天虹紡織集團有限公司
TEXHONG TEXTILE GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 2678)

RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2007

The board (the "Board") of directors (the "Directors") of Texhong Textile Group Limited ("Texhong" or the "Company") is pleased to present the unaudited results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2007, together with the comparative figures for the corresponding period last year as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Unaudited Six months ended 30 June 2007 RMB'000	2006 RMB'000
Sales	2	1,440,209	1,198,004
Cost of sales	3	(1,241,496)	(988,871)
Gross profit		198,713	209,133
Selling and distribution costs	3	(34,894)	(32,392)
General and administrative expenses	3	(65,379)	(51,482)
Other gains – net	2	9,080	22,565
Operating profit		107,520	147,824
Finance income		660	1,160
Finance costs		(13,353)	(17,109)
Finance costs – net	4	(12,693)	(15,949)
Profit before income tax		94,827	131,875
Income tax expense	5	(14,905)	(20,237)
Profit for the period, attributable to equity holders of the Company		79,922	111,638
Earnings per share for profit attributable to the Company's equity holders during the period (expressed in RMB per share)	6		
– Basic		0.092	0.128
– Diluted		0.091	0.128
Dividends	7	–	26,929

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited As at 30 June 2007 *RMB'000*	Audited As at 31 December 2006 *RMB'000*
ASSETS			
Non-current assets			
Land use rights		77,053	70,519
Property, plant and equipment		1,028,002	824,057
Goodwill		888	888
Deferred income tax assets		3,138	3,879
		1,109,081	899,343
Current assets			
Inventories		523,271	450,722
Trade and bills receivables	*8*	270,531	227,452
Prepayments, deposits and other receivables		71,589	98,099
Pledged bank deposits		13,542	14,397
Cash and cash equivalents		83,698	139,887
		962,631	930,557
Current liabilities			
Trade and bills payables	*9*	253,262	270,549
Accruals and other payables		201,895	171,786
Dividend payable		34,256	–
Current income tax liabilities		1,250	1,704
Borrowings		342,539	308,538
		833,202	752,577
Net current assets		129,429	177,980
Total assets less current liabilities		1,238,510	1,077,323
Non-current liabilities			
Borrowings		320,243	204,458
Deferred income tax liabilities		10,952	11,216
		331,195	215,674
Net assets		907,315	861,649
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		92,842	92,842
Reserves		814,473	768,807
Total equity		907,315	861,649

Notes:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Group is principally engaged in the manufacture and sale of yarn, grey fabrics and dyed fabrics.

The Company was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("the Stock Exchange") since 9 December 2004.

The condensed consolidated interim financial information was approved for issue by the Board on 27 August 2007.

The condensed consolidated interim financial information for the six months ended 30 June 2007 has been prepared in accordance with Hong Kong Accounting Standard 34, 'Interim Financial Reporting' issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 December 2006.

2. REVENUE AND SEGMENT INFORMATION

(i) Sales and other gains – net

	Six months ended 30 June	
	2007	**2006**
	RMB'000	*RMB'000*
Sales		
Sales of goods (net of value-added tax)	1,440,209	1,198,004
Other gains – net		
Subsidy income	11,944	22,802
Net foreign exchange losses	(4,369)	(237)
Others	1,505	–
	9,080	22,565
Total revenue	1,449,289	1,220,569

(ii) Segment information

No business and geographical segment analysis for the six months ended 30 June 2007 have been prepared as the Group operated in one business segment – manufacture and sale of yarn, grey fabrics and dyed fabrics and substantially all of the Group's sales, segment results, assets and liabilities were located in Mainland China.

3. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution costs and general and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2007	**2006**
	RMB'000	*RMB'000*
Cost of inventories	1,035,247	830,299
Employment costs	130,940	100,518
Depreciation and amortisation	35,824	25,679
Transportation	20,232	17,031
Utilities	85,774	64,992
Auditor's remuneration	1,500	1,500

4. FINANCE COSTS – NET

	Six months ended 30 June	
	2007	**2006**
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	23,061	14,771
Other incidental borrowing costs	–	3,368
Less: amount capitalised in property, plant and equipment	–	(1,030)
	23,061	17,109
Exchange gain	(9,708)	–
Finance costs	13,353	17,109
Finance income – Interest income on short-term bank deposits	(660)	(1,160)
Net finance costs	12,693	15,949

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2007	**2006**
	RMB'000	*RMB'000*
Mainland China enterprise income tax ("EIT")	14,428	19,205
Deferred income tax	477	1,032
	14,905	20,237

(i) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profit arising in or derived from Hong Kong during the six months ended 30 June 2007 (For the six months ended 30 June 2006: Nil).

(ii) Mainland China enterprise income tax

The subsidiaries established in Mainland China are subject to EIT at rates ranging from 15% to 33% during the period.

Except for Texhong (China) Investment Co., Ltd., all other subsidiaries of the Company established in Mainland China, being wholly foreign owned enterprises, have obtained approvals from the relevant Mainland China Tax Bureau for their entitlement of exemption from EIT for the first two years and 50% reduction in EIT for the next three years, commencing from the first profitable year after offsetting all unexpired tax losses carried forward from the previous years in accordance with the relevant tax rules and regulations applicable to foreign investment enterprises in Mainland China.

Texhong (China) Investment Co., Ltd., being an investment holding company incorporated in Mainland China, is subject to Mainland China enterprise income tax rate of 15%.

(iii) Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, accordingly, is exempted from payment of the Cayman Islands income tax. The Company's subsidiaries established in the British Virgin Islands were incorporated under the then International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from payment of British Virgin Islands income tax. The Company's subsidiaries established in Macao and Vietnam are loss-making for the period ended 30 June 2007 and they were not subject to Macao and Vietnam income tax during the six months ended 30 June 2007.

6. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share are based on the profit attributable to equity holders of the Company of RMB79,922,000 (2006: RMB111,638,000).

The basic earnings per share is based on the weighted average number of 872,000,000 (2006: 872,000,000) ordinary shares in issue during the period.

The diluted earnings per share is calculated by adjusting the weighted average number of 872,000,000 (2006: 872,000,000) ordinary shares in issue by 2,295,000 (2006: 1,737,000) assuming conversion of all share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options in full.

7. DIVIDENDS

The directors do not recommend the payment of interim dividends for the six months ended 30 June 2007. (For the six months ended 30 June 2006: HK$0.03 per ordinary share, totaling RMB26,929,000).

8. TRADE AND BILLS RECEIVABLES

	30 June 2007 *RMB'000*	**31 December 2006** *RMB'000*
Trade receivables	116,191	118,951
Bills receivable	158,116	112,402
	274,307	231,353
Less: Provision for impairment of receivables	(3,776)	(3,901)
	270,531	227,452

The credit terms granted by the Group to its customers are generally within 90 days. The ageing analysis of the trade and bills receivables was as follows:

	30 June 2007 *RMB'000*	**31 December 2006** *RMB'000*
0 to 30 days	203,319	176,974
31 to 90 days	51,783	31,126
91 to 180 days	7,327	15,076
181 days to 1 year	4,698	2,616
Over 1 year	7,180	5,561
	274,307	231,353

9. TRADE AND BILLS PAYABLES

	30 June 2007 *RMB'000*	**31 December 2006** *RMB'000*
Trade payables	138,262	187,899
Bills payable	115,000	82,650
	253,262	270,549

The ageing analysis of the trade and bills payables was as follows:

	30 June 2007 *RMB'000*	**31 December 2006** *RMB'000*
0 to 90 days	130,993	237,460
91 to 180 days	118,356	28,275
181 days to 1 year	2,701	3,076
Over 1 year	1,212	1,738
	253,262	270,549

10. **EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

On 11 July 2007, Texhong Textile Nantong Limited, a wholly-owned subsidiary of the Company, entered into an acquisition agreement to acquire 37% equity interest of Nantong Textile Group Co., Ltd. ("Nantong Textile") from Hong Kong Tin Hong Industrial Limited, a company wholly owned by Mr. Hong Tianzhu, an executive Director and Chairman of the Group, for a total consideration of RMB30,000,000 comprising cash of RMB15,000,000 and 10,655,173 shares of the Company (based on the average closing share price of HK$1.45 for the last five trading days immediately prior to the date of signing of the agreement).

Up to the date of approval of these condensed consolidated interim financial information, the transaction has not yet been completed and there is insufficient financial information available for the Group to identify and determine the fair values to be assigned to Nantong Textile's identifiable assets acquired, liabilities and contingent liabilities assumed for the purpose of allocation of purchase consideration and estimation of goodwill.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

We are pleased to report to the shareholders the results of the Group for the six months ended 30 June 2007. During the period under review, the Group's turnover increased by 20.2% from corresponding period last year to RMB1,440.2 million. Profit attributable to shareholders decreased by 28.4% from corresponding period last year to RMB79.9 million. Earnings per share for the half year were RMB0.092, decreased by 28.1% compared to RMB0.128 for the corresponding period last year.

Business review

China textile industry faced several challenges in the first half of 2007. Restrictions posted by the EU and the US on the export of China's textile and garment products, together with RMB appreciation and the reduction in VAT refund in export of textile and garment products have substantially reduced the growth magnitude of the export sector of China textile industry, considerable amounts of the textile and garment orders from the EU and the US has been shifted from China to other countries in Asia. As a result, we noted a slow down in growth of export sector and export sales of China's textile and garment products. In the first half of 2007, China's textile and garment export grew by 17.6%, a slow down of 6.9 percentage points, as compared to an increase of 24.5% in the first half of 2006. In addition, significant increase in cost of raw material, energy and labour and more stringent environmental protection policy have declared a substantial increase in cost and erosion in the profitability of the textile and garment manufacturing sector, especially for those in the down stream of the industry chain.

Despite of the unfavorable market environment, the Group has gained further market recognition in the core-spun textile sector in Mainland China as well as in the overseas market. Sales volume of yarn and grey fabrics increased by 26.6% and 18.6% to 42,007 tonnes and 50.5 million meters, respectively for the six months ended 30 June 2007. Geographically, the Group's yarn and grey fabrics were mainly sold domestically in China with major customers located in Jiangsu Province, Zhejiang Province and Guangdong Province. Sales from domestic market increased by 24.8% and reached a record high of RMB1,311.7 million in the first half of 2007, with Guangdong market gaining further in market share and achieved a substantial increase in sales of 52.0% as compared to the corresponding period last year.

However, the unfavorable market environment of China textile industry, especially in the export sector, has impacted adversely on the Group's profitability for the six months ended 30 June 2007. The overall gross margins of the Group's products dropped by 3.7 percentage points to 13.8% compared to 17.5% for the corresponding period last year. The significant drop in the gross margin was partly due to decrease in average selling price of grey fabrics as a result of the RMB appreciation and the reduction in VAT refund of exported textile products and partly due to the substantial increase in the cost of spandex, which is the second major raw material of the Group, besides cotton.

In response to the recent market changes, the Group has reviewed its business development strategies and reinforced/formulated following strategies and implemented its business plans accordingly:

(i) *Expand product variety through cooperation with giant fiber suppliers and strengthening of its own R&D*

Following the cooperation with Dow Chemical since 2006, the Group has entered into a strategic partnership agreement with Lenzing Fibers (Shanghai) Co., Ltd. in April 2007, which is a wholly owned subsidiary company of Lenzing AG-Austria, a world leader in cellulose fiber technology, with an annual production capacity of about 520,000 tonnes of Viscose, Modal and Tencel (Lyocell) fibers. The cooperation with the giant fiber suppliers helps the Group in exploring high-end textile and garment market in both Mainland China and overseas. As a result, the Group has gained some prominent customers in Japan and Europe and considerable number of orders from overseas.

In addition, the Group has centralised its research and development resources from its headquarter and all PRC factories and established a formal research and development centre in Changzhou to enhance the Group's research and new product development capability and expand the Group's product variety. Following the successful launch of metallic wire series textile products, the Group has actively launched to the market core-spun textile products with polyester, nylon and polypropylene in the first half of 2007.

The above actions have gained encouraging response from the market in the first half of 2007. As a result, sales of the Group's non-spandex core-spun textile products grew significantly by 105.7% to RMB204.9 million compared to corresponding period last year. The Directors believe that continuous and actively launch of new and high value-added core-spun textile products is an effective tool to enhance the Group's leading position in core-spun textile products in the world. In addition, expanding our product variety could effectively diversify the risk of fluctuation in raw material cost in the long run.

(ii) *Capacity expansion in Vietnam for lowering manufacturing cost*

To overcome the continuous increasing pressure of the manufacturing cost in China, the Group made a strategic move in 2006 to shift its yarn capacity expansion focus from low-cost acquisitions in China to expansion in Vietnam. It is the Group's plan to expand its yarn production capacity in Vietnam to approximately 350,000 spindles before the end of 2008, gradually by three phases. Phase I of the Vietnam expansion plan comprises 70,000 spindles, part of the Phase I production lines have been put into trial run operations in August 2007 and the Group plans to commence commercialised production of the Phase I in October 2007. Phase II of about 140,000 spindles is currently in the planning stage, construction work is planned to kick-off in September 2007. It is expected that Phase II could be put into trial run production in the second quarter of 2008. Phase III of about 140,000 spindles is planned to start construction work immediately after the completion of Phase II and expected to start trial run production in the first half of 2009.

As the estimated overall average manufacturing cost (including labour and electricity costs) in Vietnam would be substantially lower than the Group's current average manufacturing cost of its 11 factories in China, the Directors believe that, after putting into operations of the production facilities on completion of Phase I, II and III, the Group's average manufacturing cost could be gradually lowered, and the Group's overall gross margin of its products is likely to be improved in the near future.

Outlook

As the textile agreement between the EU and China will expire at the end of 2007 and accordingly all EU's quota restrictions on China's textile products are supposed to be removed starting from January 2008. However, it is believed that potential threats arising from trade protectionism is likely to appear again in China's textile product trading with EU and the US, they might adopt other trade restrictions on the export of China's textile and garment products such as technical trade barriers in order to restrict the expected enormous growth in China's textile and apparel exports. In addition, the rapid growth of the textile industries in developing countries such as India and Pakistan poses further challenges to China textile industry. Furthermore, the export VAT refund on garments has been further cut by 2% starting from 1 July 2007, it is expected that garment export sector of China textile industry will be significantly affected and that part of the margin pressure will have to be shared by the upstream fabric manufacturers in China. All of these will accelerate the consolidation process of the textile and garment industry in China, which will, in the long run, enhance the competitiveness and economies of scale of large-scaled textile enterprises.

In the first half of 2007, the Group has gained further market share and customer base in Southern China and export market including Hong Kong, Japan, Turkey and ASEAN countries. We expect that the Group's current growth trend on sales of core-spun textile products will sustain in the second half of 2007. The Group will continue to implement its Vietnam investment plan and expand its upstream yarn production capacity in Vietnam for supplying the Group's customer base in Southern China and overseas market. By taking the advantages of the expected substantially lower manufacturing cost in Vietnam as compared to China, it is expected that the Group's overall average cost of its core-spun textile products could be decreased in the near future after the planned yarn production capacity of 350,000 spindles in Vietnam has been gradually put into commercialised operations in 2007 and 2008.

Following the establishment of the research and development centre in Changzhou, the Group will devote more resources to improve its competitive strengths by introducing more innovative new core-spun cotton textile products like the core-spun yarn and fabrics with metallic wires, polyester, polypropylene and nylon for improving the Group's product structure and enhance the overall profit margin of the Group's products. At the same time, the Group will focus on brand name development of its yarn and fabric products after the successful launch of the international standard sales platform at Texhong (China) Investment Co., Ltd, its regional headquarter in Shanghai in July 2007.

To achieve the Group's principal development strategy of becoming a leading vertically integrated manufacturer of high value-added core-spun cotton textile products in the international market, the Group has entered into an acquisition agreement to acquire 37% of equity interest of a dyeing and printing company in Nantong in July 2007. It helps the Group to enter into the fabrics printing and dyeing market in China. In addition, it also provides a low cost acquisition opportunity of yarn spinning capacity to the Group as the factory is currently building a yarn spinning capacity of 60,000 spindles and is expected to commence commercialised production in September 2007. Together with the new production plant in Vietnam which will commence production in October 2007, it is expected that these operations will start contributing to performance of the Group in the second half of 2007.

Looking ahead, China will remain as the Group's core market and it is expected that sales in China will attain outstanding increase due to the rapid growth in domestic consumption power in recent years. Being one of the most competitive cotton textile manufacturers in China and a leading supplier of core-spun textile products in the world, the Directors are confident that, in the second half of 2007, the Group's market position will be further enhanced in line with its business expansion plans.

Financial Review

Liquidity and financial resources

As at 30 June 2007, the Group's bank and cash balances (including pledged bank deposits) amounted to RMB97.2 million (As at 31 December 2006: RMB154.3 million).

As a result of business expansion in the period under review, the Group's inventories and trade and bills receivables increased by RMB72.6 million and RMB43.0 million to RMB523.3 million and RMB270.5 million respectively (As at 31 December 2006: RMB450.7 million and RMB227.5 million). The inventory turnover days and trade receivable turnover days are 71 days and 31 days respectively, compared to 58 days and 27 days respectively in the corresponding period last year.

To cater for the working capital and capital expenditure requirement as a result of the Group's business expansion, the Group's bank borrowings increased by RMB149.8 million to RMB662.8 million (As at 31 December 2006: RMB513.0 million).

As at 30 June 2007, the Group's financial ratios were as follows:

	30 June 2007	**31 December 2006**
Current ratio	1.16	1.24
Debt to equity ratio	0.73	0.60
Net debt to equity ratio	0.62	0.42

1 Based on total borrowings over total equity

2 Based on total borrowings net of cash and cash equivalents and pledged bank deposits over total equity

Foreign exchange risk

Majority of the Group's sales, purchases and expenses are denominated in Renminbi, in the opinion of the Board, the exposure to fluctuations in foreign currency exchange rates is minimal. Except the interest rate swap entered in 2006 with ABN AMRO in order to mitigate interest rate risk and foreign exchange risk for repayment of US$21 million syndication loan, the Group did not involve in any other hedging activities during the period under review.

Capital expenditure

For the six months ended 30 June 2007, the capital expenditure of the Group amounted to approximately RMB248.7 million (For the six months ended 30 June 2006: RMB62.2 million). It represents additions to land use rights and property, plant and equipment for new production plant in Vietnam and the new yarn factory in Xuzhou, Jiangsu Province of 50,000 spindles.

Pledge of assets

As at 30 June 2007, the Group's inventories, land use rights and buildings and machinery and equipment with an aggregated net book amount of approximately RMB127.5 million (as at 31 December 2006: RMB110.3 million) were pledged to secure general banking facilities of the Group.

Contingent liabilities

As at 30 June 2007, the Group had contingent liabilities of RMB21.9 million (as at 31 December 2006: RMB21.9 million). Such amount represented government grants obtained from the Management Committee of Taizhou Economic Development Zone in connection with the Group's purchase of a piece of land in Taizhou, Jiangsu Province, China.

Human resources

As at 30 June 2007, the Group had a total workforce of 14,845 (as at 31 December 2006: 12,567), of whom 13,636 were based in the regional headquarter in Shanghai and in our 11 manufacturing plants in mainland China. The remaining 1,209 were located in outside-mainland China region including Vietnam, Hong Kong and Macau. New employees were recruited to cater for the Group's business expansion during the period under review. The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options may also be granted to eligible staff based on individual and Group's performance. The Group is committed to nurturing a learning and sharing culture in the organisation. Heavy emphasis is placed on the training and development of individual staff and team building, as the Group's success is dependent on the contributions of all functional divisions comprising of skilled and motivated staff.

Dividend policy

In view of the estimated significant capital investment in Vietnam and the related working capital requirements of the Group in the second half of 2007, the Board does not recommend the payment of an interim dividend for the six months ended 30 June 2007 (2006: HK$0.03 per share). Depending on the financial and cash position of the Group, the Board still intends to maintain a long term, stable dividend payout ratio, providing shareholders with an equitable return, therefore it will consider recommending the payment of a final dividend for the year ended 31 December 2007.

Purchase, sale and redemption of the listed securities of the Company

During the reporting period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance

The Group was committed to maintaining high level of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner.

The Board comprises four executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Code of Corporate Governance Practices ("Code Provisions") set out in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange. During the reporting period, the Company had complied with the Code Provisions except for the following deviations:

Code A.2.1

Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Hong Tianzhu is the chairman and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly every three months to discuss issues affecting operations of the Company. The Board believes that this structure is conductive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Hong Tianzhu and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

Model Code for Securities Transactions by Directors

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms not less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules ("Model Code"). After specific enquiry made by the Company, all of the Directors confirmed that they had complied with the required standard set out in the Model Code and the code of conduct regarding the Directors' securities transactions during the reporting period.

Audit Committee

The Company has established an audit committee which comprises three independent non-executive Directors, including Mr. Ting Leung Huel, Stephen, Ms. Zhu Lanfen and Mr. Cheng Longdi. Mr. Ting Leung Huel, Stephen is the chairman of the audit committee. The rights and duties of the audit committee comply with the Code Provisions. The audit committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board.

The audit committee has discussed with management and reviewed the unaudited consolidated accounts for the six months ended 30 June 2007.

Remuneration committee

The remuneration committee of the Directors comprises three independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Ms. Zhu Lanfen and Mr. Cheng Longdi and the chairman and executive Director Mr. Hong Tianzhu. Mr. Ting Leung Huel, Stephen is the chairman of the remuneration committee. The remuneration committee has rights and duties consistent with those set out in the Code Provisions. The remuneration committee is principally responsible for formulating the Group's policy and structure for all remunerations of the Directors and senior management and providing advice and recommendations to the Board of Directors.

Publication of results announcement and interim report

This results announcement is published on the websites of the Company (www.texhong.com) and The Stock Exchange of Hong Kong Limited (www.hkex.com.hk). An interim report for the six months ended 30 June 2007 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

Acknowledgement

The Directors would like to take this opportunity to express our sincere thanks to all the shareholders for their continuous support and to all our staff for their dedication and contribution to the Group during the reporting period.

As at the date of this announcement, the Board of Directors comprises:

Executive Directors:
Mr. Hong Tianzhu *(Chairman)*
Mr. Zhu Yongxiang
Mr. Tang Daoping
Mr. Gong Zhao

Independent non-executive Directors:
Mr. Ting Leung Huel, Stephen
Ms. Zhu Lanfen
Mr. Cheng Longdi

By order of the Board
Texhong Textile Group Limited
Hong Tianzhu
Chairman

Hong Kong
27 August 2007