
Total Assets	30,310	28,331	-6.5%
Total Liabilities	14,209	12,218	-14.0%
Net Asset Value	16,102	16,113	-
Current Ratio (times)	2.4	2.8	0.4 time
Account Receivable Turnover (days)	14	12	-2 day
Inventory Turnover (days)	185	200	+15 day
Account Payable Turnover (days)	59	46	-13 day
Debt-to-asset ratio %	34.4	32	-2.4 pp

Cost Breakdown

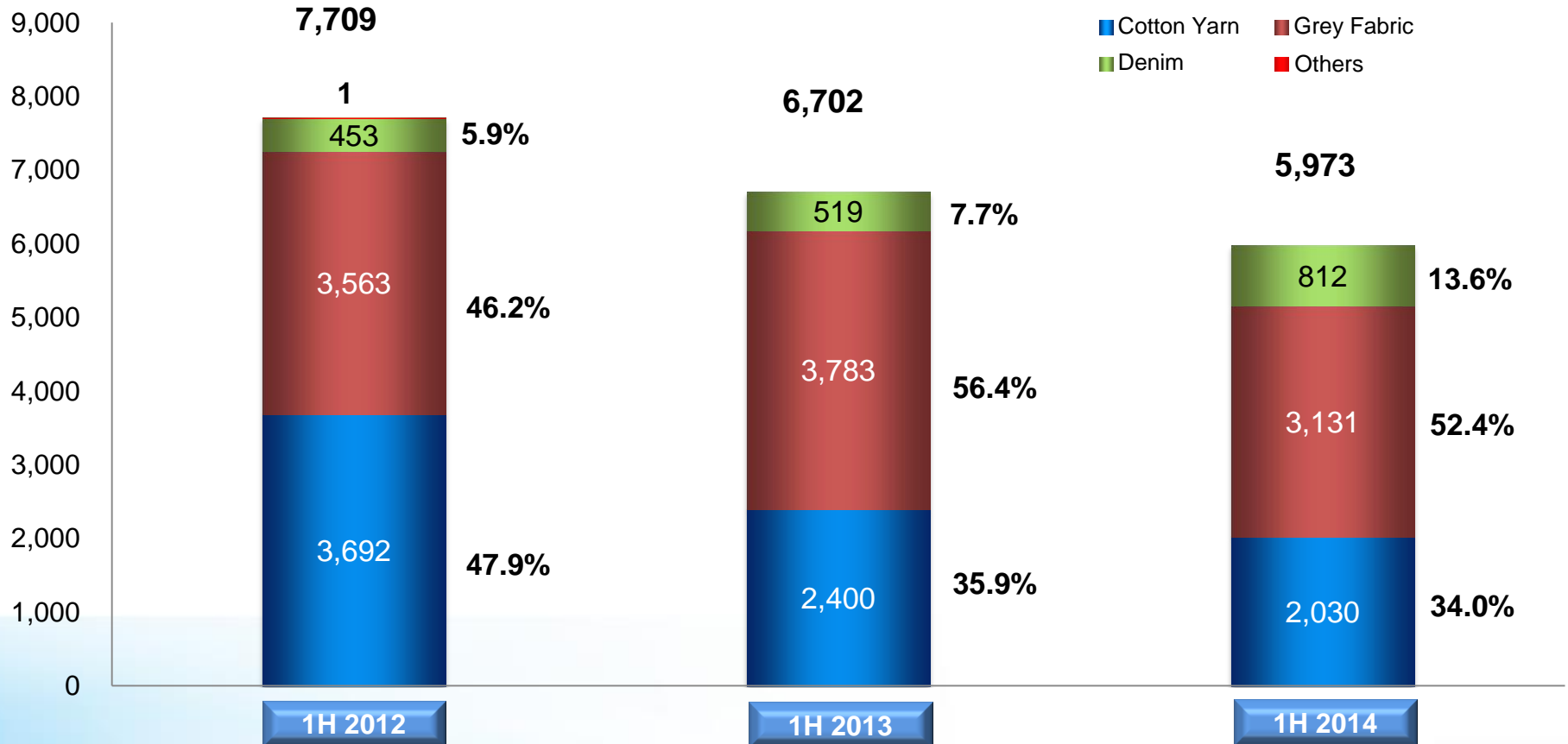
(RMB in millions)	2013 As at 30 June	2014 As at 30 June	Change
Cost of goods sold	6,099	5,467	-10.4%
SG&A as % of revenue	4.4%	4.6%	0.2 pp
Sales and distribution costs	103	80	-22.3%
Administrative expenses	141	138	-2.1%
Other expenses	53	59	11.3%
Finance costs	268	332	23.9%



Business Review

Sales Analysis (by products)

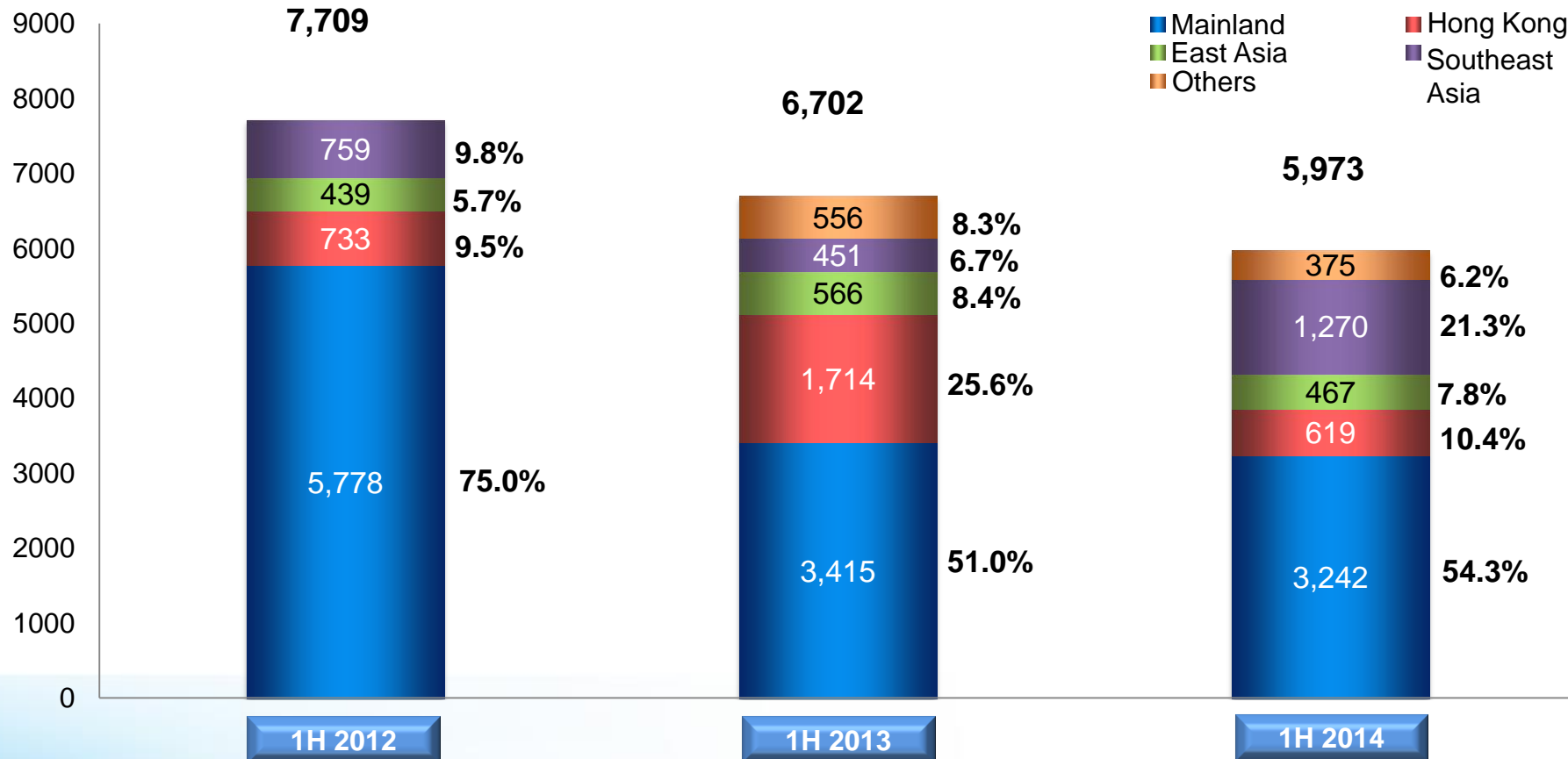
RMB in millions



- Sales of cotton yarn, grey fabric, and denim accounted for approximately 34.0%, 52.4% and 13.6% respectively.

Sales Analysis (by regions)

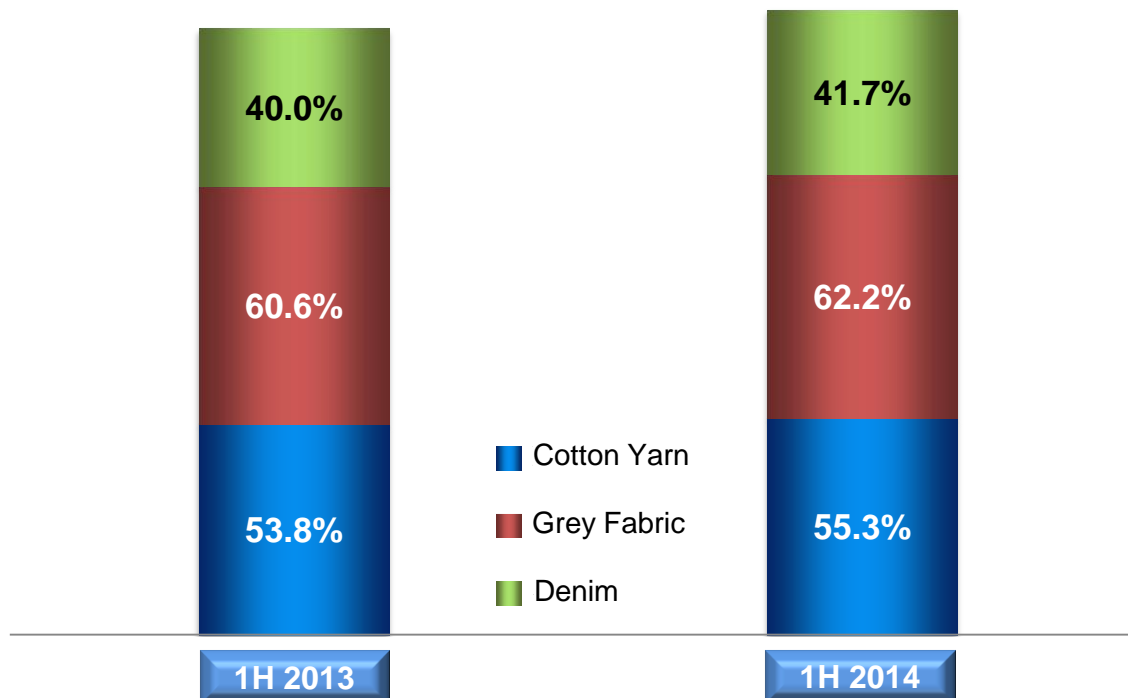
RMB in millions



- Stable overseas distribution network, accounted for 45.7 % of total sales.
- 1H2014 sales from E.U. & U.S. markets accounted for 4.0% of total sales.

Middle to High-end Products

Middle to High-end Products
(% of total sales volume in different products)



- Sales volume of middle to high-end products accounted for 55.3%, 62.2% and 41.7% in cotton yarn, grey fabric, and denim respectively.

High Quality Products R&D

Middle to High-end Cotton Yarn

- Over 500 thread counts combed yarn, New differentiated yarn, flake yarn, etc.
- For high-end bedding products & shirts

Middle to High-end Denim

- Denim with special type of fabric, high thread counts (over 30) Denim, etc.
- For soften & comfortable jeans with high elastic



Middle and High-end Fabric

- High value-added products, including high thread counts and density combed grey fabric (over 300 & 500), extra-width high density cotton poplin, alginate fabric etc.
- For high-end bedding, brocade and garment

Differentiated Products with Special Features

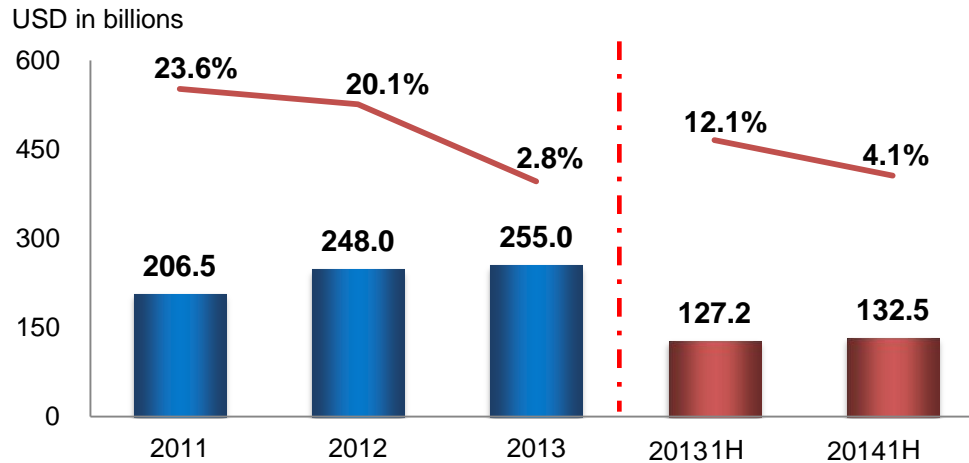
- Products with special functions, including antibacterial, Wrinkle-free, dust-free, etc.
- For industrial including healthcare, fire control, environment protection, etc.



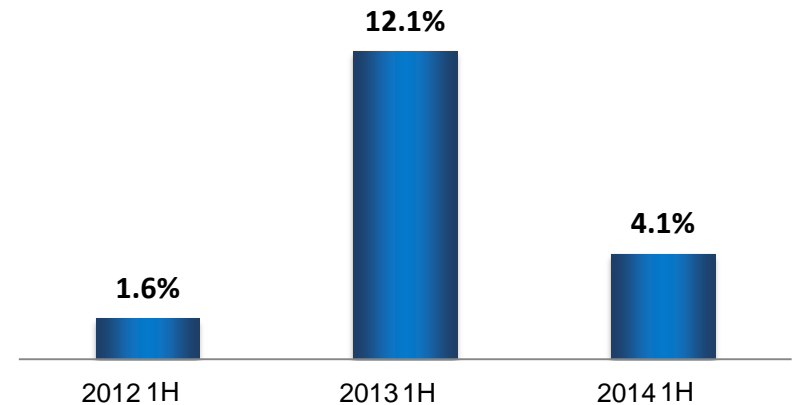
Industry and Market Analysis

China's Textile and Apparel Industry Analysis – Steady Growth of Domestic and Overseas Sales at Slower Growth Rate

China's Textile and Apparel Exports' Value



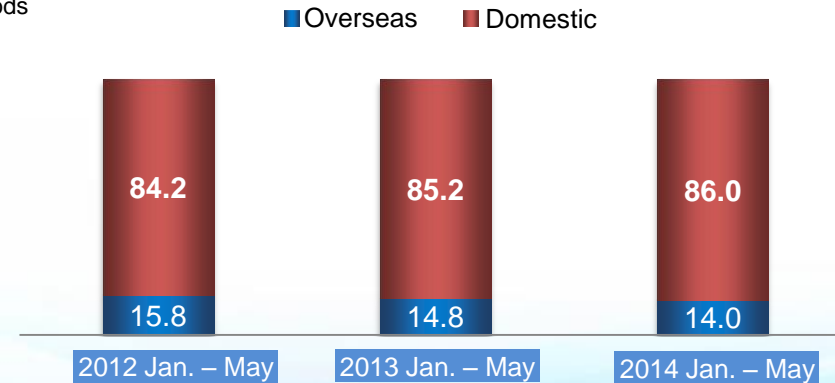
Growth Rate of China's Textile and Apparel Exports



Growth Rate of Retail Sales of consumer goods v.s.
Growth Rate of retail sales of apparel, footwear, and textile products



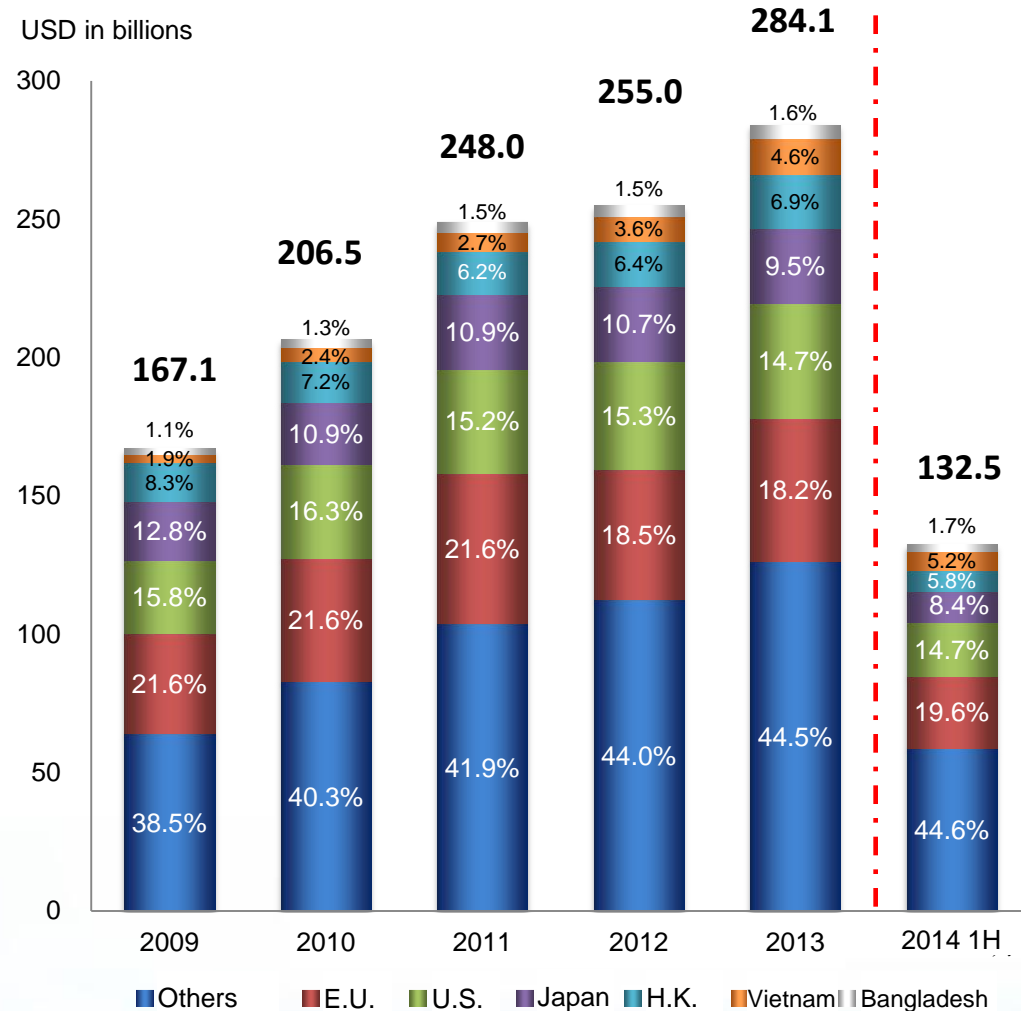
% of Domestic Sales v.s. Exports
Textile Companies in China
(over designated size companies)



China's Textile and Apparel Exports Analysis (by regions)

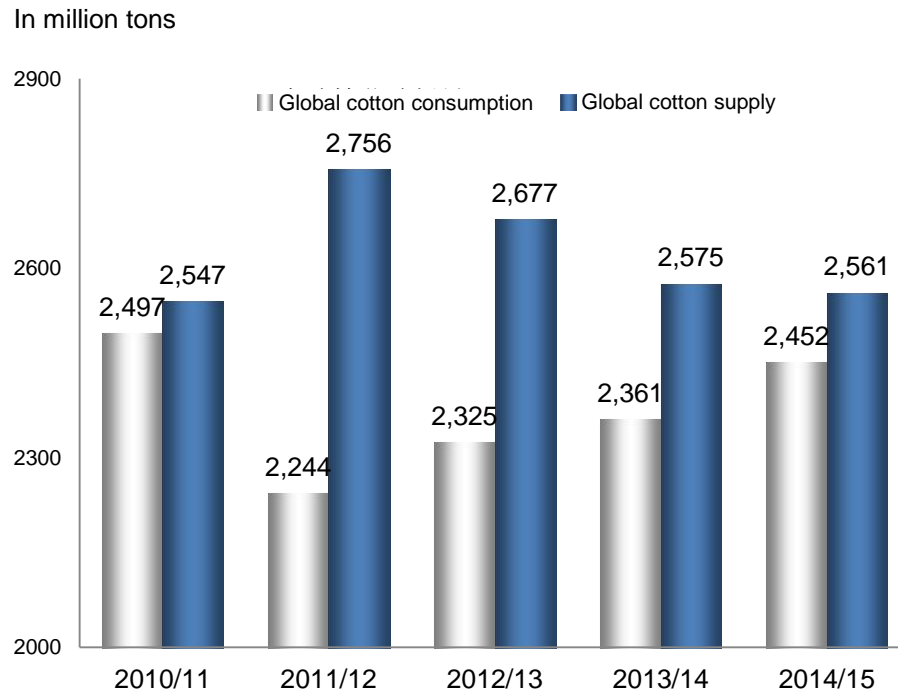
Value of China's Textile and Apparel Exports (by regions)

- 1H 2014 China's textile and apparel exports were USD 132.5 billion, up 4.1% YoY, growth rate down 8.0 pp
- 1H 2014, China's textile and apparel were exported to:
 - U.S.: YoY up 6.9%, growth rate up 1.9 pp
 - Japan: YoY down 8.4%
 - E.U.: YoY up 18.5%, growth rate up 15.5 pp
 - Hong Kong: YoY down 17.8%
 - Vietnam: YoY up 16.6%, growth rate down 39.1 pp
 - Bangladesh: YoY down 1.3%
 - Other regions: YoY up 2.9%, growth rate down 12.8 pp

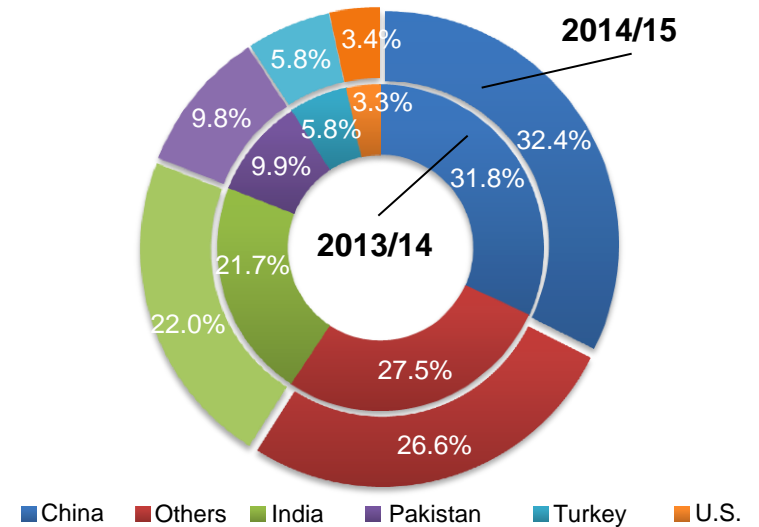


Global Cotton Market – Supply and Demand

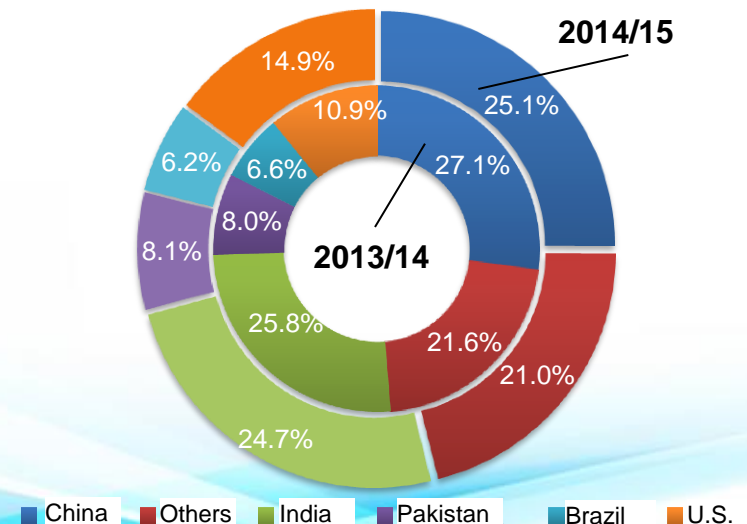
Global Cotton Output and Consumption Forecast
USDA in August



Global Cotton Consumption Forecast (by regions)
USDA in August



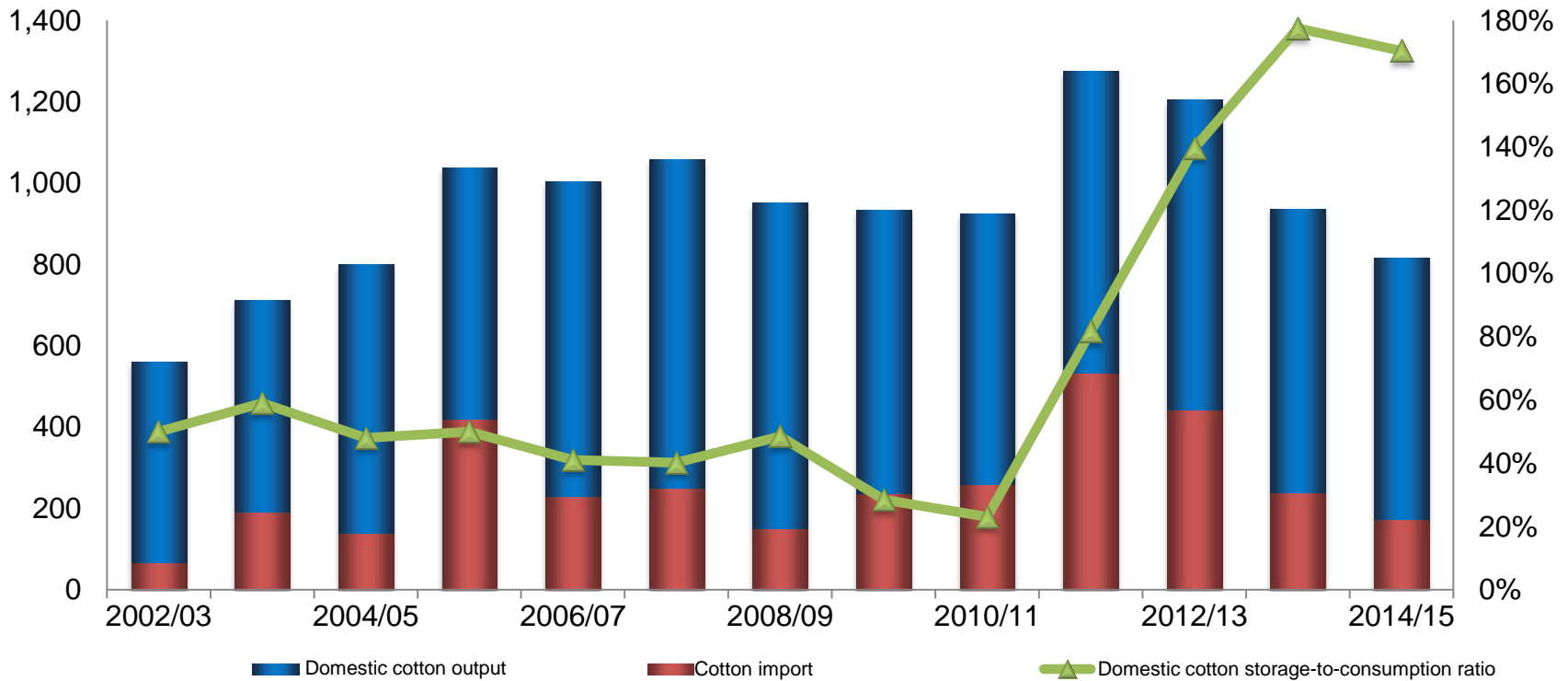
Global Cotton Supply Forecast (by regions)
USDA in August



Source: USDA released in August

Cotton Storage, Sales and Direct Subsidies in China

In million tons

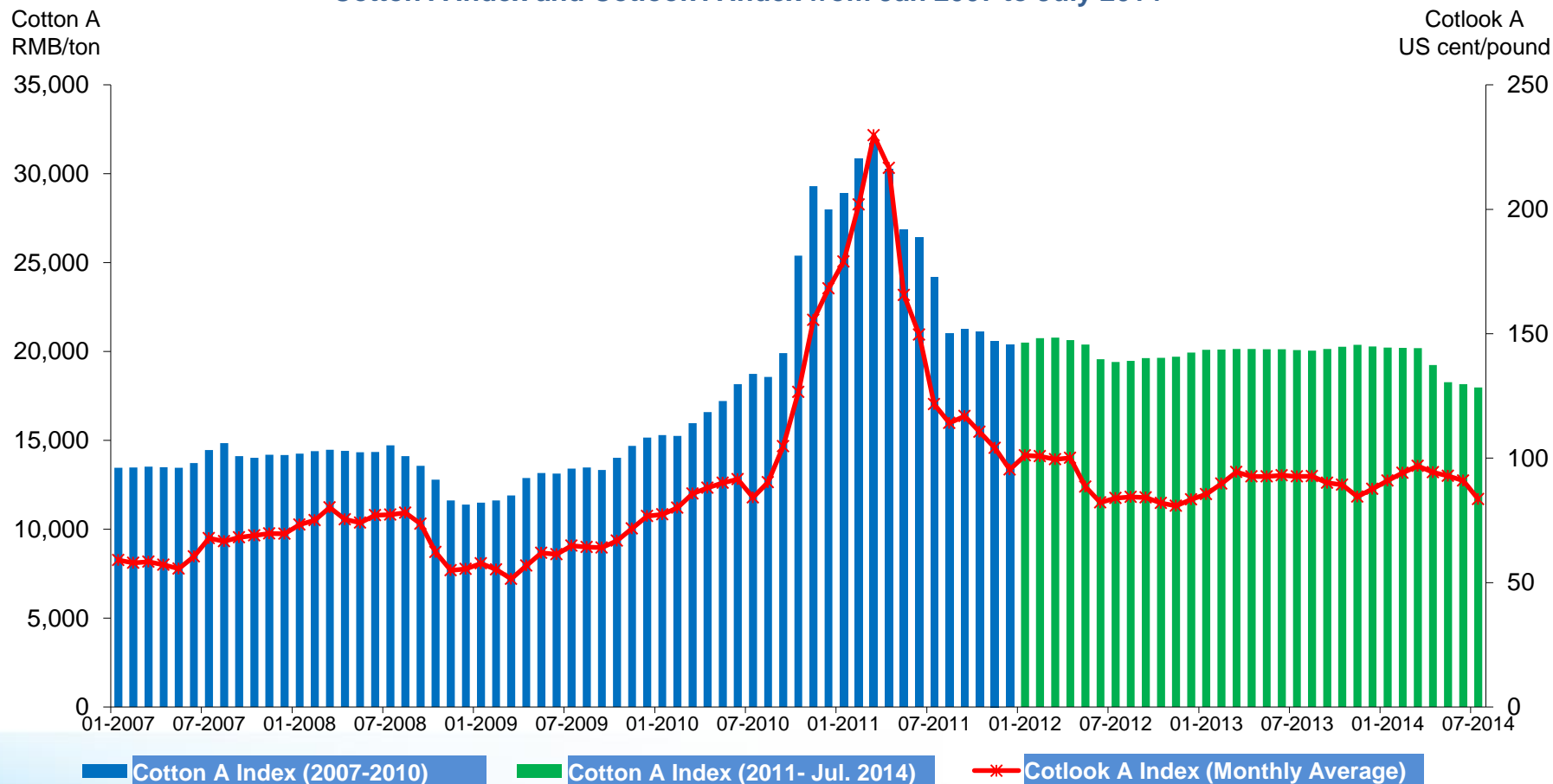


Source: cottonchina.org

- As at 31 March 2014, China's temporary cotton storage in 2013/14 cotton crop year totaled 6.307 million tons.
- As at 22 August 2014, China's accumulated cotton available for sales reached 12.04 million tons, with total transaction of 2.56 million tons (transaction percentage was 21.27%).

Global Cotton Market Analysis – Price Trend

Cotton A Index and Cotlook A Index from Jan 2007 to July 2014



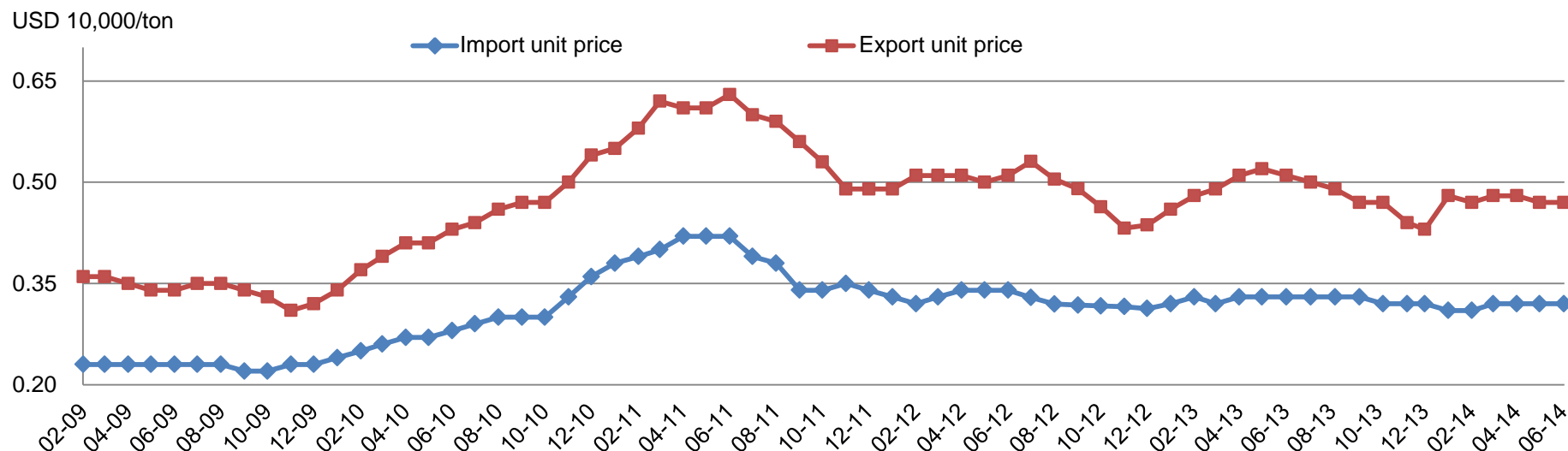
Source: cottonchina.org, cncotton.com

- USDA forecasted China's cotton output in 2014/15 cotton crop year would be 6.423 million tons, and cotton consumption would be 7.947 million tons.

Cotton Yarn Imports & Exports

- Unit Price, Volume, and Value

Import and Export Price (2009 – Jun. 2014)

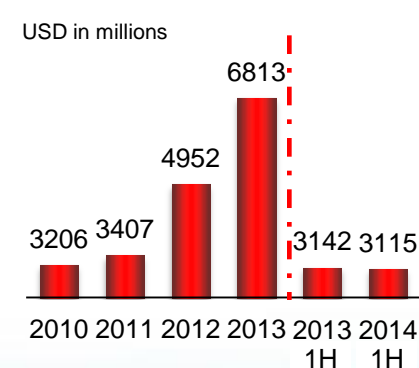
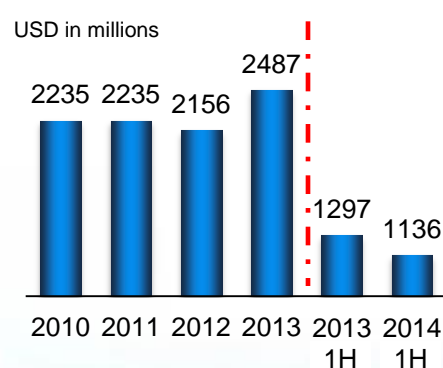
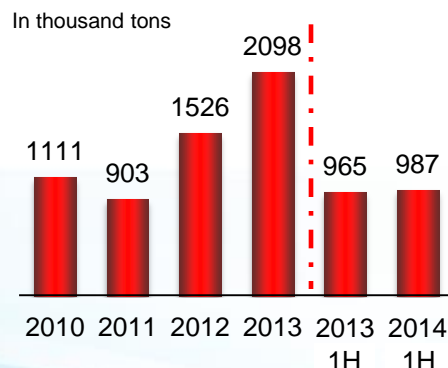
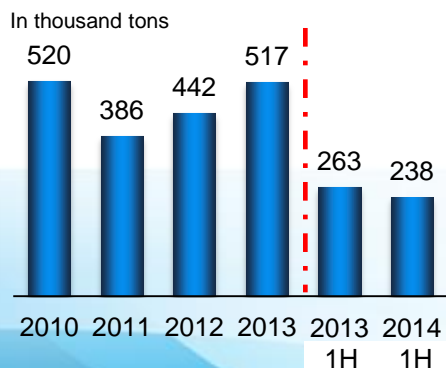


Export Volume

Import Volume

Export

Import

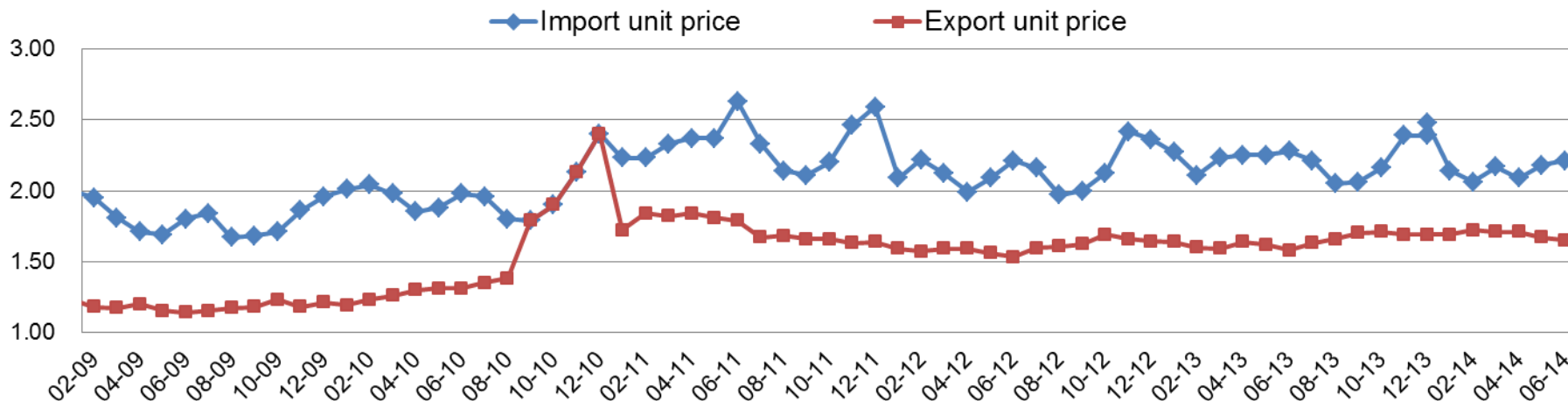


Grey Fabrics Imports and Exports

- Unit Price, Volume, and Value

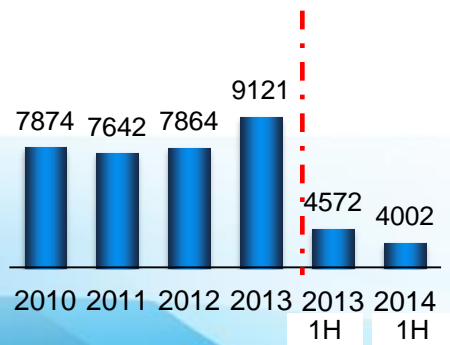
Import and Export Price (2009 – Jun. 2014)

USD/Meter



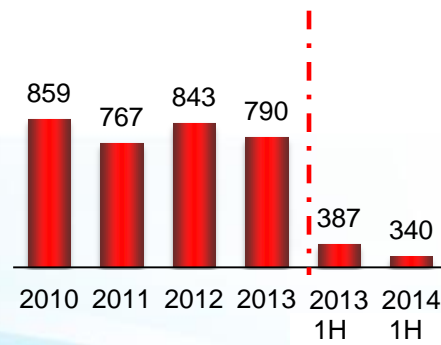
Export Volume

In million meters



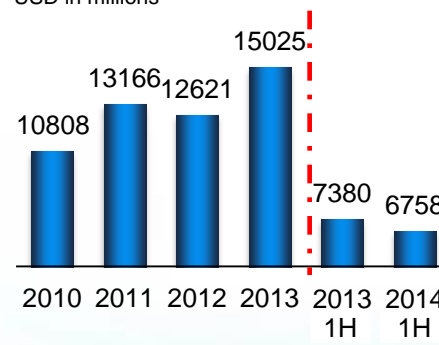
Import Volume

In million meters



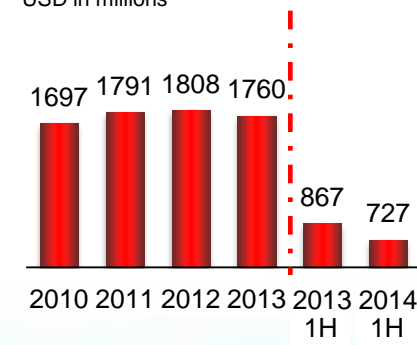
Export

USD in millions



Import

USD in millions



India, Pakistan, China and Vietnam's Textile Industry Export

Pakistan

In financial year 2013/14

- textile and apparel export value of Pakistan recorded US\$13.792 billion, up 5.04% YoY
- export of cotton yarn was 0.6557 million tons, down 9.7% YoY
- export of grey fabric was 1.648 billion meters, down 7.7% YoY



India

In financial year 2013/14

- textile export value of India recorded US\$33.5 billion, up 4.04% YoY
- apparel export value recorded US\$15 billion



Vietnam

In financial year 2013/14

- textile and apparel export value of Vietnam recorded US\$17.946 billion, up 18.9% YoY; textile export value recorded US\$2.09 billion

In the first half of 2014

- textile and apparel export value recorded US\$10.4 billion, up 18.4% YoY; textile export value recorded US\$9.26 billion, and the yarn export value recorded US\$1.77 billion, and grey fabric export value recorded US\$410 million



China

In 2013

- aggregate trading value of domestic textile and apparel recorded US\$311.06 billion, up 11.3% YoY
- export of textile and apparel grew at the same pace, with export value of US\$106.98 billion and US\$177.09 billion, up 11.7% and 11.3% YoY, respectively



Price Differences of Raw Materials for Fabric Profitability of Cotton Yarn

Price Differences of Raw Materials for Fabric (since 2007)



Profitability of Yarns (2011 – 2014)






Prospects and Strategies



Trend in China's Textile and Apparel Market Demand



Demand will be boosted by urbanization and “income doubling plan” in the long term

Consumption of textile and apparel will be continuously boosted and the demand structure will be upgraded by accelerated urbanization and rising incomes

Demand will shift to middle to high-end products

Priority will be given to comfort and quality of apparel products

Brand apparel companies may focus more on lean management, resulting in slower growth

Improve product mix to cater market demand

Focus on research and development to cater market demand

Production facilities upgrades

Product mix shift towards middle to high-end

Weiqiao Will Benefit From Industry Development in the Long Term

- China's textile industry is expected to maintain slower growth despite challenges
- Consolidation and elimination push forward industrial development

2H 2014

**Recovery of
global economy**

**Domestic economic
growth stabilized**

**Transition and
upgrade of textile
industry**

Goals & Strategies

**Largest and Strongest
Cotton Textile
Manufacturer in the world**



**Seize opportunities in both domestic &
overseas markets;
Optimize International trade structure**



**Upgrade production facilities;
Accelerate technology upgrading**



**Accelerate R&D of new
products;
Enhance innovative ability**



**Build talent pool;
Push forward innovations through
better talents**

Q&A

THANK YOU