



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

Interim Report 中期報告 2010



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EXECUTIVE DIRECTORS

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

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Mr. Hui Tsz Wai

AUTHORISED REPRESENTATIVES

Mr. Hong Tianzhu
Mr. Hui Tsz Wai

HEAD OFFICE

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

REGISTERED OFFICE

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

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

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

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

公司秘書

許子慧先生

授權代表

洪天祝先生
許子慧先生

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

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
Standard Chartered Bank
HSBC
Bank of China (Hong Kong)
BNP Paribas
Deutsche Bank AG, Hong Kong Branch
Industrial and Commercial Bank of China
Bank of China
Bank of Communications
China Merchants Bank
Bank of Jiangsu

AUDITORS

PricewaterhouseCoopers

**LEGAL ADVISORS AS TO
HONG KONG LAW**

Chiu & Partners

**PRINCIPAL SHARE REGISTRAR AND
TRANSFER OFFICE**

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 609, Grand Cayman KY1-1107
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

WEBSITE

www.texhong.com

STOCK CODE

2678

主要往來銀行

花旗銀行(中國)有限公司上海分行
渣打銀行
滙豐銀行
中國銀行(香港)
法國巴黎銀行
德意志銀行香港分行
中國工商銀行
中國銀行
中國交通銀行
招商銀行
江蘇銀行

核數師

羅兵咸永道會計師事務所

法律顧問(香港法律)

趙不渝·馬國強律師事務所

主要股份過戶登記處

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House, 68 Fort Street
P.O. Box 609, Grand Cayman KY1-1107
Cayman Islands

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

互聯網址

www.texhong.com

股份編號

2678

		Note 附註	Unaudited 未經審核 30 June 2010 二零一零年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2009 二零零九年 十二月三十一日 RMB'000 人民幣千元
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Borrowings	借貸	11	594,903	276,585
Deferred income tax liabilities	遞延所得稅負債		29,848	24,137
Total non-current liabilities	總非流動負債		624,751	300,722
Current liabilities	流動負債			
Trade and bills payables	應付貿易及票據款項	9	809,104	510,602
Accruals and other payables	預提費用及其他	10	255,797	282,741
Current income tax liabilities	當期所得稅負債		26,192	8,798
Borrowings	借貸	11	420,930	707,869
Derivative financial instruments	衍生金融工具	12	323	305
Total current liabilities	總流動負債		1,512,346	1,510,315
Total liabilities	總負債		2,137,097	1,811,037
Total equity and liabilities	股東權益總額及負債		3,869,963	3,297,702
Net current assets	流動資產淨值		642,378	159,900
Total assets less current liabilities	總資產減流動負債		2,357,617	1,787,387

The notes on pages 10 to 38 form an integral part of this condensed consolidated interim financial information.

第10至38頁之附註為此簡明綜合中期財務資料之一部分。

Unaudited
未經審核
Six months ended 30 June
截至六月三十日止六個月

			2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Revenue	收入	4	2,473,443	1,712,654
Cost of sales	銷售成本		(1,999,426)	(1,513,190)
Gross profit	毛利		474,017	199,464
Selling and distribution costs	銷售及分銷開支		(66,811)	(54,923)
General and administrative expenses	一般及行政開支		(76,126)	(61,199)
Other income	其他收入	15	42,272	7,891
Other losses – net	其他虧損 – 淨額	15	(2,598)	(338)
Operating profit	經營溢利		370,754	90,895
Finance income	財務收入	17	5,357	1,242
Finance costs	財務費用	17	(27,815)	(23,235)
Share of profit/(loss) of an associate	分佔聯營公司溢利/ (虧損)		280	(2,374)
Profit before income tax	除所得稅前溢利		348,576	66,528
Income tax expense	所得稅開支	18	(44,006)	(10,533)
Profit for the period	期內溢利		304,570	55,995
Other comprehensive income	其他全面收益		–	–
Total comprehensive income for the period, attributable to equity holders of the Company	本公司股權持有人應佔期內全面收益總額		304,570	55,995
Basic earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share)	本公司股權持有人應佔溢利之每股基本盈利 (以每股人民幣表示)	19	0.344	0.063
Dividends	股息	20	84,938	27,295

The notes on pages 10 to 38 form an integral part of this condensed consolidated interim financial information.

第10至38頁之附註為此簡明綜合中期財務資料之一部分。

Unaudited
未經審核
Six months ended 30 June
截至六月三十日止六個月

		2010 二零一〇年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Cash flows from operating activities	來自經營活動的現金流量		
Cash generated from operations	經營所產生之現金	287,621	250,604
Interest received	已收利息	1,540	916
Income tax paid	已付所得稅	(23,946)	(13,843)
Cash flows from operating activities – net	來自經營活動的現金流量 – 淨額	265,215	237,677
Cash flows from investing activities	來自投資活動的現金流量		
Purchases of property, plant and equipment	購買物業、廠房及設備	(138,268)	(31,344)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	1,482	1,052
Increase in pledged bank deposits	已抵押銀行存款增加	(16,707)	(264,608)
Cash flows from investing activities – net	來自投資活動的現金流量 – 淨額	(153,493)	(294,900)
Cash flows from financing activities	來自融資活動的現金流量		
Proceeds from borrowings	借貸所得款項	555,972	357,849
Repayments of borrowings	償還借貸	(520,776)	(354,138)
Interest paid	已付利息	(21,777)	(28,064)
Dividend paid	已付股息	(58,369)	-
Cash flows from financing activities – net	來自融資活動的現金流量 – 淨額	(44,950)	(24,353)
Net increase/(decrease) in cash and cash equivalents	現金及現金等值物增加/ (減少)淨額	66,772	(81,576)
Cash and cash equivalents at the beginning of the period	期初之現金及現金等值物	392,003	313,012
Cash and cash equivalents at end of the period	期末之現金及現金等值物	458,775	231,436

The notes on pages 10 to 38 form an integral part of this condensed consolidated interim financial information.

第10至38頁之附註為此簡明綜合中期財務資料之一部分。

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 garment fabrics.

The Company was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law of 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 condensed interim financial information are presented in Chinese Renminbi (“RMB”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 20 August 2010.

This condensed consolidated interim financial information has not been audited.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with HKFRSs.

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、坯布及面料。

本公司乃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。其註冊辦事處之地址為 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。

除非另有指明，簡明中期綜合財務資料以中國人民幣(「人民幣」)呈列。於二零一零年八月二十日，本簡明綜合中期財務資料已批准刊發。

本簡明中期財務資料乃未經審核。

2. 編製基準

截至二零一零年六月三十日止六個月之簡明綜合中期財務資料，乃按香港會計準則第34號「中期財務報告」編製。此簡明中期綜合財務資料應與截至二零零九年十二月三十一日止年度之年度財務報表(乃按香港財務報告準則編製)一併閱讀。

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following standards, amendments and interpretations to existing standards are effective for the financial year beginning 1 January 2010 but not relevant to the Group:

- HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. This is not applicable to the Group, as it has not had any business combinations during the year.
- HK(IFRIC)-Int 17, 'Distributions of non-cash assets to owners' is effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.
- 'Additional exemptions for first-time adopters' (Amendment to HKFRS 1) is effective for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing HKFRS preparer.

3. 會計政策

除下文所述者外，所採納之會計政策與截至二零零九年十二月三十一日止年度之年度財務報表所採用者一致。有關會計政策載於該等年度財務報表。

中期期間之所得稅乃採用適用於預期年度總收益之稅率計算。

於自二零一零年一月一日起開始之財政年度生效但與本集團無關的準則、現有準則之修訂及詮釋如下：

- 香港財務報告準則第3號(經修訂)「業務合併」及對香港會計準則第27號「綜合及個別財務報表」、香港會計準則第28號「於聯營公司的投資」及香港會計準則第31號「於合營企業的權益」之其後修訂，對收購日期為二零零九年七月一日或其後開始之首個年度報告期開始之日或之後之企業合併生效。由於本集團於年內並無進行任何業務合併，故該等準則及修訂並不適用於本集團。
- 香港(國際財務報告詮釋委員會)第17號「將非現金資產分配予擁有人」，由二零零九年七月一日或之後開始之年度期間起生效。由於本集團並無作出任何非現金分派，故該詮釋目前並不適用於本集團。
- 「首次應用之額外豁免」(對香港財務報告準則第1號之修訂)，由二零一零年一月一日或之後開始之年度期間起生效。由於該修訂為現有香港財務報告準則的編製者，故此與本集團無關。

3. ACCOUNTING POLICIES (Continued)

The following standards, amendments and interpretations to existing standards are effective for the financial year beginning 1 January 2010 but not relevant to the Group (continued):

- HKAS 39 (Amendment), 'Eligible hedged items' is effective for annual period on or after 1 July 2009. That is not currently applicable to the Group, as it has no hedging.
- HKFRS 2 (Amendment), 'Group cash-settled share-based payment transaction' is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Group, as it has no such share-based payment transactions.
- First improvements to Hong Kong Financial Reporting Standards (2008) were issued in October 2008 by the HKICPA. The improvement related to HKFRS 5 "Non-current assets held for sale and discontinued operations" is effective for annual period on or after 1 July 2009.
- Second improvements to Hong Kong Financial Reporting Standards (2009) were issued in May 2009 by the HKICPA. All improvements are effective in the financial year of 2010.

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted by the Group:

- HKFRS 9, 'Financial instruments' addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group has not yet decided when to adopt HKFRS 9.

3. 會計政策(續)

於自二零一零年一月一日起開始之財政年度生效但與本集團無關的準則、現有準則之修訂及詮釋如下(續)：

- 香港會計準則第39號(修訂)[合資格對沖項目]，由二零零九年七月一日或之後之年度期間生效。由於本集團並無任何對沖，故該詮釋目前並不適用於本集團。
- 香港財務報告準則第2號(修訂)[集團以股份為基礎及以現金結算之交易]，自二零一零年一月一日或之後開始之年度期間生效。由於本集團並無該等股份付款交易，因此該準則目前並不適用於本集團。
- 香港會計師公會於二零零八年十月頒佈香港財務報告準則(二零零八年)第一次改進。有關香港財務報告準則第5號[持作銷售非流動資產及已終止業務]之改進，於二零零九年七月一日或之後之年度期間生效。
- 香港會計師公會於二零零九年五月頒佈香港財務報告準則(二零零九年)第二次改進。所有改進於二零一零年財政年度生效。

下列新準則、對準則及詮釋之新詮釋及修訂於二零一零年一月一日開始之財政年度已頒佈但尚未生效，且本集團並無提前採納：

- 香港財務報告準則第9號[金融工具]關於財務資產的分類及計量及可能影響本集團對其財務資產之會計方法。此準則於二零一三年一月一日方始生效，惟可供提早採納。本集團尚未決定何時採納香港財務報告準則第9號。

3. ACCOUNTING POLICIES (Continued)

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted by the Group (continued):

- HKAS 24 (Revised) 'Related party disclosures' supersedes HKAS 24 'Related party disclosures' issued in 2003. The revised HKAS 24 is required to be applied from 1 January 2011. Earlier application, for either the entire standard or the government-related entity, is permitted. The Group will apply the revised HKAS 24 from 1 January 2011.
- Under 'Classification of rights issues' (Amendment to HKAS 32), for rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after 1 February 2010. Earlier application is permitted. This is not currently applicable to the Group.
- Amendments to HK(IFRIC) Int-14 'Prepayments of a minimum funding requirement' corrects an unintended consequence of HK(IFRIC) Int-14, 'HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset for any surplus arising from the voluntary prepayment of minimum funding contributions in respect of future service. This was not intended when HK(IFRIC) Int-14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. This is not currently applicable to the Group.

3. 會計政策(續)

下列新準則、對準則及詮釋之新詮釋及修訂於二零一零年一月一日開始之財政年度已頒佈但尚未生效，且本集團並無提前採納(續)：

- 香港會計準則第24號(經修訂)「關聯方之披露」取代於二零零三年頒佈之香港會計準則第24號「關連方披露」。經修訂香港會計準則第24號須於二零一一年一月一日應用，並准許就整項準則或就與政府相關之實體提早應用。本集團將自二零一一年一月一日起應用經修訂香港會計準則第24號。
- 根據「供股之分類」(對香港會計準則第32號之修訂)，對於獲得固定外幣金額之供股，當前規定此等供股必須作為衍生負債入賬。該修訂指定倘此等供股乃按比例以固定貨幣金額發行予實體所有同一類別之現有股東，則應分類為權益，而不論行使價以何種貨幣為單位。該修訂須於二零一零年二月一日或之後之年度期間應用。容許提早應用。本集團目前並無應用該等修訂。
- 香港(國際財務報告詮釋委員會)一詮釋第14號「最低資金要求之預付款」之修改，更正了香港(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—界定福利資產限額、最低資金要求及其相互關係」中非其詮釋意向之後果。在沒有此修改的情況下，實體不可就未來服務之最低資金供款之自願性預付款確認任何盈餘作為資產。在香港(國際財務報告詮釋委員會)一詮釋第14號頒佈時，原意非如此，該修訂已修正此問題。此等修訂自二零一一年一月一日或之後開始之年度期間生效，容許提早應用。此等修訂須追溯應用於所呈列之最早比較期間。本集團目前並無應用該等修訂。

3. ACCOUNTING POLICIES (Continued)

The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted by the Group (continued):

- HK(IFRIC)-Int 19, 'Extinguishing financial liabilities with equity instruments' clarifies the requirements of HKFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1 July 2010. Earlier application is permitted. The Group will apply the interpretation from 1 January 2011.
- 'Limited exemption from comparative HKFRS 7 disclosures for first-time adopters' (Amendment to HKFRS 1) provide first-time adopters with the same transition provisions as included in the amendment to HKFRS 7 in relation to relief from presenting comparative information that ended before 31 December 2009 for new fair value disclosures requirements. This is required to be applied for annual periods beginning on or after 1 July 2010. Early adoption is permitted. This is not relevant to the Group, as it is an existing HKFRS preparer.
- Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA. All improvements are effective in the financial year of 2011.

3. 會計政策(續)

下列新準則、對準則及詮釋之新詮釋及修訂於二零一零年一月一日開始之財政年度已頒佈但尚未生效，且本集團並無提前採納(續)：

- 香港(國際財務報告詮釋委員會)－詮釋第19號「以權益工具抵銷金融負債」，澄清了當主體與其債權人重新商討其金融負債的條款，而債權人同意接納主體股份或其他權益工具以全部或部分消除該金融負債時香港財務報告準則的規定。此詮釋適用於二零一零年七月一日或之後開始的年度期間。容許提早應用。本集團將自二零一零年一月一日起應用該詮釋。
- 「香港財務報告準則第7號對首次採納者的比較信息披露的有限豁免」(對香港財務報告準則第1號之修改)為首次採納者提供了與香港財務報告準則第7號的修改中所列的相同過渡條款，涉及豁免呈列截至二零零九年十二月三十一日前對新公允價值披露規定的比較資料。此準則須於二零一零年七月一日或之後開始的年度期間應用。容許提早採納。由於該修訂為現有香港財務報告準則的編製者，故此與本集團無關。
- 香港會計師公會在二零一零年五月頒佈香港財務報告準則(二零一零年)第三次改進。所有改進在二零一零年財政年度生效。

4. REVENUE AND SEGMENTAL INFORMATION

The Group is principally engaged in the manufacturing and sales of yarns, grey fabrics and garment fabrics. Revenues recognised for the period ended represented sales of goods, net of value-added tax.

The chief operating decision-maker has been identified as the Committee of Executive Directors of the Company. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Committee of Executive Directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Committee of Executive Directors considers the business from both a product and geographical perspectives. From a product perspective, management assesses the performance from sales of yarn, grey fabrics and garment fabrics. The operations are further evaluated on a geographical basis including Mainland China, Vietnam and other territories.

The Committee of Executive Directors assesses the performance of the operating segments based on revenue and operating profit.

4. 收益及分類資料

本集團主要從事製造及銷售紗線、坯布及面料。於期末確認之收益指貨品銷售(扣除增值稅)。

主要經營決策者被視為本公司執行董事委員會。經營分部以向主要經營決策者提供內部呈報一致的形式呈報。執行董事委員會審閱本集團之內部申報，以評估表現及分配資源。管理層已根據該等報告釐定經營分部。

執行董事委員會認為業務可按產品及地區前景分類。就產品前景而言，管理層評估紗線、坯布及面料之銷售表現。業務以地區基準(包括中國大陸、越南及其他地區)作進一步評估。

執行董事委員會根據收益及經營利潤評估經營分部之業績。

4. REVENUE AND SEGMENTAL INFORMATION (Continued)

The segment information for the six months ended 30 June 2010 is as follows:

4. 收益及分類資料(續)

截至二零一零年六月三十日止六個月之分類資料如下：

		Unaudited Six months ended 30 June 2010 未經審核 截至二零一零年六月三十日止六個月					
		Yarn 紗線		Other territories	Grey fabrics 坯布	Garment fabrics 面料	Total
		Mainland China 中國大陸	Vietnam 越南	Other territories 其他地區	Mainland China 中國大陸	Mainland China 中國大陸	Total 總額
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Total revenue	總收入	1,919,350	728,293	802,067	451,420	70,077	3,971,207
Inter-segment revenue	分類間收入	(270,271)	(441,611)	(785,882)	-	-	(1,497,764)
Revenue (from external customers)	收入(來自外部客戶)	1,649,079	286,682	16,185	451,420	70,077	2,473,443
Segment results	分類業績	201,021	154,366	(4,559)	16,421	7,768	375,017
Unallocated expenses	未分配費用						(4,263)
Operating results	經營業績						370,754
Finance income	財務收入						5,357
Finance costs	財務費用						(27,815)
Share of profit of an associate	分佔聯營公司溢利						280
Income tax expense	所得稅開支						(44,006)
Profit for the period	期內溢利						304,570
Depreciation and amortisation	折舊及攤銷	(29,906)	(25,926)	(56)	(10,685)	(1,272)	(67,845)

4. REVENUE AND SEGMENTAL INFORMATION (Continued)

The segment information for the six months ended 30 June 2009 is as follows:

4. 收益及分類資料(續)

截至二零零九年六月三十日止六個月之分類資料如下：

		Unaudited Six months ended 30 June 2009 未經審核 截至二零零九年六月三十日止六個月					
		Yarn 紗線		Other territories 其他地區	Grey fabrics 坯布	Garment fabrics 面料	Total 總額
		Mainland China 中國大陸	Vietnam 越南		Mainland China 中國大陸	Mainland China 中國大陸	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Total revenue	總收入	1,276,279	455,560	272,407	336,203	48,269	2,388,718
Inter-segment revenue	分類間收入	(79,819)	(326,085)	(270,160)	-	-	(676,064)
Revenue (from external customers)	收入(來自外部客戶)	1,196,460	129,475	2,247	336,203	48,269	1,712,654
Segment results	分類業績	59,336	25,150	(2,704)	8,531	3,870	94,183
Unallocated expenses	未分配費用						(3,288)
Operating results	經營業績						90,895
Finance income	財務收入						1,242
Finance costs	財務費用						(23,235)
Share of loss of an associate	分佔聯營公司虧損						(2,374)
Income tax expense	所得稅開支						(10,533)
Profit for the period	期內溢利						55,995
Depreciation and amortisation	折舊及攤銷	(26,248)	(18,730)	(123)	(10,616)	(1,447)	(57,164)

4. REVENUE AND SEGMENTAL INFORMATION (Continued)

The segment assets and liabilities as at 30 June 2010 are as follows:

4. 收益及分類資料(續)

於二零一零年六月三十日之分類資產及負債如下：

		Unaudited, as at 30 June 2010 未經審核，於二零一零年六月三十日						
		Yarn 紗線			Grey fabrics 坯布		Garment fabrics 面料	
		Mainland China 中國大陸	Vietnam 越南	Other territories 其他地區	Sub-total 小計	Mainland China 中國大陸	Mainland China 中國大陸	Total 總額
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Total segment assets	分類總資產	2,016,617	1,096,709	155,255	3,268,581	475,837	97,196	3,841,614
Unallocated assets	未分配資產							28,349
Total assets of the Group	本集團總資產							<u>3,869,963</u>
Total segment liabilities	分類總負債				(1,545,437)	(129,870)	(17,734)	(1,693,041)
Unallocated liabilities	未分配負債							<u>(444,056)</u>
Total liabilities of the Group	本集團總負債							<u>(2,137,097)</u>
Capital expenditure	資本開支	148,803	4,834	5	153,642	628	55	154,325

4. REVENUE AND SEGMENTAL INFORMATION (Continued)

The segment assets and liabilities as at 31 December 2009 are as follows:

於二零零九年十二月三十一日之分類資產及負債如下：

		Audited, as at 31 December 2009 經審核，於二零零九年十二月三十一日						
		Yarn 紗線			Grey fabrics 坯布	Garment fabrics 面料		
		Mainland China 中國大陸 RMB'000 人民幣千元	Vietnam 越南 RMB'000 人民幣千元	Other territories 其他地區 RMB'000 人民幣千元	Sub-total 小計 RMB'000 人民幣千元	Mainland China 中國大陸 RMB'000 人民幣千元	Mainland China 中國大陸 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Total segment assets	分類總資產	1,738,945	972,994	35,502	2,747,441	451,783	96,281	3,295,505
Unallocated assets	未分配資產							2,197
Total assets of the Group	本集團總資產							3,297,702
Total segment liabilities	分類總負債				(1,238,149)	(111,267)	(14,940)	(1,364,356)
Unallocated liabilities	未分配負債							(446,681)
Total liabilities of the Group	本集團總負債							(1,811,037)
Capital expenditure	資本開支	67,486	57,141	447	125,074	7,765	1,891	134,730

5. LAND USE RIGHTS

5. 土地使用權

Unaudited
未經審核
RMB'000
人民幣千元

Six months ended 30 June 2009	截至二零零九年六月三十日止 六個月	
Opening net book amount as at 1 January 2009	於二零零九年一月一日之 期初賬面淨值	116,482
Amortisation	攤銷	(912)
Closing net book amount as at 30 June 2009	於二零零九年六月三十日之 期末賬面淨值	<u>115,570</u>
Six months ended 30 June 2010	截至二零一零年六月三十日止 六個月	
Opening net book amount as at 1 January 2010	於二零一零年一月一日之 期初賬面淨值	154,483
Amortisation	攤銷	(1,664)
Closing net book amount as at 30 June 2010	於二零一零年六月三十日之 期末賬面淨值	<u>152,819</u>

As at 30 June 2010, land use rights with a net book amount of RMB53,272,000 (31 December 2009: RMB10,897,000) was pledged as collateral of the Group's bank borrowings (Note 11).

於二零一零年六月三十日，賬面淨值人民幣53,272,000元(二零零九年十二月三十一日：人民幣10,897,000元)之土地使用權已抵押作本集團銀行借貸之抵押品(附註11)。

6. PROPERTY, PLANT AND EQUIPMENT

6. 物業、廠房及設備

		Unaudited
		未經審核
		RMB'000
		人民幣千元
Six months ended 30 June 2009	截至二零零九年六月三十日止 六個月	
Opening net book amount as at 1 January 2009	於二零零九年一月一日之 期初賬面淨值	1,467,211
Additions	添置	32,714
Disposals	出售	(1,896)
Depreciation	折舊	(56,252)
		<hr/>
Closing net book amount as at 30 June 2009	於二零零九年六月三十日之 期末賬面淨值	1,441,777
		<hr/>
Six months ended 30 June 2010	截至二零一零年六月三十日止 六個月	
Opening net book amount as at 1 January 2010	於二零一零年一月一日之 期初賬面淨值	1,435,545
Additions	添置	154,325
Disposals	出售	(2,053)
Depreciation	折舊	(66,181)
		<hr/>
Closing net book amount as at 30 June 2010	於二零一零年六月三十日之 期末賬面淨值	1,521,636
		<hr/>

During the six months ended 30 June 2010, interest expenses of RMB126,000 (2009: RMB1,569,000) were capitalised as part of property, plant and equipment at a rate of 6.0% (2009: 4.8%) per annum.

於截至二零一零年六月三十日止六個月，利息開支人民幣126,000元(二零零九年：人民幣1,569,000元)已資本化為物業、廠房及設備之部份，按年度資本化率為6.0%(二零零九年：4.8%)。

As at 30 June 2010, property, plant and equipment of approximately RMB405,533,000 (31 December 2009: RMB435,021,000) were pledged as collateral of the Group's bank borrowings (Note 11).

於二零一零年六月三十日的物業、廠房及設備約人民幣405,533,000元(二零零九年十二月三十一日：人民幣435,021,000元)已抵押為本集團銀行貸款之抵押品(附註11)。

7. TRADE AND BILLS RECEIVABLES

Trade receivables 應收貿易款項
Less: provision for impairment 減：減值撥備

Bills receivables 應收票據款項

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

Within 30 days	30日內	324,068	229,247
31 to 90 days	31日至90日	109,413	119,999
91 to 180 days	91日至180日	140,404	85,516
181 days to 1 year	181日至1年	768	1,027
Over 1 year	1年以上	1,824	2,612
Less: provision for impairment	減：減值撥備	(1,975)	(2,936)
Trade and bills receivables – net	應收貿易及票據款項一淨額	574,502	435,465

7. 應收貿易及票據款項

Unaudited 未經審核 30 June 2010 二零一零年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2009 二零零九年 十二月三十一日 RMB'000 人民幣千元
119,635	92,932
(1,975)	(2,936)
117,660	89,996
456,842	345,469
574,502	435,465

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：

Unaudited 未經審核 30 June 2010 二零一零年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2009 二零零九年 十二月三十一日 RMB'000 人民幣千元
324,068	229,247
109,413	119,999
140,404	85,516
768	1,027
1,824	2,612
576,477	438,401
(1,975)	(2,936)
574,502	435,465

8. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Prepayments for purchase of raw materials	購買原材料的預付款項
Staff advances	員工墊款
Value-added tax recoverable	應退增值稅
Prepaid expenses	預付開支
Deposits	按金
Other receivables	其他應收款項

8. 預付款項、按金及其他應收款項

Unaudited 未經審核 30 June 2010 二零一零年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2009 二零零九年 十二月三十一日 RMB'000 人民幣千元
78,151	93,144
1,151	870
18,898	13,748
3,059	165
3,310	2,995
57	1,271
104,626	112,193

9. TRADE AND BILLS PAYABLES

Trade payables	應付貿易款項
Bills payables	應付票據款項

9. 應付貿易及票據款項

Unaudited 未經審核 30 June 2010 二零一零年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2009 二零零九年 十二月三十一日 RMB'000 人民幣千元
152,850	243,267
656,254	267,335
809,104	510,602

As at 30 June 2010, included in the trade payables was an amount due to an associate of RMB2,995,000 (31 December 2009: RMB2,010,000) (Note 22).

於二零一零年六月三十日，包括於應付貿易款項內為應付一間聯營公司款項人民幣2,995,000元（二零零九年十二月三十一日：人民幣2,010,000元）（附註22）。

9. TRADE AND BILLS PAYABLES (Continued)

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

Within 90 days	90日內
91 to 180 days	91日至180日
181 days to 1 year	181日至1年
Over 1 year	1年以上

9. 應付貿易及票據款項(續)

應付貿易及票據款項的賬齡分析如下：

Unaudited 未經審核 30 June 2010 二零一零年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2009 二零零九年 十二月三十一日 RMB'000 人民幣千元
592,911	326,513
211,573	180,288
3,247	1,324
1,373	2,477
809,104	510,602

10. ACCRUALS AND OTHER PAYABLES

Accrued wages and salaries	應計工資及薪酬
Accrual of operating expenses	應計經營開支
Interest payable	應付利息
Deposits from customers	客戶按金
Other deposits	其他按金
Payables for purchase of property, plant and equipment	購買物業、廠房及 設備應付賬款
Other payables	其他應付賬款
Tax payables other than Mainland China enterprise income tax	應付稅項(中國 大陸企業所得稅 除外)

10. 預提費用及其他應付賬款

Unaudited 未經審核 30 June 2010 二零一零年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2009 二零零九年 十二月三十一日 RMB'000 人民幣千元
41,914	40,371
26,848	19,419
12,755	6,591
30,674	45,655
4,292	2,913
120,584	104,653
11,463	54,317
7,267	8,822
255,797	282,741

11. BORROWINGS

11. 借貸

		Unaudited 未經審核 30 June 2010 二零一零年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2009 二零零九年 十二月三十一日 RMB'000 人民幣千元
Current	即期		
Secured bank borrowings (Note (a))	有抵押銀行借貸 (附註(a))	68,822	75,099
Other bank borrowings (Note (b))	其他銀行借貸 (附註(b))	352,108	370,098
Unsecured bank borrowings (Note (c))	無抵押銀行借貸 (附註(c))	-	262,672
		420,930	707,869
Non-current	非即期		
Secured bank borrowings (Note (a))	有抵押銀行借貸 (附註(a))	107,158	97,603
Other bank borrowings (Note (b))	其他銀行借貸 (附註(b))	32,140	8,277
Unsecured bank borrowings (Note (c))	無抵押銀行借貸 (附註(c))	285,832	-
Notes payable (Note (d))	應付債券款項 (附註(d))	169,773	170,705
		594,903	276,585
Total borrowings	借貸總額	1,015,833	984,454

11. BORROWINGS (Continued)

Notes:

- (a) Bank borrowings of RMB175,980,000 (31 December 2009: RMB172,702,000) were secured by the followings:
- (i) pledge of the Group's property, plant and equipment with a net book amount of approximately RMB405,533,000 as at 30 June 2010 (31 December 2009: RMB435,021,000); and
- (ii) pledge of the Group's land use rights with a net book amount of RMB53,272,000 (31 December 2009: RMB10,897,000).
- (b) Other bank borrowings were secured by cross corporate guarantees provided by certain subsidiaries totalling of RMB384,248,000 as at 30 June 2010 (31 December 2009: RMB378,375,000).
- (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 the unsecured non-current bank borrowings.
- (d) The notes payable as at 30 June 2010 represented US\$25 million (31 December 2009: US\$25 million) guaranteed notes which will mature in 2012. The notes payable bear interest at fixed rate of 6.8% per annum since July 2009. The notes are guaranteed by certain subsidiaries of the Group.

11. 借貸(續)

附註：

- (a) 人民幣175,980,000元(二零零九年十二月三十一日：人民幣172,702,000元)的銀行借貸以下列項目作抵押：
- (i) 本集團於二零一零年六月三十日的物業、廠房及設備賬面淨值約為人民幣405,533,000元(二零零九年十二月三十一日：人民幣435,021,000元)的抵押；及
- (ii) 本集團的土地使用權的賬面淨值為人民幣53,272,000元(二零零九年十二月三十一日：人民幣10,897,000元)的抵押。
- (b) 其他銀行借貸以若干附屬公司提供的交叉公司擔保(於二零一零年六月三十日的總額為人民幣384,248,000元(二零零九年十二月三十一日：人民幣378,375,000元))作抵押。
- (c) 主席兼執行董事洪天祝先生已承諾除非得到有關銀行同意，否則其將就無抵押非即期銀行借貸的提供最少維持持有本公司股本權益30%。
- (d) 於二零一零年六月三十日，應付債券款項指25,000,000美元(二零零九年十二月三十一日：25,000,000美元)二零一二年到期有擔保債券。應付債券款項自二零零九年七月起按固定年利率6.8%計息。債券由本集團若干附屬公司擔保。

11. BORROWINGS (Continued)

Movements in borrowings are analysed as follows:

		Unaudited 未經審核 RMB'000 人民幣千元
Six months ended 30 June 2009	截至二零零九年六月三十日止六個月	
Opening amount 1 January 2009	於二零零九年一月一日之期初金額	1,076,874
Proceeds from borrowings	借貸所得款項	357,849
Repayments of borrowings	償還借貸	(354,138)
Exchange gains on borrowings	借貸之匯兌收益	(326)
Closing amount as at 30 June 2009	於二零零九年六月三十日之期末金額	1,080,259
Six months ended 30 June 2010	截至二零一零年六月三十日止六個月	
Opening amount 1 January 2010	於二零一零年一月一日之期初金額	984,454
Proceeds from borrowings	借貸所得款項	555,972
Repayments of borrowings	償還借貸	(520,776)
Exchange gains on borrowings	借貸之匯兌收益	(3,817)
Closing amount as at 30 June 2010	於二零一零年六月三十日之期末金額	1,015,833

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：

		Unaudited 未經審核 30 June 2010 二零一零年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2009 二零零九年 十二月三十一日 RMB'000 人民幣千元
RMB	人民幣	375,000	347,500
United States dollars	美元	631,586	621,151
Hong Kong dollars	港元	9,247	10,390
Vietnam Dong	越南盾	-	5,413
		1,015,833	984,454

The weighted average effective interest rate per annum on 30 June 2010 was 5.1% (31 December 2009: 4.5%).

於二零一零年六月三十日之加權平均實際年利率為5.1%(二零零九年十二月三十一日：4.5%)。

Interest expense on borrowings for the six months ended 30 June 2010 is RMB27,941,000 (2009: RMB24,804,000).

截至二零一零年六月三十日止六個月之借貸利息開支為人民幣27,941,000元(二零零九年：人民幣24,804,000元)。

11. BORROWINGS (Continued)

The Group has the following undrawn borrowing facilities:

Floating rate: 浮動息率：
 – expiring within one year – 於一年內到期

12. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate swap contract 利率掉期合約

Non-hedging derivative is classified as a current asset or a current liability.

The notional principal amount of the outstanding interest rate swap contract at 30 June 2010 was RMB24,447,000 (31 December 2009: RMB30,727,000).

At 30 June 2010, the fixed interest rate was 1.86% (31 December 2009: 1.86%) and the floating rate was with reference to London InterBank Offered Rate (“LIBOR”).

11. 借貸(續)

本集團之未動用借貸融資如下：

Unaudited 未經審核 30 June 2010 二零一零年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2009 二零零九年 十二月三十一日 RMB'000 人民幣千元
180,670	172,036

12. 衍生金融工具

Unaudited 未經審核 30 June 2010 二零一零年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2009 二零零九年 十二月三十一日 RMB'000 人民幣千元
323	305

非對沖衍生工具分類為流動資產或流動負債。

於二零一零年六月三十日，未結算利率掉期合約之名義本金額為人民幣24,447,000元(二零零九年十二月三十一日：人民幣30,727,000元)。

於二零一零年六月三十日，固定利率為1.86%(二零零九年十二月三十一日：1.86%)，而浮動息率乃參考倫敦銀行同業拆息(「倫敦銀行同業拆息」)計算。

13. SHARE CAPITAL

13. 股本

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	<i>HK\$'000</i>	<i>RMB'000</i>
		'000	千港元	人民幣千元
		千股		
Authorised:	法定：			
At 31 December 2009 and 30 June 2010	於二零零九年 十二月三十一日 及二零一零年 六月三十日	4,000,000	400,000	
Issued and fully paid:	已發行及繳足：			
At 1 January 2009 and 30 June 2009	於二零零九年 一月一日 及二零零九年 六月三十日	884,681	88,469	94,064
At 1 January 2010 and 30 June 2010	於二零一零年 一月一日 及二零一零年 六月三十日	884,681	88,469	94,064

14. SHARE OPTIONS

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. During the six months ended 30 June 2010, no options had been granted under this Share Option Scheme (31 December 2009: Nil).

14. 購股權

購股權計劃

根據本公司於二零零四年十一月二十一日通過之股東決議案，本公司已獲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；及(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有待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%。截至二零一零年六月三十日止六個月，概無購股權根據購股權計劃授出（二零零九年十二月三十一日：無）。

15. OTHER INCOME AND OTHER LOSSES, NET **15. 其他收入及其他虧損，淨額**

		Unaudited	
		未經審核	
		Six months ended 30 June	
		截至六月三十日止六個月	
		2010	2009
		二零一零年	二零零九年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Other income	其他收入		
Subsidy income (Note)	補貼收入(附註)	42,272	6,908
Return of income tax relating to re-investment	有關再投資之所得稅退稅	-	983
		42,272	7,891
Other losses- net	其他虧損－淨額		
Derivative financial liability at fair value through profit or loss – unrealised loss	按公平值計入損益之衍生金融負債－未實現虧損	(214)	(1,542)
Net foreign exchange (losses)/gains	匯兌(虧損)/收益淨額	(3,210)	662
Others	其他	826	542
Total other losses – net	其他虧損總額－淨額	(2,598)	(338)

Note:

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.

附註：

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增值稅及所得稅金額授出之津貼有關。

16. EXPENSES BY NATURE

Cost of inventories	存貨成本
Employment costs	僱員成本
Depreciation and amortisation	折舊及攤銷
Transportation	運輸
Utilities	動力及燃料

16. 開支(按性質分類)

Unaudited
未經審核
Six months ended 30 June
截至六月三十日止六個月

2010	2009
二零一零年	二零零九年
RMB'000	RMB'000
人民幣千元	人民幣千元
1,653,244	1,246,857
176,136	151,403
67,845	57,164
45,129	39,485
128,198	102,242

17. FINANCE INCOME AND COSTS

Finance income	財務收入
Exchange gain on financing activities	融資活動所得匯兌收益
Interest income on bank deposits	銀行存款利息收入
Finance costs	財務費用
Interest on borrowings wholly repayable within five years	須於五年內悉數償還的借貸利息
Less: amount capitalised in property, plant and equipment	減：物業、廠房及設備資本化金額
Net finance costs	財務費用

17. 財務收入及費用

Unaudited
未經審核
Six months ended 30 June
截至六月三十日止六個月

2010	2009
二零一零年	二零零九年
RMB'000	RMB'000
人民幣千元	人民幣千元
3,817	326
1,540	916
5,357	1,242
(27,941)	(24,804)
126	1,569
(27,815)	(23,235)
(22,458)	(21,993)

18. INCOME TAX EXPENSE

Current income tax	即期所得稅
– Mainland China enterprise income tax	– 中國大陸企業所得稅
Deferred income tax	遞延所得稅

18. 所得稅開支

Unaudited
未經審核
Six months ended 30 June
截至六月三十日止六個月

2010 二零一〇年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
41,340	8,385
2,666	2,148
44,006	10,533

- (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 period (2009: Nil).

- (ii) **Mainland China enterprise income tax (“EIT”)**
Subsidiaries established in Mainland China are subject to EIT at rates ranging from 22% to 25% during the period (2009: 20% to 25%).

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.

- (i) **香港利得稅**
由於本集團於期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（二零零九年：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期間須按22%至25%（二零零九年：20%至25%）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期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。

18. INCOME TAX EXPENSE (Continued)

(iii) Vietnam income tax

The subsidiary established in Vietnam is subject to income tax rate of 10% (2009: 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 from the first profitable year after offsetting the losses carried forward from the previous years. The Group's subsidiary in Vietnam is exempted from Vietnam income tax during the period (2009: Nil) as year 2010 is the third profit making year after offsetting prior years' losses.

(iv) Other income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Act or 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% (2009: 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 period (2009: Nil).

18. 所得稅開支(續)

(iii) 越南所得稅

於越南成立的附屬公司須按10%(二零零九年: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。由於二零一零年為越南附屬公司抵銷過往年度結轉的虧損後第三個獲利年度,故本集團的越南附屬公司於本期間內獲免繳越南所得稅(二零零九年:零)。

(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英屬處女群島國際商業公司法或二零零四年公司法註冊成立,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%(二零零九年:9%)之稅率繳付所得稅。由於本集團於本期間內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(二零零九年:零)。

19. 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 period.

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)	304,570	55,995
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數(以千計)	884,681	884,681
Basic earnings per share (RMB per share)	每股基本盈利 (每股人民幣元)	0.344	0.063

(b) Diluted

Diluted earnings per share is not presented as there were no dilutive ordinary shares.

20. DIVIDENDS

A final dividend for the year ended 31 December 2009 that amounts to RMB58,369,000 was paid in May 2010 (2009: Nil).

In addition, an interim dividend of HKD0.11 per ordinary share (2009: HKD0.035) was declared by the board of directors on 20 August 2010. It will be payable on or about 20 September 2010 to shareholders who are on the register of members of the company in Hong Kong on 10 September 2010. This interim dividend, amounting to RMB84,938,000 (2009: RMB27,295,000), has not been recognised as a liability in this condensed consolidated balance sheet. It will be recognised in shareholders' equity in the year ending 31 December 2010.

19. 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期內已發行普通股的加權平均數計算。

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2010 二零一零年	2009 二零零九年
304,570	55,995
884,681	884,681
0.344	0.063

(b) 攤薄

由於並無具攤薄影響之普通股，故並無呈列每股攤薄盈利。

20. 股息

截至二零零九年十二月三十一日止年度，人民幣58,369,000元的末期股息已於二零一零年五月支付(二零零九年：零)。

此外，董事會於二零一零年八月二十日宣派每股普通股0.11港元(二零零九年：0.035港元)之中期股息，並將於二零一零年九月二十日或前後派付予於二零一零年九月十日名列本公司香港股東名冊之股東。此中期股息之金額為人民幣84,938,000元(二零零九年：人民幣27,295,000元)，且並未於此簡明綜合資產負債表中確認為負債，並將於截至二零一零年十二月三十一日止年度於股東權益中確認。

21. COMMITMENTS

(a) Capital commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

Property, plant and equipment	物業、廠房及設備
Authorized but not contracted for	已授權但未訂約
Contracted but not provided for	已訂約但未撥備
Total capital commitments	資本承擔總額

(b) Operating leases 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:

No later than 1 year	一年內
Later than 1 year and no later than 5 years	一年後至五年內
Later than 5 years	五年後
Representing:	指：
Land use right	土地使用權
Property, plant and equipment	物業、廠房及設備

21. 承擔

(a) 資本承擔

於結算日的資本開支(但未產生)如下：

Unaudited 未經審核 30 June 2010 二零一零年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2009 二零零九年 十二月三十一日 RMB'000 人民幣千元
291,348	—
141,548	225,331
432,896	225,331

(b) 經營租賃承擔

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：

Unaudited 未經審核 30 June 2010 二零一零年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2009 二零零九年 十二月三十一日 RMB'000 人民幣千元
3,238	4,324
7,844	7,983
72,465	73,402
83,547	85,709
82,101	83,303
1,446	2,406
83,547	85,709

22. RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to 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.

The related party that had transactions with the Group is as follows:

Name of related party 關聯方名稱

Nantong Textile Group Co., Ltd.
南通紡織控股集團紡織染有限公司

The Group had the following significant transactions with its related parties, as follows:

(a) Sales of goods

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

(b) Purchases of goods

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

22. 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。

與本集團進行交易的關聯方如下：

Relationship with the Group 與本集團的關係

Associate company
聯營公司

本集團與其關聯方進行下列重大交易如下：

(a) 銷售貨品

Unaudited
未經審核
Six months ended 30 June
截至六月三十日止六個月

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
–	3,395

(b) 購買貨品

Unaudited
未經審核
Six months ended 30 June
截至六月三十日止六個月

2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
19,664	14,804

22. RELATED-PARTY TRANSACTIONS
(Continued)

- (b) **Purchases of goods** (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.
- (c) **Balance with related parties**
The Group had the following significant balances with related parties:

Trade payable to a related party	來自關聯方的貿易款項
– Nantong Textile Group Co., Ltd.	– 南通紡織控股集團紡織染有限公司

(d) **Key management compensation**

Salaries and bonuses	薪金及花紅
Pension cost (defined contribution plan)	退休金成本 (界定供款計劃)
Other benefits	其他福利

22. 與關聯方的交易(續)

- (b) **購買貨品(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。
- (c) **與關聯方的結餘**
本集團與關聯方的重大結餘如下：

Unaudited 未經審核 30 June 2010 二零一零年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2009 二零零九年 十二月三十一日 RMB'000 人民幣千元
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2,995	2,010
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(d) **主要管理層薪酬**

Unaudited 未經審核 Six months ended 30 June 截至六月三十日止六個月	2009 二零零九年 RMB'000 人民幣千元
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2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
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1,196	1,107
29	26
382	455

1,607	1,588
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OVERVIEW

We are pleased to present to the shareholders with the results of the Group for the six months ended 30 June 2010. During the period under review, the turnover of the Group increased by 44.4% from the corresponding period last year to RMB2,473 million mainly due to the strong demand in the domestic sales market in the PRC. Profit attributable to equity holders increased by 443.9% from the corresponding period last year to RMB305 million, and profit attributable to equity holders after excluding other income and other losses increased by 446.8% to RMB265 million. Earnings per share for the half year increased by 446.0% from RMB0.063 for the corresponding period last year to RMB0.344.

INDUSTRY REVIEW

Notwithstanding the persistent growth in the domestic market, manufacturers are still cautious in making investment for the expansion of production capacity, which resulted in an insufficient supply in the yarn market since late 2009.

According to the information provided by China National Textile And Apparel Council, the accumulated industrial output value of textile enterprises in China from January to May 2010 was RMB1,686.5 billion in total, representing an increase of 26.55% over the corresponding period last year. According to the statistics from General Administration of Customs, the accumulated amount of export of textile and garment products from January to June 2010 amounted to US\$88.9 billion, representing an increase of 22% over the corresponding period in 2009. An additional investment of RMB93 billion was made in the textile industry in China from January to June 2010, representing an increase of 22% over the corresponding period last year.

綜覽

我們欣然向股東報告本集團截至二零一零年六月三十日止六個月的業績。在回顧期內，主要由於中國內銷市場需求持續旺盛，本集團之營業額較去年同期上升44.4%至人民幣24.73億元。股權持有人應佔溢利較去年同期上升443.9%至人民幣3.05億元，扣除其他收入及其他虧損後股權持有人應佔溢利增加446.8%至人民幣2.65億元。半年度之每股盈利較去年同期人民幣0.063元上升446.0%至人民幣0.344元。

行業回顧

雖然中國國內市場持續增長，但廠商於投資擴充產能時仍然審慎，導致自二零零九年底起紗線市場已出現供不應求的現象。

根據中國紡織工業協會提供的資料，於二零一零年一月至五月，中國紡織企業累計工業總產值為人民幣16,865億元，較去年同期增長26.55%。中國海關總署的統計顯示，二零一零年一月至六月紡織及成衣產品累計出口889億美元，較二零零九年同期增長22%。中國紡織行業在二零一零年一月至六月新增投資人民幣930億元，較去年同期上升22%。

BUSINESS REVIEW

For the six months ended 30 June 2010, the turnover of the Group was RMB2,473 million, representing an increase of 44.4% over the corresponding period last year. The turnover comprises sales of yarns, grey fabrics and garment fabrics. Yarns continued to be the major product of the Group, the turnover of which amounted to RMB1,952 million and accounted for 78.9% of the Group's total turnover. Sales volume of yarns increased by 23.3% from the corresponding period last year to 90,000 tonnes, which was mainly due to the increased proportion of denim yarn in our product portfolio. The Group has continuously focused on the core-spun cotton and denim yarn markets in China and expanded the scale of production while exploring the differentiated and high value-added yarn products market. The turnover of our grey fabrics amounted to RMB451 million and accounted for 18.3% of the Group's total turnover. Sales volume of grey fabrics increased by 11.9% from the corresponding period last year to 47 million meters following the successful restructuring of the grey fabrics business. The operating data of our products is set out below:

業務回顧

截至二零一零年六月三十日止六個月，本集團的營業額為人民幣24.73億元，較去年同期上升44.4%。營業額包括紗線、坯布及面料的銷售。紗線繼續為本集團的重點產品，營業額達到人民幣19.52億元，佔集團總營業額的78.9%，與去年同期比較，銷量增加23.3%至90,000噸，主要由於產品組合中牛仔紗的比例上升。本集團持續主攻中國的棉包芯紗線及牛仔紗線市場，在擴大規模的同時也針對差異化高附加值紗線產品市場的開拓。坯布的營業額為人民幣4.51億元，佔集團總營業額的18.3%。隨著坯布業務的重組成功，銷量與去年同期比較增加11.9%至4,700萬米。我們產品的經營數據如下：

		January to June 2010	Gross profit margin	January to June 2009	Gross profit margin	Turnover change between 2010 and 2009	Margin change between 2009 and 2008
		二零一零年 一月至六月 RMB'000 人民幣千元	毛利率	二零零九年 一月至六月 RMB'000 人民幣千元	毛利率	二零一零年 營業額對比 二零零九年 之轉變	二零零九年 毛利率對比 二零零八年 之轉變
Stretch core-spun yarns	彈力包芯紗線	1,290,201	22.6%	907,904	13.7%	42.1%	8.9%
Other yarns	其他紗線	661,745	19.4%	420,278	10.6%	57.5%	8.8%
Stretch grey fabrics	彈力坯布	348,824	9.3%	223,064	8.6%	56.4%	0.7%
Other grey fabrics	其他坯布	102,596	9.9%	113,139	2.6%	-9.3%	7.3%
Dyed/garment fabrics	染色面料	70,077	15.8%	48,269	17.3%	45.2%	-1.5%
Total	總營業額	2,473,443	19.2%	1,712,654	11.6%	44.4%	7.6%

BUSINESS REVIEW (Continued)

The overall gross profit margin of the Group's products increased from 11.6% in the corresponding period last year to 19.2%. It was mainly due to the increased gross profit margin of yarns. The strong demand of yarns in the PRC market resulted in a bigger increase in their selling prices than the increase in the cost of raw materials, which, together with the proper stock up of cotton inventories at the beginning of 2010, drove the gross profit margin of yarns to a high point in recent years.

During the development of differentiated products, we keep on exploring the production of more blended yarns of various fibers and core-spun yarn products besides spandex, and satisfactory results were achieved. We have maintained a close cooperation relationship with Lenzing Fibers (Shanghai) Co., Ltd., and have made a further progress in the application of its cellulose-based Tencel® and Modal® fibers in yarn production as highlighted by the significant increase in its production volume as compared with the corresponding period last year. Our research and development centre in Changzhou has been developing and improving a wide variety of products based on the market demand in order to secure our leading position in the industry and meet the demand of quality customers for different high-end products.

業務回顧(續)

本集團產品的整體毛利率由去年同期的11.6%上升至19.2%。紗線毛利率上升是主要關鍵。中國市場對紗線的需求殷切，導致紗線銷售價格的上漲比主要原料成本的升幅還大，加上在二零一零年年初適當增加棉花庫存，把紗線的毛利率推向近年的高位。

在差異化產品的開發上，我們繼續嘗試生產更多不同纖維的混紡紗線以及氨綸以外的包芯紗產品，並取得滿意的成績。我們與蘭精纖維(上海)有限公司保持著緊密合作的關係，本集團在紗線生產方面應用他們提供的cellulose-based Tencel®及Modal®纖維上更上一層樓，其產量較去年同期大幅上升。本集團位於常州的研發中心也不斷因應市場需求開發及改良產品，保持在業界中的領先地位，主攻在不同產品領域上最優質的客戶羣。

FUTURE OUTLOOK

The first half year of 2010 was a profit-gaining period for the textile industry. While prudent but optimistic for the second half year of 2010, our management believes that the demand of the Group's key products will grow steadily. To capture the market opportunities, Xuzhou Texhong Times Textile Co., Ltd. has commenced the full operation of phase II of the 70,000 spindles in July this year. In addition, the phase III construction of the 190,000-spindle project in Vietnam has already started and is expected to commence production in the first quarter next year. The new project has not only consolidated the Group's leading position in the cotton core-spun yarn market, but also laid a solid foundation for the Group's entry into the denim yarn market in the PRC. In addition to the new capacity construction, the Group also has introduced new equipment to enhance its capability in producing differentiated products, improve the product quality and productivity, and, simultaneously, reduce the pressure from the recruitment.

Looking forward, the management will continue to strive to maintain its competitiveness and leading position by the orderly expansion of production capacity, the optimization of the existing product mix and the development of new products that cater for the market trend and demand while adhering to our operating strategy that focuses on "professionalism, perfectionism and globalization".

FINANCIAL REVIEW

Liquidity and financial resources

As at 30 June 2010, the Group's bank and cash balances (including pledged bank deposits) amounted to RMB491,381,000 (As at 31 December 2009: RMB407,902,000).

前景

二零一零年上半年是紡織行業豐收的時期，管理層對二零一零年下半年審慎樂觀，相信本集團的重點產品需求將持續穩步上升。為抓住市場機遇，徐州天虹時代紡織有限公司的二期70,000紗錠項目在今年七月份已全面投產。此外，於越南的第三期190,000紗錠項目已開始動工，預計明年第一季度投產。新項目不但鞏固本集團在中國棉包芯紗線市場的領導地位，更為集團進軍中國牛仔紗線市場打造堅實的保障。除了新的產能建設，集團也透過更換新設備以提升生產差異化產品的能力、提高產品品質及生產效率，同時減低了招聘的壓力。

展望未來，管理層將繼續透過有序的產能擴充、改良現有產品結構及開發迎合市場需要的新產品，秉持「專業化、精益化、國際化」的營運策略，力求在業界始終保持最具競爭力及領先地位。

財務回顧

流動資金及財務資源

於二零一零年六月三十日，本集團之銀行及現金結餘(包括已抵押銀行存款)為人民幣491,381,000元(於二零零九年十二月三十一日：人民幣407,902,000元)。

FINANCIAL REVIEW (Continued)

Liquidity and financial resources (Continued)

The Group's inventories and trade and bills receivables increased by RMB269,560,000 and by RMB139,037,000 to RMB984,215,000 and RMB574,502,000 respectively (As at 31 December 2009: RMB714,655,000 and RMB435,465,000). The inventory turnover days and trade receivable turnover days were 76 days and 37 days respectively, compared to 74 days and 40 days respectively as at 31 December 2009. During the period compared to that of last year, the increase in inventory turnover days as compared with last year were due to the Group's strategic increase of the cotton inventory to minimize the pressure on the cost from the persistent price increase of raw materials. Although the balance of trade and bills receivables increased, the turnover days was actually reduced due to the significant increase of 44.4% in the turnover during the period.

The Group's bank borrowings remained almost unchanged with a slight increase of RMB31,379,000 to RMB1,015,833,000 (As at 31 December 2009: RMB984,454,000).

As announced by the Company on 26 April 2010, by an agreement dated 26 April 2010 ("Facility Agreement") entered into by, among others, the Company as borrower and a syndicate of banks and financial institutions as lenders, the lenders have agreed to grant a loan facility ("Facility") of up to the principal amount of US\$43,000,000 for refinancing of the Group's existing indebtedness. The Facility is for a term of three years and is unsecured. The Facility Agreement contains the usual cross default provisions and a further requirement that Mr. Hong Tianzhu shall remain the chairman of the Company's board of directors and the Company's single largest shareholder. A breach of such requirement will constitute an event of default under the Facility Agreement, and as a result, the Facility is liable to be declared immediately due and repayable. The occurrence of such circumstance may trigger the cross default provisions of other banking/credit facilities available to the Group and, as a possible consequence, these other facilities may also be declared to be immediately due and repayable. As at the date of this announcement, the Company is in compliance with the Facility Agreement.

財務回顧(續)

流動資金及財務資源(續)

本集團的存貨及應收貿易及票據款項分別增加人民幣269,560,000元及人民幣139,037,000元至人民幣984,215,000元及人民幣574,502,000元(於二零零九年十二月三十一日:人民幣714,655,000元及人民幣435,465,000元)。存貨周轉日數及應收貿易款項周轉日數分別為76日及37日,而二零零九年十二月三十一日則分別為74日和40日。期內存貨周轉日較去年上升,原因是本集團策略性增加棉花庫存以減輕原材料價格不斷上升對成本造成的壓力。應收貿易及票據款項的餘額雖然增加,但實際上周轉日數縮短,因期內的營業額大幅上漲44.4%。

本集團之銀行借貸大致維持不變,僅輕微增加人民幣31,379,000元至人民幣1,015,833,000元(於二零零九年十二月三十一日:人民幣984,454,000元)。

如本公司於二零一零年四月二十六日所公佈,根據由(其中包括)本公司(作為借款人)及由銀行及金融機構組成之銀團(作為貸款人)於二零一零年四月二十六日訂立之協議(「信貸協議」),貸款人同意授出信貸融資(「信貸融資」),本金額高達43,000,000美元,以為本集團現有債項再融資。信貸融資為期三年,為無抵押。信貸協議載有一般交叉違約條文,以及另一項有關洪天祝先生須繼續為本公司董事會主席兼本公司最大單一股東之規定。違反有關規定將構成信貸協議之違約事項,並因此信貸融資須即時宣佈為到期及償還。發生有關情況可能導致觸發本集團其他銀行/信貸融資額度之交叉違約條文,並因此,該等其他信貸額度亦可能即時宣佈為到期及償還。於本公佈日期,本公司遵守信貸協議。

FINANCIAL REVIEW (Continued)

Liquidity and financial resources (Continued)

As at 30 June 2010, the Group's financial ratios were as follows:

Current ratio	流動比率
Debt to equity ratio ¹	負債權益比率 ¹
Net debt to equity ratio ²	負債淨額權益比率 ²

¹ Based on total borrowings over total equity

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

Foreign exchange risk

The Group mainly operated in mainland China and Vietnam. Most of the Group's transactions, assets and liabilities are denominated in RMB and USD, among which, most of the sales revenue was denominated in RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations. The Group manages its foreign exchange risks by performing regular reviews and monitoring its foreign exchange exposures. The Group did not engage in any foreign exchange hedging activities during the period under review.

Capital expenditure

For the six months ended 30 June 2010, the capital expenditure of the Group amounted to approximately RMB154,325,000 (For the six months ended 30 June 2009: RMB32,714,000). It represents additions to plant and equipment for our production plants in Vietnam and China.

Pledge of assets

As at 30 June 2010, the Group's bank deposits, land use rights and buildings, machinery and equipment with an aggregate net book value of approximately RMB491.4 million were pledged to secure for banking facilities for the purposes of working capital and purchases of fixed assets for the Group (as at 31 December 2009: RMB465.9 million).

財務回顧(續)

流動資金及財務資源(續)

於二零一零年六月三十日，本集團之財務比率如下：

	30 June 2010 二零一零年 六月三十日	31 December 2009 二零零九年 十二月三十一日
Current ratio	1.42	1.11
Debt to equity ratio ¹	0.59	0.66
Net debt to equity ratio ²	0.30	0.39

¹ 總借貸除總權益

² 總借貸減現金及現金等值物及已抵押銀行存款除總權益

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，其中大部份銷售收入以人民幣計值。外匯風險為來自於未來海外營運中的商業貿易、已確認資產及負債以及投資淨額。本集團進行定期檢討及監察其外匯風險以管理其外匯風險。本集團於回顧期內並無涉及任何外匯對沖活動。

資本開支

截至二零一零年六月三十日止六個月，本集團之資本開支約為人民幣154,325,000元(截至二零零九年六月三十日止六個月：人民幣32,714,000元)，包括就越南及中國生產廠房添置廠房及設備。

資產抵押

於二零一零年六月三十日，本集團總賬面淨值約為人民幣491,400,000元之銀行存款、土地使用權以及樓宇、機器及設備已作抵押，以為本集團的營運資金及購買固定資產取得銀行融資。(於二零零九年十二月三十一日：人民幣465,900,000元)。

FINANCIAL REVIEW (Continued)

Human resources

As at 30 June 2010, the Group had a total workforce of 13,737, representing an increase of 1% compared with that at the end of last year (As at 31 December 2009: 13,596), of whom 10,830 were based in the regional headquarters in Shanghai and our manufacturing plants in mainland China. The remaining 2,907 were located in regions outside mainland China including Vietnam, Hong Kong and Macau. The Group will continuously optimize the workforce structure and offer its staff with competitive remuneration schemes. The Group is committed to nurturing a learning and sharing culture in the organisation. Heavy emphasis is placed on the training and development of individual staff and team building, as the Group's success depends on the contributions of our skilled and motivated staff in all our functional divisions.

Dividend policy

The Board intends to maintain a long term dividend payout ratio providing shareholders with an equitable return. The Board has resolved to declare an interim dividend of 11 HK cents per share in respect of the six months ended 30 June 2010 to the shareholders whose names appear on the register of members of the Company in Hong Kong on 10 September 2010.

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

For the six months ended 30 June 2010, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

財務回顧(續)

人力資源

於二零一零年六月三十日，本集團員工合共13,737名，比去年底增加了1%（於二零零九年十二月三十一日：13,596名），其中10,830名駐於上海地區總部及本集團在中國大陸的廠房。其餘2,907名駐於中國大陸以外地區（包括越南、香港及澳門）。本集團仍會不斷優化人力架構，同時向其員工提供具競爭力的酬金計劃。本集團之成功有賴由技巧純熟且士氣高昂的員工組成各職能部門，故此本集團致力於集團內孕育學習與分享的文化，重視員工之個人培訓及發展，以及建立團隊。

股息政策

董事會擬維持長遠派息率，務求為股東帶來合理的回報。董事會議決就截至二零一零年六月三十日止六個月向於二零一零年九月十日名列本公司於香港之股東名冊之股東宣派每股11港仙之中期股息。

購買、出售及贖回本公司之上市證券

截至二零一零年六月三十日止六個月，本公司或其任何附屬公司並無購買、出售及贖回本公司任何上市證券。

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

At 30 June 2010, 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 as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

董事及行政總裁持有之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

於二零一零年六月三十日，本公司各董事及行政總裁於本公司及其相聯法團（定義見香港法例第571章證券及期貨條例第XV部（「證券及期貨條例」））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，記錄於本公司須予存置之登記冊內之權益及淡倉，或其他根據上市規則所載上市公司董事進行證券交易標準守則規定須通知本公司及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／ 聯營法團名稱	Nature of interests 權益性質	Number of shares held 持有股份數目	
			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	536,959,173 (L) (Note 2) (附註2)	60.70%
	the Company 本公司	Beneficiary 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	251,090,000 (L) (Note 3) (附註3)	28.38%

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

董事及行政總裁持有之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)

Notes:

附註：

- The letter "L" denotes the person's long position in the Shares.
 - Among these 536,959,173 Shares, as to 373,459,173 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.
 - Among these 251,090,000 Shares, as to 87,590,000 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.
- 「L」代表該人士於股份之好倉。
 - 該536,959,173股股份中373,459,173股以New Green Group Limited(其全部已發行股本由香港天虹實業有限公司實益擁有，洪天祝先生擁有該公司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全部已發行股本的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。
 - 該251,090,000股股份中87,590,000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全部已發行股本的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 THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2010, 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 as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Ordinary Shares of the Company:

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，於二零一零年六月三十日，根據證券及期貨條例第336節本公司須予存置之登記冊內所示，於本公司股份或相關股份或債權證中擁有權益或淡倉的人士（惟本公司之一名董事或主要行政人員除外）如下：

本公司之普通股：

Name of substantial shareholder 本公司主要股東	Nature of interests 權益性質	Number of shares held 持有股份數目	
		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	373,459,173 (L) (Note 2) (附註2)	42.21%
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	87,590,000 (L) (Note 4) (附註4)	9.90%
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	373,459,173 (L) (Note 2) (附註2)	42.21%
Ms. Ke Luping 柯綠萍女士	Interest of spouse 配偶權益	541,359,173 (L) (Note 5) (附註5)	61.19%
Ms. Zhao Zhiyang 趙志揚女士	Interest of spouse 配偶權益	251,090,000 (L) (Note 6) (附註6)	28.38%
Mr. Hui Ching Lau 許清流先生	Interest of controlled corporation 所控制法人的權益	45,016,000 (L) (Note 7) (附註7)	5.09%
Lianjie (China) Investments Limited	Beneficial owner 實益擁有人	45,016,000 (L) (Note 7) (附註7)	5.09%

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

Notes:

- The letter "L" denotes the person's long position in the Shares.
- These 373,459,173 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 and 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 87,590,000 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.
- These 45,016,000 Shares are registered in the name of Lianjie (China) Investments Limited, which is 100% controlled by Hui Ching Lau. Under the SFO, Hui Ching Lau is deemed to be interested in all the Shares in which Lianjie (China) Investments Limited is interested.

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373,459,173股股份以New Green Group Limited(其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87,590,000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同樣數目之股份佔有權益。
- 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同樣數目之股份佔有權益。
- 該45,016,000股股份以由許清流先生全資控制的Lianjie (China) Investments Limited名義登記。根據證券及期貨條例，許清流先生被視為於Lianjie (China) Investments Limited佔有權益之所有股份佔有權益。

CORPORATE GOVERNANCE

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

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

Code A.2.1

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

企業管治

本集團一直致力維持高水平企業管治，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。

董事會由四名執行董事及三名獨立非執行董事組成。董事會已採納載於聯交所證券上市規則(「《上市規則》」)附錄14之企業管治常規守則內的守則條文(「《守則條文》」)。除以下偏離情況外，本公司於報告期內已遵守《守則條文》：

守則A.2.1

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權力和職權的平衡。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。董事會對洪天祝先生充滿信心，相信委任彼出任主席兼行政總裁之職，有利於本公司的業務發展。

董事進行證券交易的標準守則

本公司已採納一套嚴格程度不遜於《上市規則》附錄十上市公司董事進行證券交易的標準守則(「《標準守則》」)所載有關董事證券交易規定準則的行為守則，經本公司特別查詢後，全體董事確認彼等在報告期內已遵守《標準守則》內所載的規定準則及有關董事證券交易的行為守則。

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 has discussed with management and reviewed the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2010.

REMUNERATION COMMITTEE

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

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

Hong Kong, 20 August 2010

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，即丁良輝先生、朱蘭芬女士及程隆棣先生。丁良輝先生為審核委員會主席。審核委員會所採納的職權及職責符合《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。

審核委員會已與管理層商討並審閱截至二零一零年六月三十日止六個月之未經審核簡明綜合財務報表。

薪酬委員會

董事會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、程隆棣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。薪酬委員會已採納與《守則條文》一致之職權及職責。薪酬委員會主要負責擬訂本集團董事及高級管理層的所有酬金政策及架構，向董事會提供意見及建議。

承董事會命
天虹紡織集團有限公司
主席
洪天祝

香港，二零一零年八月二十日

