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Chairman's Statement

It is my pleasure to present to our shareholders the annual results of Weiqiao Textile Company Limited ("Weiqiao Textile" or "Company", together with its subsidiaries, "Group") for the year ended 31 December 2003.

During the year under review, the Group achieved a turnover of RMB6.56 billion, representing an increase of 49.8% compared to 2002. Net profit attributable to shareholders was RMB542 million for 2003, representing an increase of 87.9% compared to 2002. The amount was more than the profit forecast as stated in the Company's prospectus dated 15 September 2003 ("Prospectus"). Earnings per share for the year under review were RMB0.89.

The Company intended to distribute 35% of the distributable profits for the period from 20 September 2003 to 31 December 2003. The board of directors ("Directors") of the Company ("Board") has recommended payment of a final dividend of RMB0.056 per share for the year under review.

2003 was a very meaningful year for the Company. Recognized as the largest cotton textile manufacturer in the PRC, we were able to debut in the international financial market. The successful listing of the Company's H shares on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 24 September 2003 marked a new milestone for the Group. With the tremendous support by institutional investors and the public, our public offer was 118.6 times oversubscribed. The Group successfully raised HK\$2.12 billion from the IPO and raise an additional HK\$318 million upon exercise of an over-allotment option by BNP Paribas Peregrine in full on 25 September 2003. It fully reflects investors' confidence in the textile industry in the PRC and the promising prospects of the Group.

To further heighten the Group's excitement, Weiqiao Textile was awarded the "Best Mid-Cap Equity" by the reputable regional financial publication, "The Asset", in its December 2003 issue and will become a constituent stock of The Hang Seng China Enterprises Index (HSCEI) in March 2004.

The surge in cotton price in the second half of 2003 brought forth negative impact to most of the textile manufacturers and speeded up industry consolidation in the PRC. Thanks to our leading position in the global market, economies of scale, low production cost, comprehensive product mix with well-known brandnames, geographical advantages, extensive customer base and experienced and committed management, the Group was not affected by the price surge and hence, stood out from its peers.

Looking ahead, the continuing trend of outsourcing textile manufacturing to China and the industry consolidation will bring numerous opportunities to the Group. We will further enhance our production capacity and product diversification, explore other overseas markets, improve our information system and strengthen our management capability, so as to further cement our leading position in the industry. We will strive to sustain our business growth and endeavour to become the world's number one cotton textile enterprise.

On behalf of the Group, the management would like to express our sincere gratitude to our staff, shareholders and business partners for their support, dedication and contribution to the success of the Group in 2003.



Zhang Bo
Chairman

Shandong, the PRC
27 February 2004

