



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

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 2678



Annual Report
2008
二零零八年年報

03	FINANCIAL HIGHLIGHTS 財務摘要
05	CORPORATE PROFILE AND STRUCTURE 企業簡介及架構
06	CHAIRMAN'S STATEMENT 主席報告書
09	MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析
19	CORPORATE GOVERNANCE REPORT 企業管治報告
30	DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層
33	CORPORATE INFORMATION 公司資料
35	REPORT OF THE DIRECTORS 董事會報告
49	INDEPENDENT AUDITOR'S REPORT 獨立核數師報告
51	CONSOLIDATED BALANCE SHEET 綜合資產負債表
52	BALANCE SHEET 資產負債表
53	CONSOLIDATED INCOME STATEMENT 綜合損益表
54	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 綜合權益變動表
55	CONSOLIDATED CASH FLOW STATEMENT 綜合現金流量表
56	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報告附註

OPERATING FIGURES

經營數據

		2008 二零零八年 RMB 000 人民幣千元	2007 二零零七年 RMB 000 人民幣千元	Change 轉變	2006 二零零六年 RMB 000 人民幣千元	2005 二零零五年 RMB 000 人民幣千元	2004 二零零四年 RMB 000 人民幣千元
For the year ended 31 December 截至12月31日止年度							
Turnover	營業額	3,737,641	3,254,109	+14.9%	2,667,216	1,915,965	1,415,852
Gross profit	毛利	458,935	434,751	+5.6%	402,863	342,697	229,373
Profit for the year	年度溢利	214,193	237,777	-9.9%	190,536	180,210	137,048
Earnings per share	每股盈利						
Basic	基本	RMB人民幣0.24元	RMB人民幣0.27元	-11.1%	RMB人民幣0.22元	RMB人民幣0.21元	RMB人民幣0.19元
Diluted	攤薄	RMB人民幣0.24元	RMB人民幣0.27元	-11.1%	RMB人民幣0.22元	RMB人民幣0.21元	RMB人民幣0.19元

CONSOLIDATED BALANCE SHEET

綜合資產負債表

		2008 二零零八年 RMB 000 人民幣千元	2007 二零零七年 RMB 000 人民幣千元	Change 轉變	2006 二零零六年 RMB 000 人民幣千元	2005 二零零五年 RMB 000 人民幣千元	2004 二零零四年 RMB 000 人民幣千元
As at 31 December 於12月31日							
Total assets	總資產	3,199,192	2,645,130	+20.9%	1,829,900	1,401,768	966,518
Non-current assets	非流動資產	1,623,120	1,339,571	+21.2%	899,343	657,841	388,792
Current assets	流動資產	1,576,072	1,305,559	+20.7%	930,557	743,927	577,726
Total liabilities	總負債	1,970,810	1,569,379	+25.6%	968,251	645,454	399,867
Current liabilities	流動負債	1,396,370	855,717	+63.2%	752,577	560,797	387,855
Non-current liabilities	非流動負債	574,440	713,662	-19.5%	215,674	84,657	12,012
Net current assets	流動資產淨值	179,702	449,842	-60.1%	177,980	183,130	189,871
Net assets	資產淨值	1,228,382	1,075,751	+14.2%	861,649	756,314	566,651

FINANCIAL INDICATORS

財務指標

For the year ended 31 December 截至12月31日止年度		2008 二零零八年	2007 二零零七年	2006 二零零六年	2005 二零零五年	2004 二零零四年
Inventory turnover days	存貨周轉日數	75	71	58	50	46
Trade receivable turnover days	應收貿易款項 周轉日數	41	33	27	28	30
Trade payable turnover days	應付貿易款項 周轉日數	61	48	35	27	18
Current ratio	流動比率	1.1	1.5	1.2	1.3	1.5
Net debt to equity ratio (Note 1)	淨債項對權益比率 (附註1)	0.60	0.67	0.42	0.11	0
Return on equity (Note 2)	權益回報率(附註2)	19%	25%	24%	27%	32%

Note 1: Based on total borrowings net of cash and cash equivalents and pledged bank deposits over total equity.

Note 2: Based on the average of the total equity at the beginning and ending of the financial year.

Remarks:

The Company was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liabilities under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company became the holding company of the Group on 21 November 2004 through a reorganisation (the "Reorganisation") and the shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") since 9 December 2004 ("Listing Date"). The Group has been treated as a continuing entity and accordingly the consolidated financial statements have been prepared on the basis that the Company was the holding company of the Group since 1 January 2004, rather than from 21 November 2004.

Accordingly, the results of the Group for the five years ended 31 December 2008 have been prepared on the basis of merger accounting as if the Group structure immediately after the Reorganisation had been in existence since 1 January 2004. This financial highlights include the results of the Company and its subsidiaries with effect from 1 January 2004 or since their respective dates of incorporation, whichever is the shorter. The combined balance sheets as at 31 December 2004 are the combination of the balance sheets of all the companies comprising the Group as at 31 December 2004. In the opinion of the directors ("Directors") of the Company, the resulting combined financial statements give a more meaningful view of the results and the state of the affairs of the Group as a whole.

附註1: 根據借貸總額扣除現金及現金等值物以及已抵押銀行存款除權益總額計算得出。

附註2: 根據財政年度年初及年終時之平均權益總額計算得出。

備註:

根據開曼群島公司法第22章(一九六一年第三條法例,經綜合及修訂),本公司於二零零四年七月十二日在開曼群島註冊成立為獲豁免有限公司。本公司透過重組(「重組」)於二零零四年十一月二十一日成為本集團的控股公司,並自二零零四年十二月九日(「上市日期」)起本公司股份在香港聯合交易所有限公司(「聯交所」)主板上市。本集團被視為持續經營實體,因此綜合財務報告乃自二零零四年一月一日起(而非從二零零四年十一月二十一日起)已按照本公司為本集團的控股公司編製。

因此,本集團截至二零零八年十二月三十一日止五個年度的業績乃按合併會計基準編製,猶如緊隨重組的本集團結構於自二零零四年一月一日起已經存在。本財務摘要包括本公司及其附屬公司由二零零四年一月一日起或彼等各自註冊成立日期起(以較短期間者為準)之業績。於二零零四年十二月三十一日的合併資產負債表合併於二零零四年十二月三十一日組成本集團所有的公司的資產負債表。本公司董事(「董事」)認為,最終的合併財務報告對本集團整體業績及財務狀況有更具意義的呈現。

CORPORATE PROFILE

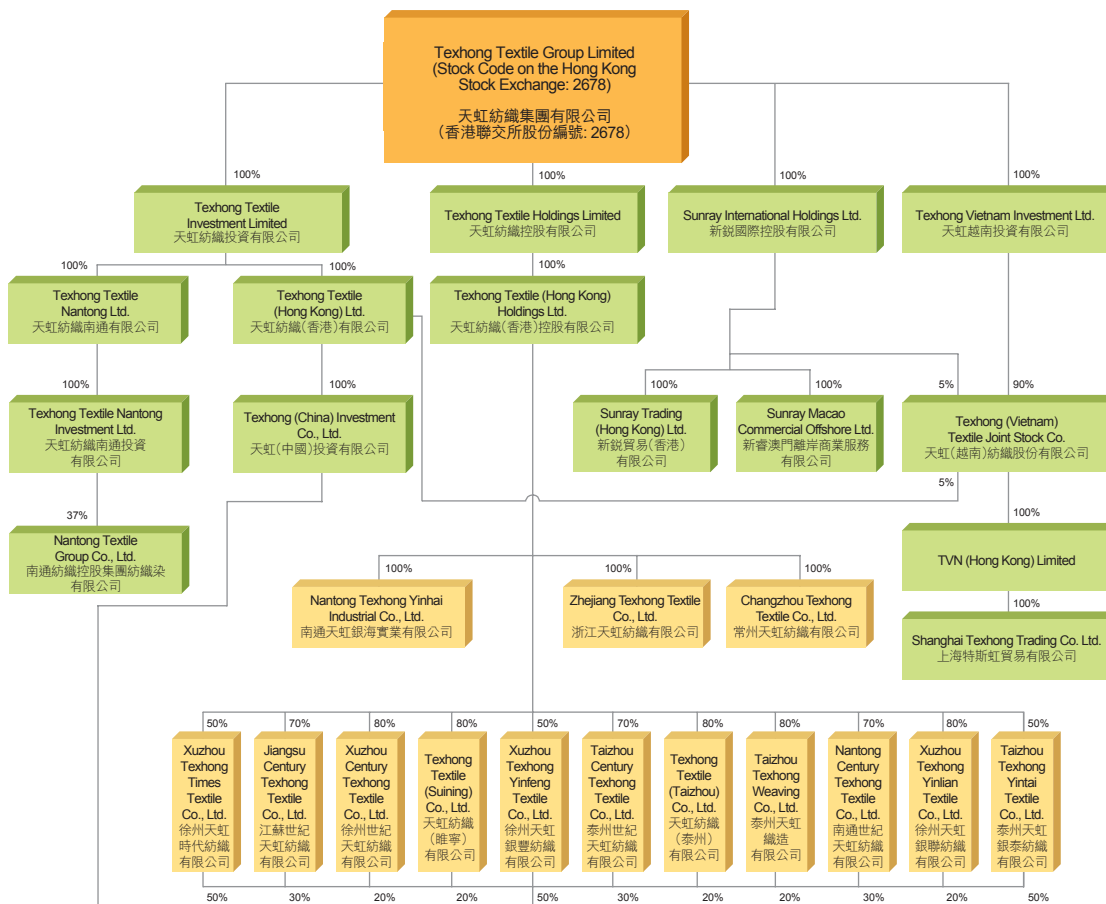
Texhong Textile Group Limited (“Texhong Textile” or the “Company”, together with its subsidiaries, the “Group”) (Stock code on the Stock Exchange: 2678) is one of the largest cotton textile manufacturers in the People’s Republic of China (“China” or the “PRC”) and is a leading textile enterprise focusing on manufacturing high value-added core-spun cotton textile products. The Group is principally engaged in the manufacture and distribution of quality yarn, grey fabrics and garment fabrics, especially high value-added core-spun yarn. Since 1997, the Group has grown rapidly and has over 2,000 customers in China and overseas, with its sales network spanning across the PRC, Europe, South Korea, Hong Kong and Bangladesh. Headquartered in Shanghai, the Group is operating 11 efficient manufacturing plants in China (within the Yangze River Delta) and a production base in Vietnam with total production capacity of over 700,000 spindles and 900 shuttleless looms.

企業簡介

天虹紡織集團有限公司(「天虹紡織」或「本公司」，連同其附屬公司統稱「本集團」)(聯交所股份編號: 2678)是中華人民共和國(「中國」)最大的棉紡織品製造商之一，更是中國領先的高附加值棉包芯紡織產品生產企業。本集團的主要業務為製造及銷售優質紗線、坯布及面料，尤其專注生產具有高附加值的棉包芯紗線。自一九九七年始，本集團業務發展迅速，更擁有超過2,000個國內外客戶，銷售網絡遍及中國、歐洲、南韓、香港及孟加拉。本集團以上海為總部，於中國長江三角洲內設有11個高效生產基地及在越南設有1個生產基地，具備超過700,000個紗錠及900台無梭織機的生產能力。

CORPORATE STRUCTURE

企業架構





Hong Tianzhu
洪天祝
Chairman 主席

On behalf of the board of directors (the "Board") of the Company, I am pleased to present to our shareholders the Group's annual results for the year ended 31 December 2008.

RESULTS

In line with the Group's business expansion strategy, the Group has continued to grow significantly and gain market share in upstream high value-added core spun cotton textile market in China. During the year, the Group's turnover increased by 14.9% to RMB3,737.6 million. Profit attributable to shareholders decreased by 9.9% to RMB214.2 million. Earnings per share were RMB0.24 in 2008, compared to RMB0.27 in 2007.

DIVIDEND

The board of directors did not recommend the payment of a final dividend for the year ended 31 December, 2008.

OUTLOOK

The sub-prime mortgage crisis in the United States in 2007 has turned out as the global financial crisis in 2008. It has created unprecedented damages to the world's economy and up to now it is still unable to measure the depth and width of the economic wound. The economic outlook for the rest of 2009 depends largely on the effectiveness of the various massive stimulus plans being implemented in the US and rest of the world.

The Chinese government has announced its 4 trillion economy stimulus plan to boost up the economy, and has declared to keep the 8% GDP growth rate in 2009. With an intention of alleviating the burden of the textile industry, the VAT export rebate rate in China for the textile industry has increased from 11% to 13% in August 2008, from 13% to 14% in December 2008 and from 14% to 15% in February 2009. It has been broadly forecasted that China would be the first country to stand out from the dark cloud of economic recession worldwide.

Although all the quota restrictions on China's textile products imposed by EU and US have been removed since 1 January 2009, EU and US may adopt other trade restrictions on the export of China's textile and garment products such as technical trade barriers.

本人謹代表本公司董事會(「董事會」)，欣然向本公司股東呈列本集團截至二零零八年十二月三十一日止年度的全年業績。

業績

本集團按照其業務拓展策略，繼續銳意發展中國高附加值的棉包芯上游紡織市場，並增加了市場佔有率。年內，本集團之營業額上升14.9%至人民幣37.376億元，股東應佔溢利下跌9.9%至人民幣2.142億元。二零零八年的每股盈利為人民幣0.24元，而二零零七年則為人民幣0.27元。

股息

董事會並不建議派付截至二零零八年十二月三十一日止年度之末期股息。

展望

於二零零七年出現的美國次按危機演變為二零零八年的全球金融風暴，對全球經濟造成前所未有的損害，至今仍未能估計其對經濟的損害程度及影響範圍。二零零九年餘下時間的經濟前景視乎美國及全球其他地區所實施的各項大型刺激經濟政策的成效。

中國政府公佈其4萬億元的刺激經濟政策，並宣佈二零零九年的國民生產總值增長率目標將維持於8%的水平。此外，中國紡織業的出口增值稅退稅率於二零零八年八月由11%增至13%，並於二零零八年十二月由13%增至14%，其後於二零零九年二月由14%增至15%，以減輕紡織業的負擔。市場普遍預期，中國將成為全球首個經濟復甦的國家。

儘管歐盟及美國對中國紡織產品設置的配額限制已於二零零九年一月一日起解除，但歐盟及美國仍可能對中國出口的紡織及成衣產品設置其他貿易限制，如技術性貿易壁壘。

OUTLOOK (Continued)

We have been well prepared for this new challenge and opportunity and have stepped out to establish the Vietnam production plant since 2006. Trade dispute between Vietnam and other countries are very rare. For example, Turkey recently has raised anti-dumping tariff to some viscose textile products from China, India and Indonesia, but not Vietnam. 210,000 spindles of both Phase I and Phase II of our Vietnam production plant have been in full commercial production from the beginning of 2009. The annual sales volume contributed by the 210,000 spindles of the Vietnam plant is about RMB1 billion. With the new productivity added, we believe that we will have a new record high sales volume in 2009.

Looking ahead, we will strive to keep our strategy to increase our market share both domestically and internationally. Our Group has been awarded on 15 July 2008 by the China National Textile & Apparel Council as one of the top 10 most competitive cotton textile manufacturers in China for the 2007/2008 period. Our client base has been increased from about 1,800 customers at the end of last year to above 2,000 customers as at 31 December 2008. We expect that the Group's current growth trend on sales of core-spun textile products will sustain in 2009.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my sincere thanks to all the shareholders for their continuous support. Also, I would like to take this opportunity to thank all our dedicated staff members for their valuable contribution during the year.

Hong Tianzhu
Chairman

Hong Kong
1 April 2009

展望(續)

我們已準備好面對新的挑戰及機遇，並於二零零六年在越南設置生產廠房。越南與其他國家出現貿易糾紛並不常見。舉例而言，土耳其近期對中國、印度及印尼若干粘膠紡織產品徵收反傾銷稅，而並無對越南的產品徵收反傾銷稅。越南紗線生產廠第一期及第二期的210,000個紗錠已於二零零九年初全面投產。越南紗線生產廠的210,000個紗錠可為集團帶來全年銷量約人民幣10億元。鑑於新生產線投產，我們相信於二零零九年將錄得銷量新高。

展望來年，我們將維持增加於全國及國際市場的佔有率的策略。於二零零八年七月十五日，本集團獲中國紡織工業協會頒發二零零七年／二零零八年年度十大中國最具競爭力綿紡織廠之一。於二零零八年十二月三十一日，我們的客戶由去年底約1,800名增至超過2,000名。我們預期本集團的棉包芯紡織品銷量將於二零零九年保持其增長趨勢。

鳴謝

本人謹代表董事會對全體股東一直以來的鼎力支持致以衷心謝意。與此同時，本人謹藉此機會感謝本集團努力不懈的員工於年內作出的寶貴貢獻。

洪天祝
主席

香港
二零零九年四月一日

BUSINESS REVIEW

China textile industry experienced several challenges in 2008. During the first half of 2008, the industry was faced with increase in materials, labour and utility costs. During the second half of 2008, the industry has been affected by the global financial tsunami. According to the statistics from the China Customs, the export sales of textile products rose 8.2% to USD185.2 billion for 2008, but the growth rate was 10.7% less than that of 2007. According to the National Bureau of Statistics of China, investments in large projects (RMB5 million or more) for the textile industry totaled RMB272.4 billion for 2008, representing an increase of 6.75% from that of 2007 but the growth rate was 18.99% lower than the whole last year. The January and February 2009 clothing consumer price index decreased by 3.1% and 2.3% respectively compared with the same period last year. The above figures revealed the industry was suffering from slower growth rate in term of investment and export sales, and the lower selling price.

Amid the unfavorable market environment, the Group still achieved a steady growth of operating results contributed by the increased tremendous efforts of the management and supervision, the hard work of our managers and our staffs and our added capacities of the Vietnam project. Our turnover comprises the sales of yarn, grey fabrics and garment fabrics. For the year ended 31 December 2008, yarn continued to be the Group's top selling products and sales volume increased by 30.0% to 123,397 tones, while that of grey fabrics decreased by 12.7% to 98.6 million meters, compared with that of 2007. We continue to gain market share and customer base of yarn, particularly the high value-added core-spun yarn products. 70,000 spindles of the Phase I and 140,000 spindles of the Phase II for the Vietnam expansion plan have started commercial production in October 2007 and January 2009 respectively. On average, those 210,000 spindles can produce about 50,000 tones of yarn, or RMB1 billion sales annually. During the year, we have relocated and rearranged one of our factories in Xuzhou, such that the number of spindles for yarns was increased while the number of shuttleless looms for grey fabrics was decreased. As a result of such relocation and rearrangement, the sales volumes of yarns and grey fabrics increased and decreased respectively during the period.

業務回顧

於二零零八年中國紡織業屢次面對挑戰。於二零零八年上半年，業界面對原材料、勞工及能源成本上漲的問題。於二零零八年下半年，業界卻受全球金融海嘯影響。根據中國海關的統計，紡織品的出口量於二零零八年上升8.2%至1,852億美元，惟增長率較二零零七年下跌10.7%。根據中國國家統計局的資料，二零零八年紡織業大型項目投資(人民幣5,000,000元或以上)合共為人民幣2,724億元，較二零零七年上升6.75%，而增長率較去年全年下跌18.99%。二零零九年一月及二月的成衣消費者物價指數分別較去年同期減少3.1%及2.3%。上述數據反映行業正面對投資及出口銷售方面的增長率放緩以及售價降低的問題。

面對嚴峻的市場環境，憑藉加強管理及監察、管理層及僱員的努力以及增加越南項目的產量，本集團的經營業績仍錄得穩定增長。營業額包括銷售紗線、坯布及面料。截至二零零八年十二月三十一日止年度，紗線仍為本集團銷量最高的產品，其銷量上升30.0%至123,397噸，而坯布銷量則較二零零七年下跌12.7%至98,600,000米。我們持續增加紗線的市場佔有率及客戶層，特別是具有高附加值的棉芯芯紗線。越南擴充計劃第一期的70,000個紗錠及第二期的140,000個紗錠已分別於二零零七年十月及二零零九年一月開始商業投產。該210,000個紗錠每年平均可生產約50,000噸紗線或帶來人民幣10億元銷售額。年內，本集團已順利對設於徐州的其中一間廠房進行搬遷及重新安排生產線，當中的紗錠數目有所增加，而坯布無梭織機的數目則減少，由於此搬遷及重新安排，紗線及坯布的銷量於期內分別增加及減少。

BUSINESS REVIEW (Continued)

The overall gross margin of the Group's products dropped to 12.3% compared to 13.4% last year. The drop in the gross margin was mainly due to decrease in average selling price of yarn and grey fabrics as a results of the worldwide economic recession starting from the last quarter of 2008, and the sluggish export markets affecting our downstream customers. However, the gross margin is expected to go higher from the second quarter of 2009 once the much lower cost of materials, particularly cotton and spandex which account for about 60% and 10% respectively of our cost structure, started to reflect in the cost of goods sold. On the other hand, the whole 210,000 spindles of Phase I and Phase II Vietnam production facilities have been put into commercial operations, which can further help to increase the overall margin in the future.

The Group has further strengthened the strategic cooperation with Dow Chemical and Lenzing Fibers (Shanghai) Co., Ltd. The Group has successfully applied the olefin-based XLA™ fiber technology invented by Dow Chemical and the cellulose-based Tencel® fiber technology invented by Lenzing Fibers to the making of different non-spandex core-spun elastic yarns for high graded denim which poses different new features to the jeanswear. These products have received overwhelming market response and success, and have helped our Group to gain more international prestigious customers. It is believed that by exploring and penetrating different high-ended textile markets, we will continuously be a leading high value-added core-spun cotton textile manufacturer.

During the year, our research and development centre in Changzhou has been developing variety of products to suit the market needs. We have developed core-spun textile products with metal wires, polyester, nylon and polypropylene. Our high productivity, high quality and R&D ability has attracted a wide scope of different customers. For example, during the year, more than RMB70 million of TVC and JC yarns have been sold for China Army's specialised clothing needs.

業務回顧(續)

本集團產品之整體邊際利潤由去年之13.4%下跌至12.3%。毛利率下跌主要原因為於二零零八年最後一季全球經濟開始衰退以及蕭條的出口市場影響下游客戶，令紗線及坯布平均售價下跌。然而，預期二零零九年第二季開始，當較低的原材料價格(尤其是分別大約佔總成本60%及10%的棉花及氨綸絲)反映於銷售成本後，毛利率將有所回升。此外，越南紗線生產廠第一期及第二期全部210,000個紗錠已投產，預期將可進一步提高整體利潤率。

本集團已進一步加強與陶氏化學及蘭精纖維(上海)有限公司的戰略性合作。本集團已成功採用由陶氏化學發明的olefin-based XLA™纖維技術及由蘭精纖維發明的cellulose-based Tencel®纖維技術製造高級牛仔布用的各種非氨綸棉包芯彈性紗線，為牛仔服裝帶來不同的新特色。該等產品已獲得熱烈的市場反應及佳績，並已令本集團取得更多國際知名客戶。相信透過尋找及滲透入不同的高端紡織市場，我們將繼續成為領先的高附加值棉包芯紡織製造商。

年內，常州研發中心已開發多種產品以迎合市場需求。我們已開發金屬絲、滌綸、丙綸及錦綸的包芯紡織品。高產能、高質素及研發能力已吸引不同層面的客戶。舉例而言，年內已銷售超過人民幣70,000,000元的TVC及JC紗線，以用作中國軍隊特定服飾需求。

BUSINESS REVIEW (Continued)

Although textile industry is said to be one of the markets suffering most from the financial crisis, we are in a good solid stance to face with the plight. We have long been positioning ourselves in the up-stream yarn and grey fabric supplier concentrating on the domestic market. As such, we are not so directly affected by the sluggish export market as the other downstream textile or garment manufacturers. We have more than 2000 customers as at 31 December 2008. The largest customer contributed only 3.2% of the total sales during 2008. Such a wide client base help to diversify significantly any potential receivable default risk of our clients. We are cautious to offer any credit terms to our customers. 60.6% of our trade and bill receivable are within the ageing of 30 days. 83.2% of our receivable is bill receivable, which is in the form of bank acceptance draft which are endorsable, transferable, discountable, assumed full responsibility by banks for ultimate payment, and offer a very high liquidity to the Group. The sum of our highly liquid assets, that is, cash, cash equivalent and bill receivable amounted to RMB699 million as at 31 December 2008. The operating cash in flow as at 31 December 2008 was RMB374.5 million, which was more than double than that of last year. We would try our best to maintain ourselves in a cash rich position in face of the worldwide economic uncertainty.

While we are prudent in the cash and receivable management, we continue to maintain on business growth and development. We have stepped out to establish our Vietnam production plant since 2006. 210,000 spindles of both Phase I and Phase II of our Vietnam production plant have been in full commercial production from the beginning of 2009. The cost of labor and electricity in Vietnam is much lower than that of China. The imported price of our major raw material, cotton, has been much lowered since the second half of 2008. There is no import quota and duty of cotton to Vietnam. The 5% imported duty for yarn to China has been abolished since 1 January 2009. Our Vietnam plant has been enjoying 4-year full exemption of income tax starting from 2008, and starting from 2012, it will enjoy another 9-year half exemption of income tax. We expect our Vietnam plant will further improve our overall average cost in future. During the year, Vietnam currency has been depreciated from USD/VND16,010 to USD/VND17,494. The Vietnam inflation rate was recorded to be 22.97%. Nonetheless, the effect to our Vietnam production plant was minimal. All of our cotton materials for Vietnam plant are imported to Vietnam and we make payment by USD. Nearly 95% of our products in Vietnam are exported and we receive payment by USD. Both of our import and export bypass the movement of VND. In fact, we have been benefiting from the recent depreciation of Vietnam currency as the local cost such as labor and energy cost are paid by the depreciated

業務回顧(續)

儘管紡織業被視為最受金融風暴影響行業之一，我們已作好充分準備以面對困境。我們目前主要是國內市場的上游紗線及坯布供應商，因此，有別於其他下游紡織或成衣生產商，我們並未直接受蕭條的出口市場所影響。於二零零八年十二月三十一日，我們擁有超過2,000名客戶，最大客戶僅佔二零零八年銷售總額3.2%。廣闊的客戶層有助分散任何客戶的潛在欠款風險。我們謹慎處理向客戶提供的信貸政策。60.6%應收貿易及票據款項的賬齡為30日以內。83.2%應收款項乃屬銀行承兌匯票的應收票據，該等票據可隨時背書予第三方、轉讓或貼現，而銀行有責任在匯票到期時承兌，並為本集團提供相當高的流動性。於二零零八年十二月三十一日，高流量資產(即現金、現金等值物及應收票據)總額為人民幣699,000,000元。於二零零八年十二月三十一日，經營現金流為人民幣374,500,000元，較去年增加逾倍。面對全球經濟的不明朗因素，我們會盡可能保持充足的現金流。

在對現金及應收款項採取謹慎態度的同時，我們亦保持業務增長及發展。自二零零六年起我們已成立越南紗線生產廠。越南紗線生產廠第一期及第二期的210,000個紗錠已於二零零九年年初全面投產。越南的勞工成本及電費遠較中國為低。自二零零八年下半年起主要原材料棉花的入口價已大幅降低。越南並無對棉花制定入口配額及關稅。原本入口至中國的紗線所徵收的5%關稅已於二零零九年一月一日起取消。我們的越南紗線生產廠自二零零八年起享有四年豁免全額所得稅，且於二零一二年起，我們將進一步享有九年所得稅減半。我們預期越南紗線生產廠將進一步改善日後整體平均成本。年內，越南貨幣出現貶值，由1美元兌16,010越南盾貶值至1美元兌17,494越南盾。越南通脹率為22.97%。然而，貨幣貶值及通脹對越南生產廠房的影響輕微。越南廠房所有棉花原料均由外國進口，而本公司則以美元付款。本公司越南廠房幾乎95%的產品均出口，而本公司則收取美元付款。本公司之出口及進口均繞過越南盾波動之影響。事實上，本公司一直受惠於近期越南貨幣貶值的影響，原因是當地成本(例如勞工及能源成本)以越南盾支付，

BUSINESS REVIEW (Continued)

VND which have been exchanged by a lesser amount of USD. Only about 5% of our products manufactured in Vietnam are sold domestically. We will form a sales and marketing team in Vietnam for further exploring the market opportunities in Vietnam and other ASEAN countries.

The Group has always been committed to be a corporation with a strong sense of social responsibility. We have contributed some of our resources to help those Chinese citizens affected by the earthquake that occurred in the Sichuan Province in May 2008. We donated cash and bedding in the total amount of RMB4.18 million to aid those families made homeless by the earthquake. The Group has also been actively assisting those employees whose families have been affected by the earthquake.

FINANCIAL REVIEW

Turnover

The Group's turnover comprises the sales of yarn, grey fabrics and garment fabrics. Due to the strong domestic demand for high value-added core-spun cotton textile products, turnover of the Group grew significantly in 2008. Turnover of the Group by products are shown as below.

		2008 二零零八年 RMB'000 人民幣千元	% of total 佔總額 百分比	2007 二零零七年 RMB'000 人民幣千元	% of total 佔總額 百分比	Change between 2008 and 2007 二零零八年 對比 二零零七年 之轉變
Yarn	紗線	2,622,599	70.2%	2,126,443	65.4%	23.3%
Grey fabrics	坯布	892,418	23.9%	989,880	30.4%	(9.8%)
Dyed/Garment fabrics	染色面料	128,895	3.4%	119,972	3.7%	7.4%
Other products	其他產品	93,729	2.5%	17,814	0.5%	426%
Total	總營業額	3,737,641	100%	3,254,109	100%	14.9%

Yarn continued to be the Group's top selling products with sales amount increased by 23.3%, reaching a record high sales value of RMB2,622.6 million in 2008. Sales of grey fabrics decreased by 9.8%. During the year, we have relocated and rearranged one of our factories in Xuzhou, such that the number of spindles for yarns was increased while the number of shuttleless looms for grey fabrics was decreased. As a result of such relocation and rearrangement, the sales volumes of yarns and grey fabrics increased and decreased respectively during the year.

業務回顧(續)

而越南盾貶值可讓本公司以較少之美元兌換等額之越南盾。我們於越南生產的產品只有大約5%之產品內銷。我們將在越南成立一隊銷售及市場推廣隊伍，進一步開拓越南及其他東盟國家的市場。

本集團一直致力成為承擔社會責任的企業。我們已投放部分資源以協助受二零零八年五月四川大地震影響的中國同胞。我們已合共捐出人民幣4,180,000元現金及寢具以協助因地震而失去家園的家庭。本集團亦積極協助受地震所影響的僱員家庭。

財務回顧

營業額

本集團的營業額主要來自銷售紗線、坯布及面料。由於二零零八年中國國內對高附加值棉包芯紡織品的需求強勁，本集團營業額錄得大幅增長。下列為各種產品的營業額表現：

紗線仍是本集團銷售最突出的產品，二零零八年銷售額增長23.3%，銷售額創人民幣2,622,600,000元的新高。坯布銷售額減少9.8%。年內，本公司已順利對設於徐州的其中一間廠房進行搬遷及重新安排生產線，當中的紗錠數目有所增加，而坯布無梭織機的數目則減少，由於此搬遷及重新安排，紗線及坯布的銷量於年內分別增加及減少。

FINANCIAL REVIEW (Continued)

Gross profit and gross profit margin

Due to the rise in sales volume and the gain in market share in the core-spun cotton textile products, gross profit of the Group increased from RMB434.8 million to RMB458.9 million, representing an increase of 5.6% compared to last year.

Nevertheless, the worldwide economic recession starting from the last quarter of 2008 and the sluggish export markets affecting our downstream customers have indirectly led to a drop in average selling prices of the Group's products. The above pressures on selling prices have resulted in a drop of gross profit margin by 1.1% to 12.3% in 2008.

Cost structure

Cost of sales increased by 16.3% to RMB3,278.7 million. Besides the increase in production volume, the rise in raw material costs (particularly cotton) during the first half of 2008 has also led to an increase in the proportion of raw material costs to the Group's total manufacturing costs.

財務回顧(續)

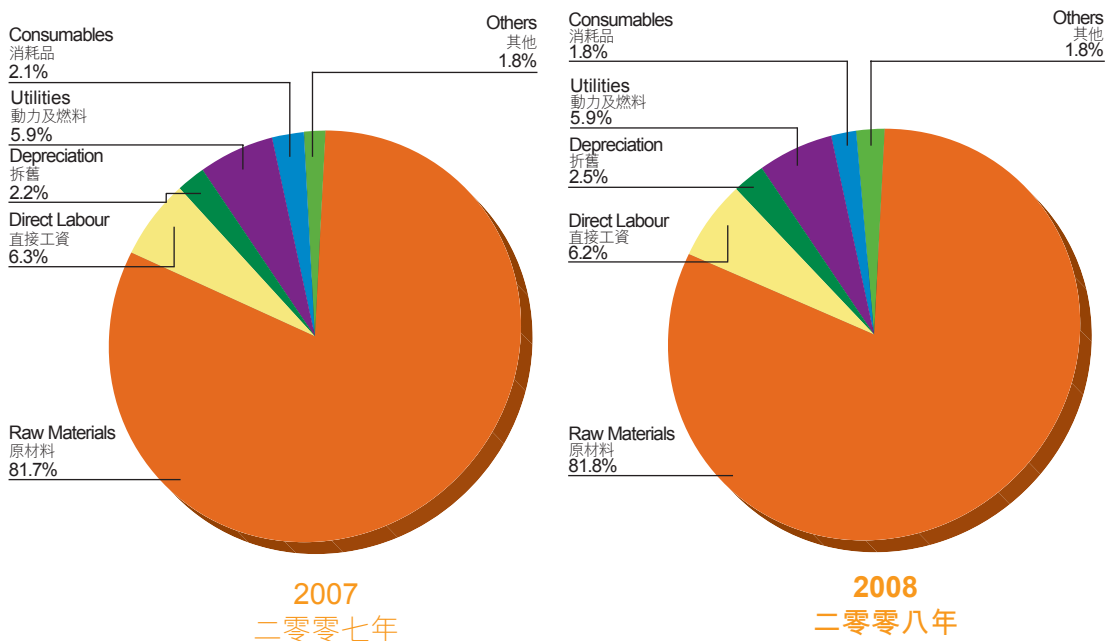
毛利及毛利率

由於棉包芯紡織品銷量上升並增加了市場佔有率，本集團的毛利由去年人民幣434,800,000元上升5.6%至人民幣458,900,000元。

然而，自二零零八年第四季起出現全球經濟衰退以及蕭條的出口市場影響下游客戶間接導致本集團的產品平均售價下跌。上述對售價的壓力導致於二零零八年的毛利率下跌1.1%至12.3%。

成本架構

銷售成本增加16.3%至人民幣3,278,700,000元。除產量增加外，於二零零八年上半年原材料成本(特別是棉花)上升亦導致原材料成本佔本集團總生產成本之比例增加。



Texhong Vietnam 天虹越南



FINANCIAL REVIEW (Continued)

Selling and distribution costs

For the year ended 31 December 2008, the Group's selling and distribution costs amounted to RMB91.3 million, representing an increase of 20.3% compared to that of last year. The increase was in line with the increase in sales volume.

General and administrative expenses

During the year, the Group's general and administrative expenses increased by 13.7% to RMB164.2 million, which amounted to 4.4% of the Group's turnover. The increase was in line with the increase in sales volume.

Cash flow

財務回顧(續)

銷售及分銷開支

於截至二零零八年十二月三十一日止年度，本集團之銷售及分銷開支較去年上升20.3%至人民幣91,300,000元。升幅是由於銷售量增加所致。

一般及行政開支

本集團於年內之一般及行政開支增加13.7%至人民幣164,200,000元，佔本集團營業額4.4%。升幅是由於銷量增加所致。

現金流量

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Net cash generated from operating activities	經營活動所得現金淨額	374,490	173,640
Net cash used in investing activities	投資活動所耗現金淨額	(328,164)	(486,341)
Net cash inflow from financing activities	融資活動所得現金流入淨額	67,071	372,429
Cash and cash equivalents at 31 December	於十二月三十一日的現金及現金等值物	313,012	199,615



FINANCIAL REVIEW (Continued)

Cash flow (Continued)

For the year ended 31 December 2008, net cash generated from operating activities amounted to RMB374.5 million. The increase in net cash inflow from operating activities was mainly due to the increase of inventory during the period was much less than that of 2007. On the other hand, the increase of trade and bill receivable is much less than that of 2007 as a result of more prudent trade credit policy. The net cash used in investing activities amounted to RMB328.2 million, which was mainly used for the payment of machinery and other capital expenditures of the Phase II of the Group's new production base in Vietnam. During the year under review, the net cash inflow from financing activities amounted to RMB67.1 million, which mainly represented the net increase in bank borrowings and payment of dividends and interests.

Liquidities and financial resources

As at 31 December 2008, the Group's bank and cash balances (including pledged bank deposits) amounted to RMB334.6 million (as at 31 December 2007: RMB210.4 million). As a result of business expansion in 2008, the Group's inventories and trade and bill receivables increased by RMB38.1 million and RMB99.3 million to RMB690.0 million and RMB464.1 million, respectively (as at 31 December 2007: RMB651.9 million and RMB364.8 million). The inventory turnover days and trade receivable turnover days were 75 days and 41 days respectively, compared to 71 days and 33 days in 2007. The increase in inventory turnover days was due to an increase in the inventory level of cotton in 2008 for the new production facilities in Vietnam, which has just been in full commercialized production since the beginning of 2009.

財務回顧(續)

現金流量(續)

截至二零零八年十二月三十一日止年度，本集團錄得經營活動所得現金淨額人民幣374,500,000元。經營活動所得現金流入淨額增加主要是由於期內的存貨增加遠比二零零七年度的為少。另一方面，由於本集團採納更審慎的貿易信貸政策，故應收貿易及票據款項的增加幅度亦較二零零七年為少。本集團投資活動所耗現金淨額為人民幣328,200,000元，主要用於支付本集團位於越南的新生產基地第二期的機器設備及其他資本開支。於回顧年度內，本集團融資活動所得現金流入淨額為人民幣67,100,000元，主要表示銀行貸款、股息及利息支付增加淨額。

流動資金及財務資源

於二零零八年十二月三十一日，本集團的銀行及現金結餘(包括已抵押銀行存款)為人民幣334,600,000元(於二零零七年十二月三十一日：人民幣210,400,000元)。隨著於二零零八年進行業務擴充，本集團的存貨及應收貿易及票據款項分別增加人民幣38,100,000元及人民幣99,300,000元至人民幣690,000,000元及人民幣464,100,000元(於二零零七年十二月三十一日：人民幣651,900,000元及人民幣364,800,000元)。存貨周轉天數及應收貿易賬款周轉天數分別為75天及41天，而二零零七年則分別為71天及33天。存貨周轉天數增加部份原因乃為越南新生產設施於二零零八年之棉花存貨水平增加，而該生產設施已於二零零九年初全面投產。



FINANCIAL REVIEW (Continued)

Liquidity and financial resources (Continued)

To cater for capital expenditure requirement as a result of the Group's business expansion in Vietnam, the Group's total bank borrowings increased by RMB149.0 million to RMB1076.9 million as at 31 December 2008. Short-term bank borrowings was increased by RMB297.3 million to RMB522.6 million while long-term bank borrowings was decreased by RMB148.3 million to RMB554.3 million.

As at 31 December 2008, the Group's financial ratios were as follows:

		2008 二零零八年	2007 二零零七年
Current ratio	流動比率	1.13	1.53
Debt to equity ratio	負債權益比率	0.88	0.86
Net debt to equity ratio	負債淨額權益比率	0.60	0.67

Borrowings

As at 31 December 2008, the Group's total bank borrowings amounted to RMB1,076.9 million. Among which, RMB226.0 million (21.0%) were denominated in Renminbi and RMB850.9 million (79.0%) were denominated in United States dollars. These loans borne interest at interest rates ranging from 2.8% to 7.9% per annum (2007: 6.1% to 7.2%).

As at 31 December 2008, the Group has outstanding short-term borrowings of RMB522.6 million (2007: 225.2 million). The reason for the increase of the short-term borrowings was due to the fund raising for the working capital and business expansion, and the term period reclassification to short-term borrowings in 2008 from long-term borrowings in 2007.

In respect of the Group's borrowings, the Group has to comply with certain restrictive financial covenants. Details of these financial covenants and charges on group assets are disclosed in note 17 to the accompanying financial statements.

財務回顧(續)

流動資金及財務資源(續)

為應付本集團在越南擴充業務所帶來的資本開支需求，本集團於二零零八年十二月三十一日的銀行借貸總額增加人民幣149,000,000元至人民幣1,076,900,000元。短期銀行借貸增加人民幣297,300,000元至人民幣522,600,000元，而長期銀行借貸則減少人民幣148,300,000元至人民幣554,300,000元。

於二零零八年十二月三十一日，本集團之財務指標如下：

借貸

於二零零八年十二月三十一日，本集團的銀行借貸總額為人民幣1,076,900,000元，其中人民幣226,000,000元(21.0%)以人民幣列值，其餘人民幣850,900,000元(79.0%)則以美元列值。該等貸款按年利率2.8%至7.9%(二零零七年：6.1%至7.2%)計息。

於二零零八年十二月三十一日，本集團之未償還短期借貸為人民幣522,600,000元(二零零七年：人民幣225,200,000元)。短期借貸增加乃由於就營運資金及業務擴充進行集資，以及於二零零七年之長期借貸於二零零八年重新分類為短期借貸。

本集團須就其借貸遵守若干財務限制條款。該等財務條款及集團資產抵押之詳情於隨附之財務報表附註17中披露。

FINANCIAL REVIEW (Continued)

Foreign exchange risk

The Group mainly operates in the Mainland China and Vietnam. Most of the Group's transactions, assets and liabilities are denominated in RMB and USD. Foreign exchange risk may also arise from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group manages its foreign exchange risks by performing regular review and monitoring its foreign exchange exposures. The Group's exposure to foreign exchange risk is mainly attributable to its bank borrowings denominated in USD. In order to mitigate interest rate risk and foreign exchange risk for repayment of US\$21 million syndication loan, the Group has entered into an interest rate cross currency swap with ABN AMRO. Except for this, the Group did not involve in any other hedging activities during the period under review.

Capital expenditure

For the year ended 31 December 2008, the capital expenditure of the Group amounted to RMB416.0 million (2007: RMB502.2 million). It mainly comprises of additions of land use rights and property, plant and equipment for the newly constructed factories in Vietnam.

Contingent liabilities

As at 31 December 2008, the Group had no material contingent liabilities.

Human resources

As at 31 December 2008, the Group had a total workforce of 13,207 (as at 31 December 2007: 14,952), of whom 10,349 were located throughout our 11 manufacturing plants in China, 172 were based in regional headquarter in Shanghai, 2,682 were located at the Group's new production base in Vietnam and 4 were based in Hong Kong. New employees were recruited to cater for the Group's business expansion during the year. 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 organization. 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

The Board did not propose any final dividend for the year ended 31 December 2008.

財務回顧(續)

外匯風險

本集團主要在中國內地及越南營運。本集團大部份交易、資產及負債以人民幣及美元計值。外匯風險亦可能來自於未來海外營運中的商業貿易、已確認資產及負債及投資淨額。本集團進行定期檢討及監察其外匯風險程度以管理其外匯風險。本集團所面對的外匯風險主要來自其以美元計值的銀行借貸。為減低有關償還21,000,000美元銀團貸款的利率及外匯風險，本集團與荷蘭銀行訂立利率及貨幣掉期合約。除此之外，本集團於回顧期內並無涉及任何其他對沖活動。

資本開支

於截至二零零八年十二月三十一日止年度，本集團之資本開支為人民幣416,000,000元(二零零七年：人民幣502,200,000元)，主要包括為越南新建廠房取得額外的土地使用權，以及購置物業、廠房及設備相關支出。

或然負債

於二零零八年十二月三十一日，本集團並無重大或然負債。

人力資源

於二零零八年十二月三十一日，本集團員工合共13,207名(於二零零七年十二月三十一日：14,952名)，其中10,349名屬中國大陸的11個生產基地，172名駐於上海的地區總部，另2,682名位於本集團在越南之新生產基地以及4名駐於香港。新聘僱員為應付本集團於年度內擴充的業務。本集團向其員工提供具競爭力的酬金計劃。此外，合資格員工亦可按其個人及本集團的表現獲授酌情花紅及購股權。本集團致力於組織內建立學習及分享文化。本集團的成功有賴由技巧純熟且士氣高昂的員工組成各職能部門，故此本集團重視員工的個人培訓及發展，以及建立團隊。

股息政策

董事會不建議派發截至二零零八年十二月三十一日止年度之末期股息。

The Group is committed to maintaining a high level of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Board believes that good corporate governance is essential to the success of the Group and the enhancement of shareholders' value.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company 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 of Directors of the Company comprises four executive Directors and three independent non-executive Directors. The Board of Directors has adopted the code provisions of the Code of Corporate Governance Practices ("Code Provisions") set out in Appendix 14 to the prevailing Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong Limited. In light of various amendments to the Listing Rules, particularly Appendix 14 thereto, which became effective on 1 January 2009, on 1 April 2009, the Company adopted the code provisions set out in the Code on Corporate Governance Practices ("New CG Code") contained in Appendix 14 to the Listing Rules with retrospective effect from 1 January 2009. During the reporting period, the Company had complied with the Code Provisions except for the certain deviations as specified with considered reasons for such deviations as explained in this corporate governance report.

THE BOARD

The Board currently comprises seven Directors and its composition is set out as follows:

Executive Directors:

Hong Tianzhu (*Chairman and Chief Executive Officer*)
Zhu Yongxiang
Tang Daoping
Gong Zhao

Independent Non-Executive Directors ("INEDs"):

Zhu Lanfen
Cheng Longdi
Ting Leung Huel, Stephen MH, FCCA, FCPA (PRACTISING),
ACA, FTIHK, FHKIoD

本集團致力於切合實際之範圍內維持高水平之企業管治，以強調高透明度、問責性及獨立性為原則。董事會相信優良之企業管治對本集團之成功及提升股東價值至為重要。

企業管治常規守則

本公司自上市以來一直致力保持高水平企業管治，以開明和開放的理念維護本集團的發展及保障股東們的權益。本公司的董事會由四位執行董事及三位獨立非執行董事組成。董事會已採納現時載於香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十四的企業管治常規守則內的守則條文(「《守則條文》」)。鑑於二零零九年一月一日生效的上市規則(特別是附錄十四)之各項修訂，本公司已於二零零九年四月一日採納上市規則附錄十四的企業管治常守則(「新企業管治守則」)內的守則條文，並追溯生效至二零零九年一月一日。於報告期內，除因於本企業管治報告所解釋若干已闡明原因的偏離情況外，本公司已遵守《守則條文》。

董事會

董事會目前由七名董事組成，其成員載列如下：

執行董事：

洪天祝(主席及行政總裁)
朱永祥
湯道平
龔照

獨立非執行董事：

朱蘭芬
程隆棣
丁良輝 MH, FCCA, FCPA (PRACTISING),
ACA, FTIHK, FHKIoD

THE BOARD (Continued)

The brief biographical details of the Directors are set out in the “Directors and Senior Management” section on pages 30 to 32. There was no relationship (including financial, business, family or other material/relevant relationship) among members of the Board.

The Company has three INEDs representing more than one-third of the Board. At least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Board has received from each INED an annual confirmation of his independence and considers that all the INEDs are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, and to review and approve the Group’s annual and interim results. During the year, four Board meetings were held and attendance of each Director at the Board meetings is set out as follows:

董事會(續)

董事之履歷詳情載於第30至32頁之「董事及高級管理層」一節內。董事會成員間概無任何關係(包括財務、業務、家庭或其他重大／相關關係)。

本公司之三名獨立非執行董事佔董事會人數多於三分之一。根據上市規則第3.10條，至少一名獨立非執行董事必須具備適當之專業資格或會計或相關財務管理專業知識。董事會已接獲每名獨立非執行董事有關其獨立性之年度確認書，並認為所有獨立非執行董事均具備上市規則第3.13條所載之指引下之獨立性。

董事會定期召開會議，討論本集團之整體策略以及營運及財政表現，並審閱及批准本集團之全年及中期業績。於年內，已舉行四次董事會會議，各董事之出席情況如下：

		Number of Board meetings attended/held 出席／舉行董事會 會議次數
Executive Directors:		
Hong Tianzhu (Chairman and Chief Executive Officer)	執行董事： 洪天祝 (主席及行政總裁)	4/4
Zhu Yongxiang	朱永祥	4/4
Tang Daoping	湯道平	4/4
Gong Zhao	龔照	4/4
Independent Non-Executive Directors:		
Zhu Lanfen	獨立非執行董事： 朱蘭芬	4/4
Cheng Longdi	程隆棣	4/4
Ting Leung Huel, Stephen MH, FCCA, FCPA (PRACTISING), ACA, FTIHK, FHKIoD	丁良輝 MH, FCCA, FCPA (PRACTISING), ACA, FTIHK, FHKIoD	4/4

The Board has reserved for its decision or consideration matters covering mainly the Group’s overall strategy, investment plans, annual and interim results, recommendations on Directors’ appointment or re-appointment, material contracts and transactions as well as other significant policies and financial matters. The Board has delegated the day-to-day responsibility to the senior management under the supervision of the Board.

經董事會決定或考慮之事宜包括本集團整體策略、投資計劃、全年及中期業績、董事委任或重新委任之建議、重大合約及交易，以及其他重大政策及財務等事宜。董事會已將日常職責委派予高級管理層，並由董事會監督。

THE BOARD (Continued)

Board meetings are scheduled to be held at approximately quarterly intervals and as required by business needs. At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least 3 days before the intended date of a regular Board meeting (and so far as practicable for such other Board meetings). Draft minutes of each Board meeting are circulated to all Directors for their comment before the same will be tabled at the following Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

Every Director is entitled to have access to Board papers and related materials and has access to the advice and services of the Company Secretary. The Board and each Director also have separate and independent access to the Company's senior management. Directors will be continuously updated on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct ("the Securities Code") regarding securities transactions by Directors and officers on terms no less exacting than the required standard set out in the Model Code ("Model Code") for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules. In light of various amendments to the Listing Rules, particularly the Model Code, which became effective on 1 January 2009, on 1 April 2009, the Company adopted a revised code of conduct regarding securities transactions by Directors on terms no less exacting than the required standards under the revised Model Code with retrospective effect from 1 January 2009.

A copy of the Securities Code has been sent to each Director of the Company first on his appointment and thereafter twice annually, one month before the date of the Board meetings to approve the Company's half-year result and annual result, with a reminder that the Director cannot deal in the securities and derivatives of the Company until after such results have been published, and that all his dealings must be conducted in accordance with the Securities Code.

董事會(續)

董事會會議預定為約每季及按業務需要而舉行。召開董事會會議一般會給予全體董事至少十四天之通知，以便彼等皆有機會提出商討事項列入會議議程。公司秘書協助主席編製會議議程，以及確保已遵守所有適用規則及規例。議程及隨附之董事會文件一般在舉行定期董事會會議(及就可行情況下，其他董事會會議)前三天發呈全體董事。每份董事會會議記錄之初稿於提交下一次董事會會議審批前，先供全體董事傳閱並提出意見。所有會議記錄均由公司秘書保存，並供任何董事於發出合理通知時，於任何合理時間內查閱。

每位董事有權查閱董事會文件及相關資料，及可向公司秘書尋求意見及服務。董事會及各董事亦可個別及獨立地接觸本公司之高級管理層。董事將獲持續提供上市規則及其他適用監管規定之最新發展之資料，以確保彼等遵守及秉持優秀企業管治常規。

董事進行之證券交易

本公司已就有關董事及主要人員進行之證券交易採納一套操守守則(「證券守則」)，條款不遜於上市規則附錄10上市公司董事進行證券交易的標準守則(「標準守則」)所載之要求標準。鑑於二零零九年一月一日生效之上市規則(特別是標準守則)之各項修訂，本公司已於二零零九年四月一日就有關董事進行證券交易採納一套經修訂之操守守則，條款不遜於經修訂之標準守則所載之要求標準，並追溯生效至二零零九年一月一日。

證券守則之副本已於本公司每名董事首次獲委任時，及其後每年兩次(於批准本公司半年業績及全年業績而召開之董事會會議日期前一個月)送交各董事，連同之備忘錄列明，在有關業績刊發前，董事不得買賣本公司證券及衍生工具，而一切買賣均須根據證券守則進行。

DIRECTORS' SECURITIES TRANSACTIONS (Continued)

Under the Securities Code, Directors are required to notify Mr Hong Tianzhu or Mr Zhu Yongxiang or a director (other than himself/herself) designated by the Board for the specific purpose ("Designated Director") and received a dated written acknowledgement from such Designated Director before dealing in the securities and derivatives of the Company.

During the year, the Company, having made specific enquiry on all the Directors, confirms that all its Directors have complied with the required standard set out in the Securities Code and the Model Code.

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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 between the board and the management of the Company. 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 conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Hong and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Group.

NOMINATION OF DIRECTORS

The Company has not set up any nomination committee. In December 2005, the Board has established and adopted a written nomination procedure (the "Nomination Procedure") specifying the process and criteria for the selection and recommendation of candidates for directorship of the Company. The Board shall, based on those criteria as set out in the Nomination Procedure (such as appropriate experience, personal skills and time commitment etc.), identify and recommend the proposed candidate to the Board for approval of an appointment.

董事進行之證券交易(續)

根據證券守則，董事在買賣本公司之證券及衍生工具前，須知會洪天祝先生或朱永祥先生或董事會就特定目的而指定之一名董事（「指定董事」）（除該董事本身外），並接獲該指定董事發出具有日期之書面確認。

年內，本公司經向全體董事作出特定查詢後，確認所有董事已一直遵守證券守則及標準守則所載之標準。

主席及行政總裁之角色

守則A.2.1規定主席與行政總裁的角色應有區分，並不應由一人同時兼任。

洪天祝先生為本公司的主席兼行政總裁。董事會認為此架構不會影響董事會與本公司管理層兩者之間的權力和職權的平衡，原因為本公司董事會由極具經驗和才幹的成員組成，並定期每三個月開會，以商討影響本公司運作的事項。透過董事會的運作，足以確保權力和職權得到平衡。董事會相信此架構有助於建立穩健而一致的領導權，使本集團能夠迅速及有效地作出及實施各項決定。董事會對洪先生充滿信心，相信委任他出任主席兼行政總裁之職，會有利於本集團的業務發展。

董事提名

本公司並無設立任何提名委員會。於二零零五年十二月，董事會已設立並採納一套以書面列載之提名程序（「提名程序」），具體列明本公司董事候選人之挑選及推薦程序及準則。董事會應以提名程序所載之該等準則（如恰當資歷、個人專長及投放時間等）作為基礎向董事會物色及建議人選以予批准委任。

NOMINATION OF DIRECTORS (Continued)

New Directors, on appointment, will be given an induction package containing all key legal and Listing Rules' requirements as well as guidelines on the responsibilities and obligations to be observed by a director. The package will also include the latest published financial reports of the Company and the documentation for the corporate governance practices adopted by the Board. The senior management will subsequently conduct such briefing as is necessary to give the new Directors more detailed information on the Group's businesses and activities.

As far as the nomination and appointment of Directors are concerned, no Board meeting was convened for the year ended 31 December 2008.

TERM OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of Mr. Ting Leung Huel Stephen, Mr. Cheng Longdi and Ms. Zhu Lanfen has been appointed as an independent non-executive Director for an initial term of one year commencing from 21 November 2004 renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term of appointment, unless terminated by not less than three months' notice in writing served by either the independent non-executive Director or the Company expiring at the end of the initial term or at any time thereafter. The Company has paid an annual director's fee of HKD82,800 to each of Ms. Zhu Lanfen and Mr. Cheng Longdi and HKD193,000 to Mr. Ting Leung Huel Stephen for the year ended 31 December 2008. Save for the above directors' fees, none of the independent non-executive Directors has received any other remuneration for holding their office as an independent non-executive Director.

BOARD COMMITTEES

The Board has established a Remuneration Committee and an Audit Committee, each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the Company Secretary, are circulated to all Board members and the committees are required to report back to the Board on their decision and recommendations where appropriate. The procedures and arrangements for a Board meeting, as mentioned on page 21 in the section "The Board" above, have been adopted for the committee meetings so far as practicable.

董事之委任及重選(續)

新董事在獲委任後將會取得一套入職資料文件，載有所有主要法律及上市規則規定，以及有關董事應遵守之責任及義務之指引。資料文件亦包括本公司最新公佈之財務報告及董事會採納之企業管治常規文件。高級管理層其後將於有需要時提供說明，並為新董事提供本集團業務及活動之詳細資料。

截至二零零八年十二月三十一日止年度董事會並無就董事提名及委任召開任何會議。

獨立非執行董事之委任任期

丁良輝先生、程隆棣先生及朱蘭芬女士已獲委任為獨立非執行董事，首任年期為一年，由二零零四年十一月二十一日開始，自當時委任任期屆滿翌日起自動連任一年，惟獨立非執行董事或本公司於首任到期時或之後任何時間以不少於三個月書面通知終止委任除外。本公司已就截至二零零八年十二月三十一日止年度分別支付年度董事袍金82,800港元予朱蘭芬女士及程隆棣先生及193,000港元予丁良輝先生。除上述董事袍金外，並無任何獨立非執行董事預期可就擔任其獨立非執行董事的職位收取任何其他酬金。

董事委員會

董事會已成立多個委員會，包括薪酬委員會及審核委員會，並以書面具體列明其職權範圍。所有委員會之會議記錄及決議案均由公司秘書保存，並提供副本予全體董事會成員傳閱，而各委員會需按其決定及建議（倘適合）向董事會匯報。董事會會議之程序及安排（於上文第21頁「董事會」一節提述）已按可行情況下在每次委員會會議上採納。

BOARD COMMITTEES (Continued)

Remuneration Committee

The Company has established a Remuneration Committee, which comprises three independent non-executive directors of the Company, namely Mr Ting Leung Huel, Stephen, Ms Zhu Lanfen and Mr Cheng Longdi and the chairman of the Company, namely Mr Hong Tianzhu. The chairman of the Remuneration Committee is Mr. Ting Leung Huel, Stephen. The Remuneration Committee has adopted terms of reference which are in line with the code provisions of the CG Code. The Remuneration Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy if considered necessary.

The major roles and functions of the Remuneration Committee are:

- (a) to formulate and make recommendation to the Board on the Group's staff compensation policy and structure for all remuneration of the Directors and senior management of the Group and on the establishment of a formal and transparent procedures for developing policy on such remuneration;
- (b) to have the delegated responsibility to determine the specific remuneration packages of all Directors and senior management;
- (c) to make recommendations to the Board of the remuneration of non-executive Directors;
- (d) notwithstanding (b) above, to review and approve performance-based discretionary bonus for the Directors and senior management by reference to corporate goals and objectives resolved by the Board from time to time, and to review the performance against these corporate goals and objectives;
- (e) in respect of any service agreement to be entered into between any members of the Group and its director or proposed director, to review and provide recommendations to the shareholders of the Company as to whether the terms of the service agreements are fair and reasonable and whether such service agreements are in the interests of the Company and the shareholders as a whole, and to advise shareholders on how to vote;
- (f) to review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment;

董事委員會(續)

薪酬委員會

本公司已成立酬金委員會，該委員會由三名獨立非執行董事組成，包括丁良輝先生、朱蘭芬女士及程隆棣先生及本公司主席洪天祝先生。薪酬委員會主席為丁良輝先生。酬金委員會已採納符合《企業管治守則》守則條文的職權範圍。薪酬委員會獲提供充裕資源以履行其職務，並可按本公司政策在有需要時尋求獨立專業意見。

薪酬委員會之主要角色及職能如下：

- (a) 就本集團的員工薪酬政策及董事及高級管理層所有酬金的架構向董事會提出建議，並就建立該酬金發展政策的正式及具透明度的步驟提出建議；
- (b) 受委託有責任釐定所有董事及高級管理層的特定薪酬組合；
- (c) 就非執行董事的酬金向董事會作出建議；
- (d) 除上文(b)外，檢討及批准參考公司目標及董事會不時議決的目的實施按董事及高級管理層表現釐定酌情花紅，檢討此等公司目標及目的下的表現；
- (e) 就任何本集團任何成員公司與其董事或建議董事簽訂的服務協議，檢討及向本公司股東提供意見，建議服務協議條款是否公平合理，及該服務協議是否符合本公司及整體股東的利益，並就如何投票給予股東建議；
- (f) 檢討及批准就任何離任或終止委任應付予執行董事及高級管理層的酬金；

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

- (g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct;
- (h) to ensure that no director or any of his associates (as defined in the Listing Rules) is included in deciding his own remuneration;
- (i) to conduct exit interviews with any Director or senior management upon their resignation in order to ascertain the reasons (from remuneration perspective) for his departure.

The Remuneration Committee shall meet at least once a year. One committee meeting was held in 2008 to review and discuss the existing policy and structure for the remuneration of Directors, the remuneration packages of both the Executive and non-executive Directors and the attendance of each member is set out as follows:

Committee member	委員會成員	Number of Committee meeting attended/held 出席／舉行委員會會議之次數
Ting Leung Huel, Stephen	丁良輝	1/1
Hong Tianzhu	洪天祝	1/1
Zhu Lanfen	朱蘭芬	1/1
Cheng Longdi	程隆棣	1/1

In addition to the Committee meeting, the Remuneration Committee also dealt with matters by way of circulation during 2008. The remuneration payable to Directors will depend on their respective contractual terms under their employment or service contracts as approved by the Board on the recommendation of the Remuneration Committee.

In order to attract, retain and motivate the senior executives and key employees of the Group, including the Executive Directors, the Company has adopted a share option scheme in November 2004. Details of the share option scheme are set out in the Directors' Report on pages 36 to 39 and note 15 to the financial statements.

董事委員會 (續)

薪酬委員會 (續)

- (g) 檢討及批准有關因行為不當而辭退或罷免董事的酬金協議；
- (h) 確保並無董事或任何並聯繫人士(定義見上市規則)參與釐定自己的薪酬；
- (i) 於任何董事或高級管理層辭職之時與其進行離職會面以確定其離職原因(以酬金的角度的)。

薪酬委員會每年須至少召開一次會議。於二零零八年已舉行一次委員會會議，以審議及討論董事之現行薪酬政策及架構，執行董事及非執行董事之薪酬待遇，而各成員之出席情況如下：

除委員會會議外，薪酬委員會亦於二零零八年內透過傳閱方式處理事宜。應付董事之薪酬將視乎薪酬委員會向董事會提供之建議獲批准後，並按各自之僱傭或服務合約內之條款而釐定。

本公司已於二零零四年十一月採納一項購股權計劃以吸引、延攬及推動本集團高級行政人員及主要僱員(包括執行董事)。購股權計劃詳情載於董事會報告第36至39頁及財務報表附註15。

BOARD COMMITTEES (Continued)

Audit Committee

The Audit Committee has been established since November 2004, the current members of the Audit Committee are Mr. Ting Leung Huel, Stephen (Chairman), Ms. Zhu Lanfen and Mr. Cheng Longdi. To retain independence and objectivity, the Audit Committee has been chaired by an INED with appropriate professional qualifications or accounting or related financial management expertise. The Audit Committee has adopted terms of reference, which are in line with the code provisions of the CG Code. In light of various amendments to the Listing Rules, particularly Appendix 14 thereto, which became effective on 1 January 2009, on 1 April 2009, the Company adopted a revised written terms of reference with reference to the corresponding changes made to the code provisions of the New CG Code on 1 April 2009 with retrospective effect from 1 January 2009. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

The major roles and functions of the Audit Committee are:

- (a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;
- (c) to develop and implement policy on the engagement of an external auditor to supply non-audit services;
- (d) to monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them, and to review the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports before submission to the Board;
- (e) to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss;

董事委員會(續)

審核委員會

審核委員會自二零零四年十一月成立，現有成員為丁良輝先生(主席)、朱蘭芬女士及程隆棟先生。為保持獨立性及客觀性，審核委員會由一名具備合適專業資格或會計或相關財務管理專業知識之獨立非執行董事擔任主席。審核委員會已採納符合《企業管治守則》守則條文的職權範圍。鑑於二零零九年一月一日生效的上市規則(特別是附錄十四)之多項修訂，本公司已於二零零九年四月一日參考於二零零九年四月一日對新企業管治守則守則條文作出之相應修訂而採納經修訂之書面職權範圍，並追溯生效至二零零九年一月一日。審核委員會獲提供充裕資源以履行其職務，並可按本公司之政策在有需要時尋求獨立專業意見。

審核委員會之主要角色及職能：

- (a) 主要負責向董事會就委任、重新委任及罷免外聘核數師提出建議，以及批准外聘核數師之薪酬及聘用條款，並處理任何有關該等核數師辭任或辭退該等核數師之問題；
- (b) 根據適用準則檢討及監察外聘核數師之獨立性及客觀性及審核程序之效率；
- (c) 研究及實施委任外聘核數師提供非審核服務的政策；
- (d) 監察本公司財務報表及之本公司年度報告及賬目、中期報告及季度報告(倘編製供刊發之用)的完整性，並審核其中的重大財務報告判斷，及於本公司的年度報告及賬目、中期報告及季度報告(倘編製供刊發之用)呈交董事會之前先行審核；
- (e) 商議就中期審閱及年終審核而產生之任何問題及保留事項，及外聘核數師擬商討之任何事宜；

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

- (f) to review the Company's financial controls, internal control and risk management systems;
- (g) to discuss with the management the system of internal control and ensure that management has discharged its duty to have an effective internal control system;
- (h) to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;
- (i) to review the Group's financial and accounting policies and practices;
- (j) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response.

The Audit Committee shall meet at least twice a year. Two committee meetings were held in 2008 and the attendance of each member is set out as follows:

董事委員會(續)

審核委員會(續)

- (f) 檢討本集團之財務監控、內部監控及風險管理制度；
- (g) 與管理層討論內部控制系統及確保管理層已盡其職責以達至有效內部管理系統；
- (h) 考慮董事會授予內部監控事項之主要調查之任何發現以及管理層之回應；
- (i) 審核本集團的財務及會計政策及常規；
- (j) 審核外聘核數師的管理函件、核數師就會計記錄、財務賬目或控制系統向管理層提出的任何重大提問，及管理層的回應。

審核委員會每年須至少召開兩次會議。於二零零八年已舉行兩次委員會會議，而各成員之出席情況如下：

Committee member	委員會成員	Number of Committee meeting attended/held 出席／舉行委員會會議之次數
Ting Leung Huel, Stephen	丁良輝	2/2
Zhu Lanfen	朱蘭芬	2/2
Cheng Longdi	程隆棣	2/2

During the meetings held in 2008, the Audit Committee had performed the work as summarised below:

於二零零八年舉行之會議，審核委員會已履行之工作概述如下：

- (i) reviewed and approved the audit scope and fees proposed by the external auditors regarding the final audit of the Group for the year ended 31 December 2007 (the "2007 Final Audit") and for the interim results review for the six months ended 30 June 2008 (the "2008 Interim Review");
 - (ii) reviewed the external auditors' report of finding in relation to the 2007 Final Audit and the auditors' report on the connected transactions for the year ended 31 December 2007;
 - (iii) reviewed the external auditors' independent review report in relation to the 2008 Interim Review;
 - (iv) reviewed the financial reports for the year ended 31 December 2007 and for the six months ended 30 June 2008; and
- (i) 檢討及批准外聘核數師建議之本集團截至二零零七年十二月三十一日止年度之年終審核(「二零零七年年終審核」)及截至二零零八年六月三十日止六個月之中期業績審閱(「二零零八年中期審閱」)之核數範圍及費用；
 - (ii) 檢討外聘核數師之二零零七年年終審核結果之報告，以及對截至二零零七年十二月三十一日止年度關連交易之核數師報告；
 - (iii) 檢討外聘核數師就二零零八年中期審閱之獨立審閱報告；
 - (iv) 檢討截至二零零七年十二月三十一日止年度及截至二零零八年六月三十日止六個月之財務報告；及

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

- (v) reviewed the effectiveness of internal control system of the Group including financial, operational and compliance controls and risk management functions of the Group.

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibility for preparing, with the support from finance department, the financial statements of the Group. In preparing the financial statements for the year ended 31 December 2008, the requirements of the Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Listing Rules and the Companies Ordinance were complied with.

The reporting responsibilities of the Company's external auditors, Messrs. PricewaterhouseCoopers, are set out in the Auditors' Report on pages 49 and 50.

Internal Control

The Board is responsible for maintaining a sound and effective system of internal control. During the financial year under review, the Board has reviewed the effectiveness of the internal control system of the Group through the Audit Committee.

External Auditors' Remuneration

During the year, the remuneration paid and payable to the Company's external auditors, Messrs. PricewaterhouseCoopers, is set out as follows:

Services rendered for the Group	向本集團提供之服務	Payable 應付費用 RMB'000 人民幣千元
Audit services	核數服務	3,586
Non-audit services (including agreed-upon procedures for continuing connected transactions and preliminary announcement of results)	非核數服務(包括為持續關連交易程序及初步業績公佈所進行的協定程序)	—
Total:	合計:	3,586

董事委員會(續)

審核委員會(續)

- (v) 檢討本集團內部控制系統，包括本集團的財務、營運及遵規控制情況及風險管理功能的效率。

董事會及審核委員會就甄選、委聘、退任或罷免外聘核數師並無意見分歧。

問責及核數

財務匯報

於財務部之協助下，董事確認彼等編製本集團財務報表之責任。截至二零零八年十二月三十一日止年度之財務報表已按照香港會計師公會頒佈之香港財務報告準則、香港會計準則及詮釋，以及上市規則及公司條例之適用披露規定而編製。

本公司外聘核數師羅兵咸永道會計師事務所之匯報責任載於核數師報告第49及50頁。

內部監控

董事負責維持良好及有效的內部監控系統。於回顧年度，董事會已透過審核委員會檢討本集團的內部監控系統。

外聘核數師之酬金

於年內，已付及應付本公司外聘核數師羅兵咸永道會計師事務所之酬金載列如下：

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars.

The Company's annual general meeting (the "AGM") is a valuable forum for the Board to communicate directly with the shareholders. The Chairman actively participated in the AGM held during the year and personally chaired the meeting to answer any questions from the shareholders. A separate resolution had been proposed by the Chairman in respect of each issue to be considered at the AGM. An AGM circular and AGM notice had been distributed to all shareholders in accordance with the requirements of the articles of association of the Company and the Listing Rules, setting out details of each proposed resolution, voting procedures and other relevant information. The Chairman explained the procedures for conducting a poll at the beginning of the AGM, and answered any questions from shareholders regarding voting by way of poll.

CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code of the Stock Exchange but about promoting and developing an ethical and healthy corporate culture. We will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and developments. Any views and suggestions from our shareholders are also welcome to promote our transparency.

On behalf of the Board

Hong Tianzhu
Chairman

Hong Kong, 1 April 2009

與股東之溝通

董事會瞭解與股東保持良好聯繫之重要性。有關本集團之資料乃按時透過多種正式途徑向股東傳達，包括中期報告及年報、公佈及通函。

本公司股東週年大會（「股東週年大會」）乃董事會直接與股東聯繫之寶貴機會。主席於年內舉行之股東週年大會上積極回應任何股東之查詢。主席已就每項在股東週年大會上審議之議題提呈個別之決議案。股東週年大會通函及通告已根據本公司章程細則及上市規則之規定發送予全體股東，該通函及通告載列每項擬提呈決議案之詳情、投票程序及其他相關資料。主席於股東週年大會開始時，已解釋以投票方式進行表決之程序，已回答股東就按股數投票之任何提問。

提升企業管治水平

提升企業管治水平並非只為應用及遵守聯交所之企業管治守則，乃為推動及建立道德與健全之企業文化為依歸。吾等將不斷檢討並按經驗、監管變動及發展，於適當時候改善現行常規。本公司歡迎股東提供任何意見及建議以提高本公司之透明度。

代表董事會

洪天祝
主席

香港，二零零九年四月一日

DIRECTORS

Executive Directors

Mr. Hong Tianzhu, 41, is an executive Director and chairman of the Group. He is the founder of the Group. He is responsible for the overall business development strategy of the Group. Mr. Hong is currently a vice chairman of the Hong Kong General Chamber of Textiles Limited. He has over 18 years of experience in the textile industry. Prior to establishing the Group, Mr. Hong was a vice general manager of 晉江藝豐服裝織造有限公司 (Jinjiang Yifeng Garment Weaving Company Limited). Mr. Hong is a director and the 100% beneficial owner of Hong Kong Tin Hong Industrial Limited (香港天虹實業有限公司 or "Hong Kong Tin Hong"), and the sole director of New Green Group Limited, which is 100% owned by Hong Kong Tin Hong. Mr. Hong is also a director of Trade Partner Investments Limited, which is owned as to 51.36% by him. Each of New Green Group Limited and Trade Partner Investments Limited was the beneficial owner of 395,459,173 and 163,500,000 shares of HK\$0.1 each in the Company as at 31 December 2008 respectively.

Mr. Zhu Yongxiang, 42, is an executive Director and chief operation officer of the Group. He is responsible for the daily operations of the Group. Mr. Zhu graduated from the 南通紡織工學院 (Nantong Textile Industry College) in 1987. Prior to joining the Group in 1997, Mr. Zhu was an assistant to the general manager of 南通第二棉紡織廠 (Nantong No. 2 Cotton Textile Factory). Mr. Zhu is the sole director and the 100% beneficial owner of Wisdom Grace Investments Limited. Mr. Zhu is also a director of Trade Partner Investments Limited, which is owned as to 41.36% by him. Each of Trade Partner Investments Limited and Wisdom Grace Investments Limited was the beneficial owner of 163,500,000 and 88,216,000 shares of HK\$0.1 each in the Company as at 31 December 2008 respectively.

Mr. Tang Daoping, 43, is an executive Director and vice president of the Group. He is responsible for the operations of the Group's yarn business. Mr. Tang is also a director and the chairman of Texhong Suining, Jiangsu Century Texhong, Xuzhou Century Texhong, Xuzhou Texhong Times, Nantong Century Texhong, Nantong Texhong Yin Hai and Xuzhou Texhong Yinfeng. Mr. Tang graduated from 徐州廣播電視大學 (Xuzhou Radio and TV University) in 1996 majoring in accounting. Mr. Tang has over 25 years of experience in the textile industry. He was a workshop manager of 睢寧棉紡織廠 (Suining Cotton Textile Factory) prior to joining the Group in 1998 as a vice general manager. Mr. Tang was promoted and became a director of Texhong Suining and Jiangsu Century Texhong in September 2002.

Mr. Gong Zhao, 54, is an executive Director and vice president of the Group. He is responsible for the operations of the Group's grey fabric business. Mr. Gong is also a director and the chairman of Texhong Jinhua, Zhejiang Texhong and Zhejiang Century Texhong. Mr. Gong has over 25 years of experience in the textile industry. Prior to joining the Group in 1998 as a vice general manager, Mr. Gong had worked in 無錫市第四棉紡織廠 (Wuxi No. 4 Cotton Textile Factory). Mr. Gong was promoted and became a director of Texhong Jinhua in January 2001.

董事

執行董事

洪天祝先生，41歲，本集團的執行董事及主席。洪先生是本集團創始人，負責本集團的整體業務發展策略。洪先生是現任香港紡織商會副主席。彼於紡織業擁有逾十八年經驗，在成立本集團前，彼曾任晉江藝豐服裝織造有限公司的副總經理。洪先生為香港天虹實業有限公司(或「香港天虹」)的董事，並為該公司全資實益擁有人，亦為New Green Group Limited的唯一董事，該公司由香港天虹全資擁有。洪先生亦為Trade Partner Investments Limited的董事，並擁有該公司51.36%權益。於二零零八年十二月三十一日，New Green Group Limited及Trade Partner Investments Limited分別為本公司每股面值0.1港元的395,459,173股股份及163,500,000股股份的實益擁有人。

朱永祥先生，42歲，本集團的執行董事兼營運總裁。彼負責本集團的日常營運。朱先生於一九八七年畢業於南通紡織工學院。於一九九七年加入本集團前，朱先生曾任南通第二棉紡織廠的總經理助理。朱先生為Wisdom Grace Investments Limited的唯一董事，並為該公司全資實益擁有人。朱先生亦為Trade Partner Investments Limited的董事，並擁有該公司41.36%權益。於二零零八年十二月三十一日，Trade Partner Investments Limited及Wisdom Grace Investments Limited分別為本公司每股面值0.1港元的163,500,000股股份及88,216,000股股份的實益擁有人。

湯道平先生，43歲，本集團執行董事兼副總裁。彼負責本集團的紗線業務。湯先生亦為天虹睢寧、江蘇世紀天虹、徐州世紀天虹、徐州天虹時代、南通世紀天虹、南通天虹銀海及徐州天虹銀豐的董事兼董事長。彼於一九九六年畢業於徐州廣播電視大學，主修會計，並於紡織業擁有逾二十五年經驗。湯先生於一九九八年加入本集團前，曾於睢寧棉紡織廠出任工廠經理，並為副總經理。湯先生於二零零二年九月晉升為天虹睢寧及江蘇世紀天虹的董事。

龔照先生，54歲，本集團執行董事兼副總裁。彼負責本集團的坯布業務，彼亦為天虹金華、浙江天虹及浙江世紀天虹的董事兼董事長。龔先生於紡織業擁有逾二十五年豐富經驗，在於一九九八年加入本集團出任副總經理前，龔先生曾於無錫市第四棉紡織廠工作。龔先生先於二零零一年一月晉升為天虹金華的董事。

DIRECTORS (Continued)**Independent Non-executive Directors**

Ms. Zhu Lanfen, 67, studied in 華東紡織工學院 (Huadong Textile Industry School) in textile. Ms. Zhu has over 40 years of experience in the textile industry. Prior to 16 May 2006, Ms. Zhu was an independent director of Wuxi Qing Feng Co. Ltd., a company listed on the Shanghai Stock Exchange. Ms. Zhu is also currently the vice president of the council of 中國棉紡織行業協會 (China Cotton Textile Industry Association). She joined the Group and was appointed as an independent non-executive Director on 21 November 2004.

Professor Cheng Longdi, 49, obtained his doctorate degree in textile from Donghua University in 2002. Professor Cheng is currently a professor of 東華大學紡織工程系 (Department of Textile Engineering, Donghua University) and he is also the 紡織面料技術教育部重點實驗室常務副主任 (deputy director of the key laboratory of Textile Science and Technology, Ministry of Education). Professor Cheng is an academic committee member of the cotton textile profession committee of the China Society of Textile Engineering. Professor Cheng is also the committee member of the expert committee of China Textile Planning Institute of Construction. Professor Cheng was an engineer of the China Textile Academy (formerly known as Textile Academy of Textile Ministry). He joined the Group and was appointed as an independent non-executive Director on 21 November 2004.

Mr. TING Leung Huel, Stephen, MH, FCCA, FCPA (PRACTISING), ACA, FTIHK, FHKIoD, aged 55, was appointed as independent non-executive Director of the Company on 21 November 2004. Mr. Ting is an accountant in public practice and has more than 30 years' experience in this field. Currently he is the Managing Partner of Messrs Ting Ho Kwan & Chan, Certified Public Accountants (Practising). Mr. Ting is a member of the 9th Chinese People Political & Consultative Conference, Fujian. He is now an independent non-executive director of six other listed companies in Hong Kong, namely Computer and Technologies Holdings Limited, Dongyue Group Limited, JLF Investment Company Limited (formerly known as MACRO-LINK International Holdings Limited), Minmetals Resources Limited, Tong Ren Tang Technologies Company Limited and Tongda Group Holdings Limited respectively. He is also a non-executive director of Chow Sang Sang Holdings International Limited, a listed company in Hong Kong. From 30 April 2006 to 29 May 2006, Mr. Ting was a non-executive director of Premium Land Limited, a listed company in Hong Kong. Prior to 3 July 2007, he was also an independent non-executive director of eForce Holdings Limited, a listed company in Hong Kong.

董事(續)**獨立非執行董事**

朱蘭芬女士，67歲。朱女士於華東紡織工學院修讀紡織。朱女士於紡織業擁有逾四十年的豐富經驗。於二零零六年五月十六日前，朱女士為無錫慶豐有限公司，一家於上海交易所上市的公司的獨立董事。朱女士現亦為中國棉紡織行業協會的副理事長。彼於二零零四年十一月二十一日加入本集團，並獲委任為獨立非執行董事。

程隆棟教授，49歲。程教授於二零零二年取得東華大學的紡織博士學位，亦為東華大學紡織工程系教授及紡織面料技術教育部重點實驗室常務副主任。程教授為中國紡織工程學會棉紡專業委員會學術委員會委員，亦為中國紡織建設規劃院專家委員會委員。程教授曾為中國紡織科學研究院(前稱紡織工業部紡織科學研究院)的工程師。彼於二零零四年十一月二十一日加入本集團，並獲委任為獨立非執行董事。

丁良輝先生，MH、FCCA、FCPA (PRACTISING)、ACA、FTIHK、FHKIoD，55歲，於二零零四年十一月二十一日獲委任為本公司之獨立非執行董事。丁先生為執業會計師，於該行業積逾三十年經驗。彼現為丁何關陳會計師行之執行合夥人。丁先生為中國人民政治協商會議第九屆福建省委員會委員。現為其他六家香港上市公司之獨立非執行董事，分別為科聯系統集團有限公司、東岳集團有限公司、金六福投資有限公司(前稱新華聯國際控股有限公司)、五礦資源有限公司、北京同仁堂科技發展股份有限公司及通達集團控股有限公司。彼亦擔任一家香港上市公司周生生集團國際有限公司之非執行董事。於二零零六年四月三十日至二零零六年五月二十九日，丁先生為一家香港上市公司中國策略置地有限公司之非執行董事，於二零零七年七月三日以前亦為一家香港上市公司意科控股有限公司之非執行董事。

SENIOR MANAGEMENT

Mr. Sha Tao, 43, a vice president of the Group and responsible for the production and purchase of the Group's grey fabric operations. He is also a director and the chairman of Taizhou Texhong Weaving and Taizhou Century Texhong. Mr. Sha obtained his bachelor's degree in textile from 無錫輕工業學院 (Wuxi Light Industry University) in 1986. Mr. Sha has over 21 years of experience in the textile industry. Prior to joining the Group in 1998, he was a factory manager of one of the factories of 南通第二棉紡織廠 (Nantong No. 2 Cotton Textile Factory).

Mr. Hu Zhiping, 45, is a vice president of the Group and responsible for the grey fabric sales operations of the Group. Mr. Hu graduated from 無錫職業大學 (Wuxi Professional University) in textile in 1984. Mr. Hu has over 21 years of experience in the textile industry. He was an vice general manager of 無錫協達織造有限公司 (Wuxi Xieda Weaving Company Limited) prior to joining the Group in 1998.

Mr. Cheng Chi Ming, 43, is the chief financial officer and company secretary of the Group. Mr. Cheng was graduated from the University of Hong Kong with a bachelor degree of Social Sciences. He is a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants and a member of Association of Chartered Certified Accountants. Mr. Cheng has more than 16 years of auditing, financial management and accounting experience. Prior to joining the Group, Mr. Cheng was the financial controller of Pou Sheng International (Holdings) Limited, a listed company on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Cheng joined the Group in July 2008.

高級管理層

沙淘先生，43歲，本集團的副總裁並負責本集團的坯布生產及物流採購。彼亦為泰州天虹織造及泰州世紀天虹的董事兼主席。沙先生於一九八六年畢業自無錫輕工業學院紡工系，並取得學士學位。沙先生於紡織業擁有逾二十一年經驗。彼於一九九八年加入本集團前，彼曾出任南通第二棉紡織廠其中一家廠房的廠長。

胡志平先生，45歲，本集團副總裁並負責本集團的坯布營銷業務。胡先生於一九八四年畢業自無錫職業大學紡織系。彼於紡織業擁有逾二十一年經驗。彼於一九九八年加入本集團前，胡先生曾出任無錫協達織造有限公司的副總經理。

鄭志明先生，43歲，本集團之財務總監兼公司秘書。鄭先生畢業於香港大學，持有社會科學學士學位。鄭先生為香港會計師公會會員及英國特許公認會計師公會會員。鄭先生擁有逾十六年審計、財務管理及會計經驗。於加入本公司前，鄭先生曾任香港主板上市公司寶勝國際(控股)有限公司的財務總監一職。鄭先生於二零零八年七月加入本集團。

EXECUTIVE DIRECTORS

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

執行董事

洪天祝先生(主席)
朱永祥先生
湯道平先生
龔照先生

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

Mr. Ting Leung Huel, Stephen
MH FCCA FCPA (Practising) ACA FTIHK FHKIoD
Ms. Zhu Lanfen
Professor Cheng Longdi

獨立非執行董事及審核委員會

丁良輝先生
MH FCCA FCPA (Practising) ACA FTIHK FHKIoD
朱蘭芬女士
程隆棣教授

REMUNERATION COMMITTEE

Mr. Ting Leung Huel, Stephen
MH FCCA FCPA (Practising) ACA FTIHK FHKIoD
Mr. Hong Tianzhu
Ms. Zhu Lanfen
Professor Cheng Longdi

薪酬委員會

丁良輝先生
MH FCCA FCPA (Practising) ACA FTIHK FHKIoD
洪天祝先生
朱蘭芬女士
程隆棣教授

COMPANY SECRETARY

Mr. Cheng Chi Ming

公司秘書

鄭志明先生

AUTHORISED REPRESENTATIVES

Mr. Hong Tianzhu
Mr. Cheng Chi Ming

授權代表

洪天祝先生
鄭志明先生

HEAD OFFICE

Room 1818, 18/F
Metroplaza Tower 1
223 Hing Fong Road
Kwai Fong, N.T.
Hong Kong

總辦事處

香港
新界葵芳
興芳路223號
新都會廣場第一座
18樓1818室

REGISTERED OFFICE

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

註冊辦事處

Cricket Square
Hutchins Drive, P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL BANKERS

Citibank (China) Co., Ltd. Shanghai Branch
ABN AMRO (China) Bank N.V. (formerly known as
ABN AMRO Bank N.V., Shanghai Branch)
Industrial and Commercial Bank of China
China Construction Bank
Bank of Communications

主要往來銀行

花旗銀行(中國)有限公司上海分行
荷蘭銀行(中國)有限公司
(前稱荷蘭銀行有限公司上海分行)
中國工商銀行
中國建設銀行
中國交通銀行

AUDITOR

PricewaterhouseCoopers

核數師

羅兵咸永道會計師事務所

LEGAL ADVISORS AS TO HONG KONG LAW

Chiu & Partners

法律顧問(香港法律)

趙不渝·馬國強律師事務所

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street
George Town, Grand Cayman
Cayman Islands

主要股份過戶登記處

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street
George Town, Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

香港股份過戶登記分處

香港中央證券登記有限公司
香港
灣仔
皇后大道東183號
合和中心
17樓1712-1716舖

WEBSITE

www.texhong.com

互聯網址

www.texhong.com

STOCK CODE

2678

股份編號

2678

The Directors of the Company submit their report together with the audited accounts of the Company for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is an investment holding company. The Group is principally engaged in the manufacture and sale of yarn, grey fabrics and garment fabrics. The principal activities of each of the subsidiaries of the Company are set out in note 35 to the accompanying financial statements.

Business segments

As at 31 December 2008, the Group operated in one business segment – manufacturing and sale of yarn, grey fabrics and dyed fabrics. Accordingly, no analysis of the business segment information is presented.

Geographical segments

The Group operates in two main geographical areas, Mainland China and Vietnam. Geographical analysis of sales, segment results, total assets, and capital expenditures are set out in note 5 to the accompanying financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2008 are set out in the consolidated income statement on page 53 of this annual report.

The board did not recommend the payment of a final dividend in respect of the financial year ended 31 December 2008.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 December 2008 are set out in note 16 to the accompanying financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and of the Company during the year ended 31 December 2008 are set out in note 7 to the accompanying financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 14 to the accompanying financial statements.

董事會同寅謹將截至二零零八年十二月三十一日止年度報告連同經已審核之財務報表呈覽。

主要業務及營運地區分析

本公司為一間投資控股公司。本集團主要從事生產及銷售紗線、坯布及面料。本公司各附屬公司之主要業務活動載於隨附之財務報表附註35。

業務分類

於二零零八年十二月三十一日，本集團經營單一業務分類－製造及銷售紗線、坯布及染色布料，故並無呈列業務分類資料分析。

地區分類

本集團主要於中國大陸及越南這兩地區經營業務。營業額、分類業績、資產總額及資本開支之地區分析載於隨附之財務報表附註5。

業績及分派

本集團於截至二零零八年十二月三十一日止年度之業績載列於本年報第53頁之綜合損益表。

董事會並不建議派發截至二零零八年十二月三十一日止財政年度之末期股息。

儲備

本集團及本公司截至二零零八年十二月三十一日止年度之儲備變動詳情載於隨附之財務報表附註16。

物業、廠房及設備

本集團及本公司截至二零零八年十二月三十一日止年度之物業、廠房及設備變動詳情載於隨附之財務報表附註7。

股本

本公司之股本變動詳情載於隨附之財務報表附註14。

DISTRIBUTABLE RESERVES

The Company's distributable reserves as at 31 December 2008 is set out in note 16 to the accompanying financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

TAX RELIEF

The Company is not aware of any tax relief or exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 3 of this annual report.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

SHARE OPTIONS

A share option scheme (the "Share Option Scheme") was adopted pursuant to a written resolution of all the then shareholders of the Company passed on 21 November 2004 ("Adoption Date").

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. All directors, employees, suppliers of goods or services, customers, persons or entities that provide research, development or other technological support to the Group, shareholders of any member of the Group, advisers or consultants of the Group and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group are eligible to participate in the Share Option Scheme.

The Share Option Scheme will remain in force for a period of 10 years after the Adoption Date.

可供分派儲備

本公司於二零零八年十二月三十一日可供分派儲備詳情載列於隨附之財務報表附註16。

優先購買權

本公司組織章程中並無優先購股權之條文，而開曼群島之法例亦無規定本公司須按比例向現有股東發售新股的限制。

稅務減免

本公司並不知悉任何因持有本公司證券而提供予本公司股東之稅務寬減或減免。

財務概要

本集團過去五個財政年度之業績及資產負債摘要載於本年報第3頁。

購買、出售或購回證券

本年內，本公司或其附屬公司概無購買、出售或購回本公司上市證券。

購股權

購股權計劃(「購股權計劃」)於二零零四年十一月二十一日(「採納日期」)獲本公司當時全體股東以書面決議案通過採納。

購股權計劃之目的乃讓本集團向指定參與者授予購股權，作為向此等人士對本集團作出之貢獻予以嘉獎或酬謝。所有董事、僱員、貨物或服務供應商、客戶、向本集團提供研究、發展或其他技術支援之人士或實體、本集團任何成員公司之股東、本集團之顧問或專業顧問及任何其他對本集團之發展曾作出貢獻或可透過合營企業、業務聯盟或其他業務安排作出貢獻之團體或類別之參與者均合資格參與購股權計劃。

購股權計劃自購股權計劃獲採納日期後十年內有效。

SHARE OPTIONS (Continued)

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 10% of the Shares of the Company in issue on the Listing Date ("General Scheme Limit"). The Company may renew the General Scheme Limit with shareholders' approval provided that each such renewal may not exceed 10% of the Shares in the Company in issue as at the date of the shareholders' approval.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the Shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-months period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit").

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option, subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The subscription price for the Shares under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

As at 31 December 2008, no option was granted under the Share Option Scheme.

購股權(續)

於購股權計劃及獲本集團採納之其他購股權計劃項下授出之全部購股權倘獲行使而可予配發及發行之股份總數不得超過本公司於上市日期已發行股份之10% (「一般計劃上限」)。本公司可於獲得股東批准下重訂該一般計劃上限，惟該重訂不得超過於獲股東通過之日本公司已發行股份之10%。

於購股權計劃及獲本集團採納之其他購股權計劃項下發行在外而尚未行使之全部購股權倘獲行使而可予發行之股份數目不得超過當時已發行股份之30%。

除獲得本公司股東批准外，於購股權計劃及本集團之任何其他購股權計劃項下於任何十二個月內向各參與者授出之購股權 (包括已行使或尚未行使者) 倘獲行使而發行或可予發行之股份總數不得超過當時本公司已發行股份之1% (「個人上限」)。

參與者可於授出購股權要約日期起二十一日內接納購股權。於接納授出之購股權時，須繳付1港元之象徵代價。

購股權可按照購股權計劃之條款於董事會釐定及通知各承授人之期限 (期限由授出購股權要約當日之後一日開始，惟無論如何不得遲於購股權授出日期起計十年結束，並受購股權有關提早終止之條文限制) 內隨時行使。除董事另有釐定並於向承授人發出之要約函件註明外，購股權計劃並無規定其行使前必須持有之最短時限。

根據購股權計劃，股份之認購價將由董事釐定，惟不得少於 (以較高者為準) (i) 授出購股權要約日期 (須為營業日) 在聯交所每日報價表上所示股份之收市價；(ii) 緊接授出購股權要約日期前五個交易日在聯交所每日報價表上所示股份之平均收市價；及 (iii) 股份之面值。

於二零零八年十二月三十一日，概無根據購股權計劃授出購股權。

SHARE OPTIONS (Continued)

Another share option scheme (the “Pre-IPO Share Option Scheme”) was adopted pursuant to a written resolution of all the then shareholders of the Company passed on 21 November 2004 for the primary purpose of recognising and rewarding the contribution of certain directors, senior management, employees, consultants and advisers of the Group to the growth and development of the Group and the listing of the Shares on the Stock Exchange.

The principal terms of the Pre-IPO Share Option Scheme are similar to the terms of the Share Option Scheme except that:

- (i) the classes of eligible participants are different from that of the Share Option Scheme;
- (ii) the General Scheme Limit, the Individual Limit and the restrictions on grant of options to a connected person do not apply;
- (iii) the rules of the Pre-IPO Share Option Scheme were adopted unconditionally but the exercise of any option is conditional on the Stock Exchange granting listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme on or before 30 days after the date of the Prospectus, failing which such options granted and the Pre-IPO Share Option Scheme shall forthwith lapse; and
- (iv) the Directors may only grant options under the Pre-IPO Share Option at any time with a period commencing from 21 November 2004 and ending at 9:00 a.m. on the Listing Date.

As at 31 December 2008, no options had remained outstanding under the Pre-IPO Share Option Scheme.

Details of the outstanding share options as at 31 December 2008 which have been granted under the Pre-IPO Share Option Scheme are as follows:

	Date of grant 授出日期	Number of option shares 購股權數目			Outstanding at 31 December 2008 於二零零八年 十二月三十一日 尚未行使	Exercise price 行使價 HK\$ 港元	Exercisable period 行使期限 (Note (i)) (附註(i))
		Outstanding at 1 January 2008 於二零零八年 一月一日 尚未行使	Exercised during the year 年內已行使	Lapsed during the year 年內已失效			
Mr. Sha Tao 沙陶先生	21 November 2004 二零零四年 十一月二十一日	1,158,000	-	1,158,000	-	0.69	three years commencing from and including the date falling six months after the Listing Date 三年 由上市日期起計至 滿六個月當日開始

購股權(續)

另一購股權計劃(「首次公開發售前購股權計劃」)於二零零四年十一月二十一日獲本公司當時全體股東書面決議案通過採納，以就若干董事、高級管理層、僱員、本集團之專業顧問或顧問對本集團之成長及發展以及協助股份在聯交所上市所作貢獻予以確認及酬謝。

首次公開發售前購股權計劃之主要條款與購股權計劃之條款相似，惟下列條款除外：

- (i) 合資格參與者類別與購股權計劃者不同；
- (ii) 向關連人士授出購股權之一般計劃上限、個人上限及限制並不適用；
- (iii) 首次公開發售前購股權計劃之規則獲無條件採納，惟任何購股權之行使須待招股章程刊發當日或三十日後之前根據首次公開發售前購股權計劃授出之購股權獲行使而將予發行之股份獲批准在聯交所上市及買賣後方可作實，否則該等已授出購股權及首次公開發售前購股權計劃將即時失效；及
- (iv) 董事僅可自二零零四年十一月二十一日起至上市日期上午九時正止期間內隨時根據首次公開發售前購股權計劃授出購股權。

於二零零八年十二月三十一日，概無根據首次公開發售前購股權計劃而尚未行使之購股權。

於二零零八年十二月三十一日根據首次公開發售前購股權計劃授出而尚未行使之購股權之詳情如下：

SHARE OPTIONS (Continued)

購股權(續)

	Date of grant 授出日期	Number of option shares 購股權數目				Exercise price 行使價 HK\$ 港元	Exercisable period 行使期限 (Note (i)) (附註(i))
		Outstanding at 1 January 2008 於二零零八年一月一日尚未行使	Exercised during the year 年內已行使	Lapsed during the year 年內已失效	Outstanding at 31 December 2008 於二零零八年十二月三十一日尚未行使		
Mr. Hu Zhiping 胡志平先生	21 November 2004 二零零四年十一月二十一日	1,158,000	-	1,158,000	-	0.69	three years commencing from and including the date falling six months after the Listing Date 三年 由上市日期起計至滿六個月當日開始
Mr. Yin Jianhua (Note (ii)) 尹建華先生 (附註(ii))	21 November 2004 二零零四年十一月二十一日	826,000	826,000	-	-	0.69	three years commencing from and including the date falling six months after the Listing Date 三年 由上市日期起計至滿六個月當日開始
Total 總數		3,142,000	826,000	2,316,000	-		

Note (i): During the first one year and the first two years of the exercise period, each grantee may not exercise his option exceeding one-third and two-thirds respectively of the total number of underlying Shares in respect of the options granted to him.

附註(i): 於行使期的首年及首兩年，每位承購人分別不得行使購股權超過其所獲授購股權之相關股份總數三分之一及三分之二。

Note (ii): Mr. Yin Jianhua ("Mr. Yin") passed away on 8 September 2007. According to the rules of the Pre-IPO Share Option Scheme and with the approval from the board of Directors, the options granted to Mr. Yin was transferred to Ms. Shao Wei, estate of Mr. Yin.

附註(ii): 尹建華先生(「尹先生」)於二零零七年九月八日去世。根據首次公開發售前購股權計劃的規定並經由董事會批准，授予尹先生的購股權已轉讓給尹先生的繼承人邵偉女士。

The fair value of all options granted on 21 November 2004 was determined using the Black-Scholes valuation model was RMB433,000. The significant inputs into the model were share price of HK\$0.69 per share at the grant date, exercise price shown above, standard deviation of expected share price returns of 30%, expected life of options of 0.5 years, expected dividend paid out rate of zero and annual risk-free interest rate of 2.88%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the year after the Group's initial public offering in November 2004.

由柏力克—舒爾斯定價模式確定於二零零四年十一月二十一日所授出的購股權的公平值為人民幣433,000元。該模型的主要參數為：於授出日股價每股0.69港元、上述行使價、預期股價回報標準差30%、預期購股權年期0.5年、預期股息回報率零及每年零風險利率2.88%。預期股價回報標準差的波幅乃按本集團於二零零四年十一月進行首次公開發售後各年的每日股價統計分析計算。

DIRECTORS

The Directors during the year were:

Mr. Hong Tianzhu
 Mr. Zhu Yongxiang
 Mr. Tang Daoping
 Mr. Gong Zhao
 Mr. Ting Leung Huel, Stephen*
 Ms. Zhu Lanfen*
 Mr. Cheng Longdi*

* Independent non-executive Directors

In accordance with article 108(A) of the Company's articles of association, Mr. Zhu Yongxiang, Mr. Ting Leung Huel, Stephen and Mr. Cheng Longdi will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Hong Tianzhu, Mr. Zhu Yongxiang, Mr. Tang Daoping and Mr. Gong Zhao, all being executive Directors, has entered into a service contract with the Company for an initial term of three years commencing from 21 November 2004, and will continue thereafter for successive term of one year until terminated by either party on the other expiring at the end of the initial term or at any time thereafter.

Mr. Ting Leung Huel, Stephen, Ms. Zhu Lanfen and Mr. Cheng Longdi are independent non-executive directors and were appointed for an initial term of one year commencing from 21 November 2004 renewable automatically for a successive term of one year each commencing from the next day after the expiry of the then current term, unless terminated by not less than three months' notice in writing at the end of the initial term or at any time thereafter.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

董事

年內在任之董事如下：

洪天祝先生
 朱永祥先生
 湯道平先生
 龔照先生
 丁良輝先生*
 朱蘭芬女士*
 程隆棣先生*

* 獨立非執行董事

根據本公司組織章程第108(A)條，朱永祥先生，丁良輝先生及程隆棣先生將輪值告退，以其合資格於應屆股東週年大會膺選連任。

董事服務合約

洪天祝先生、朱永祥先生、湯道平先生及龔照先生(均為執行董事)已各自與本公司訂立服務合約，自二零零四年十一月二十一日起計，初步為期三年，其後按年續約，直至任何一方於初步年期屆滿前或其後任何時間向另一方發出不少於三個月之書面通知終止合約。

丁良輝先生、朱蘭芬女士及程隆棣先生分別獲委任為獨立非執行董事，自二零零四年十一月二十一日起計，初步任期一年，可於現有委任期屆滿後翌日自動續約一年，直至任何一方於初步年期屆滿前或其後任何時間向另一方發出不少於三個月之書面通知終止合約。

概無董事與本公司或其任何附屬公司訂立服務合同，而有關服務合同在未有支付法定賠償以外之賠償則不得由本集團於一年內予以終止。

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors confirmation of his/her independence and the Company considers that each of them to be independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries, was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID DIRECTORS/EMPLOYEES

Details of the emoluments of the Directors on a named basis during the year under review are set out in note 25 to the accompanying financial statements.

Details of the five highest paid individuals during the year under review are set out in note 25 to the accompanying financial statements.

REMUNERATION POLICY

Remuneration policy of the Group is reviewed regularly, making reference to legal framework, market condition and performance of the Group and individual staff (including the Directors). The remuneration policy and remuneration packages of the executive Directors and member of the senior management of the Group are reviewed by the Remuneration Committee, which are detailed in the paragraph headed "Remuneration Committee" under the section headed "Corporate Governance Report" of this report.

RETIREMENT BENEFIT SCHEMES

Particulars of the Group's retirement benefit schemes are set out in note 25 to the accompanying financial statements.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management as at the date of this annual report are set out on pages 30 to 32 of this annual report.

獨立非執行董事之獨立性

本公司已獲得各獨立非執行董事確認其獨立性，而根據上市規則第3.13條所載指引，本公司認為其各人均為獨立。

董事於合約中之權益

概無任何與本集團業務有重大關係且本公司及其附屬公司為訂約方及董事擁有重大權益(不論直接或間接)之合約於年終或年內任何時間存在。

董事及五位最高薪之董事／僱員之酬金

有關回顧年度內根據指名基準之董事酬金詳情載於隨附之財務報表附註25。

有關回顧年度內之五位最高薪人士之詳情載於隨附之財務報表附註25。

薪酬政策

本集團參考法定架構、市場狀況及本集團及個別員工(包括董事)之表現，定期檢討其薪酬政策。薪酬委員會負責檢討本集團執行董事及高級管理層成員之薪酬政策及薪酬組合，詳情載於本報告「企業管治報告」一節「薪酬委員會」一段內。

退休福利計劃

本集團退休福利計劃之詳情載於隨附之財務報表附註25。

董事及高級管理人員之個人簡歷

董事及高級管理人員於本年報日期之個人簡歷載於本年報第30至第32頁。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 31 December 2008, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO"), as recorded in the register maintained by the Company under Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

董事及最高行政人員於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉

於二零零八年十二月三十一日，本公司各董事及最高行政人員於本公司及其相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債權證中擁有根據證券及期貨條例第352條，紀錄於本公司須予存置之登記冊內之權益或淡倉，或根據證券及期貨條例第XV部第7及第8分部須通知本公司及聯交所之權益或淡倉(包括根據證券及期貨條例的該等條文、彼被當作或視作擁有的權益或淡倉)及根據上市規則所載上市公司董事進行證券交易的標準守則規定須通知本公司及香港聯交所之權益及淡倉如下：

Name of directors of the Company 本公司董事姓名	Name of Group member/ associated corporation 本集團成員公司／相聯法團名稱	Nature of interest 權益性質	Number of ordinary shares (Note 1) 普通股數目 (附註1)	Percentage 百分比
Mr. Hong Tianzhu 洪天祝先生	the Company 本公司	Interest of controlled corporation(s) 所控制法人的權益	558,959,173 (L) (Note 2) (附註2)	63.18%
	the Company 本公司	Beneficial owner 實益擁有人	4,400,000 (L)	0.50%
Mr. Zhu Yongxiang 朱永祥先生	the Company 本公司	Interest of controlled corporation(s) 所控制法人的權益	251,716,000 (L) (Note 3) (附註3)	28.45%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (Continued)

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. Among these 558,959,173 Shares, as to 395,459,173 Shares are registered in the name of and beneficially owned by New Green Group Limited, the entire issued share capital of which is beneficially owned by Hong Kong Tin Hong Industrial Limited, a company 100% owned by Mr. Hong Tianzhu and as to 163,500,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 51.36% by Mr. Hong Tianzhu. Under the SFO, Mr. Hong Tianzhu is deemed to be interested in all the Shares held by New Green Group Limited and Trade Partner Investments Limited.
3. Among these 251,716,000 Shares, as to 88,216,000 Shares are registered in the name of and beneficially owned by Wisdom Grace Investments Limited, the entire issued share capital of which is beneficially owned by Mr. Zhu Yongxiang and as to 163,500,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 41.36% by Mr. Zhu Yongxiang. Under the SFO, Mr. Zhu Yongxiang is deemed to be interested in all the Shares held by Wisdom Grace Investments Limited and Trade Partner Investments Limited.

董事及最高行政人員於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉(續)

附註：

1. 「L」代表該人士於股份之好倉。
2. 該 558,959,173 股股份中 395,459,173 股以 New Green Group Limited (New Green Group Limited 全部已發行股本由香港天虹實業有限公司實益擁有，洪天祝先生實益擁有後者 100% 權益) 名義及作為實益擁有人登記；163,500,000 股以 Trade Partner Investments Limited (洪天祝先生實益擁有其全部已發行股份的 51.36% 權益) 名義及作為實益擁有人登記。根據證券及期貨條例，洪天祝先生被視為於 New Green Group Limited 及 Trade Partner Investments Limited 持有之所有股份佔有權益。
3. 該 251,716,000 股股份中 88,216,000 股以 Wisdom Grace Investments Limited (其全部已發行股本由朱永祥先生實益擁有) 名義及作為實益擁有人登記。163,500,000 股以 Trade Partner Investments Limited (朱永祥先生實益擁有其全部已發行股份的 41.36% 權益) 名義及作為實益擁有人登記。根據證券及期貨條例，朱永祥先生被視為於 Wisdom Grace Investments Limited 及 Trade Partner Investments Limited 持有之所有股份佔有權益。

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

So far as the Directors are aware, as at 31 December 2008, the interests or short position of the persons other than a Director or chief executive of the Company in the Shares or underlying shares or debenture of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

主要股東在本公司股份、相關股份及債權證之權益及淡倉

就董事所知悉，於二零零八年十二月三十一日，於本公司股份或相關股份或債權證中擁有根據證券及期貨條例第336條紀錄於本公司須予存置之登記冊內之權益或淡倉的人士（惟本公司之董事或主要行政人員除外）如下：

Ordinary Shares of the Company:

本公司之普通股：

Name of the substantial shareholder 本公司主要股東姓名／名稱	Nature of interests 權益性質	Number of ordinary shares (Note 1) 普通股數目 (附註1)	Percentage 百分比
New Green Group Limited	Beneficial owner 實益擁有人	395,459,173 (L) (Note 2) (附註2)	44.70%
Trade Partner Investments Limited	Beneficial owner 實益擁有人	163,500,000 (L) (Note 3) (附註3)	18.48%
Wisdom Grace Investments Limited	Beneficial owner 實益擁有人	88,216,000 (L) (Note 4) (附註4)	9.97%
Hong Kong Tin Hong Industrial Limited 香港天虹實業有限公司	Interest of controlled corporation(s) 所控制法人的權益	395,459,173 (L) (Note 2) (附註2)	44.70%
Ms. KE Luping 柯綠萍女士	Interest of spouse 配偶權益	563,359,173 (L) (Note 5) (附註5)	63.68%
Ms. ZHAO Zhiyang 趙志揚女士	Interest of spouse 配偶權益	251,716,000 (L) (Note 6) (附註6)	28.45%
Mr. Cheah Cheng Hye 謝清海先生	Founder of a discretionary trust 一項全權信託的創立人	57,216,000 (L) (Note 7) (附註7)	6.47%
Value Partners Limited 惠理基金管理公司	Investment manager 投資經理	57,216,000 (L) (Note 7) (附註7)	6.47%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY (Continued)

Notes:

- The letter "L" denotes the person's long position in the Shares.
- These 395,459,173 Shares are registered in the name of and beneficially owned by New Green Group Limited, the entire issued share capital of which is beneficially owned by Hong Kong Tin Hong Industrial Limited, a company 100% beneficially owned by Mr. Hong Tianzhu. Under the SFO, each of Hong Kong Tin Hong Industrial Limited and Mr. Hong Tianzhu is deemed to be interested in all the Shares held by New Green Group Limited.
- These 163,500,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 51.36% by Mr. Hong Tianzhu, 41.36% by Mr. Zhu Yongxiang, 2.24%, 1.68%, 1.68% and 1.68%, by Mr. Sha Tao, Mr. Tang Daoping, Mr. Gong Zhao, Mr. Hu Zhiping. Under the SFO, each of Mr. Hong Tianzhu and Mr. Zhu Yongxiang is deemed to be interested in all the Shares held by Trade Partner Investments Limited.
- These 88,216,000 Shares are registered in the name of and beneficially owned by Wisdom Grace Investments Limited, the entire issued share capital of which is beneficially owned by Mr. Zhu Yongxiang. Under the SFO, Mr. Zhu Yongxiang is deemed to be interested in all the Shares held by Wisdom Grace Investments Limited.
- Ms. Ke Luping is the spouse of Mr. Hong Tianzhu. Under the SFO, Ms. Ke Luping is taken to be interested in the same number of Shares in which Mr. Hong Tianzhu are interested.
- Ms. Zhao Zhiyang is the spouse of Mr. Zhu Yongxiang. Under the SFO, Ms. Zhao Zhiyang is taken to be interested in the same number of Shares in which Mr. Zhu Yongxiang are interested.
- Based on the disclosure of interest forms filed by Mr. Cheah Cheng Hye, Value Partners Limited, Hang Seng Bank Trustee International Limited and To Hau Yin on 30 October 2007, these 57,216,000 Shares are registered in the name of Value Partners Limited, which is controlled by Mr. Cheah Cheng Hye. Under the SFO, Mr. Cheah Cheng Hye is deemed to be interested in all the Shares held by Value Partners Limited. Hang Seng Bank Trustee International Limited and To Hau Yin are deemed to be interested in all these Shares as trustee and spouse respectively.

主要股東在本公司股份、相關股份及債權證之權益及淡倉(續)

附註：

- 「L」代表該人士於股份之好倉。
- 該 395,459,173 股股份以 New Green Group Limited (New Green Group Limited 全部已發行股本由香港天虹實業有限公司實益擁有，洪天祝先生實益擁有後者 100% 權益) 名義及作為實益擁有人登記。根據證券及期貨條例，香港天虹實業有限公司及洪天祝先生均被視為於 New Green Group Limited 持有之所有股份佔有權益。
- 該 163,500,000 股股份以 Trade Partner Investments Limited (其全部已發行股本由洪天祝先生、朱永祥先生、沙陶先生、湯道平先生、龔照先生及胡志平先生分別實益擁有 51.36%、41.36%、2.24%、1.68%、1.68% 及 1.68%) 名義及作為實益擁有人登記。根據證券及期貨條例，洪天祝先生及朱永祥先生分別被視為於 Trade Partner Investments Limited 持有之所有股份佔有權益。
- 該 88,216,000 股股份以 Wisdom Grace Investments Limited (其全部已發行股本由朱永祥先生實益擁有) 名義及作為實益擁有人登記。根據證券及期貨條例，朱永祥先生被視為於 Wisdom Grace Investments Limited 持有之所有股份佔有權益。
- 柯綠萍女士為洪天祝先生之配偶。根據證券及期貨條例，柯綠萍女士被視為於洪天祝先生佔有權益之同樣數目股份佔有權益。
- 趙志揚女士為朱永祥先生之配偶。根據證券及期貨條例，趙志揚女士被視為於朱永祥先生佔有權益之同樣數目股份佔有權益。
- 根據謝清海先生、惠理基金管理公司、Hang Seng Bank Trustee International Limited 及 To Hau Yin 於二零零七年十月三十日提交之權益披露報告表，該 57,216,000 股股份乃以惠理基金管理公司之名義登記，該公司由謝清海先生控制。根據證券及期貨條例，謝清海先生被視為於惠理基金管理公司所持所有股份佔有權益。Hang Seng Bank Trustee International Limited 及 To Hau Yin 分別作為信託人及配偶被視為於全部該等股份佔有權益。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed “Share Options” above, at no time during the 12 months ended 31 December 2008 was the Company, its holding company or its subsidiaries a party to any arrangements which enabled the Directors (including their spouses or children under 18 years of age), to acquire benefits by means of acquisition of Shares in or debenture of the Company or any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year under review.

No contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group’s major suppliers and customers are as follows:

Purchases	
– the largest supplier	14.1%
– five largest suppliers combined	42.9%
Sales	
– the largest customer	3.2%
– five largest customers combined	11.4%

None of the Directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company’s share capital) had an interest in the major suppliers or customers noted above.

購買股份或債權證之安排

除上述「購股權」一節披露者外，截至二零零八年十二月三十一日止十二個月內，本公司、其控股公司或其附屬公司概無參與訂立安排讓董事（包括其配偶或未滿十八歲之子女）以透過收購本公司或任何其他法人團體之股份或債權證之方法獲得利益。

管理合約

於回顧年度內，本公司並無就整體業務或任何重要業務之管理或行政工作簽訂或存有任何合約。

本公司或其任何附屬公司及本公司或其任何附屬公司之控股股東（定義見上市規則）之間概無訂立重大合約。

主要客戶及供應商

本集團主要供應商及客戶佔本年度之採購額及銷售額百分比如下：

採購額	
– 最大供應商	14.1%
– 五位最大供應商合計	42.9%
銷售額	
– 最大客戶	3.2%
– 五位最大客戶合計	11.4%

董事、彼等之有聯繫人士或任何股東（指據董事所知擁有本公司5%以上股本權益之股東）並無於上述之主要供應商或客戶中擁有任何權益。

DIRECTORS' INTEREST IN COMPETING BUSINESS

Mr. Hong Tianzhu, an executive Director, has interest in the following textile related businesses (the "Excluded Businesses") through Tin Hong Industrial, a company wholly-owned by him, which are either complementary to or likely to compete, directly or indirectly, with the Group's business in Mainland China. Details of the Excluded Businesses are as follows:

Tianhong Printing and Dyeing (Wuxi) Co., Ltd. ("Tianhong Printing and Dyeing")

Tianhong Printing and Dyeing is a wholly owned foreign-owned enterprise incorporated in the PRC, the entire equity interest of which is owned by Tin Hong Industrial. Tianhong Printing and Dyeing had been principally engaged in the provision of printing and dyeing services and sale of garment fabrics to garment manufacturers and trading agents prior to the cessation of its commercial operations of its printing and dyeing business since January 2007. Prior to the cessation of its printing and dyeing business, Tianhong Printing and Dyeing sold its products mainly in Jiangsu Province and Shanghai Municipality of China. The management team of the Group is basically independent from the management team of Tianhong Printing and Dyeing.

The Group's principal business is the production and sale of yarn and grey fabrics. On that basis, the Directors are of the view that Tianhong Printing and Dyeing did not pose any competition to the Group as the principal business of Tianhong Printing and Dyeing was principally different from the principal business of the Group. The Directors are of the opinion that Mr. Hong's interest in Tianhong Printing and Dyeing will not have any significant competition to the Group's business operations.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the latest practicable date prior to the issue of this annual report, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules at any time during the financial year ended 31 December 2008.

董事於競爭業務之權益

執行董事洪天祝先生透過其全資擁有公司天虹實業於若干紡織相關業務之權益並非本集團業務之一部份(「除外業務」)，該等業務或會與本集團於中國大陸之業務形成互補或直接或間接構成競爭。除外業務之詳情如下：

天虹印染(無錫)有限公司(「天虹印染」)

天虹印染為一家在中國註冊成立之外資企業，其全部股本權益由天虹實業擁有。於二零零七年一月終止其印染商業營運前，天虹印染主要從事提供布料之印染業務，並向成衣製造商及買賣代理出售面料。在終止印染業務前，天虹印染於中國江蘇省及上海直轄市出售其產品。本集團之管理團隊基本上與天虹印染之管理團隊分別獨立運作。

本集團主要從事製造及銷售紗線及坯布之業務。就此而言，董事認為由於天虹印染之主要業務與本集團之主要業務基本上不同，故該公司對本集團並無產生任何競爭。董事認為洪先生於天虹印染之權益將不會對本集團之營運構成任何重大競爭。

公眾持股量

根據於本年報刊發前之最後實際可行日期本公司獲得之公開資料及據董事所知，本公司於截至二零零八年十二月三十一日止財政年度任何時間已發行股份之指定公眾持股量符合上市規則。

AUDIT COMMITTEE

The Company has established an audit committee which comprises three independent non-executive Directors, namely 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 had reviewed the audited results of the Group for the financial year ended 31 December 2008.

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, namely 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.

LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries during the year under review.

AUDITORS

The financial statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

Hong Tianzhu
Chairman

Hong Kong, 1 April 2009

審核委員會

本公司已成立審核委員會，該委員會由三名獨立非執行董事組成，包括丁良輝先生、朱蘭芬女士及程隆棟先生，丁良輝先生為審核委員會主席。審核委員會的職權及職責範圍符合《守則條文》。審核委員會負責審閱及監督本集團之財務匯報程序及內部監控制度，並向董事會提供意見及推薦建議。

審核委員會已審閱本集團截至二零零八年十二月三十一日止財政年度之經審核業績。

薪酬委員會

董事薪酬委員會由三名獨立非執行董事丁良輝先生、朱蘭芬女士、程隆棟先生及主席兼執行董事洪天祝先生組成。丁良輝先生為薪酬委員會主席。薪酬委員會之職權及職責範圍與《守則條文》一致。薪酬委員會主要負責擬訂本集團有關所有董事及高級管理層的薪酬的政策及結構，並向董事會提供意見及推薦建議。

訴訟

於回顧年度，本公司或其任何附屬公司概無牽涉於任何重大訴訟或仲裁，而據董事所知，本公司或其任何附屬公司並無涉及待決或面臨威脅之重大訴訟或索償。

核數師

本財務報表已經由羅兵咸永道會計師事務所審核，該核數師將任滿告退，並合資格於下一屆股東週年大會上獲續聘。

承董事會命

洪天祝
主席

香港，二零零九年四月一日



羅兵咸永道會計師事務所

PricewaterhouseCoopers
22nd Floor, Prince's Building
Central, Hong Kong

To the shareholders of Texhong Textile Group Limited
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Texhong Textile Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 51 to 143, which comprise the consolidated and company balance sheets as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

致天虹紡織集團有限公司全體股東
(於開曼群島註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第51至143頁天虹紡織集團有限公司(「公司」)及其附屬公司(統稱「集團」)的綜合財務報表，此綜合財務報表包括於二零零八年十二月三十一日的綜合及公司資產負債表與截至該日止年度的綜合損益表、綜合權益變動表和綜合現金流量表，以及重要會計政策摘要及其它附註解釋。

董事就財務報表須承擔的責任

公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及按照香港《公司條例》的披露規定編製及真實而公平地列報該等綜合財務報表。這責任包括設計、實施及維護與編製及真實而公平地列報財務報表相關的內部控制，以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述；選擇和應用適當的會計政策；及按情況下作出合理的會計估計。

核數師的責任

我們的責任是根據我們的審核對該等綜合財務報表作出意見，並僅向全體股東報告我們的意見，除此以外本報告別無其他目的。我們不會就本報告的內容對任何人士負上或承擔任何責任。

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 1 April 2009

我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等財務報表是否不存有任何重大錯誤陳述。

審核涉及執程序以獲取有關財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地呈列報財務報表相關的內部控制，以按情況設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映公司及集團於二零零八年十二月三十一日的事務狀況及集團截至該日止年度的溢利及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

羅兵咸永道會計師事務所
香港執業會計師

香港，二零零九年四月一日

		Note 附註	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Non-current assets	非流動資產			
Land use rights	土地使用權	6	116,482	104,622
Property, plant and equipment	物業、廠房及設備	7	1,467,211	1,187,543
Investment in an associate	聯營公司之投資	9	34,572	43,799
Deferred income tax assets	遞延所得稅資產	19	4,855	3,607
			1,623,120	1,339,571
Current assets	流動資產			
Inventories	存貨	10	690,026	651,899
Trade receivables	應收貿易款項	11	78,124	127,401
Bill receivables	應收票據款項	11	385,989	237,431
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	12	87,351	78,440
Pledged bank deposits	已抵押銀行存款	13	21,570	10,773
Cash and cash equivalents	現金及現金等值物	13	313,012	199,615
			1,576,072	1,305,559
Current liabilities	流動負債			
Trade and bill payables	應付貿易及票據款項	20	631,068	467,502
Accruals and other payables	預提費用及其他應付賬款	21	226,762	155,637
Current income tax liabilities	當期所得稅負債		8,018	7,325
Borrowings	借貸	17	522,607	225,253
Derivative financial instruments	衍生金融工具	18	7,915	—
			1,396,370	855,717
Net current assets	流動資產淨值		179,702	449,842
Total assets less current liabilities	總資產減流動負債		1,802,822	1,789,413
Non-current liabilities	非流動負債			
Borrowings	借貸	17	554,267	702,584
Deferred income tax liabilities	遞延所得稅負債	19	20,173	11,078
			574,440	713,662
Net assets	資產淨值		1,228,382	1,075,751
EQUITY	權益			
Capital and reserves attributable to the Company's equity holders	本公司股權持有人應佔股本及儲備			
Share capital	股本	14	94,064	93,990
Reserves	儲備	16	1,134,318	981,761
Total equity	股東權益總額		1,228,382	1,075,751

Hong Tianzhu
Director

Zhu Yongxiang
Director

洪天祝
董事

朱永祥
董事

The accompanying notes are an integral part of these consolidated financial statements.

附註為此綜合財務報表的一部份。

As at 31 December 2008 (All amounts in RMB)
 於二零零八年十二月三十一日 (所有金額以人民幣計值)

	Note 附註	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Non-current assets			
Property, plant and equipment	7	385	550
Investments in subsidiaries	8	860,939	826,962
		861,324	827,512
Current assets			
Prepayments, deposits and other receivables	12	93	717
Due from subsidiaries	8	408,326	312,401
Cash and cash equivalents	13	3,568	1,639
		411,987	314,757
Current liabilities			
Accruals and other payables	21	85,448	17,468
Due to subsidiaries	8	128,511	2,015
Borrowings	17	189,234	—
		403,193	19,483
Net current assets		8,794	295,274
Total assets less current liabilities		870,118	1,122,786
Non-current liabilities			
Borrowings	17	382,377	579,973
Net assets		487,741	542,813
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	14	94,064	93,990
Reserves	16	393,677	448,823
Total equity		487,741	542,813

Hong Tianzhu
Director

Zhu Yongxiang
Director

洪天祝
董事

朱永祥
董事

The accompanying notes are an integral part of this financial statement.

附註為此財務報表的一部份。

		Note	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Sales	營業額	22	3,737,641	3,254,109
Cost of sales	銷售成本	24	(3,278,706)	(2,819,358)
Gross profit	毛利		458,935	434,751
Other income	其他收入	23	66,156	21,673
Other (losses)/gains – net	其他(虧損)/收益			
	—淨額	23	(4,831)	43,109
Selling and distribution costs	銷售及分銷開支	24	(91,277)	(75,851)
General and administrative expenses	一般及行政開支	24	(164,204)	(144,390)
Operating profit	經營溢利		264,779	279,292
Finance income	財務收入	26	3,947	3,594
Finance costs	財務費用	26	(3,392)	(23,457)
Finance income/(costs) – net	財務收入/(費用) —淨額	26	555	(19,863)
Share of (loss)/profit of an associate	分佔聯營公司 (虧損)/溢利	9	(16,966)	3,178
Profit before income tax	除所得稅前溢利		248,368	262,607
Income tax expense	所得稅開支	27	(34,175)	(24,830)
Profit for the year attributable to equity holders of the Company	年內本公司股權 持有人應佔溢利		214,193	237,777
Earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)	年內本公司股權 持有人應佔溢利之 每股盈利 (以每股人民幣表示)			
– basic	—基本	30	0.24	0.27
– diluted	—攤薄	30	0.24	0.27
Dividends	股息	31	—	62,073

The accompanying notes are an integral part of these consolidated financial statements.

附註為此綜合財務報表的一部份。

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

(All amounts in RMB)
(所有金額以人民幣計值)

		Attributable to equity holders of the Company 本公司股權持有人應佔		
		Share capital 股本	Reserves (Note 16) 儲備 (附註16)	Total 總計
	Note 附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Balance at 1 January 2007	於二零零七年 一月一日的結餘	92,842	768,807	861,649
Issue of shares upon exercise of share options	行使購股權後發行 股份	116	686	802
Issue of shares for acquisition of an associate	收購聯營公司而發行 股份	1,032	12,278	13,310
Surplus on revaluation of buildings, net of deferred income tax	樓宇重估盈餘，已扣除 遞延所得稅	–	4,945	4,945
Profit for the year	年度溢利	–	237,777	237,777
Dividend paid	已付股息	31	(35,044)	(35,044)
Currency translation differences	匯兌差額	–	(7,688)	(7,688)
Balance at 31 December 2007	於二零零七年 十二月三十一日的結餘	93,990	981,761	1,075,751
Balance at 1 January 2008, as per above	於二零零八年一月一日 的結餘，如上呈列	93,990	981,761	1,075,751
Issue of shares upon exercise of share options	行使購股權後發行 股份	14	437	511
Profit for the year	年度溢利	–	214,193	214,193
Dividend paid	已付股息	31	(62,073)	(62,073)
Balance at 31 December 2008	於二零零八年 十二月三十一日的結餘	94,064	1,134,318	1,228,382

The accompanying notes are an integral part of these consolidated financial statements.

附註為此綜合財務報表的一部份。

			2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
		Note 附註		
Cash flows from operating activities	來自經營活動的現金流量			
Cash generated from operations	經營所產生的現金	32	396,178	190,869
Interest received	已收利息		3,947	3,594
Income tax paid	已付所得稅		(25,635)	(20,823)
Net cash inflow from operating activities	經營活動產生現金流入淨額		374,490	173,640
Cash flows from investing activities	來自投資活動的現金流量			
Acquisition of an associate	收購聯營公司		-	(15,000)
Capital contribution to an associate	於聯營公司注資	9	(7,739)	(12,311)
Purchase of property, plant and equipment	購買物業、廠房及設備		(309,727)	(436,722)
Proceeds from disposal of property, plant and equipment and land use rights	出售物業、廠房及設備以及土地使用權所得款項	32	25,917	9,968
Acquisition of land use rights	收購土地使用權	6	(25,818)	(35,900)
(Increase)/decrease in pledged bank deposits	已抵押銀行存款(增加)/減少		(10,797)	3,624
Net cash used in investing activities	投資活動所耗現金淨額		(328,164)	(486,341)
Cash flows from financing activities	來自融資活動的現金流量			
Proceeds from issuance of shares	發行股份所得款項		511	802
Proceeds from borrowings	借貸所得款項		856,809	1,138,023
Repayments of borrowings	償還借貸		(653,133)	(680,420)
Dividends paid to Company's equity holders	支付股息予本公司股權持有人		(62,073)	(35,044)
Interest paid	已付利息		(75,043)	(50,932)
Net cash inflow from financing activities	融資活動所得現金流入淨額		67,071	372,429
Net increase in cash and cash equivalents	現金及現金等值物增加淨額		113,397	59,728
Cash and cash equivalents at beginning of the year	年初之現金及現金等值物	13	199,615	139,887
Cash and cash equivalents at end of the year	年終之現金及現金等值物	13	313,012	199,615

The accompanying notes are an integral part of these consolidated financial statements.

附註為此綜合財務報表的一部份。

1. GENERAL INFORMATION

Texhong Textile Group Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and sale of yarn, grey fabrics and dyed fabrics.

The Company was incorporated in Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law of Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, 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.

These consolidated financial statements are presented in Chinese Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Company’s Board of Directors on 1 April 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under the historical cost convention, as modified by the revaluation of buildings, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

1. 一般資料

天虹紡織集團有限公司(「本公司」)及其附屬公司(統稱「本集團」)主要業務為製造及銷售紗線、坯布及染色布料。

本公司於二零零四年七月十二日在開曼群島根據開曼群島公司法註冊成立為一家獲豁免有限公司。註冊地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。

自從二零零四年十二月九日起，本公司股份已經在香港聯合交易所有限公司(「聯交所」)主板上市。

綜合財務報表以中國人民幣(人民幣)呈列(除非另有說明)。綜合財務報表已經由本公司的董事會在二零零九年四月一日批准刊發。

2. 重要會計政策摘要

編制本綜合財務報表採用的主要會計政策載於下文。除另有說明外，此等政策在所呈報的所有年度內貫徹應用。

2.1 編製基準

綜合財務報表已根據由香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「香港財務報告準則」)編製，綜合財務報表按照歷史成本法編製，並就樓宇，按公平值透過損益記賬的金融資產和金融負債(包括衍生工具)的重估而作出修訂。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of events and actions, actual results ultimately may differ from those estimates.

- (a) *Amendments and interpretations effective in 2008 but are not relevant nor have any impact to the Group's financial statements*
The HKAS 39, "Financial instruments: Recognition and measurement", amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met.

HK(IFRIC)-Int 11, "HKFRS 2 – Group and treasury share transactions".

HK (IFRIC)-Int 12, "Service Concession arrangements".

HK(IFRIC)-Int 14, "HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction".

2. 重要會計政策摘要(續)

2.1 編製基準(續)

編製符合香港財務報告準則的財務報表需要使用若干關鍵會計估計。這亦需要管理層在應用本集團的會計政策過程中行使其判斷。涉及高度的判斷或高度複雜性的範疇，或涉及對綜合財務報表作出重大假設和估計的範疇，在附註4中披露。此等估計及假設影響於財務報表日期之資產及負債的呈報金額及或然資產與負債之披露，以及年內收支的呈報金額。雖然此等估計乃建基於管理層對事件及行動所知，最終的實際結果可能有別於估計。

- (a) 於二零零八年生效但與本集團財務報表無關或無任何影響之修訂及詮釋
香港會計準則第39號「金融工具：確認及計量」，對金融資產重新分類的修訂容許若干金融資產如符合註明的條件，從「持有作買賣用途」及「可供出售」類別中重新分類。

香港(國際財務報告詮釋委員會)一詮釋第11號，「香港財務報告準則第2號一集團及庫存股份交易」。

香港(國際財務報告詮釋委員會)一詮釋第12號，「服務特許權安排」。

香港(國際財務報告詮釋委員會)一詮釋第14號，「香港會計準則第19號一界定福利資產限額、最低資金要求及兩者相互關係」。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

- (b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods, but the Group has not early adopted them:

- HKAS 1 (Revised), "Presentation of financial statements" (effective for annual period starting from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the consolidated income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Group will apply HKAS 1 (Revised) from 1 January 2009. It is likely that both the consolidated income statement and consolidated statement of comprehensive income will be presented as performance statements.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

- (b) *尚未生效而本集團未提早採納之準則、對現有準則之修訂及詮釋*

以下為已公佈的準則、修訂及對現有準則的詮釋，而本集團必須在二零零九年一月一日或之後開始的會計期間或較後期間採納，但本集團並無提早採納：

- 香港會計準則第1號(經修訂)「財務報表之呈列」(自二零零九年一月一日起之年度期間生效)。該項經修訂準則將禁止在權益變動表內呈列收支項目(即「非擁有人權益變動」)，要求「非擁有人權益變動」與擁有人權益變動作獨立呈列。非擁有人權益之所有變動將須在表現報表內列示，但實體可選擇呈列一份表現報表(全面收益報表)或兩份報表(綜合損益表及全面收益報表)。凡實體將比較資料重列或重新分類，除現時呈列本期及比較期間末資產負債表之規定外，彼等將須呈列比較期間初之重列資產負債表。於二零零九年一月一日起，本集團將應用香港會計準則第1號(經修訂)。綜合損益表及綜合全面收益報表應會以表現報表方式呈列。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)

- HKAS 23 (Revised), "Borrowing costs" (effective for annual period starting from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) from 1 January 2009. The amendment has no impact on the Group's accounting policies as the Group's existing accounting policy on borrowing costs comply with the amended requirements.
- HKAS 27 (Revised), "Consolidated and separate financial statements" (effective for annual period starting from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The adoption will not have significant impact to the Group as the Group has no non-controlling interests.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(b) 尚未生效而本集團未提早採納之準則、對現有準則之修訂及詮釋(續)

- 香港會計準則第23號(經修訂)「借貸成本」(自二零零九年一月一日起之年度期間生效)。此項修訂要求實體將收購、興建或生產一項合資格資產(即需要頗長時間籌備作使用或出售之資產)直接應佔之借貸成本資本化，作為該資產之部份成本。將該等借貸成本即時作費用支銷之選擇將被刪去。本集團將由二零零九年一月一日起應用香港會計準則第23號(經修訂)。由於本集團目前有關借貸成本之會計政策與經修訂之要求一致，故修訂對本集團之會計政策並無影響。
- 香港會計準則第27號(經修訂)「綜合及獨立財務報表」(自二零零九年七月一日起之年度期間生效)。該項經修訂準則規定倘控制權並無改變及該等交易將不會再產生商譽或盈虧，則在權益內記錄所有涉及非控制性權益之交易。該項準則亦列明當失去控制權時之會計方法。實體之任何剩餘權益重新計量至公平值，而盈虧則於損益中確認。由於本集團概無非控制性權益，故該項採納將不會對本集團造成重大影響。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) Standards, amendments and

interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)

- HKFRS 2 (Amendment), “Share-based payment” (effective for annual period starting from 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply HKFRS 2 (Amendment) from 1 January 2009, but it is not expected to have any impact on the Group’s financial statements.
- HKFRS 3 (Revised), “Business combinations” (effective for annual period starting from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated income statement. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs are to be expensed. The Group will apply HKFRS 3 (Revised) prospectively to all business combinations from 1 January 2010.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(b) 尚未生效而本集團未提早採納

之準則、對現有準則之修訂及詮釋(續)

- 香港財務報告準則第2號(修訂)「股份基礎付款」(自二零零九年一月一日起之年度期間生效)。該項經修訂準則處理歸屬條件及註銷。其闡述指歸屬條件僅為服務條件及表現條件。股份基礎付款之其他特徵並非歸屬條件。因此，該等特徵將要於授出日期中加入提供類似服務之僱員及他人之交易之公平值，即該等特徵不會影響授出次數或其於授出日期後預期歸屬或其估值。無論註銷是否實體或其他方作出，均應接受同一會計處理方法。於二零零九年一月一日起，本集團將應用香港財務報告準則第2號(修訂本)，但預期本集團之財務報表將不會受到任何影響。
- 香港財務報告準則第3號(經修訂)「業務合併」(自二零零九年七月一日起之年度期間生效)。該項經修訂準則繼續對業務合併應用收購法，但作出若干重大改動。比方說，購買業務之所有款項將須按收購日期之公平值記錄，而分類為債務的或然付款其後須在綜合損益表重新計量。收購時可選擇按收購基準，計量被收購方之非控制性權益，以公平值或非控制性權益所佔被收購方淨資產之比例計算。所有收購相關成本必須支銷。於二零一零年一月一日起，本集團將追溯性地對所有業務合併應用香港財務報告準則第3號(經修訂)。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

- (b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)*
- HKFRS 8, “Operating segments” (effective for annual period starting from 1 January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, “Disclosures about segments of an enterprise and related information”. The new standard requires a “management approach”, under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 January 2009, but it is not expected to have a material impact on the number of reportable segments as well as the manner in which the segments are reported.
 - HK(IFRIC) – Int 16, “Hedges of a net investment in a foreign operation” (effective for annual period starting from 1 October 2008). HK(IFRIC) – Int 16 clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency not presentation currency, and hedging instruments may be held anywhere in the Group. The requirements of HKAS 21, “The effects of changes in foreign exchange rates”, do apply to the hedged item. The Group will apply HK(IFRIC) – Int 16 from 1 January 2009, but it is not expected to have any impact on the Group’s financial statements.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

- (b) *尚未生效而本集團未提早採納之準則、對現有準則之修訂及詮釋(續)*
- 香港財務報告準則第8號「經營分部」(自二零零九年一月一日起之年度期間生效)。香港財務報告準則第8號取代了香港會計準則第14號，並將分部報告與美國準則SFAS第131號「有關企業分部及相關資料之披露」之規定統一起來。此項新準則要求採用「管理方法」，即分部資料須按照與內部報告所採用之相同基準呈報。本集團將由二零零九年一月一日起應用香港財務報告準則第8號，但預期對可報告分部之數目以及報告分部之方式不會產生重大影響。
 - 香港(國際財務報告詮釋委員會) – 詮釋第16號「境外業務淨投資對沖」(自二零零八年十月一日起之年度期間生效)。香港(國際財務報告詮釋委員會) – 詮釋第16號闡明淨投資對沖之會計處理方法，包括實際上淨投資對沖涉及功能貨幣而非呈報貨幣之差額以及本集團可能在任何地方持有對沖工具之情況。香港會計準則第21號「匯率變動之影響」之規定適用於對沖項目。本集團將自二零零九年一月一日起應用香港(國際財務報告詮釋委員會) – 詮釋第16號，但預期對本集團之財務報表並無任何影響。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)*

- HKICPA's improvements to HKFRS published in October 2008

- HKAS 1 (Amendment), "Presentation of financial statements" (effective for annual period starting from 1 January 2009). The amendment clarifies that some rather than all financial assets and liabilities classified as held for trading in accordance with HKAS 39, "Financial instruments: Recognition and measurement" are examples of current assets and liabilities respectively. The Group will apply the HKAS 1 (Amendment) from 1 January 2009, but it is not expected to have any impact on the Group's financial statements.

- HKAS 23 (Amendment), "Borrowing costs" (effective for annual period starting from 1 January 2009). The definition of borrowing costs has been amended so that interest expense is calculated using the effective interest method defined in HKAS 39 "Financial instruments: Recognition and measurement". This eliminates the inconsistency of terms between HKAS 39 and HKAS 23. The Group will apply the HKAS 23 (Amendment) prospectively from 1 January 2009, but it is not expected to have any impact on the Group's financial statements.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(b) *尚未生效而本集團未提早採納之準則、對現有準則之修訂及詮釋(續)*

- 香港會計師公會於二零零八年十月頒佈對香港財務報告準則之改進

- 香港會計準則第1號(修訂本)「財務報表之呈報」(自二零零九年一月一日起之年度期間生效)。該項修訂闡述若干而非所有按照香港會計準則第39號「金融工具：確認及計量」分類為持作買賣之金融資產及負債，分別為流動資產及負債之例子。於二零零九年一月一日起，本集團將應用香港會計準則第1號(修訂本)，但預期不會對本集團之財務報表造成任何影響。

- 香港會計準則第23號(修訂本)「借貸成本」(由二零零九年一月一日起之年度期間生效)。借貸成本的定義經已修訂，利息開支利用實際利息法(定義見香港會計準則第39號「金融工具：確認及計量」)計算。這消除了香港會計準則第39號與香港會計準則第23號之間之歧義。本集團將由二零零九年一月一日起追溯應用香港會計準則第23號(修訂本)，但預期不會對本集團之財務報表造成任何影響。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)

- HKICPA's improvements to HKFRS published in October 2008 (Continued)

- HKAS 28 (Amendment), "Investments in associates" (and consequential amendments to HKAS 32, "Financial Instruments: Presentation" and HKFRS 7, "Financial instruments: Disclosures") (effective for annual period starting from 1 January 2009). An investment in associate is treated as a single asset for the purposes of impairment testing and any impairment loss is not allocated to specific assets included within the investment, for example, goodwill. Reversals of impairment are recorded as an adjustment to the investment balance to the extent that the recoverable amount of the associate increases. The Group will apply the HKAS 28 (Amendment) to impairment tests relating to investment in associates and any related impairment losses from 1 January 2009.

- HKAS 36 (Amendment), "Impairment of assets" (effective for annual period starting from 1 January 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Group will apply the HKAS 36 (Amendment) and provide the required disclosure where applicable for impairment tests from 1 January 2009.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(b) 尚未生效而本集團未提早採納之準則、對現有準則之修訂及詮釋(續)

- 香港會計師公會於二零零八年十月頒佈對香港財務報告準則之改進(續)

- 香港會計準則第28號(修訂本)「於聯營公司之投資」(及因此而對香港會計準則第32號「金融工具：呈列」及香港財務報告準則第7號「金融工具：披露」之修訂)(自二零零九年一月一日起之年度期間生效)。減值測試時，於聯營公司之投資被視為單一資產，任何減值虧損亦不分配至投資內之特定資產，例如商譽。若聯營公司的可收回金額增加，減值撥回會列為投資結餘之調整。本集團將自二零零九年一月一日起應用香港會計準則第28號(修訂本)，進行於聯營公司之投資之減值測試及任何相關減值虧損。

- 香港會計準則第36號(修訂本)「資產減值」(自二零零九年一月一日起之年度期間生效)。凡公平值減銷售成本按貼現現金流基準計算，則應作出與使用價值計算相若之披露。本集團將於二零零九年一月一日起應用香港會計準則第36號(修訂本)及提供適用於減值測試之規定披露。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)

- HKICPA's improvements to HKFRS published in October 2008 (Continued)

- HKAS 38 (Amendment), "Intangible assets" (effective for annual period starting from 1 January 2009). A prepayment may only be recognised in the event that payment has been made in advance of obtaining right of access to goods or receipt of services. The Group will apply the HKAS 38 (Amendment) from 1 January 2009, but it is not expected to have any significant impact on the Group's financial statements.

- HKFRS 5 (Amendment), "Non-current assets held for sale and discontinued operations" (and consequential amendment to HKFRS 1, "First-time adoption") (effective for annual period starting from 1 July 2009). The amendment clarifies that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal sale plan results in loss of control, and relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met. A consequential amendment to HKFRS 1 states that these amendments are applied prospectively from the date of transition to HKFRSs. The Group will apply the HKFRS 5 (Amendment) prospectively to all partial disposals of subsidiaries from 1 January 2010.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(b) 尚未生效而本集團未提早採納之準則、對現有準則之修訂及詮釋(續)

- 香港會計師公會於二零零八年十月頒佈對香港財務報告準則之改進(續)

- 香港會計準則第38號(修訂本)「無形資產」(自二零零九年一月一日起之年度期間生效)。預付款項僅可在先於收取使用貨品之權利或獲取服務前作出付款之情況下予以確認。本集團將於二零零九年一月一日起應用香港會計準則第38號(修訂本)，但預期此做法將不會對本集團之財務報表產生任何重大影響。

- 香港財務報告準則第5號(修訂本)「持作出售的非流動資產及已終止經營業務」(及對香港財務報告準則第1號「首次採納」的其後修訂)(由二零零九年七月一日起之年度期間生效)。此修訂本澄清了如部份出售計劃導致失去控制權，則附屬公司的所有資產和負債均分類為持作出售，而假若符合已終止經營業務的定義，須就該附屬公司作出相關披露。對香港財務報告準則第1號的其後修訂說明了此等修訂本自過渡至香港財務報告準則的日期追溯應用。本集團將由二零一零年一月一日起就所有部份出售附屬公司採用香港財務報告準則第5號(修訂本)。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (Continued)

- HKICPA's improvements to HKFRS published in October 2008 (Continued)

– There are a number of minor amendments to HKFRS 7, "Financial instruments: Disclosures", HKAS 8, "Accounting policies, changes in accounting estimates and errors", HKAS 10, "Events after the balance sheet date", HKAS 18, "Revenue" and HKAS 34, "Interim financial reporting" which are not addressed above. These amendments are unlikely to have an impact on the Group's financial statements and have therefore not been analysed in detail.

(c) Amendments and interpretations to existing standards which are not yet effective and not relevant for the Group's operations

The following amendments and interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2009 or later periods but are currently not relevant for the Group's operations:

- HKAS 19 (Amendment), "Employee benefits" (effective for annual period starting from 1 January 2009).
- HKAS 32 (Amendment), "Financial instruments: Presentation", and HKAS 1 (Amendment), "Presentation of financial statements" "Puttable financial instruments and obligations arising on liquidation" (effective for annual period starting from 1 January 2009).

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(b) 尚未生效而本集團未提早採納之準則、對現有準則之修訂及詮釋(續)

- 香港會計師公會於二零零八年十月頒佈對香港財務報告準則之改進(續)

– 香港財務報告準則第7號「金融工具：披露」、香港會計準則第8號「會計政策、改變會計估計及錯誤」、香港會計準則第10號「結算日後事項」、香港會計準則第18號「收益」及香港會計準則第34號「中期財務呈報」有多項未有於上文提述之細微修訂。該等修訂應不會對本集團之財務報表造成影響，故未有詳細分析。

(c) 尚未生效且與本集團經營無關之現有準則修訂及詮釋

以下為已公佈對現有準則的詮釋和修訂，本集團必須在二零零九年一月一日或之後開始的會計期間或較後期間採納，但與本集團的營運無關：

- 香港會計準則第19號(修訂本)「僱員福利」(自二零零九年一月一日起之年度期間生效)。
- 香港會計準則第32號(修訂本)「金融工具：呈列」及香港會計準則第1號(修訂本)「財務報表之呈列」「可沽售金融工具及清盤時產生之責任」(自二零零九年一月一日起之年度期間生效)。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) Amendments and interpretations to existing standards which are not yet effective and not relevant for the Group's operations (Continued)

- HKAS 39 (Amendment), "Financial instruments: Recognition and measurement" (effective for annual period starting from 1 January 2009).
- HKAS 39 (amendment), "Financial Instruments: Recognition and Measurement" – "Eligible hedged items" (effective for annual period starting from 1 July 2009).
- HKFRS 1 (Amendment), "First time adoption of HKFRS" and HKAS 27 "Consolidated and separate financial statements" (effective for annual period starting from 1 July 2009).
- HK(IFRIC) – Int 13, "Customer loyalty programmes" (effective for annual period starting from 1 July 2008).
- HK(IFRIC) – Int 15, "Agreements for construction of real estates" (effective for annual period starting from 1 January 2009).
- HK(IFRIC) – Int 17, "Distributions of non-cash assets to owners" (effective for annual period starting from 1 July 2009).

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 尚未生效且與本集團經營無關之現有準則修訂及詮釋(續)

- 香港會計準則第39號(修訂本)「金融工具：確認及計量」(自二零零九年一月一日起之年度期間生效)。
- 香港會計準則第39號(修訂本)「金融工具：確認及計量」-「合資格對沖項目」(自二零零九年七月一日起之年度期間生效)。
- 香港財務報告準則第1號(修訂本)「首次採納香港財務報告準則」及香港會計準則第27號「綜合及獨立財務報表」(自二零零九年七月一日起之年度期間生效)。
- 香港(國際財務報告詮釋委員會)-詮釋第13號「客戶忠誠計劃」(自二零零八年七月一日起之年度期間生效)。
- 香港(國際財務報告詮釋委員會)-詮釋第15號「房地產建造協議」(自二零零九年一月一日起之年度期間生效)。
- 香港(國際財務報告詮釋委員會)-詮釋第17號「向擁有人分派非現金資產」(自二零零九年七月一日起之年度期間生效)。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(c) Amendments and interpretations to existing standards which are not yet effective and not relevant for the Group's operations (Continued)

- HKICPA's improvements to HKFRS published in October 2008

- HKAS 16 (Amendment), "Property, plant and equipment" (and consequential amendment to HKAS 7, "Statement of cash flows") (effective for annual period starting from 1 January 2009).
- HKAS 20 (Amendment), "Accounting for government grants and disclosure of government assistance" (effective for annual period starting from 1 January 2009).
- HKAS 27 (Amendment), "Consolidated and separate financial statements" (effective for annual period starting from 1 January 2009).
- HKAS 28 (Amendment), "Investments in associates" (and consequential amendments to HKAS 32, "Financial Instruments: Presentation" and HKFRS 7, "Financial instruments: Disclosures") (effective for annual period starting from 1 January 2009).
- HKAS 29 (Amendment), "Financial reporting in hyperinflationary economies" (effective for annual period starting from 1 January 2009).

2. 重要會計政策摘要(續)

2.1 編製基準(續)

(c) 尚未生效且與本集團經營無關之現有準則修訂及詮釋(續)

- 香港會計師公會於二零零八年十月頒佈對香港財務報告準則之改進
 - 香港會計準則第16號(修訂本)「物業、廠房及設備」(及香港會計準則第7號「現金流量表」之相應修訂)(自二零零九年一月一日起之年度期間生效)。
 - 香港會計準則第20號(修訂本)「政府補貼之會計處理及政府資助之披露」(自二零零九年一月一日起之年度期間生效)。
 - 香港會計準則第27號(修訂本)「綜合及獨立財務報表」(自二零零九年一月一日起之年度期間生效)。
 - 香港會計準則第28號(修訂本)「聯營公司投資」(及香港會計準則第32號「金融工具：呈報」及香港財務報告準則第7號「金融工具：披露」之相應修訂)(自二零零九年一月一日起之年度期間生效)。
 - 香港會計準則第29號(修訂本)「嚴重通脹經濟財務報告」(自二零零九年一月一日起之年度期間生效)。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

- (c) Amendments and interpretations to existing standards which are not yet effective and not relevant for the Group's operations (Continued)
- HKICPA's improvements to HKFRS published in October 2008 (Continued)
 - HKAS 31 (Amendment), "Interests in joint ventures (and consequential amendments to HKAS 32 and HKFRS 7) (effective for annual period starting from 1 January 2009).
 - HKAS 38 (Amendment), "Intangible assets" (effective for annual period starting from 1 January 2009).
 - HKAS 40 (Amendment), "Investment property" (and consequential amendments to HKAS 16) (effective for annual period starting from 1 January 2009).
 - HKAS 41 (Amendment), "Agriculture" (effective for annual period starting from 1 January 2009).
 - Amendments to HKAS 20 "Accounting for government grants and disclosure of government assistance", HKAS 29, "Financial reporting in hyperinflationary economies", HKAS 40, "Investment property" and HKAS 41, "Agriculture", which are not addressed above.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

- (c) 尚未生效且與本集團經營無關之現有準則修訂及詮釋(續)
- 香港會計師公會於二零零八年十月頒佈對香港財務報告準則之改進(續)
 - 香港會計準則第31號(修訂本)「合營企業之權益」(及香港會計準則第32號及香港財務報告準則第7號之相應修訂)(自二零零九年一月一日起之年度期間生效)。
 - 香港會計準則第38號(修訂本)「無形資產」(自二零零九年一月一日起之年度期間生效)。
 - 香港會計準則第40號(修訂本)「投資物業」(及香港會計準則第16號之相應修訂)(自二零零九年一月一日起之年度期間生效)。
 - 香港會計準則第41號(修訂本)「農業」(自二零零九年一月一日起之年度期間生效)。
 - 香港會計準則第20號「政府補貼之會計處理及政府資助之披露」、香港會計準則第29號「嚴重通脹經濟財務報告」、香港會計準則第40號「投資物業」及香港會計準則第41號「農業」均有修訂但並無在上文陳述。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 December.

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated income statement.

2. 重要會計政策摘要(續)

2.2 綜合賬目

綜合賬目包括本公司及其附屬公司截至十二月三十一日止的財務報表。

(a) 附屬公司

附屬公司指本集團可對其財務及經營政策行使控制權，控制過半數投票權的實體(包括為特殊目的而成立的實體)。在評估本集團是否控制另一實體時，將考慮目前可行使或目前可轉換的潛在投票權是否存在及其影響。附屬公司自控制權轉移予本集團當日起全面綜合入賬，並由控制權終止當日起停止綜合入賬。

本集團採用收購會計法為本集團所收購之附屬公司列賬。收購成本根據於交易當日所獲資產、所發行之股本工具及所產生或承擔之負債的公平值計算，另加該收購直接應佔的成本。在商業合併過程中所收購之可辨別資產、所承擔之負債及或然負債，均於收購當日按其公平值作出初步計量，而毋須計及任何少數股東權益。收購成本超出本集團應佔所收購之可辨別淨資產之差額乃列作商譽。倘收購成本低於所收購附屬公司淨資產之公平值，則有關差額將直接在綜合損益表內確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(a) Subsidiaries (Continued)

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.7). The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. See note 2.7 for the impairment of non-financial assets including goodwill.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

2. 重要會計政策摘要(續)

2.2 綜合賬目(續)

(a) 附屬公司(續)

集團內公司之間的交易、交易的結餘及未實現收益予以對銷。未實現虧損亦予以對銷。附屬公司的會計政策已按需要作出改變，以確保與本集團採用的政策符合一致。

在本公司之資產負債表內，於附屬公司之投資按成本值扣除減值虧損準備列賬(附註2.7)。附屬公司之業績由本公司按已收及應收股息入賬。

(b) 聯營公司

聯營公司指所有本集團對其有重大影響力而無控制權的實體，通常附帶有20%至50%投票權的股權。聯營公司投資以權益會計法入賬，初始以成本確認。本集團於聯營公司之投資包括收購時已識辨的商譽(扣除任何累計減值虧損)。非金融資產(包括商譽)的減值，見附註2.7。

本集團應佔收購後聯營公司的溢利或虧損於綜合損益表內確認，而應佔收購後儲備的變動則於儲備賬內確認。投資賬面值會根據累計之收購後儲備變動而作出調整。當本集團分佔聯營公司虧損等於或超過其佔聯營公司之權益(包括任何其他無抵押應收款項)時，本集團不再確認進一步之虧損，除非本集團代聯營公司承擔負債或支付款項。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(b) Associates (Continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

2. 重要會計政策摘要(續)

2.2 綜合賬目(續)

(b) 聯營公司(續)

本集團與其聯營公司之間交易的未變現收益按集團在聯營公司權益的數額對銷。除非交易提供所轉讓資產減值之憑證，否則未變現虧損亦予以對銷。聯營公司的會計政策已按需要作出改變，以確保與本集團採用的政策貫徹一致。

在聯營公司的投資所產生的攤薄盈虧於綜合損益表確認。

2.3 分類報告

業務分類指從事提供產品或服務之一組資產及業務，而該組資產及業務之風險及回報有別於其他業務分類。地區分類乃在某一特定經濟環境下從事提供產品或服務，而該分類之風險及回報有別於在其他經濟環境經營之分類。

2.4 外幣換算

(a) 功能及呈報貨幣

本集團旗下每個實體之財務報表所包括之項目，均以該實體之主要營運地區之貨幣計算，此為功能貨幣。本綜合財務報表乃以人民幣呈報，人民幣為本公司及呈報貨幣。

(b) 交易及結餘

外幣交易均按交易當日或估值當日(倘項目再計量)之匯率折算為功能貨幣。此等交易結算以及按年結日之匯率折換外幣資產和負債而產生的匯兌收益及虧損，均於綜合損益表內確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation (Continued)

(b) Transactions and balances (Continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within “finance income or cost”. All other foreign exchange gains and losses are presented in the consolidated income statement within “other (losses)/gains – net”.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

2. 重要會計政策摘要(續)

2.4 外幣換算(續)

(b) 交易及結餘(續)

有關借貸以及現金及現金等值物之匯兌收益及虧損於綜合損益表中「財務收入或成本」一項中呈列。所有其他匯兌收益及虧損於綜合損益表中其他(虧損)/收益—淨額中呈列。

(c) 集團公司

功能貨幣與列賬貨幣不同的所有集團實體(當中沒有嚴重通脹貨幣)的業績和財務狀況按如下方法換算為列賬貨幣：

- 每份呈報的資產負債表內的資產和負債按該資產負債表日期的收市匯率換算；
- 每份綜合損益表內的收入和費用按平均匯率換算(除非此匯率並不代表交易日期匯率的累計影響的合理約數；在此情況下，收支項目按交易日期的匯率換算)；及
- 所有由此產生的匯兌差額確認為權益的獨立組成項目。

在編製綜合賬時，折算海外業務投資淨額和折算被指定為此等投資之對沖項目的借貸及其他貨幣工具而產生的匯兌差異，均列入股東權益賬內。當出售部份或全部海外業務時，於權益入賬之匯兌差異將於綜合損益表內確認為出售收益或虧損的一部分。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Property, plant and equipment

Buildings comprise mainly factories and offices. Buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged in the consolidated income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of buildings are credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to the consolidated income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated income statement and depreciation based on the asset's original cost is transferred from "other reserves" to "retained earnings".

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, as follows:

– Buildings	15 to 40 years
– Machinery and equipment	6 to 15 years
– Furniture and fixtures	3 to 10 years
– Motor vehicles	5 to 7 years

2. 重要會計政策摘要(續)

2.5 物業、廠房及設備

樓宇主要包括工廠和辦公室。樓宇根據外部獨立估值師定期(但最少每三年一次)進行的估值按公平值減其後的折舊列賬。在估值日的任何累計折舊與資產的賬面值總額對銷，而淨額則重列至資產的重估金額。所有其他物業、廠房及設備按歷史成本減折舊列賬。歷史成本包括收購該等項目直接應佔的開支。

只有在與項目相關的未來經濟效益有可能流入本集團，並能夠可靠地計量項目成本的情況下，本集團才會將其後成本計入為資產賬面值之一部分或確認為獨立資產項目(如適用)。所替換之部份的賬面值乃撇除確認。所有其他維護及保養費用均需於產生時於該財務期間之綜合損益表扣除。

樓宇重估後之賬面增值撥入股東權益之其他儲備中。與同一資產早前之增值作對銷之減值部分，直接於權益項中之重估儲備中扣減；餘下之減值額則於綜合損益表內扣除。每年，根據於綜合損益表扣除之資產的重估賬面值得出之折舊，與根據資產原來成本得出之折舊的差額乃從「其他儲備」撥轉至「保留盈利」。

物業、廠房及設備的折舊以直線法計算，以分配其成本值或重估值至其於估計可用年限之剩餘價值如下：

– 樓宇	15至40年
– 機器及設備	6至15年
– 傢俬及裝置	3至10年
– 汽車	5至7年

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Property, plant and equipment (Continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the consolidated income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Construction-in-progress, representing buildings on which construction work has not been completed and machinery pending installation, is stated at cost, which includes construction expenditures incurred, cost of machinery, interest capitalised and other direct costs capitalised during the construction and installation period, less accumulated impairment losses, if any. No depreciation is provided in respect of construction-in-progress until the construction and installation work is completed and put into use. On completion, construction-in-progress is transferred to appropriate categories of property, plant and equipment.

2.6 Land use rights

The premiums paid to acquire land use rights are recorded as prepayment for operating lease, and are amortised using the straight-line method over the period of the land use rights of 50 years.

2.7 Impairment of investments in subsidiaries, associates and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. 重要會計政策摘要(續)

2.5 物業、廠房及設備(續)

本集團在每個結算日重檢資產的剩餘價值及可用年限，並已按適當情況作出調整。

倘資產的賬面值大於其估計可收回金額，資產的賬面值即時撇減至其可收回金額(附註2.7)。

出售之盈利及虧損是按出售所得款項與有關資產賬面值之差額而釐定，並於綜合損益表內確認。重估資產售出後，重估儲備內的金額轉移至保留盈利。

在建工程指未完成建築工程的樓宇及未安裝的機器，按成本入賬，包括所產生建築開支、機器成本、資本化利息及建築與安裝期間其他直接資本化成本，而扣減累計減值虧損(如有)。於建築及安裝完成及投入使用前不會就在建工程作出折舊。當工程完成後，在建工程轉撥至適當物業、廠房及設備類別。

2.6 土地使用權

就土地使用權利支付的溢價視作營運租賃的預付款項，並按直線法於土地使用權的50年期間內攤銷。

2.7 附屬公司及聯營公司的投資及非金融資產減值

可使用年期不確定之資產不予攤銷並每年進行減值測試。當任何事件發生或環境變化預示其帳面價值無法收回時，會對該等資產進行減值測試。若某項資產的帳面價值超過其可收回金額時，會就其差額確認減值損失。資產的可收回金額為公平值減出售成本與其可使用價值中較高者。評估資產減值準備時，資產按可單獨分辦的最小現金流量(現金產生單位)予以分類。除商譽外減值的非金融資產將於各申請日期檢討撥回減值的可能性。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designed as a hedging instrument, and if so, the nature of item being hedged. Derivative instruments held by the Group do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statement within other (losses)/gains – net.

2.9 Government grants/subsidies

Grants/subsidies from government authorities are recognised at their fair value where there is a reasonable assurance that the grant/subsidies will be received and the Group will comply with all attached conditions.

Government grants/subsidies relating to assets are presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset.

Government grants/subsidies relating to compensation for relocation are deferred and recognised in the income statements over the period when the relocation takes place.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2. 重要會計政策摘要(續)

2.8 衍生金融工具

衍生工具最初於訂立衍生工具合約當日按公平值確認，其後按公平值計量。確認所得盈虧方法，取決於衍生工具是否界定為對沖工具及倘屬對沖工具，則取決於被對沖項目性質。本集團持有之衍生工具並不符合對沖會計所指的衍生工具，並透過損益以公平值列賬。任何不符合對沖會計的衍生工具的公平值變動，會即時於損益賬中其他(虧損)/收益—淨額確認。

2.9 政府補助／補貼

假若可合理地確定本集團將獲得政府補助／補貼，以及符合該補助所附帶之條件，政府補助／補貼以公平值確認入賬。

與資產有關之政府補助乃於扣減補助以得出資產賬面值後在資產負債表呈列。

有關搬遷賠償之政府補助／補貼遞延處理，並於搬遷進行之期間在損益賬中確認。

2.10 存貨

存貨以成本或可變現淨值兩者之較低者入賬。成本以加權平均法釐定。製成品及在製品之成本包括原料、直接勞工、其他直接成本及相關間接生產成本(按一般營運能力)。這不包括借貸成本。可變現淨值則以一般業務過程中估計出售價格減應用可變銷售開支計算。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within general and administrative expenses. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against "general and administrative expenses" in the consolidated income statement.

2.12 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

2.14 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. 重要會計政策摘要(續)

2.11 應收貿易款項及其他應收賬款

應收貿易款項及其他應收賬款最初按公平值確認，其後按實際利率法攤銷成本減減值準備計算。應收貿易款項及其他應收款項減值撥備是於有明顯證據表明本集團無法按應收款項之原有條款收回所有金額時確認。債務人如有嚴重財務困難，可能會破產或進行債務重組，及不能履行或違反付款協定均被視應收貿易款項減值的跡象。撥備金額為資產賬面值與按原訂實際利率估計未來現金流量的現值兩者的差額。資產之賬面值乃通過撥備賬的使用而扣減，而虧損金額在綜合損益表一般及行政開支內確認。若應收貿易款項不能收回時，則會與應收貿易款項之撥備賬撇銷。若其後收回先前已撇銷之款項，則計入綜合損益表內的「一般及行政開支」。

2.12 現金及現金等值物

現金及現金等值物包括手頭現金、銀行通知存款、其他到期日為三個月或以下的短期高流動性投資及銀行透支。

2.13 股本

普通股分類為股權。

與發行新股或購股權直接有關的增量成本，列入股權作為所得款項的減值。

2.14 應付貿易款項

應付貿易款項最初按公平值確認，其後以實際利率法按攤銷成本計量。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2. 重要會計政策摘要(續)

2.15 借貸

借貸最初按公平值(扣除已產生之交易成本)確認。借貸其後按攤銷成本列賬，如扣除交易成本後之所得款項及贖回價值出現差額，則於借貸期內以實際利率法在綜合損益表內確認。

除非本集團有權無條件將債務結算日期遞延至結算日後至少十二個月，否則借貸將被劃分為流動負債。

2.16 即期及遞延所得稅

期內稅項開支包括即期及遞延稅項。稅項在綜合損益賬中確認，除非其涉及直接在股本中確認之項目。在此情況下，稅項亦在股本中確認。

即期所得稅費用根據於結算日本公司、其附屬公司及聯營公司經營並獲得應課稅收入所在的國家已經頒布或已經實質頒布的稅法計算。管理層定期評估適用稅法規定之情況下的納稅申報情況，並且就應付稅務機關的金額作出適當撥備。

遞延所得稅以負債法就資產及負債的評稅基準與其於綜合財務報表內的賬面值兩者間的暫時差異，作出全數準備。然而，如遞延所得稅乃來自進行交易時初始確認的資產或負債(如屬業務合併則除外)而於進行交易之時並不影響會計或應課稅溢利，則不計入遞延所得稅。遞延所得稅於結算日前已頒佈或實際上已頒佈而預期當有關遞延所得稅資產已變現後或遞延所得稅負債已清償後將應用的有關稅率及(法例)釐定。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Current and deferred income tax

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.17 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employment costs when they are due and are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2. 重要會計政策摘要(續)

2.16 即期及遞延所得稅(續)

遞延所得稅資產只會在未来應課稅溢利有可能用作抵銷暫時差異時才會確認。

遞延所得稅須就投資於附屬公司及聯營公司而引致的暫時差異作出準備，除非集團可控制暫時差異會在何時轉回，且暫時差異很可能不會在可見的未来轉回。

2.17 僱員福利

(a) 僱員所享有假期

僱員所享有的年假當僱員可享有時確認，並因應僱員截至結算日所提供服務而就年假的估計承擔金額作出撥備。僱員所享有的病期及產假於休假時方會確認。

(b) 退休金承擔

本集團以強制、合約或自願基準向公營或私營管理的退休保險計劃作出供款。一旦作出供款，本集團並無進一步付款責任。該等供款於到期時確認為僱用成本，且不會以僱員在取得全數供款前退出計劃而被沒收之供款作扣減。預繳供款確認為資產，惟須以可獲現金退款或扣減日後供款為限。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Employee benefits (Continued)

(c) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(d) Bonus plan

The Group recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

2. 重要會計政策摘要(續)

2.17 僱員福利(續)

(c) 以股份作補償

本集團推行按股本結算以股份作補償之計劃。按僱員服務以換取授出購股權的公平值乃確認為開支。於歸屬期內列作開支的總金額乃參照已授出的購股權的公平值釐定，不包括任何非市場歸屬條件(例如盈利能力及銷售增長目標)的影響。非市場歸屬條件已包括在假設預期可予行使的購股權的數目。於各結算日，各實體均會修改其估計預期可予行使的購股權的數目，並於損益表內確認修改原來估計數字(如有)的影響以及對權益的相應調整。

當購股權獲行使時，已收取所得款項(扣除任何直接應佔交易成本)均列入股本(面值)及股份溢價中。

(d) 花紅計劃

本集團於合約規定或由過往做法產生推定責任時就花紅確認撥備。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Provisions

Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2. 重要會計政策摘要(續)

2.18 撥備

倘本集團因過往事件而有現時法律或推定責任，並可能須動用資源履行有關責任，且能可靠估計相關金額，就法律索償確認撥備。撥備不就未來營運虧損確認。

如有多項類似責任，其需要在償付中流出資源的可能性根據責任的類別整體考慮。即使同一責任類別所包含的任何一個項目相關的資源流出的可能性極低，仍須確認撥備。

撥備以預期用以償付責任的開支，按反映當時市場對金錢時間價值的評估及該責任的特有風險的稅前費率計算的現值計量。因時間過去而增加的撥備確認為利息開支。

2.19 收益確認

收益包括本集團在通常業務過程中就出售的貨品及服務已收或應收的代價的公平值。收益及以扣除增值稅、退回、回扣和折扣，以及抵銷集團內部銷售後的金額列示。

當收益的數額能夠可靠計量、未來經濟利益有可能流入有關實體，而本集團每項活動均符合具體條件時(如下文所述)，本集團便會將收益確認。除非與銷售有關之所有或然事項均已解決，否則收益的數額不被視為能夠可靠計量。本集團會根據其往績並考慮客戶類別、交易種類和每項安排的特點作出估計。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Revenue recognition (Continued)

- (a) *Sales of goods*
Sales of goods are recognised when a Group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- (b) *Subsidy income/government grants*
Subsidy income/government grants, representing discretionary subsidies/grants granted by various government authorities, is recognised when received.
- (c) *Consulting income*
Consulting income is recognised when the total amount of revenue and costs arising from the provision of services can be estimated reliably and it is probable that the economic benefits associated with the transaction will flow in and the stage of completion of the services provided can be measured reliably.
- (d) *Interest income*
Interest income is recognised on a time-proportion basis using the effective interest method.

2.20 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

2.21 Financial guarantees

A financial guarantee (a kind of insurance contract) is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument. The Group does not recognise liabilities for financial guarantees at inception, but perform a liability adequacy test at each reporting date by comparing its net liability regarding the financial guarantee with the amount that would be required if the financial guarantee would result in a present legal or constructive obligation. If the liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the income statement immediately.

2. 重要會計政策摘要(續)

2.19 收益確認(續)

- (a) *貨品銷售*
貨品銷售在本集團實體已將貨品交付予顧客，顧客接收產品後，以及有關應收款的收回可合理確保時確認。
- (b) *補助收入／政府補助*
補助收入／政府補助代表不同政府部門提供之酌定補助／補貼，於接獲時確認。
- (c) *顧問收入*
顧問收入於提供服務產生的收益及成本總額能可靠估計及與交易有關的經濟利益將可能流入，及能可靠計算提供的服務的完成階段之時確認。
- (d) *利息收入*
利息收入採用實際利息法按時間比例基準確認。

2.20 借貸成本

建造任何合資格資產所錄得之借貸成本乃於完成及準備資產作擬定用途之期間內資本化。其他借貸成本予以支銷。

2.21 財務擔保

財務擔保合約(一種保險合約)是指合約持有人可因某特定債務人未能根據債務工具原條款或修訂條款在到期日作出支付產生損失而可向合約發行人要求作出補償之合約。本集團於訂立財務擔保時不會確認負債，但會於各結算日測試負債的充足程度，方法為比較財務擔保之負債淨額與假設財務擔保將導致現有法律或推定責任時所需金額。倘負債少於其現有法律或推定責任金額，則差額將即時全數於損益表確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Operating leases (as the lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, cash flow and fair value interest rate risk, credit risk and liquidity risk. The ongoing global financial crisis which commenced in the middle of 2008 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and, at times, higher interbank lending rates and very high volatility in stock and currency markets. The uncertainties in the global financial markets have led to bank failures and bank rescues in the United States of America ("USA"), Western Europe and elsewhere. The global financial crisis has also led to current or potential recession in major economies. Indeed the full extent of the impact of the ongoing financial crisis is proving to be impossible to anticipate or completely guard against.

The Group's risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group has used derivative financial instruments to hedge certain of its risk exposures on changes in foreign currency exchange rates and interest rates.

2. 重要會計政策摘要(續)

2.22 經營租約(作為承租人)

凡擁有權的大部份風險及回報仍歸出租人所有的租約，均列作經營租約。根據經營租約的付款(扣除出租人給予的任何優惠)在租期內以直線基準自綜合損益表扣除。

2.23 股息分派

向本公司股東分派的股息在股息獲本公司股東批准的期間於本集團的財務報表內列為負債。

3. 財務風險管理

3.1 財務風險因素

本集團的業務面對多種財務風險：外匯風險、現金流及公平值利率風險、信貸風險及流動資金風險。於二零零八年中爆發的全球金融危機持續，令(其中包括)資本市場資金水平降低、銀行業的流動資金水平下降及銀行同業拆息率不時推高，以及股市匯市波幅增大。全球金融市場的不明朗因素，令美國(「美國」)、西歐及其他地區的銀行倒閉以及政府推出挽救銀行的措施。全球金融危機亦令主要經濟體系現時或有機會出現衰退。現時估計持續金融危機的全面影響並不可能，更不可能全面抵預有關的影響。

本集團的風險管理政策著重金融市場的不可預計因素，並尋求將可能對本集團財務業績產生負面影響的因素降至最低。本集團以利用衍生金融工具以對沖貨幣匯率及利率變動而產生的風險。

3. FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(a) Foreign exchange risk

The Group mainly operates in Mainland China and Vietnam. Most of the Group's transactions, assets and liabilities are dominated in RMB or United States dollars ("USD"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group is exposed to foreign exchange risk primarily through transactions that are denominated in a currency other than the functional currency of the Company and its subsidiaries. It manages its foreign exchange risks by performing regular review and monitoring its foreign exchange exposures.

During the year, the Group's exposure to foreign exchange risk mainly arose from its bank borrowings denominated in USD. The Group's management has entered into forward foreign exchange contracts to mitigate certain of the foreign exchange risk exposure during the year (Note 18).

At 31 December 2008, if RMB had weakened/strengthened by 6.4% (2007: 4.0%) against USD with all other variable held constant, post-tax profit for the year would have been RMB58,316,000 (2007: RMB22,087,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of USD-denominated pledged bank deposits, cash and cash equivalents, trade and bill receivables, trade and bill payables and borrowings.

(b) *Cash flow and fair value interest rate risk*
Except for pledged bank deposits and cash at bank (Note 13), the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulted from changes in interest rates on interest bearing assets.

The Group's interest-rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. As at 31 December 2008, approximately 7% of the Group's borrowings were at fixed rates and the remaining were at floating rates.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 外匯風險

本集團主要於中國大陸及越南進行其營運活動。本集團大部份交易、資產及負債均以人民幣或美元計值。外匯風險亦來自日後進行之商業交易、已確認資產與負債以及於外國營運之投資淨額。本集團主要因非以本公司及其附屬公司之功能貨幣結算之交易而面對外匯風險。本集團透過進行定期檢討以及監察其外匯風險而管理其外匯風險。

年內，本集團外匯風險主要來自其美元銀行借貸。本集團之管理層已訂立外匯合約以降低年內若干外匯風險(附註18)。

於二零零八年十二月三十一日，倘人民幣兌美元的匯率貶值/升值6.4%(二零零七年：人民幣4%)，而所有其他可變因素維持不變，則年內稅後溢利將會減少/增加人民幣58,316,000元(二零零七年：人民幣22,087,000元)，主要由於匯兌以美元列示的現金及現金等值物、應收貿易及票據款項、應付貿易及票據款項以及借貸產生的外匯虧損/收益。

(b) *現金流量及公平值利率風險*
除已抵押銀行存款及銀行現金(附註13)外，本集團並無其他重大計息資產。大部份本集團的收入及經營現金流均獨立於市場利率變動。管理層預期計息資產的利率變動將不會產生重大影響。

本集團的利率風險來自借貸。按浮息計息的借貸令本集團面對現金流量利率風險，而以人民幣列示並按定息計息的借貸則令本集團面對公平值利率風險。於二零零八年十二月三十一日，本集團約7%之借貸為定息，其餘為浮息。

3. FINANCIAL RISK MANAGEMENT*(Continued)***3.1 Financial risk factors (Continued)****(b) Cash flow and fair value interest rate risk (Continued)**

The Group manages certain of its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. As at 31 December 2008, the Group converted borrowings of RMB57,411,000 (2007: RMB122,717,000) from floating rates to fixed rates through interest rate swaps (Note 18).

As at 31 December 2008, if interest rates on USD-denominated borrowings had been 0.55 percentage-points lower/higher with all other variables held constant, post-tax profit for the year would have been RMB4,046,000 (2007: RMB4,974,000) higher/lower, mainly as a result of lower/higher interest expense on floating rate borrowings.

(c) Credit risk

The Group has no significant concentration of credit risk. The carrying amounts of pledged bank deposits, cash and cash equivalents, trade and bill receivables and prepayments, deposits and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets.

Under the ongoing global financial crisis, debtors of the Group may be affected by the unfavourable economic conditions and the lower liquidity situation which could in turn impact their ability to repay the amounts owed. Deteriorating operating conditions for debtors may also have an impact on management's cash flow forecasts and assessment of the impairment of receivables.

The Group's management performs periodic credit evaluations/reviews of its customers and ensure that sales are made to customers with an appropriate credit history. The Group places deposits with major banks in Mainland China and Hong Kong, and limits the amount of credit exposure to any financial institution.

To lower the Group's exposure to credit risk, the Group may request deposits from customers before delivery of goods. In addition, most of the sales are covered by letters of credit issued by banks. As at 31 December 2008, 82% (2007: 64%) of the trade and bill receivables are covered by letters of credit issued by banks.

3. 財務風險管理(續)**3.1 財務風險因素(續)****(b) 現金流量及公平值利率風險(續)**

本集團透過浮息與定息利率掉期而管理其若干現金流利率風險。利率掉期之經濟影響為將借貸由浮息轉為定息。於二零零八年十二月三十一日，本集團將人民幣57,411,000元(二零零七年：人民幣122,717,000元)透過利率掉期由浮息轉為定息(附註18)。

於二零零八年十二月三十一日，倘以美元列示的借貸利率下跌/上升0.55個百分比，而所有其他可變因素維持不變，年內稅後溢利將增加/減少人民幣4,046,000元(二零零七年：人民幣4,974,000元)，主要由於浮息借貸的利息開支減少/增加。

(c) 信貸風險

本集團並無重大集中信貸風險。已抵押銀行存款、現金及現金等值物、應收貿易及票據款項以及預付款項、按金及其他應收款項的賬面值指本集團於相關財務資產面對的最大信貸風險。

基於持續全球金融危機，本集團之債務人可能受不利之經濟狀況以及流動資金較低所影響，令其償還欠債之能力受到影響。債務人之營運狀況轉差，可能影響管理層之現金流預測以及對應收款項之減值評估。

本集團管理層定期對其客戶進行信貸評估/檢討，並確保僅向具良好信貸記錄之客戶銷售。本集團將存款存於中國大陸及香港的主要銀行，並限制承擔任何一間財務機構的信貸風險。

為降低本集團之信貸風險，本集團可能在交付貨品前要求客戶提供按金。另外，大部份銷售均由銀行發出之信用狀涵蓋。於二零零八年十二月三十一日，82%(二零零七年：64%)之應收貿易及票據款項由銀行發出之信用狀涵蓋。

3. FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(c) Credit risk (Continued)

The Group believes that adequate provision for doubtful debts has been made in the consolidated financial statements. To the extent that information is available, management has properly reflected revised estimates of expected future cash flows in their impairment assessments.

(d) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available. Details of the undrawn borrowing facilities available to the Group are disclosed in Note 17 to the consolidated financial statements.

The liquidity crisis under the ongoing global financial crisis could affect the ability of the Group to obtain new borrowings and re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions.

As at 31 December 2008, certain of the Group's borrowings are subject to the Group's compliance with certain financial performance indicators (Note 17). Deteriorating operating performance may affect the Group's compliance with these indicators and this will impact the Group's liquidity situation.

Management believes that they are taking all the necessary measures to maintain sufficient liquidity reserve to support sustainability and growth of the Group's business in the current circumstances and to repay outstanding borrowings when they fall due. Currently, the Group finances its working capital requirements through a combination of funds generated from operations and bank borrowings.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(c) 信貸風險(續)

本集團相信已在綜合財務報表中就呆賬作充足撥備。管理層根據現有資料，已在其減值評估中妥善反映預期未來現金流的經修訂估計。

(d) 流動資金風險

本集團採取審慎的流動資金管理，透過高質素的充裕信貸融資保持足夠現金及可動用的資金。本集團之財務政策旨在維持充裕信貸融資，以保持資金之靈活彈性。有關本集團的未動用借貸融資詳情於綜合財務報表附註17中披露。

持續全球金融危機產生之流動資金危機可能影響本集團獲取新借貸，或以適用於較早前交易之類似條款及條件為其現有借貸再融資。

於二零零八年十二月三十一日，本集團若干借貸規定本集團遵守若干財務表現指標(附註17)。營運表現轉差可能影響本集團遵守該等指標，並將影響本集團之流動資金狀況。

管理層相信已採取所有所需措施以維持充足流動資金儲備，以支持本集團業務在現時環境下之持續性及增長，以及於到期時償還未償借貸。現時，本集團透過營運及銀行借貸產生之資金而為其營運資金融資。

3. FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(d) Liquidity risk (Continued)

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

		Less than 1 year 少於一年 RMB'000 人民幣千元	Between 1 and 2 years 一年至兩年 RMB'000 人民幣千元	Between 2 and 5 years 兩年至五年 RMB'000 人民幣千元
Group	本集團			
At 31 December 2008	於二零零八年 十二月三十一日			
Borrowings	借貸	522,607	289,807	264,460
Interests payments on borrowings	借貸應付利息	33,521	17,423	60,948
Trade and bill payables	應付貿易及票據款項	631,068	-	-
Other payables	其他應付款項	172,237	-	-
		1,359,433	307,230	325,408
At 31 December 2007	於二零零七年 十二月三十一日			
Borrowings	借貸	225,253	179,292	523,292
Interests payments on borrowings	借貸應付利息	52,644	48,108	63,290
Trade and bill payables	應付貿易及票據款項	467,502	-	-
Other payables	其他應付款項	95,705	-	-
		841,104	227,400	586,582
Company	本公司			
At 31 December 2008	於二零零八年 十二月三十一日			
Borrowings	借貸	189,234	215,077	167,300
Interests payments on borrowings	借貸應付利息	19,391	10,517	58,094
Due to subsidiaries	應付附屬公司款項	128,511	-	-
Other payables	其他應付款項	84,599	-	-
		421,735	225,594	225,394
At 31 December 2007	於二零零七年 十二月三十一日			
Borrowings	借貸	-	132,714	447,259
Interests payments on borrowings	借貸應付利息	38,961	38,961	44,566
Due to subsidiaries	應付附屬公司款項	2,015	-	-
Other payables	其他應付款項	14,436	-	-
		55,412	171,675	491,825

3. 財務風險管理(續)

3.1 財務風險因素(續)

(d) 流動資金風險(續)

下表載列本集團及本公司的財務負債分析，此乃按相關到期組別並根據由結算日至合約期日剩餘期間進行分析。表內披露的金額為合約性未貼現的現金流量。

3. FINANCIAL RISK MANAGEMENT

(Continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital on the basis of net gearing ratio. This ratio is calculated as total borrowings less pledged bank deposits and cash and cash equivalents divided by total equity. The Group's strategy is to maintain a net gearing ratio at a level acceptable by management and the relevant banks who granted loans to the Group.

The gearing ratios are as follows:

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Total borrowings	借貸總額	1,076,874	927,837
Less: pledged bank deposits and cash and cash equivalents (Note 13)	減：已抵押銀行存款及現金及現金等值物(附註13)	(334,582)	(210,388)
Net debt	債務淨額	742,292	717,449
Total equity	權益總額	1,228,382	1,075,751
Net gearing ratio	淨資產負債比率	60%	67%

The decrease in gearing ratio during 2008 was a result of the increase in total equity from profit of 2008 and the increase in cash balances generated from operations.

3. 財務風險管理(續)

3.2 資金風險管理

本集團管理資金的目標為保障本集團持續經營的能力，為股東帶來回報及為其他權益持有人帶來利益，並維持理想資金結構以減少資本成本。

為維持或調整資本結構，本集團或會調整向股東派付股息金額，向股東退還資金或發行新股份以減低債務。

本集團利用資產負債比率監察其資本。此比率以借貸總額減已抵押銀行存款以及現金及現金等值物除以股東權益總額而計算。本集團之策略為將淨資產負債比例維持於管理層以及向本集團授予貸款之有關銀行所接納之水平。

資產負債比例如下：

二零零八年資產負債比率減少因來自二零零八年的溢利令股東權益總額增加，以及來自營運之現金結存增加。

3. FINANCIAL RISK MANAGEMENT

(Continued)

3.3 Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The Group makes reference to professional valuations over the fair value of buildings. The valuation is based on market conditions existing at each balance sheet date.

3. 財務風險管理(續)

3.3 公平值估計

並未在活躍市場買賣之金融工具之公平值利用估值技術而釐訂。本集團利用各種方法並根據於各結算日存在之市況而作假設。類似金融工具之所報市場價格或經紀報價用於長期債項。其他技術(例如估計貼現現金流)用於釐訂其他金融工具的公平值。利率掉期之公平值根據估計未來現金流之現值計算。

應收貿易款項及應付款項的賬面值減去減值撥備為其公平值的合理估計。就披露事項而言，財務負債的公平值估計乃按本集團的相類金融工具的現有市場利率貼現未來合約現金流量而估計得出。

本集團已參考有關樓宇公平值的專業估值，並根據各結算日的目前市況作出估計。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Estimated useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and residual values and consequently the related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitors action in response to sever industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives, and actual residual values may differ from estimated residual values. Periodic reviews could result in a change in depreciable lives and residual values and therefore changes in depreciation expenses in the future periods.

4.2 Impairment of property, plant and equipment and land use rights

Property, plant and equipment and land use rights are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgments and estimates.

4. 關鍵會計估計及判斷

各項估計及判斷均持續評估，並根據歷史經驗及其他因素(包括於各種情況下對未來事件被認為合理之預期)。

本集團作出有關未來情況的估計及假設，按照定義，會計估計結果一般將不會相等於有關實際結果。估計及假設對於就下一個財政年度內的資產及負債賬面值作出重大調整而構成的重大風險如下：

4.1 物業、廠房及設備之估計可使用年期及剩餘價值

本集團之管理層釐定其物業、廠房及設備之估計可使用年期及剩餘價值以及相關折舊費用。該估計乃根據類似性質及功能之物業、廠房及設備之實際可使用年期之過往經驗而釐定，並可能因技術創新及產業間之激烈競爭行為而有重大改變。當可使用年期少於先前之估計年期，管理層將增加折舊費用，或將撇銷或撇減已報廢或出售之技術廢舊或非策略性資產。實際經濟年期可能與估計之可使用年期不同，而實際剩餘價值可能與估計之剩餘價值不同。定期檢討可使可折舊年期及剩餘價值出現變動，因而引致未來期間之折舊開支有變。

4.2 物業、廠房及設備以及土地使用權之減值

物業、廠房及設備以及土地使用權在某些事件發生或環境變化導致資產之賬面值可能無法收回時，則會進行減值審核。可收回金額已按可使用價值計算方法或市場估值釐定。該等計算方法需要作出判斷和估計。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

4.2 Impairment of property, plant and equipment and land use rights (Continued)

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the income statement.

4.3 Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of technical innovations, changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at each balance sheet date.

4. 關鍵會計估計及判斷(續)

4.2 物業、廠房及設備以及土地使用權之減值(續)

於評估(尤其是資產減值)時需要管理層作為判斷：(i)是否已發生事件顯示相關資產價值可能不可收回；(ii)按在業務中持續使用資產而估計該項資產之可收回金額(為資產公平價值減銷售成本與未來現金流量之淨現值兩者中之較高者)能否支持該項資產之賬面值；以及(iii)在編製現金流量預測時使用之適當主要假設，包括該等現金流量預測是否按適當比率貼現。倘改變管理層用以評估減值之假設(包括現金流量預測中採用之貼現率或增長率假設)，可能會對減值測試中使用之淨現值產生重大影響，因而影響本集團之財政狀況及營運業績。倘該業務之預測表現及所實現之未來現金流量預測出現重大逆轉，則可能有必要於損益表中作減值支出。

4.3 存貨之可變現淨值

存貨之可變現淨值乃經扣除完成之估計成本及銷售開支後之日常業務估計售價。該等估計乃基於現行市況及製造與銷售性質類似產品之過往經驗而定，可能會因技術日新月異、客戶喜好改變及競爭對手為回應嚴峻行業週期採取之行動而出現重大變動。管理層將於各結算日重新評估該等估計。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

4.4 Impairment of trade, bill and other receivables

The Group's management determines the provision for impairment of trade, bill and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and current market conditions, and requires the use of judgements and estimates. Management reassesses the provision at each balance sheet date.

4.5 Income taxes and deferred income tax

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates have been changed.

4. 關鍵會計估計及判斷(續)

4.4 應收貿易及票據款項以及其他應收賬款減值

本集團管理層按照應收款項之可收回程度釐定應收貿易及票據款項以及其他應收賬款減值撥備。此評核乃根據其客戶及其他債務人過往之信貸記錄以及當時市況而定，並需作出判斷及估計。管理層於各結算日會重新評核撥備。

4.5 所得稅及遞延所得稅

本集團須於若干司法管轄區繳納所得稅。在釐定所得稅撥備時，需要作出重大判斷。在正常業務過程中，有許多交易和計算所涉及的最終稅務釐定都是不確定的。本集團根據估計附加稅是否將到期而確認預期發出的審核稅負債。倘該等事項的最終稅務後果與最初記錄金額不同，差額將影響作出此等釐定期間的所得稅及遞延所得稅撥備。

凡管理層認為日後極可能有應課稅溢利用作抵銷暫時差額或稅項虧損，則若干暫時差額及稅項虧損有關的遞延稅項資產將予確認。倘預期金額與原定估計不同，則該差額將會影響該估計出現變動期間內的遞延稅項資產及所得稅支出的確認。

5. SEGMENTAL INFORMATION

(a) Primary reporting – business segments

The Group operates in one business segment: manufacturing and sale of yarn, grey fabrics and dyed fabrics. Accordingly, no analysis by business segments is presented.

(b) Secondary reporting format – geographical segments

The Group mainly operates in Mainland China and Vietnam.

5. 分類資料

(a) 主要報告形式 – 業務分類

本集團所經營為單一業務分類 – 製造及銷售紗線、坯布及染色布料。因此，並無呈列業務分類資料分析。

(b) 次要報告形式 – 地域分類

本集團主要在中國大陸及越南經營。

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Sales	營業額		
Mainland China	中國大陸	3,656,029	3,225,638
Vietnam	越南	81,612	28,471
		3,737,641	3,254,109

Sales is allocated based on the country where the goods were shipped.

營業額乃根據貨品付運之國家而分配。

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Segment results	分類業績		
Mainland China	中國大陸	230,437	296,526
Vietnam	越南	42,911	(3,943)
Macao	澳門	17,517	6,376
Hong Kong	香港	(26,086)	(19,667)
Operating profit	經營溢利	264,779	279,292

Segment results is allocated based on the location where operating companies are situated.

分類業績乃根據經營公司之所在地而分配。

5. SEGMENTAL INFORMATION (Continued)

(b) Secondary reporting format – geographical segments (Continued)

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Total assets	總資產		
Mainland China	中國大陸	2,140,520	2,126,672
Vietnam	越南	1,008,154	459,927
Macao	澳門	38,711	18,784
Hong Kong	香港	11,807	39,747
		3,199,192	2,645,130

Total assets are allocated based on where the assets are situated.

總資產乃根據資產之所在地而分配。

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Capital expenditure	資本開支		
Mainland China	中國大陸	112,564	193,134
Vietnam	越南	303,389	309,057
		415,953	502,191

Capital expenditure is allocated based on where the assets are situated.

資本開支乃根據資產所在之地方而分配。

6. LAND USE RIGHTS – GROUP

The Group's interests in land use rights represent prepaid operating lease payments and their net book value are analysed as follows:

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Leases of between 10 to 50 years	10至50年的租賃		
– In Mainland China	– 於中國大陸	96,088	83,812
– In Vietnam	– 於越南	20,394	20,810
		116,482	104,622

As at 31 December 2008, land use rights with a net book amount of nil (2007: RMB4,704,000) was pledged as collateral of the Group's bank borrowings (Note 17).

6. 土地使用權 – 本集團

本集團於土地使用權的權益指預付營運租賃款項，其賬面淨值分析如下：

於二零零八年十二月三十一日，賬面淨值人民幣零元(二零零七年：人民幣4,704,000元)的土地使用權已抵押作本集團銀行借貸的抵押品(附註17)。

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Opening amount	年初	104,622	70,519
Additions	添置	25,818	35,900
Disposals	出售	(12,175)	–
Amortisation	攤銷	(1,783)	(1,070)
Exchange difference	匯兌差額	–	(727)
Closing amount	年終	116,482	104,622
Cost	成本	121,915	109,451
Accumulated amortisation	累計攤銷	(5,433)	(4,829)
Net book amount	賬面淨值	116,482	104,622

Amortisation was included in cost of sales.

攤銷已計入銷售成本。

As at 31 December 2008, land use rights of RMB10,082,000 (2007: RMB10,082,000) consisted of cost of RMB59,269,000 (2007: RMB59,269,000), less related government grant of RMB49,187,000 (2007: RMB49,187,000) which was deducted from the acquisition cost.

於二零零八年十二月三十一日，土地使用權價值為人民幣10,082,000元(二零零七年：人民幣10,082,000元)，為成本人民幣59,269,000元(二零零七年：人民幣59,269,000元)減去從收購成本中扣減的相關政府補助人民幣49,187,000元(二零零七年：人民幣49,187,000元)。

7. PROPERTY, PLANT AND EQUIPMENT – GROUP AND COMPANY
Group

7. 物業、廠房及設備 – 本集團及本公司
本集團

		Buildings 樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及設備 RMB'000 人民幣千元	Furniture and fixtures 傢俬及裝置 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in-progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2007	於二零零七年一月一日						
Cost or valuation	成本或估值	219,793	679,067	8,797	10,751	65,002	983,410
Accumulated depreciation	累計折舊	(15,077)	(138,613)	(2,751)	(2,912)	–	(159,353)
Net book amount	賬面淨值	204,716	540,454	6,046	7,839	65,002	824,057
Year ended 31 December 2007	截至二零零七年十二月三十一日止年度						
Opening net book amount	年初賬面淨值	204,716	540,454	6,046	7,839	65,002	824,057
Additions	添置	2,894	33,147	3,055	935	409,982	450,013
Transfers	轉讓	89,685	197,116	–	–	(286,801)	–
Revaluation (Note 16)	重估(附註16)	6,693	–	–	–	–	6,693
Disposals	出售	(1,744)	(8,472)	(64)	–	–	(10,280)
Depreciation	折舊	(8,726)	(60,369)	(2,332)	(1,112)	–	(72,539)
Exchange difference	匯兌差額	(1,725)	(5,228)	(26)	(18)	(3,404)	(10,401)
Closing net book amount	年終賬面淨值	291,793	696,648	6,679	7,644	184,779	1,187,543
At 31 December 2007	於二零零七年十二月三十一日						
Cost or valuation	成本或估值	315,421	888,054	11,749	11,409	184,779	1,411,412
Accumulated depreciation	累計折舊	(23,628)	(191,406)	(5,070)	(3,765)	–	(223,869)
Net book amount	賬面淨值	291,793	696,648	6,679	7,644	184,779	1,187,543
Year ended 31 December 2008	截至二零零八年十二月三十一日止年度						
Opening net book amount	年初賬面淨值	291,793	696,648	6,679	7,644	184,779	1,187,543
Additions	添置	8,148	2,552	3,442	209	375,784	390,135
Transfers	轉讓	78,818	53,073	–	–	(131,891)	–
Disposals	出售	(5,223)	(10,013)	(258)	(442)	–	(15,936)
Depreciation	折舊	(14,175)	(76,362)	(2,210)	(1,784)	–	(94,531)
Closing net book amount	年終賬面淨值	359,361	665,898	7,653	5,627	428,672	1,467,211
At 31 December 2008	於二零零八年十二月三十一日						
Cost or valuation	成本或估值	395,380	932,108	14,852	10,666	428,672	1,781,678
Accumulated depreciation	累計折舊	(36,019)	(266,210)	(7,199)	(5,039)	–	(314,467)
Net book amount	賬面淨值	359,361	665,898	7,653	5,627	428,672	1,467,211

7. PROPERTY, PLANT AND EQUIPMENT – GROUP AND COMPANY (Continued)

Buildings with net book amount of RMB273,284,000 (2007: RMB291,793,000) were stated at open market value at 31 December 2007, based on a valuation performed by DTZ Debenham Tie Leung Limited, an independent firm of qualified valuers. The revaluation surplus, net of applicable deferred income tax liabilities, was credited to revaluation reserve in equity (Note 16).

During the year ended 31 December 2008, depreciation of RMB83,925,000 (2007: RMB65,526,000) was included in cost of sales, RMB88,000 (2007: RMB27,000) was included in selling and distribution costs and RMB10,518,000 (2007: RMB6,986,000) was included in general and administrative expenses.

During the year ended 31 December 2008, finance cost of RMB6,275,000 (2007: RMB2,524,000) was capitalised as part of property, plant and equipment at a rate of 6.1% (2007: 6.4%) per annum (Note 26).

As at 31 December 2008, property, plant and equipment of approximately RMB311,700,000 (2007: RMB46,007,000) were pledged as collateral of the Group's bank borrowings (Note 17).

If buildings were stated on historical cost basis, the amounts would be as follows:

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Cost	成本	334,588	254,629
Accumulated depreciation	累計折舊	(26,255)	(18,547)
Net book amount	賬面淨值	308,333	236,082

7. 物業、廠房及設備 – 本集團及本公司(續)

根據獨立合資格估值公司戴德梁行有限公司進行的估值，賬面淨值為人民幣273,284,000元(二零零七年：人民幣291,793,000元)的樓宇以於二零零七年十二月三十一日的估值列賬。重估盈餘扣除適用的遞延所得稅負債，計入股本內的重估儲備(附註16)。

於截至二零零八年十二月三十一日止年度，人民幣83,925,000元(二零零七年：人民幣65,526,000元)的折舊開支已於銷售成本中支銷，人民幣88,000元(二零零七年：人民幣27,000元)的折舊開支已於銷售及分銷開支及人民幣10,518,000元(二零零七年：人民幣6,986,000元)的折舊開支已於一般及行政開支中支銷。

於截至二零零八年十二月三十一日止年度，借貸成本人民幣6,275,000元(二零零七年：人民幣2,524,000元)已資本化為物業、廠房及設備之部份，按年度資本化率為6.1%(二零零七年：6.4%)。(附註26)

於二零零八年十二月三十一日的物業、廠房及設備約人民幣311,700,000元(二零零七年：人民幣46,007,000元)已抵押為本集團銀行貸款的抵押品(附註17)。

倘樓宇以歷史成本法列賬，金額將如下：

7. PROPERTY, PLANT AND EQUIPMENT – GROUP AND COMPANY (Continued)

7. 物業、廠房及設備 – 本集團及本公司(續)

The analysis of the cost or valuation of the above assets is as follows:

以上資產的成本或估值分析如下：

		Buildings 樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及設備 RMB'000 人民幣千元	Furniture and fixtures 傢俬及裝置 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Con- struction in-progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 31 December 2008	於二零零八年 十二月三十一日						
At cost	按成本	86,966	932,108	14,852	10,666	428,672	1,473,264
At valuation – 31 December 2007	按估值 – 於二零零七年 十二月三十一日	308,414	–	–	–	–	308,414
		395,380	932,108	14,852	10,666	428,672	1,781,678
At 31 December 2007	於二零零七年 十二月三十一日						
At cost	按成本	–	888,054	11,749	11,409	184,779	1,095,991
At valuation – 31 December 2007	按估值 – 於二零零七年 十二月三十一日	315,421	–	–	–	–	315,421
		315,421	888,054	11,749	11,409	184,779	1,411,412

Lease rental expense of RMB12,751,000 (2007: RMB8,634,000), relating to the lease of buildings and machinery, was included in cost of sales (Note 24).

有關租賃樓宇及機器的租金開支人民幣12,751,000元(二零零七年：8,634,000元)已計入銷售成本(附註24)。

**7. PROPERTY, PLANT AND EQUIPMENT
– GROUP AND COMPANY (Continued)**
Company

**7. 物業、廠房及設備 – 本集團及
本公司(續)**
本公司

		Furniture and fixtures 傢俬及裝置 RMB'000 人民幣千元
At 1 January 2007	於二零零七年一月一日	
Cost	成本	1,206
Accumulated depreciation	累計折舊	(416)
Net book amount	賬面淨值	790
Year ended 31 December 2007	截至二零零七年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	790
Additions	添置	20
Disposal	出售	(64)
Depreciation	折舊	(196)
Net book amount	賬面淨值	550
At 31 December 2007	於二零零七年十二月三十一日	
Cost	成本	1,149
Accumulated depreciation	累計折舊	(599)
Net book amount	賬面淨值	550
Year ended 31 December 2008	截至二零零八年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	550
Depreciation	折舊	(165)
Net book amount	賬面淨值	385
At 31 December 2008	於二零零八年十二月三十一日	
Cost	成本	1,149
Accumulated depreciation	累計折舊	(764)
Net book amount	賬面淨值	385

8. INVESTMENTS IN AND AMOUNTS DUE FROM/TO SUBSIDIARIES – COMPANY

8. 於附屬公司的投資及應收／應付附屬公司款項－本公司

		Company 本公司	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Unlisted shares, at cost	按成本投資非上市股份	246,989	246,989
Due from subsidiaries	應收附屬公司款項		
– non-current portion (Note(a))	– 非即期部份 (附註(a))	613,950	579,973
		860,939	826,962
Due from subsidiaries	應收附屬公司款項		
– current portion (Note(b))	– 即期部份(附註(b))	408,326	312,401
Due to subsidiaries (Note(b))	應付附屬公司款項 (附註(b))	128,511	2,015

Notes:

- (a) Amounts due from subsidiaries represent equity funding by the Company to the subsidiaries and are measured in accordance with the Company's accounting policy for investments in subsidiaries. They are unsecured and non-interest bearing.
- (b) The amounts due from/to subsidiaries are unsecured, non-interest bearing and are repayable within one year.

附註：

- (a) 應收附屬公司款項指本公司向附屬公司提供之股本資金，並根據本公司有關於附屬公司之投資之會計政策計量，為無抵押及免息。
- (b) 應收／應付附屬公司款項為無抵押、免息且須於一年內償還。

Particulars of the principal subsidiaries of the Company are set out in Note 35.

本公司主要附屬公司詳情載於附註35。

9. INVESTMENT IN AN ASSOCIATE – GROUP

9. 於聯營公司投資－本集團

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Share of net assets of unlisted associate (Note (a))	分佔非上市聯營公司 資產淨值(附註(a))	34,381	43,608
Goodwill (Note (b))	商譽(附註(b))	191	191
		34,572	43,799

9. INVESTMENT IN AN ASSOCIATE – GROUP (Continued)

(a) Movement of share of net asset attributable to the Group:

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Opening amount	年初	43,608	–
Acquisition	收購	–	28,119
Capital contribution	注資	7,739	12,311
Share of (loss)/profit	分佔(虧損)/溢利	(16,966)	3,178
Closing amount	年終	34,381	43,608

(b) Movement of goodwill:

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Opening amount	年初	191	–
Acquisition	收購	–	191
Closing amount	年終	191	191

Impairment assessment of goodwill

Goodwill is attributable to Nantong Textile Group Co., Ltd., which is considered to be a single cash-generating unit (“CGU”). The recoverable amount of goodwill is determined based on the value-in-use calculation, using cash flow projections based on a three-year financial budget approved by management. The financial budget is determined according to past performance and management's expectation for the market development. The pre-tax discount rate used in the value-in-use calculation is approximately 10% per annum, which reflects specific risks relating to Nantong Textile Group Co., Ltd..

9. 於聯營公司投資—本集團(續)

(a) 年內本集團應佔資產淨值變動如下：

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Opening amount	年初	43,608	–
Acquisition	收購	–	28,119
Capital contribution	注資	7,739	12,311
Share of (loss)/profit	分佔(虧損)/溢利	(16,966)	3,178
Closing amount	年終	34,381	43,608

(b) 商譽變動如下：

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Opening amount	年初	191	–
Acquisition	收購	–	191
Closing amount	年終	191	191

商譽的減值評估

商譽乃來自南通紡織控股集團紡織染有限公司，該公司視作為單一現金產生單位（「現金產生單位」）。商譽的可收回金額乃根據使用價值計算方法（採用以管理層批准的三年財政預算為基準作出的現金流量預測）釐定。財務預算按過往業績及管理層對市場發展的預測而作出。使用價值計算方法所用的稅前貼現率約為10%，該貼現率反映與南通紡織控股集團紡織染有限公司有關的特定風險。

9. INVESTMENT IN AN ASSOCIATE – GROUP (Continued)

(c) Particulars of the associate, which is unlisted, are as follows:

Name 聯營公司名稱	Place and date of incorporation and kind of legal entity 註冊成立地點及日期以及法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital 已發行股本詳情 RMB'000 人民幣千元	Interest 權益
Nantong Textile Group Co., Ltd. 南通紡織控股集團紡織染有限公司	Nantong, Mainland China, 11 September 2002 limited liability company 中國大陸南通，二零零二年九月十一日，有限責任公司	Manufacturing and sales of top-grade textile knitting products and garments 製造及銷售高級紡織產品及成衣	116,375	37%

(d) The Group's share of revenue, (loss)/profit for the year, assets and liabilities of the associate, which have been included in the consolidated income statement and balance sheet using equity method, are as follows:

9. 於聯營公司投資－本集團(續)

(c) 非上市聯營公司詳細資料如下：

(d) 以權益法列入綜合損益表及資產負債表的本集團分佔收益、年度(虧損)/溢利以及聯營公司資產及負債如下：

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Revenue	收益	155,993	38,996
(Loss)/profit for the year	年度(虧損)/溢利	(16,966)	3,178
Non-current assets	非流動資產	105,799	101,718
Current assets	流動資產	36,663	48,150
Current liabilities	流動負債	(56,042)	(49,583)
Non-current liabilities	非流動負債	(52,039)	(56,677)
		34,381	43,608

10. INVENTORIES – GROUP

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Raw materials	原材料	397,946	419,218
Work-in-progress	在製品	47,070	54,088
Finished goods	製成品	245,010	178,593
		690,026	651,899

10. 存貨－本集團

10. INVENTORIES – GROUP (Continued)

In 2008, the Group recorded additional provision for inventory obsolescence of RMB6,843,000 (2007: reversed provision of RMB3,781,000) (Note 24). This amount has been included in cost of sales.

As at 31 December 2008, there were floating charges over certain of the Group's inventories of RMB47,752,000 (2007: RMB14,604,000) to secure certain of the Group's bank borrowings (Note 17).

10. 存貨 – 本集團(續)

於二零零八年，本集團就陳舊存貨錄得額外撥備人民幣6,843,000元(二零零七年：撥回撥備人民幣3,781,000元)(附註24)。此金額已包括在銷售成本內。

於二零零八年十二月三十一日，人民幣47,752,000元(二零零七年：人民幣14,604,000元)的存貨浮動押記已用作本集團若干銀行借貸的擔保(附註17)。

11. TRADE AND BILL RECEIVABLES – GROUP

11. 應收貿易及票據款項 – 本集團

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Trade receivables	應收貿易款項	85,354	132,019
Less: provision for impairment	減：減值撥備	(7,230)	(4,618)
Bill receivables	應收票據款項	78,124 385,989	127,401 237,431
		464,113	364,832

The fair values of trade and bill receivables approximate their carrying amounts.

應收貿易及票據款項的公平值接近其賬面值。

As at 31 December 2008, bill receivable of approximately RMB 81,821,000 (2007: Nil) was pledged as collateral for issuance of letter of credits.

於二零零八年十二月三十一日，應收票據款項約人民幣81,821,000元(二零零七年：零)已作抵押，作為發出信用證之抵押品。

The Group generally grants credit terms of less than 90 days to its customers. The ageing analysis of the trade and bill receivables is as follows:

本集團授予其客戶的信貸期一般為90日內。應收貿易及票據款項的賬齡分析如下：

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
0 to 30 days	0日至30日	281,255	287,068
31 to 90 days	31日至90日	107,647	38,459
91 to 180 days	91日至180日	75,692	32,277
181 days to 1 year	181日至1年	1,551	2,401
Over 1 year	1年以上	5,198	9,245
Less: provision for impairment	減：減值撥備	471,343 (7,230)	369,450 (4,618)
Trade and bill receivables – net	應收貿易及票據款項 – 淨額	464,113	364,832

11. TRADE AND BILL RECEIVABLES – GROUP (Continued)

There is no concentration of credit risk with respect to trade and bill receivables, as the Group has a large number of customers.

As at 31 December 2008, included in the trade receivables was amounts due from related parties of nil (2007: RMB4,485,000) (Note 34).

Trade receivables that are less than 90 days past due are generally not considered impaired, which amounted to RMB464,024,000 as at 31 December 2008 (2007: RMB358,656,000). As at 31 December 2008, trade receivables past due by more than 90 days of RMB89,000 (2007: RMB6,176,000) is considered not to be impaired. These relate to a number of customers for whom there is no recent history of default. The past due ageing analysis of these trade receivables is as follows:

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
91 to 180 days	91日至180日	89	3,072
181 days to 1 year	181日至1年	-	2,276
Over 1 year	1年以上	-	828
		89	6,176

As at 31 December 2008, trade receivables of RMB7,230,000 (2007: 4,618,000) were impaired and had been fully provided for. These receivables relate to a number of customers, including customers in unexpected difficult economic situations. The past due ageing of these receivables is as follows:

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
91 to 180 days	91日至180日	1,381	43
181 days to 1 year	181日至1年	651	30
Over 1 year	1年以上	5,198	4,545
		7,230	4,618

11. 應收貿易及票據款項 – 本集團 (續)

由於本集團擁有大批客戶，故應收貿易及票據款項無集中的信貸風險。

於二零零八年十二月三十一日應收貿易款項中包括應收關連方款項人民幣零元(二零零七年：人民幣4,485,000元)(附註34)。

逾期不足90日之應收貿易款項一般不視為已減值，於二零零八年十二月三十一日的金額為人民幣464,024,000元(二零零七年：人民幣358,656,000元)。於二零零八年十二月三十一日，未被視為已減值之逾期90日以上應收貿易款項為人民幣89,000元(二零零七年：人民幣6,176,000元)。該等結欠涉及最近並無拖欠記錄之多名客戶。該等應收貿易款項的逾期賬齡分析如下：

於二零零八年十二月三十一日，應收貿易款項人民幣7,230,000元(二零零七年：4,618,000元)已減值並已作全面撥備。該等應收款項涉及多名客戶，包括出現預料以外經濟困難之客戶。該等應收款項之逾期賬齡分析如下：

11. TRADE AND BILL RECEIVABLES – GROUP (Continued)

Trade and bill receivables are denominated in the following currencies:

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
RMB	人民幣	458,960	336,898
United States dollars	美元	12,383	32,552
		471,343	369,450

Movements of the provision for impairment of trade receivables are:

11. 應收貿易及票據款項 – 本集團 (續)

以下列貨幣列示的應收貿易及票據款項如下：

應收貿易款項減值撥備變動如下：

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
At 1 January	於一月一日	4,618	3,901
Provision reversed when the related receivables were collected	相關應收款項收回時撥回撥備	(356)	—
Provision for receivable impairment	應收款項減值撥備	2,968	717
At 31 December	於十二月三十一日	7,230	4,618

The creation and release of provision for impaired receivables have been included in general and administrative expenses. Amounts charged to the allowance account are written off when there is no expectation of receiving additional cash.

增設及解除已減值應收款項撥備已列入一般及行政開支。當預期未能收取額外現金時，在準備賬中扣除的款項將被撤銷。

The maximum exposure to credit risk at the reporting date is the fair value of trade and bill receivables.

於本報告日期，本集團面對的最大信貸風險為應收貿易及票據款項公平值。

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – GROUP AND COMPANY

12. 預付款項、按金及其他應收賬款 – 本集團及本公司

		Group 本集團		Company 本公司	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Prepayments for purchase of raw materials	購買原材料的預付款項	69,418	63,036	–	–
Deposit for acquisition of land use right	收購土地使用權之按金	11,000	2,131	–	–
Staff advances	員工墊款	752	2,584	93	94
Value-added tax recoverable	應退增值稅	169	5,160	–	–
Prepaid expenses	預付開支	645	1,703	–	608
Deposits	按金	1,062	1,137	–	9
Other receivables	其他應收款項	4,305	2,689	–	6
		87,351	78,440	93	717

The fair values of prepayments, deposits and other receivables approximate their carrying amounts.

預付款項、按金及其他應收款項的公平值接近其賬面值。

Included in deposits were amount due from an associate of RMB4,122,000 as at 31 December 2008 (2007: Nil) (Note 34).

於二零零八年十二月三十一日，計入按金之應收聯營公司款項為人民幣4,122,000元(二零零七年：無)(附註34)。

13. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS – GROUP AND COMPANY

13. 已抵押銀行存款及現金及現金等值物 – 本集團及本公司

		Group 本集團		Company 本公司	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Pledged bank deposits	已抵押銀行存款	21,570	10,773	–	–
Cash at bank and in hand	銀行及手頭現金	313,012	199,615	3,568	1,639
		334,582	210,388	3,568	1,639

As at 31 December 2008, the weighted average effective interest rate on pledged bank deposits and other bank deposits was 0.4% (2007: 0.7%) per annum. The pledged bank deposits have maturities of 75 days at inception (2007: 75 days).

於二零零八年十二月三十一日，已抵押銀行存款及其他銀行存款之加權平均有效息率為每年0.4%(二零零七年：0.7%)。已抵押銀行存款之存款期為訂立日期起計75日(二零零七年：75日)。

13. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS – GROUP AND COMPANY (Continued)

Pledged bank deposits and cash and cash equivalents are denominated in the following currencies:

13. 已抵押銀行存款及現金及現金等值物 – 本集團及本公司 (續)

已抵押銀行存款及現金及現金等值物的計值貨幣如下：

		Group 本集團		Company 本公司	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
RMB	人民幣	261,794	100,160	–	–
United States dollars	美元	70,413	105,968	3,330	6
Hong Kong dollars	港元	1,054	1,902	238	1,633
Vietnam Dong	越南盾	1,196	2,212	–	–
Others	其他	125	146	–	–
		334,582	210,388	3,568	1,639

Majority of the cash and cash equivalents are deposited with banks in Mainland China. The conversion of the RMB denominated balances into other currencies and the remittance of funds out of Mainland China are subject to the rules and regulations relating to foreign exchange controls promulgated by the Mainland China Government.

大部份現金及現金等值物存於中國大陸銀行。將人民幣計值之結餘兌換為其他貨幣以及將資金匯出中國大陸須遵守中國大陸政府頒佈有關外匯管制之規則及規例。

14. SHARE CAPITAL – GROUP AND COMPANY

14. 股本 – 本集團及本公司

		Ordinary shares of HK\$0.1 each 每股面值0.1港元的普通股		
		Number of shares 股份數目	HK\$'000 千港元	RMB'000 人民幣千元
		Note 附註	'000 千股	
Authorised:	法定：			
At 31 December 2007 and 2008	於二零零七年及 二零零八年 十二月三十一日		4,000,000	400,000
Issued and fully paid:	已發行及繳足：			
At 1 January 2007	於二零零七年一月一日		872,000	87,200
Issue of shares upon exercise of share options	於行使購股權後 發行股份	15(i)	1,200	120
Issue of shares for acquisition of an associate	就收購聯營公司 發行股份		10,655	1,066
At 31 December 2007	於二零零七年 十二月三十一日		883,855	88,386
At 1 January 2008	於二零零八年一月一日		883,855	88,386
Issue of shares upon exercise of share options	於行使購股權後 發行股份	15(i)	826	83
At 31 December 2008	於二零零八年 十二月三十一日		884,681	88,469

15. SHARE OPTIONS – GROUP AND COMPANY

(i) Pre-IPO Share Option Scheme

On 21 November 2004, the Company granted 4,342,000 options to certain senior management of the Group under a Pre-IPO Share Option Scheme to subscribe for shares in the Company at HK\$0.69 per share, exercisable over the period from 9 June 2005 to 8 June 2008. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The fair value of the options determined using the Black-Scholes valuation model was RMB433,000. The significant inputs into the model were share price of HK\$0.69 per share at the grant date, exercise price shown above, standard deviation of expected share price returns of 30%, expected life of options of half year, expected dividend paid out rate of zero and annual risk-free interest rate of 2.88%. The volatility measured at the standard deviation of expected share price returns is based on expected share prices over the year after the Group's initial public offering.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

15. 購股權 – 本集團及本公司

(i) 首次公開發售前購股權計劃

於二零零四年十一月二十一日，本公司根據首次公開發售前購股權計劃向若干本集團高級管理層授出4,342,000份購股權，以按每股0.69港元之價格認購本公司之股份，此等購股權可於二零零五年六月九日至二零零八年六月八日期間行使。本集團並無法律或實際責任以現金購回或清償購股權。

由柏力克－舒爾斯定價模式確定的購股權公平值為人民幣433,000元。該模型的主要參數為：於授出日股價每股0.69港元、上述行使價、預期股價回報標準差30%、預期購股權年期0.5年、預期股息回報率零及每年零風險利率2.88%。預期股價回報標準差的波幅乃按本集團首次公開發售後年內的預期股價分析計算。

尚未行使購股權數目及其相應加權平均行使價的變動如下：

		2008 二零零八年		2007 二零零七年	
		Average exercise price in HK dollar per share 平均行使價 (每股港元)	Options (thousands) 購股權 (千份)	Average exercise price in HK dollar per share 平均行使價 (每股港元)	Options (thousands) 購股權 (千份)
At 1 January	於一月一日	0.69	3,142	0.69	4,342
Exercised	已行使	0.69	(826)	0.69	(1,200)
Expired	已屆滿	0.69	(2,316)	–	–
At 31 December	於十二月三十一日	–	–	0.69	3,142

15. SHARE OPTIONS – GROUP AND COMPANY (Continued)

(ii) Post-IPO Share Option Scheme

Pursuant to a shareholders’ resolution passed on 21 November 2004, the Company adopted a share option scheme (“the Share Option Scheme”), which will remain in force for a period of 10 years up to November 2014. Under the Share Option Scheme, the Company’s directors may, at their sole discretion, grant to any employee, director, supplier of goods or services, customer, person or entity that provides research, development or other technological support to the Group, shareholder and adviser or consultant of the Group to subscribe for shares in the Company at a price of not less than the higher of (i) the closing price of shares as stated in the daily quotation sheet of the Stock Exchange on the date of the offer of grant; or (ii) the average closing price of shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the share. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option. The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group from time to time must not in aggregate exceed 30% of the share capital of the Company in issued from time to time. At 31 December 2008, no options had been granted under the Share Option Scheme (2007: Nil).

15. 購股權 – 本集團及本公司 (續)

(ii) 首次公開發售後購股權計劃

根據於二零零四年十一月二十一日通過之股東決議案，本公司已批准採納一項購股權計劃（「購股權計劃」），於截至二零一四年十一月止十年期間將仍屬有效。根據購股權計劃，本公司董事可全權酌情向任何僱員、董事、貨品或服務供應商、客戶、為本集團提供研究、發展或其他技術支援的個人或實體、股東及本集團顧問或諮詢人授出購股權，以認購本公司股份，惟價格不低於下列較高者，(i)於授出要約日期在聯交所每日報價表所列出的股份收市價；或(ii)於緊接授出要約日期前五個交易日的聯交所每日報價表所列出的股份平均收市價；或(iii)股份的面值。1港元的名義代價於接納授出購股權要約時支付。在購股權計劃及本集團不時採納的任何其他購股權計劃以下所有授出尚未行使購股權獲行使時最高可予發行的股份數目合計不得超過本公司不時已發行股本的30%。於二零零八年十二月三十一日，概無購股權根據購股權計劃授出（二零零七年：無）。

16. OTHER RESERVES – GROUP AND COMPANY

16. 其他儲備 – 本集團及本公司

		Group 本集團						
		Share premium RMB'000 人民幣千元	Capital reserve ⁽¹⁾ RMB'000 人民幣千元	Statutory reserves ⁽¹⁾ RMB'000 人民幣千元	Re- valuation reserve RMB'000 人民幣千元	Trans- lation reserve RMB'000 人民幣千元	Retained earnings RMB'000 人民幣千元	Total 小計 RMB'000 人民幣千元
At 1 January 2007	於二零零七年一月一日	175,817	162,041	79,667	29,466	–	321,816	768,807
Issue of shares upon exercise of share options	於行使購股權後 發行股份	686	–	–	–	–	–	686
Issue of shares for acquisition of an associate	於收購聯營公司 發行股份	12,278	–	–	–	–	–	12,278
Surplus on revaluation of buildings	樓宇重估盈餘	–	–	–	6,693	–	–	6,693
– gross (Note 7)	– 毛額(附註7)	–	–	–	6,693	–	–	6,693
– deferred income tax (Note 19)	– 遞延所得稅 (附註19)	–	–	–	(1,748)	–	–	(1,748)
Transfer to statutory reserves	轉撥至法定儲備	–	–	31,504	–	–	(31,504)	–
Transfer from revaluation reserve to retained earnings	轉撥重估儲備至 保留盈利	–	–	–	–	–	–	–
– gross	– 毛額	–	–	–	(2,043)	–	2,043	–
– deferred income tax (Note 19)	– 遞延所得稅 (附註19)	–	–	–	1,886	–	(1,886)	–
		188,781	162,041	111,171	34,254	–	290,469	786,716
Profit for the year	年度溢利	–	–	–	–	–	237,777	237,777
Dividend paid	已付股息	–	–	–	–	–	(35,044)	(35,044)
Currency translation differences	匯兌差額	–	–	–	–	(7,688)	–	(7,688)
Balance at 31 December 2007	於二零零七年十二月 三十一日的結餘	188,781	162,041	111,171	34,254	(7,688)	493,202	981,761
At 1 January 2008	於二零零八年一月一日	188,781	162,041	111,171	34,254	(7,688)	493,202	981,761
Issue of shares upon exercise of share options	於行使購股權後 發行股份	437	–	–	–	–	–	437
Transfer to statutory reserves	轉撥至法定儲備	–	–	23,377	–	–	(23,377)	–
Transfer from revaluation reserve to retained earnings	轉撥重估儲備至 保留盈利	–	–	–	–	–	–	–
– gross	– 毛額	–	–	–	(2,662)	–	2,662	–
– deferred income tax (Note 19)	– 遞延所得稅 (附註19)	–	–	–	723	–	(723)	–
		189,218	162,041	134,548	32,315	(7,688)	471,764	982,198
Profit for the year	年度溢利	–	–	–	–	–	214,193	214,193
Dividend paid	已付股息	–	–	–	–	–	(62,073)	(62,073)
At 31 December 2008	於二零零八年 十二月三十一日	189,218	162,041	134,548	32,315	(7,688)	623,884	1,134,318

16. OTHER RESERVES – GROUP AND COMPANY (Continued)

16. 其他儲備 – 本集團及本公司(續)

		Company 本公司			
		Share premium 股份溢價 RMB'000 人民幣千元	Capital reserve ⁽ⁱ⁾ 資本儲備 ⁽ⁱ⁾ RMB'000 人民幣千元	Retained earnings 保留盈利 RMB'000 人民幣千元	Total 小計 RMB'000 人民幣千元
At 1 January 2007	於二零零七年一月一日	175,817	172,319	48,081	396,217
Issue of shares upon exercise of share options	於行使購股權後發行股份	686	–	–	686
Issue of shares for acquisition of an associate	就收購聯營公司發行股份	12,278	–	–	12,278
Profit for the year	年度溢利	–	–	74,686	74,686
Dividend paid	已付利息	–	–	(35,044)	(35,044)
At 31 December 2007	於二零零七年十二月三十一日	188,781	172,319	87,723	448,823
At 1 January 2008	於二零零八年一月一日	188,781	172,319	87,723	448,823
Issue of shares upon exercise of share options	於行使購股權後發行股份	437	–	–	437
Profit for the year	年度溢利	–	–	6,490	6,490
Dividend paid	已付利息	–	–	(62,073)	(62,073)
At 31 December 2008	於二零零八年十二月三十一日	189,218	172,319	32,140	393,677

Notes:

- (i) Capital reserve represents the difference between the amount of share capital issued and the net asset value of the subsidiaries acquired.
- (ii) As stipulated by regulations in Mainland China, the Company's subsidiaries established and operated in Mainland China are required to appropriate a portion of their after-tax profit (after offsetting prior years' losses) to statutory reserves, at rates determined by their respective boards of directors. Such transfer is not required when the amount of the statutory reserve reaches 50% of the corresponding subsidiaries' registered capital.

Statutory reserves shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries. Upon approval by resolutions of the corresponding subsidiaries' shareholders in general meetings, the corresponding subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to existing owners in proportion to their existing ownership structure.

附註：

- (i) 資本儲備指發行股本數額與所收購附屬公司的資產淨值的差額。
- (ii) 根據中國大陸頒佈之規例，本公司在中國大陸成立及營運之附屬公司須按其各自董事會所釐訂之比例，提撥一部份除稅後溢利(經抵銷過往年度虧損)至法定儲備。倘法定儲備的金額已達相關附屬公司註冊資本的50%，則無需作出此撥款。

法定儲備僅可用於抵銷相關附屬公司虧損、擴充相關附屬公司生產規模或增加相關附屬公司股本。當獲得相關附屬公司股東於股東大會上以決議案通過，相關附屬公司則可將其法定儲備轉換成註冊資本，並按現有股東的持股比例向彼等發行紅股。

17. BORROWINGS – GROUP AND COMPANY

17. 借貸 – 本集團及本公司

		Group 本集團		Company 本公司	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Current	流動				
Unsecured bank borrowings (Note (c))	無抵押銀行貸款 (附註(c))	189,234	32,753	189,234	–
Secured bank borrowings (Note (a))	有抵押銀行貸款 (附註(a))	88,460	31,500	–	–
Other bank borrowings (Note (b))	其他銀行貸款 (附註(b))	244,913	161,000	–	–
		522,607	225,253	189,234	–
Non-current	非流動				
Unsecured bank borrowings (Note (c))	無抵押銀行貸款 (附註(c))	215,077	486,752	215,077	398,141
Secured bank borrowings (Note (a))	有抵押銀行貸款 (附註(a))	113,050	–	–	–
Other bank borrowings (Note (b))	其他銀行貸款 (附註(b))	58,840	34,000	–	–
Notes payable (Note (d))	應付債券款項 (附註(d))	167,300	181,832	167,300	181,832
		554,267	702,584	382,377	579,973
Total borrowings	借貸總額	1,076,874	927,837	571,611	579,973

Notes:

(a) Bank borrowings of RMB201,510,000 (2007: RMB31,500,000) were secured by the followings:

- (i) pledge of the Group's property, plant and equipment with a net book amount of approximately RMB311,700,000 as at 31 December 2008 (2007: RMB46,007,000) (Note 7);
- (ii) floating charges over the Group's inventories with a net book amount of RMB47,752,000 as at 31 December 2008 (2007: RMB14,604,000) (Note 10); and
- (iii) pledge of the Group's land use rights with a net book amount of nil (2007: RMB4,704,000) (Note 6);

附註：

(a) 人民幣201,510,000元(二零零七年：人民幣31,500,000元)的銀行貸款以下列項目作擔保：

- (i) 本集團於二零零八年十二月三十一日抵押的物業、廠房及設備的賬面淨值約為人民幣311,700,000元(二零零七年：人民幣46,007,000元)(附註7)；
- (ii) 本集團於二零零八年十二月三十一日抵押的存貨浮動押記的賬面淨值約為人民幣47,752,000元(二零零七年：人民幣14,604,000元)(附註10)；及
- (iii) 本集團抵押的土地使用權的賬面淨值約為人民幣零元(二零零七年：人民幣4,704,000元)(附註6)；

17. BORROWINGS – GROUP AND COMPANY (Continued)

Notes: (Continued)

- (b) Other bank borrowings were secured by cross corporate guarantees provided by certain subsidiaries totalling of RMB303,753,000 as at 31 December 2008 (2007: RMB195,000,000).
- (c) Mr. Hong Tianzhu, chairman and an executive director, has undertaken to maintain at least 30% equity interest in the Company unless otherwise agreed by the relevant bank in respect of the provision of unsecured non-current bank borrowings.
- (d) As at 31 December 2008, notes payable represents US\$25 million guaranteed notes, maturing in 2012. The notes payable bears interest at fixed rate of 6.8% per annum from July 2007 to June 2008 and with reference to Deutsche Bank Municipal Forward Rate Bias Index from July 2008 till maturity.

17. 借貸—本集團及本公司(續)

附註：(續)

- (b) 其他銀行貸款以若干附屬公司提供的交叉公司擔保作抵押，於二零零八年十二月三十一日的總額為人民幣303,753,000元(二零零七年：人民幣195,000,000元)。
- (c) 主席兼執行董事洪天祝先生已承諾，除非得提供無抵押非即期銀行貸款的有關銀行同意，否則最少維持持有本公司股本權益30%。
- (d) 於二零零八年十二月三十一日，應付債券款項指於二零一二年到期的25,000,000美元的擔保票據。應付債券款項由二零零七年七月至二零零八年六月乃按定息6.8%計算。於二零零八年七月之後至到期日，利息乃參考德意志銀行的美國市政債券遠期利率偏差指數的浮息計算。

The carrying amounts of the borrowings are denominated in the following currencies:

借貸的賬面值按以下貨幣計值：

		Group 本集團		Company 本公司	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
RMB	人民幣	226,000	226,500	-	-
United States dollars	美元	850,874	701,337	571,611	579,973
		1,076,874	927,837	571,611	579,973

The weighted average effective interest rates (per annum) at year ended are as follows:

於結算日加權平均實際(年)利率如下：

		2008 二零零八年		2007 二零零七年	
		USD 美元	RMB 人民幣	USD 美元	RMB 人民幣
Bank borrowings	銀行借貸	5.5%	6.6%	6.7%	6.4%
Notes payable	應付債券款項	3.8%	-	6.8%	-

17. BORROWINGS – GROUP AND COMPANY (Continued)

At 31 December 2008, the Group's borrowings were repayable as follows:

17. 借貸—本集團及本公司(續)

於二零零八年十二月三十一日，本集團貸款的到期日如下：

		Group 本集團		Company 本公司	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Within 1 year	1年之內	522,607	225,253	189,234	—
Between 1 and 2 years	1至2年	289,807	179,292	215,077	132,714
Between 2 and 5 years	2至5年	264,460	523,292	167,300	447,259
		1,076,874	927,837	571,611	579,973

The fair values of current borrowings approximate their carrying amounts, as the impact of discounting is not significant. The carrying amount and fair value of non-current borrowings are as follows:

由於折現之影響微不足道，流動借貸之公平值約相等於其賬面值。非流動借貸之賬面值及公平值如下：

		Carrying amount 賬面值		Fair value 公平值	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Bank borrowings	銀行借貸	386,967	520,752	386,266	518,294
Notes payable	應付債券款項	167,300	181,832	189,318	176,166
		554,267	702,584	575,584	694,460

As at 31 December 2008, the fair values of the non-current borrowings and notes payable were based on estimated cash flows discounted using the effective interest rates of 5.76% (2007: 7.29%) and 3.8% (2007: 6.8%).

於二零零八年十二月三十一日，非流動借貸及應付債券款項之公平值根據利用實際利率5.76%(二零零七年：7.29%)及3.8%(二零零七年：6.8%)貼現之估計現金流而計算。

In respect of the Group's borrowings totalling of RMB571,611,000 (2007: RMB579,973,000), the Group has to comply with certain restrictive financial covenants, including, among others the following:

就本集團合共人民幣571,611,000元(二零零七年：人民幣579,973,000)之借貸而言，本集團須遵守若干限制性財務契諾，包括(其中包括)下列各項：

- (i) maintain a multiple of consolidated earnings before income tax (EBIT), as defined by banks, to consolidated interest expense of at least 4 times (2007: 4 times);
- (i) 維持綜合除所得稅前盈利(EBIT)(由銀行釐定)比率為綜合利息開支之最少4倍(二零零七年：4倍)；

17. BORROWINGS – GROUP AND COMPANY (Continued)

- (ii) maintain total equity of more than RMB1,000,000,000 (2007: RMB800,000,000); and
- (iii) maintain total borrowings of less than 3 times (2007: 3.25 times) of earnings before income tax, depreciation and amortisation (EBITDA), as defined by banks, and such total borrowings have to be less than the total equity.

In addition, certain subsidiaries of the Group have to comply with restrictive financial covenants based on the financial position and operating results of the subsidiaries.

The Group has the following undrawn borrowing facilities:

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Floating rates	浮動利率		
– expiring within one year	– 於一年內到期	20,000	225,318
– expiring beyond one year	– 於一年後到期	–	229,876
		20,000	455,194

The facilities expiring within one year are annual facilities subject to review at various dates during 2009.

17. 借貸 – 本集團及本公司(續)

- (ii) 維持超過人民幣1,000,000,000元(二零零七年：人民幣800,000,000元)之股東權益總額；
- (iii) 維持借貸總額少於除所得稅、折舊及攤銷前盈利(EBITDA)(由銀行釐定)之3倍(二零零七年：3.25倍)，借貸總額必須少於權益總額。

此外，本集團若干附屬公司須遵守若干以附屬公司之財務狀況及營運業績為本之限制性財務契諾。

本集團有以下未動用借貸融資：

於一年內到期之融資須於二零零九年不同日期作審閱。

18. DERIVATIVE FINANCIAL INSTRUMENTS – GROUP

		Liabilities 負債	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Interest rate swap and forward foreign exchange contracts	利率掉期及遠期外匯合約	7,915	–

Non-hedging derivatives are classified as a current asset or liability.

18. 衍生金融工具 – 本集團

非對沖衍生工具分類為流動資產或負債。

18. DERIVATIVE FINANCIAL INSTRUMENTS – GROUP (Continued)

The notional principal amounts of the outstanding interest rate swap and forward foreign exchange contracts at 31 December 2008 were RMB57,411,000 (2007: RMB122,717,000). At 31 December 2008, the fixed interest rate was 3.98% (2007: 3.98%) and the forward USD/RMB exchange rate was 7.197 (2007: 7.197), and the main floating rate is LIBOR. Gains and losses recognised in the other (losses)/gains – net (Note 23) in the consolidated income statement.

19. DEFERRED INCOME TAX – GROUP

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxed levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. The offset amounts are as follows:

18. 衍生金融工具－本集團(續)

於二零零八年十二月三十一日，未結算利率掉期及外匯合約之名義本金額為人民幣57,411,000元(二零零七年：人民幣122,717,000元)。於二零零八年十二月三十一日，固定利率為3.98%(二零零七年：3.98%)，而遠期美元／人民幣匯率為7.197(二零零七年：7.197)，主要浮動息率為倫敦銀行同業拆息。盈虧在綜合損益表中其他(虧損)／收益－淨額(附註23)確認。

19. 遞延所得稅－本集團

當有法定可執行權力將現有稅項資產與現有稅務負債抵銷，且遞延所得稅資產和負債涉及由同一稅務機關對應課稅實體或不同應課稅實體徵收的所得稅及有意向以淨額基準結算所得稅結餘時，則可將遞延所得稅資產與負債互相抵銷。抵銷的金額如下：

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Deferred tax assets:	遞延稅項資產：		
– Deferred tax assets to be recovered after more than 12 months	– 超過12個月後收回之遞延稅項資產	(146)	(670)
– Deferred tax assets to be recovered within 12 months	– 在12個月內收回之遞延稅項資產	(4,709)	(2,937)
		(4,855)	(3,607)
Deferred tax liabilities:	遞延稅項負債：		
– Deferred tax liabilities to be recovered after more than 12 months	– 超過12個月後收回之遞延稅項負債	9,568	11,078
– Deferred tax liabilities to be recovered within 12 months	– 在12個月內收回之遞延稅項負債	10,605	–
		20,173	11,078
Deferred tax liabilities – net	遞延稅項負債淨額	15,318	7,471

19. DEFERRED INCOME TAX – GROUP

(Continued)

The gross movement in deferred income tax account is as follows:

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
At 1 January	於一月一日	7,471	7,337
Income statement charged (Note 27)	於損益表扣除(附註27)	8,570	272
Credited to income statement then transferred to equity (Notes 16 and 27)	計入於損益表後轉撥至權益(附註16及27)	(723)	(1,886)
Taxation charged to equity in relation to the revaluation of buildings (Note 16)	就樓宇重估計入權益的稅項(附註16)	-	1,748
At 31 December	於十二月三十一日	15,318	7,471

19. 遞延所得稅 – 本集團(續)

遞延所得稅賬之總變動如下：

Movements in deferred tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

若不考慮同一稅項司法權區內結餘之抵銷，遞延稅項資產及負債之變動如下：

Deferred income tax assets:

遞延所得稅資產：

		Tax losses 稅務虧損 RMB'000 人民幣千元	Temporary differences in respect of provisions and accruals 有關撥備及應計項目之暫時差異 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2007	於二零零七年一月一日	758	3,121	3,879
Charged to the consolidated income statement	於綜合損益表扣除	(88)	(184)	(272)
At 31 December 2007 and 1 January 2008	於二零零七年十二月三十一日及二零零八年一月一日	670	2,937	3,607
Charged to the consolidated income statement	於綜合損益表扣除	(131)	1,379	1,248
At 31 December 2008	於二零零八年十二月三十一日	539	4,316	4,855

19. DEFERRED INCOME TAX – GROUP (Continued)

Deferred income tax liabilities:

19. 遞延所得稅 – 本集團 (續)

遞延所得稅負債：

		Revaluation of buildings 樓宇重估 RMB'000 人民幣千元	Withholding tax relating to unremitted earnings of subsidiaries 有關附屬公司 未匯付盈利的 預扣稅 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2007	於二零零七年一月一日	11,216	–	11,216
Taxation charged to equity in relation to revaluation of buildings (Note 16)	就樓宇重估自權益扣除稅項 (附註16)	1,748	–	1,748
Reversal relating to additional depreciation	有關額外折舊之撥回	(1,886)	–	(1,886)
At 31 December 2007 and 1 January 2008	於二零零七年十二月三十一日及 二零零八年一月一日	11,078	–	11,078
Reversal relating to additional depreciation	有關額外折舊之撥回	(723)	–	(723)
Withholding tax relating to revaluation of unremitted earnings of subsidiaries	有關重估附屬公司未匯付盈利的 預扣稅	–	9,818	9,818
At 31 December 2008	於二零零八年十二月三十一日	10,355	9,818	20,173

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2008, the Group did not recognise deferred income tax assets (2007: RMB 317,000) as there was no losses (2007: RMB3,171,000) that can be carried forward against future taxable income.

Deferred income tax of RMB723,000 (2007: RMB527,000) was transferred from other reserves (Note 16) to retained earnings. This represents deferred tax on the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings.

遞延所得稅資產乃就結轉之稅項虧損確認，惟以有可能透過日後之應課稅溢利變現有相關稅項利益為限。於二零零八年十二月三十一日，本集團並無確認遞延所得稅資產(二零零七年：317,000元)此乃由於並無可結轉至將來應課稅收入之虧損(二零零七年：人民幣3,171,000元)。

人民幣723,000元(二零零七年：人民幣527,000元)的遞延所得稅乃由其他儲備(附註16)轉撥至保留盈利。此代表樓宇的實際折舊與根據樓宇的歷史成本計算的相同折舊之間的差額的遞延稅項。

20. TRADE AND BILL PAYABLES – GROUP 20. 應付貿易及票據款項 – 本集團

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Trade payables	應付貿易款項	537,927	152,662
Bill payables	應付票據款項	93,141	314,840
		631,068	467,502

Included in the trade payables was amount due to an associate of RMB8,161,000 as at 31 December 2008 (2007:RMB1,366,000) (Note 34).

於二零零八年十二月三十一日，列入應付貿易款項為人民幣8,161,000元(二零零七年：人民幣1,366,000元)的應付關聯方款項(附註34)。

The ageing analysis of the trade and bill payables (including amount due to an associate of trading in nature) is as follows:

應付貿易及票據款項(包括應付一間貿易聯營公司之款項)的賬齡分析如下：

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
0 to 90 days	0日至90日	205,966	272,557
91 to 180 days	91至180日	211,575	187,261
181 days to 1 year	181日至1年	208,952	3,671
Over 1 year	一年以上	4,575	4,013
		631,068	467,502

Trade and bill payables are denominated in the following currencies:

應付貿易及票據款項的計值貨幣如下：

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
RMB	人民幣	232,458	453,793
United States dollars	美元	389,026	9,475
Vietnam Dong	越南盾	9,584	4,234
		631,068	467,502

The fair values of trade and bill payables approximate their carrying amounts.

應付貿易及票據款項之公平值與其賬面值相若。

For the year ended 31 December 2008
截至二零零八年十二月三十一日止年度

(All amounts in RMB unless otherwise stated)
(除另有列明者外，所有金額以人民幣計值)

21. ACCRUALS AND OTHER PAYABLES – GROUP AND COMPANY

21. 預提費用及其他應付賬款 – 本集團及本公司

		Group 本集團		Company 本公司	
		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Accrued wages and salaries	應計工資及薪酬	34,263	38,756	–	200
Interest payable	應付利息	4,447	15,184	3,867	14,436
Accrual of operating expenses	應計經營開支	20,262	21,176	849	2,832
Deposits from customers	客戶按金	34,352	14,013	–	–
Other deposits	其他按金	3,951	5,185	–	–
Payables for purchase of property, plant and equipment	購買物業、廠房及設備應付賬款	100,508	26,375	80,732	–
Other payables	其他應付賬款	21,513	33,452	–	–
Tax payables other than Mainland China enterprise income tax	中國大陸企業所得稅除外之應付稅項	7,466	1,496	–	–
		226,762	155,637	85,448	17,468

22. SALES

The Group is principally engaged in the manufacturing and sale of yarn, grey fabrics and dyed fabrics. Sales recognised represented sales of goods, net of value-added tax.

22. 營業額

本集團主要業務為製造及銷售紗線、坯布及染色布料，已確認的營業額指扣除增值稅後的貨品銷售。

23. OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

23. 其他收入及其他(虧損)/收益，淨額

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Other income	其他收入		
Subsidy income (Note (i))	補貼收入(附註(i))	33,149	18,408
Government grants relating to the relocation of a subsidiary	有關重置一間附屬公司之政府補助	18,370	-
Consulting income (Note (ii))	顧問收入(附註(ii))	11,691	-
Re-investment incentives based on income tax paid	以已付所得稅為基礎之重新投資優惠	2,946	3,265
		66,156	21,673
Other (losses)/gains – net	其他(虧損)/收益–淨額		
Derivative financial liability at fair value through profit or loss:	按公平值透過損益列賬之衍生財務負債：		
– Unrealised loss (Note 18)	– 未實現虧損(附註18)	(7,915)	-
– Realised loss	– 已實現虧損	(6,991)	-
Net foreign exchange gains/(losses)(Note 28)	外匯收益/(虧損)淨額(附註28)	5,001	(3,813)
Excess of the fair value of net assets acquired over cost of acquisition of a subsidiary	收購資產淨值之公平值超出收購一間附屬公司之成本之差額	-	38,894
Others	其他	5,074	8,028
Total other (losses)/gains – net	其他(虧損)/收益總額–淨額	(4,831)	43,109

Notes:

- (i) Subsidy income mainly related to incentives for development in Xuzhou, Mainland China and grants provided by municipal governments based on the amounts of value added tax and income tax paid.
- (ii) Consulting income related to technical services in providing operating data and statistics to a machinery vendor, which was charged at a fixed price of approximately RMB11,691,000.

附註：

- (i) 補貼收入主要與於中國大陸徐州發展所獲得的優惠及市政府根據已付增值稅及所得稅金額授出之津貼有關。
- (ii) 顧問收入指向一名機器供應商提供營運數據及統計數字之技術服務，並按約人民幣11,691,000元的固定價格收費。

24. EXPENSES BY NATURE

24. 開支(按性質分類)

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Changes in inventories of finished goods and work in progress	製成品及在製品存貨變動	(59,399)	(68,582)
Raw materials and consumables used	耗用原材料及消耗品	2,823,298	2,440,525
Employment costs (Note 25)	僱員成本(附註25)	302,138	276,040
Depreciation and amortisation (Notes 6 and 7)	折舊及攤銷(附註6及7)	96,314	73,609
Office expense	辦公開支	20,731	30,206
Utilities	動力及燃料	193,437	167,565
Transportation	運輸	67,387	57,265
Auditor's remuneration	核數師酬金	3,586	3,820
Lease rental expense of buildings and machinery (Note 7)	樓宇及機器租金開支(附註7)	12,751	8,634
Provision for impairment of trade receivables (Note 11)	應收貿易款項減值撥備(附註11)	2,612	717
Provision for/(reversal of) inventory obsolescence (Note 10)	陳舊存貨撥備/(撥回)(附註10)	6,843	(3,781)
Losses on disposal of property, plant and equipment and land use rights (Note 32)	出售物業、廠房及設備及土地使用權虧損(附註32)	2,194	312
Other expenses	其他開支	62,295	53,269
Total cost of sales, selling and distribution costs and general and administrative expenses	銷售成本、銷售及分銷開支以及一般及行政開支總額	3,534,187	3,039,599

25. EMPLOYMENT COSTS

25. 員工成本

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Wages, salaries and bonuses	工資、薪酬及花紅	267,853	240,779
Pension costs – defined contribution plans (Note (a))	退休成本 – 界定供款計劃(附註(a))	17,156	15,884
Other welfare benefits (Note (b))	其他福利(附註(b))	8,134	7,552
Other employment benefits	其他僱員福利	8,995	11,825
		302,138	276,040

25. EMPLOYMENT COSTS (Continued)

Notes:

(a) Pension – defined contribution plans

As stipulated by rules and regulations in Mainland China, the Group has participated in state-sponsored defined contribution retirement plans for its employees in Mainland China. The Group and the eligible employees are required to contribute 12% to 22% and 7% to 8%, respectively, of the employees' basic salary (subject to a cap) at rates as stipulated by the relevant municipal governments. The Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees. For the year ended 31 December 2008, the Group contributed approximately RMB17,080,000 (2007: RMB15,808,000) to the aforesaid state-sponsored retirement plans.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its Hong Kong employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident fund legislation, and both the Group and the employees' contributions are subject to a cap of HK\$1,000 per month. For the year ended 31 December 2008, the Group contributed approximately RMB76,000 (2007: RMB76,000) to the MPF Scheme.

(b) Other welfare benefits

All of the Group's employees in Mainland China and Vietnam participate in employee social security plans, including medical, housing and other welfare benefits, organised and administered by governmental authorities.

During the year ended 31 December 2008, the Group contributed approximately RMB8,134,000 (2007: RMB7,552,000) to these plans.

25. 員工成本(續)

附註：

(a) 退休—界定供款計劃

根據中國大陸規則及法規規定，本集團已為中國大陸僱員參與國家資助的定額供款退休計劃，本集團及合資格僱員須分別就僱員基本薪金的12%至22%及7%至8%作出供款(訂有上限)，比率由有關市政府規定。除此項年度供款外，本集團對其任何實際退休金支出或退休後福利則毋須再作任何承擔，退休僱員的所有退休金支出概由國家資助退休計劃承擔。截至二零零八年十二月三十一日止年度，本集團向上述國家資助退休計劃分別供款約人民幣17,080,000元(二零零七年：人民幣15,808,000元)。

本集團已安排香港僱員參加強制性公積金計劃(「強積金計劃」)，屬於由獨立信託人管理的界定供款計劃。於強積金計劃，本集團及其香港僱員兩者每月均會按強積金法例所界定的僱員收入5%向計劃供款。本集團及僱員供款設有每月1,000港元的上限。截至二零零八年十二月三十一日止年度，本集團向強積金計劃供款約人民幣76,000元(二零零七年：人民幣76,000元)。

(b) 其他福利

本集團於中國大陸及越南的所有僱員均參與僱員社會保障計劃，該計劃包括由政府機構籌劃及監控的醫療、房屋及其他福利。

截至二零零八年十二月三十一日止年度，本集團就上述計劃供款約人民幣8,134,000元(二零零七年：人民幣7,552,000元)。

25. EMPLOYMENT COSTS (Continued)

Notes: (Continued)

- (c) **Directors' and senior management's emoluments**
The remuneration of every director for the year ended 31 December 2008 is set out below:

Name of Director	董事姓名	Fees 袍金 RMB'000 人民幣千元	Salaries 薪金 RMB'000 人民幣千元	Dis- cretionary bonuses 酌情花紅 RMB'000 人民幣千元	Other benefits ^① 其他福利 ^① RMB'000 人民幣千元	Employer's contribution to pension scheme 僱主供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive directors 執行董事							
Hong Tianzhu	洪天祝	-	-	-	906	18	924
Zhu Yongxiang	朱永祥	-	720	640	12	18	1,390
Gong Zhao	龔照	-	382	320	12	18	732
Tang Daoping	湯道平	-	360	720	12	18	1,110
Independent non-executive directors 獨立非執行董事							
Ting Leung Huel, Stephen	丁良輝	170	-	-	-	-	170
Cheng Longdi	程隆棟	73	-	-	-	-	73
Zhu Lanfen	朱蘭芬	73	-	-	-	-	73
		316	1,462	1,680	942	72	4,472

The remuneration of every director for the year ended 31 December 2007 is set out below:

截至二零零七年十二月三十一日止年度
應付予每位董事的酬金如下：

Name of Director	董事姓名	Fees 袍金 RMB'000 人民幣千元	Salaries 薪金 RMB'000 人民幣千元	Dis- cretionary bonuses 酌情花紅 RMB'000 人民幣千元	Other benefits ^① 其他福利 ^① RMB'000 人民幣千元	Employer's contribution to pension scheme 僱主供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive directors 執行董事							
Hong Tianzhu	洪天祝	-	-	-	905	18	923
Zhu Yongxiang	朱永祥	-	720	800	12	18	1,550
Gong Zhao	龔照	-	382	400	12	18	812
Tang Daoping	湯道平	-	360	720	12	18	1,110
Independent non-executive directors 獨立非執行董事							
Ting Leung Huel, Stephen	丁良輝	160	-	-	-	-	160
Cheng Longdi	程隆棟	69	-	-	-	-	69
Zhu Lanfen	朱蘭芬	69	-	-	-	-	69
		298	1,462	1,920	941	72	4,693

25. EMPLOYMENT COSTS (Continued)

Notes: (Continued)

(c) Directors' and senior management's emoluments (Continued)

- (i) Other benefits represent housing allowance and other social security benefits. Those social security benefits mainly include medical and unemployment insurances and are organised and administered by governmental authorities in Mainland China.

None of the directors waived any emoluments during the year ended 31 December 2008 (2007: Nil).

(d) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2007: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2007: one) individual is as follows:

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Basic salaries and allowances	基本薪金及津貼	505	892
Bonuses	花紅	42	200
Pension cost	退休金		
– Defined contribution plan	– 界定供款計劃	11	11
		558	1,103

- (e) During the year ended 31 December 2008, no emoluments were paid by the Company to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2007: Nil).

25. 員工成本(續)

附註：(續)

(c) 董事及高級管理層酬金(續)

- (i) 其他福利代表房屋津貼及其他社會保障福利。此等社會保障福利主要包括醫療及下崗保障，乃由中國大陸之政府機構組織及管理。

於截至二零零八年十二月三十一日止年度並無董事放棄收取任何酬金(二零零七年：無)。

(d) 五位最高薪酬人士

於本年度，本集團五位薪酬最高人士其中四位(二零零七年：四位)為董事，其酬金已於上文呈列的分析內反映。應付予餘下一位(二零零七年：一位)人士之酬金如下：

- (e) 截至二零零八年十二月三十一日，本公司並無向任何董事或五名最高薪人士支付任何酬金，作為加入或於加入本集團時之獎勵或作為離職補償(二零零七年：無)。

26. FINANCE INCOME AND COSTS

26. 財務收入及開支

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Interest expense	利息開支		
– bank borrowings wholly repayable within five years	– 須於五年內 悉數償還的銀行貸款	64,306	60,282
Less: amount capitalised in property, plant and equipment (Note 7)	減：物業、廠房及設備 資本化金額 (附註7)	(6,275)	(2,524)
		58,031	57,758
Exchange gain on financing activities (Note 28)	融資活動所得匯兌收益 (附註28)	(54,639)	(34,301)
Finance costs	財務開支	3,392	23,457
Finance income	財務收入		
– interest income on bank deposits	– 銀行存款利息收入	(3,947)	(3,594)
Net finance (income)/costs	財務(收入)/開支淨額	(555)	19,863

27. INCOME TAX EXPENSE

27. 所得稅開支

The amount of income tax charged to the consolidation income statement represents:

於綜合損益表扣除的所得稅金額如下：

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Mainland China enterprise income tax	中國大陸企業所得稅		
– Current	– 當期	27,823	26,444
– Overprovision in prior years	– 過往年度超額撥備	(1,495)	–
Deferred income tax (Note 19)	遞延所得稅(附註19)	7,847	(1,614)
		34,175	24,830

27. INCOME TAX EXPENSE (Continued)

(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 year (2007: Nil).

(ii) Mainland China enterprise income tax (“EIT”)

Subsidiaries established in Mainland China are subject to EIT at rates ranging from 18% to 25% during the year (2007: 15% to 33%).

Except for Texhong (China) Investment Co., Ltd., all other subsidiaries 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 earlier of first profitable year after offsetting all unexpired tax losses carried forward from the previous years or 1 January 2008, in accordance with the relevant tax rules and regulations applicable to foreign investment enterprises in Mainland China.

(iii) Vietnam income tax

The subsidiary established in Vietnam is subject to income tax rate of 10% (2007: 10%). As approved by the relevant Tax Bureau in Vietnam, the subsidiary established in Vietnam is entitled to four years' exemption from income taxes followed by nine years of a 50% tax reduction, commencing in the first profitable year after offsetting the losses carried forward from the previous years. The Group is exempted from Vietnam income tax during the year (2007: nil) as year 2008 is the first profit making year after offsetting prior years' losses.

27. 所得稅開支(續)

(i) 香港利得稅

由於本集團於年內並無在香港產生任何應課稅溢利，故並無就香港利得稅作出撥備(二零零七年：零)。

(ii) 中國大陸企業所得稅(「企業所得稅」)

於中國大陸成立的附屬公司於本年度須按18%至25%(二零零七年：15%至33%)之稅率繳付企業所得稅。

除天虹(中國)投資有限公司外，本公司於中國大陸成立的所有其他附屬公司均為外商獨資企業，已根據適用於中國大陸外資企業的有關稅項規則及規定，取得有關中國大陸稅務局之批准，有權於抵銷所有過往年度結轉的所有未到期稅項虧損後首個獲利年度或二零零八年一月一日起(以較早者為準)，免繳企業所得稅兩年，其後三年則獲稅率減半優惠。

(iii) 越南所得稅

於越南成立的附屬公司須按10%(二零零七年：10%)之稅率繳付所得稅。於越南成立的附屬公司已獲越南的相關稅務局批准，有權於抵銷所有過往年度結轉的虧損後首個獲利年度起，免繳所得稅四年，其後九年則獲稅率減半優惠。由於二零零八年為越南附屬公司抵銷過往年度結轉的虧損後首個獲利年度，故本集團於本年度獲免繳越南所得稅(二零零七年：零)。

27. INCOME TAX EXPENSE (Continued)

(iv) Other 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 Cayman Islands income tax.

The Company's subsidiaries established in the British Virgin Islands were either incorporated under or re-registered or deemed to be re-registered under the Business Companies Act, 2004 of the British Virgin Islands and, accordingly, are exempted from payment of British Virgin Islands income tax.

The subsidiary established in Macao is subject to income tax rate of 9% (2007: 9%). No provision for Macao profits tax has been made as the Group had no assessable profit arising in or derived from Macao during the year (2007: Nil).

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities, as follows:

27. 所得稅開支(續)

(iv) 其他所得稅

本公司根據開曼群島公司法於開曼群島註冊成立為獲豁免有限公司，因此獲免繳開曼群島所得稅。

本公司於英屬處女群島成立之附屬公司乃根據二零零四年英屬處女群島商業公司法註冊成立或重新註冊或視作重新註冊，因此獲免繳英屬處女群島所得稅。

於澳門成立之附屬公司須按9% (二零零七年：9%)之稅率繳付所得稅。由於本集團於本年度概無在澳門或從澳門賺取應課稅溢利，故概無就澳門利得稅作出撥備 (二零零七年：零)。

本集團除所得稅前溢利的稅款與根據適用於綜合實體溢利的加權平均稅率計算之理論金額不同，差異如下：

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Profit before income tax, after excluding share of (loss)/profit of an associate	除所得稅前溢利 (經扣除應佔聯營公司(虧損)/溢利)	265,334	259,429
Tax calculated at domestic tax rates applicable to profits of the respective subsidiaries	按適用於相關附屬公司之溢利之當地稅率計算之稅項	68,840	73,960
Effect of tax exemption/reduction	稅項豁免/減免之影響	(34,944)	(51,239)
Expenses not deductible for tax purposes	不可扣稅開支	2,091	1,881
Tax losses for which no deferred income tax asset was recognised	未經確認遞延所得稅資產之稅項虧損	-	317
Utilisation of previously unrecognised tax losses	動用過往未確認稅項虧損	(317)	(89)
Overprovision in prior year	過往年度超額撥備	(1,495)	-
		34,175	24,830

27. INCOME TAX EXPENSE (Continued)

(iv) Other income tax (Continued)

The weighted average applicable tax rate was 26% (2007: 29%). The decrease in tax rate was due to the application of lower income tax rate for certain subsidiaries upon the adoption of new Enterprise Income Tax Law in Mainland China.

During the year ended 31 December 2008, the Group has not shared any income tax of its associate company (2007: RMB27,000).

27. 所得稅開支(續)

(iv) 其他所得稅(續)

適用的加權平均稅率為26%(二零零七年：29%)。由於採納中國大陸之新企業所得稅法，若干附屬公司所適用之所得稅率較低，故稅率降低。

截至二零零八年十二月三十一日止年度，本集團並未攤分其聯營公司任何所得稅(二零零七年：人民幣27,000元)。

28. NET FOREIGN EXCHANGE LOSSES

The exchange differences credited/(charged) to the consolidated income statement are included as follows:

28. 外匯虧損淨額

於損益表計入/(扣除)之兌換差額包括以下項目：

	2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Other gains/(losses) – net (Note 23) 其他收益/(虧損) – 淨額 (附註23)	5,001	(3,813)
Finance costs (Note 26) 財務費用(附註26)	54,639	34,301
	59,640	30,488

29. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately RMB6,490,000 (2007: RMB74,686,000).

29. 本公司股權持有人應佔溢利

本公司股權持有人應佔溢利約人民幣6,490,000元(二零零七年：人民幣74,686,000元)已計入本公司財務報表內。

30. EARNING PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

		2008 二零零八年	2007 二零零七年
Profit attributable to equity holders of the Company (RMB'000)	本公司股權持有人應佔溢利(人民幣千元)	214,193	237,777
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數(以千計)	884,425	874,842
Basic earnings per share (RMB per share)	每股基本盈利(每股人民幣元)	0.24	0.27

(b) Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all share options. A calculation is made in order 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.

		2008 二零零八年	2007 二零零七年
Profit attributable to equity holders of the Company (RMB'000)	本公司股權持有人應佔溢利(人民幣千元)	214,193	237,777
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數(以千計)	884,425	874,842
Adjustments for share options (thousands)	就購股權作出的調整(以千計)	-	1,572
Weighted average number of ordinary shares for diluted earnings per share (thousands)	用作計算每股攤薄盈利的普通股加權平均數(以千計)	884,425	876,414
Diluted earnings per share (RMB per share)	每股攤薄盈利(每股人民幣元)	0.24	0.27

30. 每股盈利

(a) 基本

每股基本盈利以本公司股權持有人應佔溢利除以年內已發行普通股的加權平均數計算。

(b) 攤薄

每股攤薄盈利乃按調整已發行普通股股份的加權平均數計算，並假設所有購股權獲得轉換。將按尚未行使購股權所附認購權的貨幣價值為基準計算以釐定可按公平值(以本公司股份平均年度市場股價計算)收購的股份數目。並將上述計算所得的股份數目與已發行的股份數目(假設購股權已獲悉數行使)作出比較。

31. DIVIDENDS

The directors did not recommend the payment of a final dividend for the year ended 31 December 2008.

31. 股息

董事不建議就截至二零零八年十二月三十一日止年度派付末期股息。

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Proposed final dividend of nil (2007: HKD0.075) per ordinary share	建議每股普通股零港元 末期股息(二零零七年： 0.075港元)	-	62,073

32. CASH GENERATED FROM OPERATIONS

32. 營運所產生的現金

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Profit before income tax	除所得稅前溢利	248,368	262,607
Adjustments for:	調整各項目：		
– Amortisation	– 攤銷	1,783	1,070
– Depreciation	– 折舊	94,531	72,539
– Share of loss/(profit) from an associate	– 分佔聯營公司 虧損/(溢利)	16,966	(3,178)
– Excess of the fair value of net assets acquired over cost of acquisition of a subsidiary	– 所收購資產淨值之 公平值高於收購 附屬公司成本	-	(38,894)
– Loss on disposal of property, plant and equipment and land use rights (note)	– 銷售物業、廠房及 設備以及土地使用權 虧損(附註)	2,194	312
– Finance (income)/costs – net	– 財務(收入)/費用—淨額	(555)	19,863
– Fair value loss on derivative financial instruments	– 衍生金融工具公平值 虧損	7,915	-
Changes in working capital (excluding the effects of exchange differences on consolidation):	營運資金變動 (綜合賬目之匯兌 差額的影響除外)：		
– Inventories	– 存貨	(38,127)	(201,177)
– Trade and bill receivables	– 應收貿易及票據款項	(99,281)	(137,380)
– Prepayments, deposits and other receivables	– 預付款項、訂金及 其他應收款項	(8,911)	19,659
– Trade and bill payables	– 應付貿易及票據款項	163,566	196,953
– Accruals and other payables	– 預提費用及其他應付賬款	7,729	(1,505)
Cash generated from operations	營運所得現金	396,178	190,869

32. CASH GENERATED FROM OPERATIONS (Continued)

Note:

In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment and land use rights comprise:

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Net book amount (Notes 6 and 7)	賬面淨值(附註6及7)	28,111	10,280
Losses on disposal of property, plant and equipment and land use rights	銷售物業、廠房及設備以及土地使用權虧損	(2,194)	(312)
Proceeds from disposal of property, plant and equipment and land use rights	銷售物業、廠房及設備以及土地使用權的所得款項	25,917	9,968

32. 營運所產生的現金(續)

附註：

於綜合現金流量表，銷售物業、廠房及設備及土地使用權的所得款項包括：

33. COMMITMENTS

(a) Capital commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

33. 承擔

(a) 資本承擔：

於結算日的資本開支(但未產生)為如下：

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備		
Contracted but not provided for	已訂約但未撥備	22,804	220,514
Authorised but not contracted for	已授權但未訂約	-	39,605
		22,804	260,119
Land use rights	土地使用權		
Authorised but not contracted for	已授權但未訂約	20,000	-
Total capital commitments	資本承擔總額	42,804	260,119

33. COMMITMENTS (Continued)

(b) Lease commitments

The Group leases various land, offices and warehouses under non-cancellable operating lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
No later than 1 year	一年內	4,995	7,954
Later than 1 year and no later than 5 years	一年後至五年內	8,858	14,387
Later than 5 years	五年後	75,276	77,150
		89,129	99,491
Representing:	指：		
Land use right	土地使用權	85,708	88,113
Property, plant and equipment	物業、廠房及設備	3,421	11,378
		89,129	99,491

33. 承擔(續)

(b) 租賃承擔

本集團根據不可撤銷經營租賃協議而租賃不同的土地、辦公室及倉庫。

根據不可撤銷經營租賃之未來最低租賃款項總額如下：

34. RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

34. 與關聯方的交易

倘其中一方能直接或間接控制另一方或在財務及營運決定方面對另一方行使重大影響力，則被視為關聯方。倘彼等受共同控制，亦被視為關聯方。

34. RELATED-PARTY TRANSACTIONS

(Continued)

The Company's directors and the Group's management are of the view that the following companies are related parties of the Group:

Name of related party
關聯方名稱

Relationship with the Group
與本集團的關係

Nantong Textile Group Co., Ltd.
南通紡織控股集團紡織染有限公司

Associate company
聯營公司

Tianhong Printing and Dyeing (Wuxi) Co., Ltd.
天虹印染(無錫)有限公司

Controlled by Hongkong Tinhong Industrial Co., Ltd., a company controlled by Hong Tianzhu, a director of the Company
由香港天虹實業有限公司(本公司董事洪天祝控制的公司)控制

The Group had the following significant transactions with its related parties, as follows:

34. 與關聯方的交易(續)

本公司董事及本集團的管理層認為下列公司為本集團的關聯方：

本集團與其關聯方進行下列重大交易如下：

(a) Sales of goods

(a) 銷售貨品

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Sales of goods:	銷售貨品：		
– Nantong Textile Group Co., Ltd.	– 南通紡織控股集團紡織染有限公司	12,582	4,185
– Tianhong Printing and Dyeing (Wuxi) Co., Ltd.	– 天虹印染(無錫)有限公司	–	28
		12,582	4,213

(b) Purchases of goods

(b) 採購貨品

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Purchases of goods	購買貨品		
– Nantong Textile Group Co., Ltd.	– 南通紡織控股集團紡織染有限公司	14,099	2,841
– Tianhong Printing and Dyeing (Wuxi) Co., Ltd.	– 天虹印染(無錫)有限公司	–	681
		14,099	3,522

34. RELATED-PARTY TRANSACTIONS

(Continued)

In the opinion of the Company's directors and the Group's management, the above related party transactions were carried out in the ordinary course of business, and in accordance with the terms of the underlying agreements and/or the invoices issued by the respective parties. The above transactions entered into by the Group during the year ended 31 December 2008 did not constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(c) Balance with related parties

The Group had the following significant balances with related parties

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Trade receivables from related parties (Note 11)	應收關聯方的貿易款項(附註11)		
– Nantong Textile Group Co., Ltd.	– 南通紡織控股集團紡織染有限公司	–	518
– Tianhong Printing and Dyeing (Wuxi) Co., Ltd.	– 天虹印染(無錫)有限公司	–	3,967
		–	4,485
Deposits to a related party (Note 12)	來自關聯方的訂金(附註12)		
– Nantong Textile Group Co., Ltd.	– 南通紡織控股集團紡織染有限公司	4,122	–
Trade payable to a related party (Note 20)	應付關聯方的貿易款項(附註20)		
– Nantong Textile Group Co., Ltd.	– 南通紡織控股集團紡織染有限公司	8,161	1,366

The balances with related parties are unsecured, non-interest bearing and are repayable within one year.

34. 與關聯方的交易(續)

本公司董事及本集團的管理層認為上述與關聯方的交易乃於日常業務過程並且根據相關協議的條款及／或由有關各方發出的發票進行。本集團於截至二零零八年十二月三十一日止年度訂立的上述交易並不構成上市規則第14A章所界定之關連交易或持續關連交易。

(c) 關聯方的結餘

本集團與關聯方的重大結餘如下：

與關聯方的結餘為無抵押、免息及須於一年內償還。

34. RELATED-PARTY TRANSACTIONS

(Continued)

(d) Key management compensation

		2008 二零零八年 RMB'000 人民幣千元	2007 二零零七年 RMB'000 人民幣千元
Salaries, wages and bonuses	薪金、工資及花紅	5,106	6,137
Pension cost	退休金成本		
– defined contribution plan	– 界定供款計劃	123	122
Other benefits	其他福利	942	1,050
		6,171	7,309

34. 與關聯方的交易 (續)

(d) 主要管理層薪酬

35. PARTICULARS OF SUBSIDIARIES

The following is a list of the principal subsidiaries, which are unlisted, at 31 December 2008:

35. 附屬公司資料

以下表列於二零零八年十二月三十一日的重大非上市附屬公司：

Name 名稱	Place and date of incorporation and kind of legal entity 註冊成立地點及 日期及法律實體類別	Principal activities and place of operations 主要業務及 營運地點	Particulars of issued share capital or paid-in 已發行股本或 繳入的股本詳情	Interest 佔股
Directly held– 直接持有–				
Texhong Textile Holdings Limited	British Virgin Islands 26 May 2004 limited liability company	Investment holding in British Virgin Islands	100 ordinary shares of USD1 each	100%
天虹紡織控股有限公司	英屬處女群島 二零零四年五月二十六日 有限責任公司	於英屬處女群島 投資控股	100股 每股1美元 普通股	100%
Texhong Textile Investment Limited	British Virgin Islands 9 December 2004 limited liability company	Investment holding in British Virgin Islands	1 ordinary share of USD1	100%
天虹紡織投資有限公司	英屬處女群島 二零零四年十二月九日 有限責任公司	於英屬處女群島 投資控股	1股 每股1美元 普通股	100%

35. PARTICULARS OF SUBSIDIARIES
(Continued)

35. 附屬公司資料(續)

Name 名稱	Place and date of incorporation and kind of legal entity 註冊成立地點及 日期及法律實體類別	Principal activities and place of operations 主要業務及 營運地點	Particulars of issued share capital or paid-in capital 已發行股本或 繳入的股本詳情	Interest 佔股
Directly held— 直接持有—				
Sunray International Holdings Limited	British Virgin Islands 21 January 2005 limited liability company	Investment holding in British Virgin Islands	1 ordinary share of USD1	100%
新銳國際控股有限公司	英屬處女群島 二零零五年一月二十一日 有限責任公司	於英屬處女群島 投資控股	1股 每股1美元 普通股	100%
Texhong Vietnam Investment Limited	British Virgin Islands, 6 September 2006 limited liability company	Investment holding in British Virgin Islands	USD50,000	100%
天虹越南投資有限公司	英屬處女群島 二零零六年九月六日 有限責任公司	於英屬處女群島 投資控股	50,000美元	100%
Indirectly held— 間接持有—				
Texhong Textile (Taizhou) Co., Ltd.	Tai Zhou, Mainland China, 20 October 1997, limited liability company	Manufacturing and sales of yarns and grey fabrics in Mainland China	USD193,750	100%
天虹紡織(泰州)有限公司	中國泰州 一九九七年十月二十日 有限責任公司	於中國大陸製造及銷售 紗線及坯布	193,750美元	100%
Texhong Textile (Suining) Co., Ltd.	Xuzhou, Mainland China, 26 June 1998, limited liability company	Manufacturing and sales of yarns, grey fabrics, dyed cloth and dress in Mainland China	USD187,500	100%
天虹紡織(睢寧)有限公司	中國徐州 一九九八年六月二十六日 有限責任公司	於中國大陸製造及銷售 紗線、坯布、染布及服裝	187,500美元	100%

35. PARTICULARS OF SUBSIDIARIES (Continued)

35. 附屬公司資料(續)

Name 名稱	Place and date of incorporation and kind of legal entity 註冊成立地點及 日期及法律實體類別	Principal activities and place of operations 主要業務及 營運地點	Particulars of issued share capital or paid-in capital 已發行股本或 繳入的股本詳情	Interest 佔股
Indirectly held– 間接持有–				
Taizhou Texhong Weaving Co., Ltd.	Taizhou, Mainland China, 15 January 2000, limited liability company	Manufacturing and sales of industrial-use textile products and top-grade blended-spinning in Mainland China	USD2,625,000	100%
泰州天虹織造有限公司	中國泰州 二零零零年一月十五日 有限責任公司	於中國大陸製造及 銷售工業用紡織品 及高級混紗線	2,625,000美元	100%
Zhejiang Texhong Textile Co., Ltd.	Jinhua, Mainland China, 18 May 2000 limited liability company	Manufacturing and sales of industrial – use textile products, top-grade grey fabrics and blended-spinning in Mainland China	USD6,350,000	100%
浙江天虹紡織有限公司	中國金華 二零零零年五月十八日 有限責任公司	於中國大陸製造及 銷售工業用紡織品、 高級坯布及混紗線	6,350,000美元	100%
Jiangsu Century Texhong Textile Co., Ltd.	Xuzhou, Mainland China, 6 June 2000 limited liability company	Manufacturing and sales of yarns, grey fabrics, dyed cloth and dress; processing of cotton in Mainland China	USD10,200,000	100%
江蘇世紀天虹紡織有限公司	中國徐州 二零零零年六月六日 有限責任公司	於中國大陸製造及銷售 紗線、坯布、染布及服裝； 加工棉花	10,200,000美元	100%
Taizhou Century Texhong Textile Co., Ltd.	Taizhou, Mainland China, 23 April 2002 limited liability company	Manufacturing and sales of industrial-use textile products and top-grade blended-spinning in Mainland China	USD13,000,000	100%
泰州世紀天虹紡織有限公司	中國泰州 二零零二年四月二十三日 有限責任公司	於中國大陸製造及銷售 工業用紡織品及高級 混紗線	13,000,000美元	100%

35. PARTICULARS OF SUBSIDIARIES (Continued)

35. 附屬公司資料(續)

Name 名稱	Place and date of incorporation and kind of legal entity 註冊成立地點及 日期及法律實體類別	Principal activities and place of operations 主要業務及 營運地點	Particulars of issued share capital or paid-in capital 已發行股本或 繳入的股本詳情	Interest 佔股
Indirectly held— 間接持有—				
Nantong Century Texhong Textile Co., Ltd.	Nantong, Mainland China, 7 June 2002 limited liability company	Manufacturing and sales of yarns, grey fabrics and dyed fabrics in Mainland China	USD3,850,000	100%
南通世紀天虹紡織有限公司	中國南通 二零零二年六月七日 有限責任公司	於中國大陸製造及銷售 紗線、坯布及染布	3,850,000美元	100%
Xuzhou Century Texhong Textile Co., Ltd.	Xuzhou, Mainland China, 13 January 2003 limited liability company	Manufacturing and sales of top-grade yarns and cloth spinning in Mainland China	USD625,000	100%
徐州世紀天虹紡織有限公司	中國徐州 二零零三年一月十三日 有限責任公司	於中國大陸製造及銷售 高級紗線及布料精紗線	625,000美元	100%
Xuzhou Texhong Yinfeng Textile Co., Ltd.	Xuzhou, Mainland China, 12 May 2004 limited liability company	Manufacturing and sales of yarns, grey fabrics, cloth and dyed fabrics in Mainland China	USD4,200,000	100%
徐州天虹銀豐紡織有限公司	中國徐州 二零零四年五月十二日 有限責任公司	於中國大陸製造及銷售 紗線、坯布、布料及染布	4,200,000美元	100%
Nantong Texhong Yinhai Industrial Co., Ltd.	Nantong, Mainland China, 20 May 2004 limited liability company	Manufacturing and sales of garment, textile knitting products and yarns in Mainland China	USD3,500,000	100%
南通天虹銀海實業有限公司	中國南通 二零零四年五月二十日 有限責任公司	於中國大陸製造及銷售 成衣、紡織與織造產品 及紗線	3,500,000美元	100%

35. PARTICULARS OF SUBSIDIARIES (Continued)

35. 附屬公司資料(續)

Name 名稱	Place and date of incorporation and kind of legal entity 註冊成立地點及 日期及法律實體類別	Principal activities and place of operations 主要業務及 營運地點	Particulars of issued share capital or paid-in capital 已發行股本或 繳入的股本詳情	Interest 佔股
Indirectly held— 間接持有—				
Xuzhou Texhong Times Textile Co., Ltd.	Xuzhou, Mainland China, 29 December 2004, limited liability company	Manufacturing and sales of top-grade yarns, thread, grey fabrics, textile knitting products, and garments in Mainland China	USD15,000,000	100%
徐州天虹時代紡織有限公司	中國徐州 二零零四年十二月二十九日 有限責任公司	於中國大陸製造及銷售 高級紗線、線、坯布、 紡織與織造產品及成衣	15,000,000美元	100%
Texhong (China) Investment Co., Ltd.	Shanghai, Mainland China, 21 June 2005 limited liability company	Investment holding and trading of textile products in Mainland China	USD30,000,000	100%
天虹(中國)投資有限公司	中國上海 二零零五年六月二十一日 有限責任公司	投資控股及於中國大陸 買賣紡織產品	30,000,000美元	100%
Xuzhou Texhong Yinlian Textile Co., Ltd.	Xuzhou, Mainland China, 30 March 2006 limited liability company	Manufacturing top-grade yarns, thread, grey fabrics, dresses, in Mainland China	USD12,500,000	100%
徐州天虹銀聯紡織有限公司	中國徐州 二零零六年三月三十日 有限責任公司	於中國大陸製造高級 紗線、線、坯布及服裝	12,500,000美元	100%
Taizhou Texhong Yintai Textile Co., Ltd.	Taizhou, Mainland China, 26 May 2006 limited liability company	Manufacturing top-grade garment and special textile for construction in Mainland China	USD6,500,000	100%
泰州天虹銀泰紡織有限公司	中國泰州 二零零六年五月二十六日 有限責任公司	於中國大陸製造高級成衣 及特別紡織品以用於建築	6,500,000美元	100%

35. PARTICULARS OF SUBSIDIARIES (Continued)

35. 附屬公司資料(續)

Name 名稱	Place and date of incorporation and kind of legal entity 註冊成立地點及 日期及法律實體類別	Principal activities and place of operations 主要業務及 營運地點	Particulars of issued share capital or paid-in capital 已發行股本或 繳入的股本詳情	Interest 佔股
Indirectly held— 間接持有—				
Sunray Macao Commercial Offshore Limited.	Macao, 19 December 2005 limited liability company	Trading in Macao	MOP\$100,000	100%
新睿澳門離岸商業服務 有限公司	澳門 二零零五年十二月十九日 有限責任公司	於澳門貿易	100,000澳門幣	100%
Texhong Textile (Hong Kong) Limited.	Hong Kong, 11 May 2006 limited liability company	Investment holding in Hong Kong	10,000 ordinary share of HKD1	100%
天虹紡織(香港)有限公司	香港 二零零六年五月十一日 有限責任公司	於香港進行投資控股	10,000股 每股1港元 普通股	100%
Changzhou Texhong Textile Co., Ltd.	Changzhou, Mainland China, 1 January 1979 limited liability company	Manufacturing and sales of textile, decoration and garment in Mainland China	RMB32,145,000	100%
常州天虹紡織有限公司	中國常州 一九七九年一月一日 有限責任公司	於中國大陸製造及銷售 紡織品、飾品及成衣	人民幣 32,145,000元	100%
Sunray Trading (Hong Kong) Limited	Hong Kong, 16 February 2005 limited liability company	Trading, investment and corporate services in Hong Kong	10,000 ordinary shares of HKD1	100%
新銳貿易(香港)有限公司	香港 二零零五年二月十六日 有限責任公司	於香港進行貿易、投資及 提供企業服務	10,000股 每股1港元普通股	100%
Texhong (Vietnam) Textile Joint Stock Company (formerly known as Texhong (Vietnam) Textile Limited)	Vietnam, 24 October 2006 limited liability company	Manufacturing of yarn in Vietnam	USD16,000,000	100%
天虹(越南)紡織股份 有限公司(前稱天虹 (越南)紡織有限公司)	越南 二零零六年十月二十四日 有限責任公司	於越南製造紗線	16,000,000美元	100%

35. PARTICULARS OF SUBSIDIARIES (Continued)

35. 附屬公司資料(續)

Name 名稱	Place and date of incorporation and kind of legal entity 註冊成立地點及 日期及法律實體類別	Principal activities and place of operations 主要業務及 營運地點	Particulars of issued share capital or paid-in capital 已發行股本或 繳入的股本詳情	Interest 佔股
Indirectly held— 間接持有—				
Texhong Textile Nantong Ltd.	British Virgin Islands, 14 March 2007 limited liability company	Investment holding in British Virgin Islands	USD50,000	100%
天虹紡織南通有限公司	英屬處女群島 二零零七年三月十四日 有限責任公司	於英屬處女群島 進行投資控股	50,000美元	100%
Texhong Textile Nantong Investment Limited	Hong Kong, 6 November 2007 limited liability company	Investment holding in Hong Kong	HKD100	100%
天虹紡織南通投資 有限公司	香港 二零零七年十一月六日 有限責任公司	於香港進行投資控股	100港元	100%
Texhong Textile (Hong Kong) Holdings Limited	Hong Kong, 24 October 2007 limited liability company	Investment holding in Hong Kong	HKD100	100%
天虹紡織(香港)控股 有限公司	香港 二零零七年十月二十四日 有限責任公司	於香港進行投資控股	100港元	100%
TVN (Hong Kong) Limited	Hong Kong, 4 December 2007 limited liability company	Investment holding in Hong Kong	HK10,000	100%
TVN (Hong Kong) Limited	香港 二零零七年十二月四日 有限責任公司	於香港進行投資控股	10,000港元	100%
Shanghai Texhong Trading Co., Ltd.	Shanghai, Mainland China, 11 August 2008 limited liability company	Trading of textile products in Mainland China	USD500,000	100%
上海特斯虹貿易有限公司	中國上海 二零零八年八月十一日 有限責任公司	在中國大陸進行 紡織品貿易	500,000美元	100%

35. PARTICULARS OF SUBSIDIARIES

(Continued)

Texhong (China) Investment Co., Ltd. is a wholly foreign owned investment holding company incorporated in Mainland China. All other subsidiaries established in Mainland China are wholly owned foreign enterprises incorporated in Mainland China.

None of the subsidiaries had any loan capital in issue at any time during year ended 31 December 2008 (2007: None).

The English names of the certain subsidiaries represent the best effort by the Group's management to translate their Chinese names, as they do not have official English names.

35. 附屬公司資料(續)

天虹(中國)投資有限公司為於中國大陸註冊成立之全外資投資控股公司。所有其他在中國大陸成立之附屬公司為在中國大陸註冊成立之全外資企業。

截至二零零八年十二月三十一日止年度內任何時間，概無附屬公司擁有任何已發行借貸股本(二零零七年：無)。

若干附屬公司並無正式英文名稱，其英文名稱為本集團管理層盡最大努力將其中名稱翻譯為英文之版本。