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

二零一一年中期報告
Interim Report **2011**

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Mr. Zhu Yongxiang
Mr. Tang Daoping
Mr. Gong Zhao

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MH FCCA FCPA (Practising)
ACA FTIHK FHKIoD
Ms. Zhu Lanfen
Professor Cheng Longdi

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ACA FTIHK FHKIoD
Mr. Hong Tianzhu
Ms. Zhu Lanfen
Professor Cheng Longdi

COMPANY SECRETARY
Mr. Hui Tsz Wai

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朱永祥先生
湯道平先生
龔照先生

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丁良輝先生
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ACA FTIHK FHKIoD
朱蘭芬女士
程隆棣教授

薪酬委員會
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朱蘭芬女士
程隆棣教授

公司秘書
許子慧先生

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PRINCIPAL BANKERS
Standard Chartered Bank
Deutsche Bank AG, Hong Kong Branch
Bank of China (Hong Kong)
Citibank (China) Co., Ltd. Shanghai Branch
HSBC
BNP Paribas
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
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STOCK CODE
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主要往來銀行
渣打銀行
德意志銀行香港分行
中國銀行(香港)
花旗銀行(中國)有限公司上海分行
滙豐銀行
法國巴黎銀行
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

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		Note 附註	Unaudited 未經審核 30 June 2011 二零一一年六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2010 二零一零年十二月三十一日 RMB'000 人民幣千元
ASSETS	**資產**			
Non-current assets	**非流動資產**			
Land use rights	土地使用權	7	**187,755**	151,075
Property, plant and equipment	物業、廠房及設備	8	**1,954,768**	1,798,930
Investment in an associate	聯營公司之投資		**44,311**	43,560
Deferred income tax assets	遞延所得稅資產		**40,790**	24,430
Total non-current assets	**非流動資產總值**		**2,227,624**	2,017,995
Current assets	**流動資產**			
Inventories	存貨		**1,726,616**	1,386,851
Trade and bills receivables	應收貿易及票據款項	9	**841,530**	404,319
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	10	**161,354**	495,378
Pledged bank deposits	已抵押銀行存款		**36,614**	35,231
Cash and cash equivalents	現金及現金等值物		**662,442**	569,466
Total current assets	**流動資產總值**		**3,428,556**	2,891,245
Total assets	**資產總值**		**5,656,180**	4,909,240
EQUITY	**權益**			
Equity attributable to owners of the Company	**本公司擁有人應佔權益**			
Share capital	股本	15	**94,064**	94,064
Other reserves	其他儲備		**606,677**	608,517
Retained earnings	保留溢利		**1,638,197**	1,506,518
			2,338,938	2,209,099
Non-controlling interests	非控制性權益		**246**	76
Total equity	**總額權益**		**2,339,184**	2,209,175

		Note 附註	Unaudited 未經審核 30 June 2011 二零一一年六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2010 二零一零年十二月三十一日 RMB'000 人民幣千元
LIABILITIES	**負債**			
Non-current liabilities	**非流動負債**			
Borrowings	借貸	13	**1,473,866**	629,806
Deferred income tax liabilities	遞延所得稅負債		**56,206**	49,275
Total non-current liabilities	**非流動負債總值**		**1,530,072**	679,081
Current liabilities	**流動負債**			
Trade and bills payables	應付貿易及票據款項	11	**1,019,933**	859,402
Accruals and other payables	預提費用及其他應付賬款	12	**325,022**	476,533
Current income tax liabilities	當期所得稅負債		**17,553**	41,668
Borrowings	借貸	13	**403,213**	609,912
Derivative financial instruments	衍生金融工具	14	**21,203**	33,469
Total current liabilities	**流動負債總值**		**1,786,924**	2,020,984
Total liabilities	**總負債**		**3,316,996**	2,700,065
Total equity and liabilities	**權益及負債總額**		**5,656,180**	4,909,240
Net current assets	**流動資產淨值**		**1,641,632**	870,261
Total assets less current liabilities	**總資產減流動負債**		**3,869,256**	2,888,256

The notes on pages 10 to 45 form an integral part of these interim consolidated financial statements.

第10至45頁之附註為此等中期綜合財務報表之一部分。

		Note 附註	Unaudited 未經審核 Six months ended 30 June 截至六月三十日止六個月 **2011** **二零一一年** ***RMB'000*** ***人民幣千元***	 2010 二零一零年 *RMB'000* *人民幣千元*
Revenue	收入	*6*	**2,973,956**	2,473,443
Cost of sales	銷售成本		**(2,416,024)**	(1,999,426)
Gross profit	**毛利**		**557,932**	474,017
Selling and distribution costs	銷售及分銷開支		**(61,675)**	(66,811)
General and administrative expenses	一般及行政開支		**(100,722)**	(76,126)
Other income	其他收入	*17*	**2,727**	42,272
Other losses – net	其他虧損－淨額	*17*	**(51,455)**	(2,598)
Operating profit	**經營溢利**		**346,807**	370,754
Finance income	財務收入	*19*	**2,704**	1,540
Finance costs	財務費用	*19*	**(44,795)**	(23,998)
Share of profit of an associate	分佔聯營公司溢利		**751**	280
Profit before income tax	**除所得稅前溢利**		**305,467**	348,576
Income tax expense	所得稅開支	*20*	**(49,215)**	(44,006)
Profit for the period	**期內溢利**		**256,252**	304,570
Other comprehensive income	**其他全面收益**		**–**	–
Total comprehensive income for the period	**期內全面收益總額**		**256,252**	304,570
Total comprehensive income attributable to:	**以下各方應佔全面收益總額：**			
– Owners of the Company	－本公司擁有人		**256,082**	304,570
– Non-controlling interests	－非控制性權益		**170**	–
			256,252	304,570
Earnings per share attributable to owners of the Company (expressed in RMB per share)	**本公司擁有人應佔之每股盈利**(以每股人民幣表示)	*21*		
Basic earnings per share	每股基本盈利		**0.289**	0.344
Diluted earnings per share	每股攤薄盈利		**0.289**	0.344
Dividends	**股息**	*22*	**72,606**	84,938

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第10至45頁之附註為此等中期綜合財務報表之一部分。

		Unaudited 未經審核					
		Attributable to owners of the Company 本公司擁有人應佔					
		Share capital 股本 RMB'000 人民幣千元	Other reserves 其他儲備 RMB'000 人民幣千元	Retained earnings 保留溢利 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Non-controlling interests 非控制性權益 RMB'000 人民幣千元	Total equity 權益總額 RMB'000 人民幣千元
Balance at 1 January 2010	**於二零一零年一月一日的結餘**	94,064	529,714	862,887	1,486,665	–	1,486,665
Profit for the period	期間溢利	–	–	304,570	304,570	–	304,570
Other comprehensive income	其他全面收益						
– Transfer from revaluation reserve to retained earnings	–由重估儲備轉撥至保留溢利						
– gross	–總額	–	(1,330)	1,330	–	–	–
– deferred income tax	–遞延所得稅	–	393	(393)	–	–	–
Total comprehensive income for the period ended 30 June 2010	**截至二零一零年六月三十日止期間全面收益總額**	–	(937)	305,507	304,570	–	304,570
Transactions with owners in their capacity as owners	**與股權持有人之交易**						
Dividends relating to 2009 paid in May 2010	於二零一零年五月派付有關二零零九年之股息	–	–	(58,369)	(58,369)	–	(58,369)
Balance at 30 June 2010	**於二零一零年六月三十日的結餘**	94,064	528,777	1,110,025	1,732,866	–	1,732,866
Balance at 1 January 2011	**於二零一一年一月一日的結餘**	94,064	608,517	1,506,518	2,209,099	76	2,209,175
Profit for the period	期間溢利	–	–	256,082	256,082	170	256,252
Other comprehensive income	其他全面收益						
– Transfer from revaluation reserve to retained earnings	–由重估儲備轉撥至保留溢利						
– gross	–總額	–	(2,498)	2,498	–	–	–
– deferred income tax	–遞延所得稅	–	658	(658)	–	–	–
Total comprehensive income for the period ended 30 June 2011	**截至二零一一年六月三十日止期間全面收益總額**	–	(1,840)	257,922	256,082	170	256,252
Transactions with owners in their capacity as owners	**與股權持有人之交易**						
Dividends relating to 2010 paid in April 2011	於二零一一年四月派付有關二零一零年之股息	–	–	(126,243)	(126,243)	–	(126,243)
Balance at 30 June 2011	**於二零一一年六月三十日的結餘**	94,064	606,677	1,638,197	2,338,938	246	2,339,184

The notes on pages 10 to 45 form an integral part of these interim consolidated financial statements.

第10至45頁之附註為此等中期綜合財務報表之一部分。

		Unaudited 未經審核 Six months ended 30 June 截至六月三十日止六個月	
		2011 二零一一年 *RMB'000 人民幣千元*	2010 二零一零年 *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	**63,863**	287,621
Interest received	已收利息	**2,704**	1,540
Income tax paid	已付所得稅	**(82,759)**	(23,946)
Cash flows from operating activities – net	**來自經營活動的現金流量－淨額**	**(16,192)**	265,215
Cash flows from investing activities	**來自投資活動的現金流量**		
Purchases of property, plant and equipment and land use rights	購買物業、廠房及設備以及土地使用權	**(392,609)**	(138,268)
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備所得款項	**311**	1,482
Increase in pledged bank deposits	已抵押銀行存款增加	**(1,383)**	(16,707)
Cash flows from investing activities – net	**來自投資活動的現金流量－淨額**	**(393,681)**	(153,493)
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	**1,401,047**	555,972
Repayments of borrowings	償還借貸	**(732,316)**	(520,776)
Interest paid	已付利息	**(39,639)**	(21,777)
Dividend paid	已付股息	**(126,243)**	(58,369)
Cash flows from financing activities – net	**來自融資活動的現金流量－淨額**	**502,849**	(44,950)
Net increase in cash and cash equivalents	**現金及現金等值物增加淨額**	**92,976**	66,772
Cash and cash equivalents at the beginning of the period	期初之現金及現金等值物	**569,466**	392,003
Cash and cash equivalents at end of the period	**期末之現金及現金等值物**	**662,442**	458,775

The notes on pages 10 to 45 form an integral part of these interim consolidated financial statements.

第10至45頁之附註為此等中期綜合財務報表之一部分。

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.

This condensed consolidated interim financial information is presented in Chinese Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 19 August 2011.

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 2011 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 2010, 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。於二零一一年八月十九日,本簡明綜合中期財務資料已獲批准刊發。

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二零一零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 2010, 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.

(a) New and amended standards adopted by the Group

The following new standard and amendment to standard are mandatory for the first time for the financial year beginning 1 January 2011:

- HKAS 24 (Revised), "Related Party Disclosures" is effective for annual period beginning on or after January 2011. It introduces an exemption from all of the disclosure requirements of HKAS 24 for transactions among government related entities and the government. Those disclosures are replaced with a requirement to disclose:

  - The name of the government and the nature of their relationship;
  - The nature and amount of any individually significant transactions; and
  - The extent of any collectively-significant transactions qualitatively or quantitatively.

  It also clarifies and simplifies the definition of a related party. The amendment has no significant impact on the Group's condensed consolidated interim financial information, as there are no transactions among government related entities and the government during the period.

3. 會計政策

除下文所述者外，所採納之會計政策與截至二零一零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：

(a) 本集團採納的新訂及經修訂準則

以下之新準則及準則修訂已於二零一一年一月一日開始之財政年度首次強制採納：

- 香港會計準則第24號（經修訂）「關連方披露」於二零一一年一月或之後開始的年度期間生效。該準則引入就政府關連實體與政府之間的交易，對香港會計準則第24號的全部披露規定的豁免。該等披露由披露以下事項的規定取代：

  - 政府的名稱及雙方關係的性質；
  - 任何個別而言屬重大的交易的性質及金額；及
  - 按定性或定量計算整體上屬重大的交易的範疇。

  該準則亦澄清及簡化關連方的定義。修訂對本集團的簡明綜合中期財務資料並無重大影響，因為期內沒有政府關連實體與政府之間的交易。

3. ACCOUNTING POLICIES *(Continued)*

(a) New and amended standards adopted by the Group *(Continued)*

- Amendment to HKAS 34 'Interim financial reporting' is effective for annual periods beginning on or after 1 January 2011. It emphasises the existing disclosure principles in HKAS34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The change in accounting policy only results in additional disclosures.

(b) Amendments and interpretations to existing standards effective in 2011 but not relevant to the Group

- Amendment to HKAS 32 'Classification of rights issues' is effective for annual periods beginning on or after 1 February 2010. This is not currently applicable to the Group, as it has not made any rights issue.

3. 會計政策（續）

(a) 本集團採納的新訂及經修訂準則（續）

- 對香港會計準則第34號「中期財務報告」之修訂於二零一一年一月一日或之後開始之年度期間生效。該修訂強調香港會計準則第34號中現有之披露原則，及增加額外指引以表述披露原則的使用。該修訂更加強調重大事件及交易之披露原則。其他規定包括披露公平值計量之變動（如屬重大），以及從最近之年報更新相關資料之需要。會計政策之變動僅導致披露增加。

(b) 於自二零一一年生效但與本集團無關之現有準則修訂及詮釋如下

- 對香港會計準則第32號「供股之分類」之修訂於二零一零年二月一日或之後開始之年度期間生效。由於本集團並無作出任何供股，故該修訂目前並不適用於本集團。

3. ACCOUNTING POLICIES *(Continued)*

(b) Amendments and interpretations to existing standards effective in 2011 but not relevant to the Group *(Continued)*

- Amendment to HK(IFRIC) – Int-14 'Prepayments of a minimum funding requirement' is effective for annual periods beginning on or after 1 January 2011. This is not currently relevant to the Group, as it does not have a minimum funding requirement.

- HK(IFRIC) – Int-19 'Extinguishing financial liabilities with equity instruments' is effective for annual periods beginning on or after 1 July 2010. This is not currently applicable to the Group, as it has no extinguishment of financial liabilities replaced with equity instruments currently.

- Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by both IASB and the HKICPA, except for amendment to HKAS 34 'Interim financial reporting' as disclosed in note 3(a) and the clarification to allow the presentation of an analysis of the components of other comprehensive income by item within the notes, all are not currently relevant to the Group. All improvements are effective in the financial year of 2011.

3. 會計政策*（續）*

(b) 於自二零一一年生效但與本集團無關之現有準則修訂及詮釋如下*（續）*

- 香港（國際財務報告詮釋委員會）－詮釋第14號「最低資金要求之預付款」之修訂於二零一一年一月一日或之後開始之年度期間生效。由於本集團並無最低資金要求，故該詮釋目前並不適用於本集團。

- 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」於二零一零年七月一日或之後開始之年度期間生效。由於本集團目前並無抵銷金融負債並以權益工具取代，故該詮釋目前並不適用於本集團。

- 國際會計準則委員會及香港會計師公會均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，除附註3(a)所披露對香港會計準則第34號「中期財務報告」之修訂，以及澄清可於附註內按項目呈列對其他全面收益組成的分析之外，所有改進目前均不適用於本集團。所有改進於二零一一年財政年度生效。

3. ACCOUNTING POLICIES *(Continued)*

(c) New and amended standards which are not yet effective

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

- HKFRS 9 'Financial instruments' addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, as HKFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

  There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 'Financial instruments: Recognition and measurement' and have not been changed. The Group has not yet decided when to adopt HKFRS 9.

3. 會計政策（續）

(c) 尚未生效之新訂及經修訂準則

下列新準則及準則修訂於二零一一年一月一日開始之財政年度已頒佈但尚未生效，且並未獲提前採納：

- 香港財務報告準則第9號「金融工具」關於金融資產及金融負債的分類、計量及終止確認。此準則於二零一三年一月一日方始生效，惟可供提早採納。採納此準則時，準則將特別影響本集團對可供出售金融資產之會計處理，原因為若可供出售金融資產與非持作交易的權益投資有關，香港財務報告準則第9號僅容許於其他全面收益確認公平值收益及虧損。例如，可供出售債務投資之公平值收益及虧損將因此於損益直接確認。

  該準則對本集團有關金融負債之會計處理並無影響，原因是新規定僅影響指定為按公平值計入損益之金融負債之會計處理，而本集團並無任何有關負債。終止確認之規定轉錄自香港會計準則第39號「金融工具：確認及計量」，且並無變動。本集團尚未確定何時採納香港財務報告準則第9號。

3. ACCOUNTING POLICIES *(Continued)*

(c) New and amended standards which are not yet effective *(Continued)*

- HKAS 12 (Amendment) 'Deferred tax: Recovery of underlying assets' introduces an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1 January 2012 with early adoption permitted.

3. 會計政策*(續)*

(c) 尚未生效之新訂及經修訂準則*(續)*

- 香港會計準則第12號(修訂本)「遞延税項：收回相關資產」引入了按公平值計量的投資物業所產生的遞延税項資產或負債的計量原則的例外情況。香港會計準則第12號規定實體必須計量與資產相關的遞延税項，視乎實體預期透過使用或出售方式收回資產的賬面值。此項修訂引入了一項可推翻的假設，即按公平值計量的投資物業可透過出售而全數收回。此項修訂可追溯應用於二零一二年一月一日或之後開始之年度期間，並允許提早採納。

3. ACCOUNTING POLICIES *(Continued)*

(c) New and amended standards which are not yet effective *(Continued)*

- HKFRS 7 (Amendment) 'Disclosures – Transfers of financial assets' introduces new disclosure requirement on transfers of financial assets. Disclosure is required by class of asset of the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's balance sheet. The gain or loss on the transferred assets and any retained interest in those assets must be given. In addition, other disclosures must enable users to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. The disclosures must be presented by type of ongoing involvement. For example, the retained exposure could be presented by type of financial instrument (such as guarantees, call or put options), or by type of transfer (such as factoring of receivables, securitisations or securities lending). The amendment is applicable to annual periods beginning on or after 1 July 2011 with early adoption permitted.

3. 會計政策（續）

(c) 尚未生效之新訂及經修訂準則（續）

- 香港財務報告準則第7號（修訂本）「披露－金融資產轉讓」引入有關金融資產轉讓之新披露要求，規定須按資產之性質、賬面值以及已轉讓至另一方但仍保留於實體資產負債表之金融資產之風險及回報詳情進行分類披露，並須提供已轉讓資產之收益或虧損及該等資產之任何保留權益。此外，其他披露必須使使用者知悉任何相關負債之金額，及金融資產與相關負債之關係。有關披露須按持續參與之類別呈列。例如，保留風險可按金融工具之類別（如擔保、認購或認沽期權）或轉讓之類別（如應收款項保理、證券化或證券借貸）呈列。此項修訂適用於二零一一年七月一日或之後開始之年度期間，並允許提早採納。

4. ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2010, with the exception of changes in estimates that are required in determining the provision for income taxes (Note 20).

4. 估計

編製中期財務報表需要管理層作出判斷、估計及假設，該等判斷、估計及假設會影響會計政策的應用及資產、負債、收入及開支的所呈報金額。實際業績可能有別於該等估計。

於編製該等簡明綜合中期財務報表時，管理層於應用本集團會計政策及有關不明朗估計的主要來源時作出的主要判斷，與編製截至二零一零年十二月三十一日止年度的綜合財務報表時所應用者一致，釐定所得稅撥備時所需的估計之變動除外（附註20）。

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

There have been no changes in the risk management department since year end or in any risk management policies.

5. 財務風險管理

5.1 財務風險因素

本集團業務須面對各種財務風險：市場風險（包括貨幣風險、公平值利率風險、現金流利率風險及價格風險）、信貸風險及流動資金風險。

簡明綜合中期財務報表並不包括年度財務報表所需的所有財務風險管理資料及披露，並應與本集團截至二零一零年十二月三十一日止年度的年度財務報表一併閱讀。

財務風險部或風險管理政策自年末以來並無變動。

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities, except for issued US$200 million senior notes, maturing in 2016.

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

5. 財務風險管理*（續）*

5.2 流動資金風險

與年末相比，財務負債的未折現合約現金外流並無重大變動，惟不包括發行2.00億美元於二零一六年到期的優先票據。

5.3 公平值估計

下表以估值法分析按公平值列賬之金融工具，各等級分析如下：

- 相同資產或負債之活躍市場報價（未經調整）（第一級）。
- 除所報價格（計入第一級）外，資產或負債之直接（如價格）或間接（如源自價格者）可觀察輸入資料（第二級）。
- 並非根據可觀察市場數據釐定之資產或負債輸入資料（即不可觀察輸入資料）（第三級）。

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5. 財務風險管理（續）

5.3 Fair value estimation *(Continued)*

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2011 and 31 December 2010.

5.3 公平值估計（續）

下表載列本集團於二零一一年六月三十日及二零一零年十二月三十一日按公平值計量之資產與負債。

		Level 1 第一級	Level 2 第二級	Level 3 第三級	Total 總計
At 30 June 2011	**於二零一一年六月三十日**				
Liabilities	**負債**				
Derivative financial instruments	衍生金融工具	**–**	**21,203**	**–**	**21,203**

		Level 1 第一級	Level 2 第二級	Level 3 第三級	Total 總計
At 31 December 2010	於二零一零年十二月三十一日				
Liabilities	負債				
Derivative financial instruments	衍生金融工具	33,228	241	–	33,469

In 2011, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial liabilities.

於二零一一年，業務或經濟情況沒有重大變動，足以影響本集團的金融負債的公平值。

6. 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 geographic basis including Mainland China, Vietnam, Macao and Hong Kong.

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

6. 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、澳門及香港)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。

6. REVENUE AND SEGMENTAL INFORMATION *(Continued)*

The segment information for the six months ended 30 June 2011 is as follows:

6. 收益及分類資料*(續)*

截至二零一一年六月三十日止六個月之分類資料如下：

		Unaudited Six months ended 30 June 2011 未經審核 截至二零一一年六月三十日止六個月						
		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*	Macao 澳門 *RMB'000* *人民幣千元*	Hong Kong 香港 *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 revenue	總收入	2,186,787	1,122,027	2,203,873	36,068	444,601	47,113	6,040,469
Inter-segment revenue	分類間收入	(176,065)	(993,815)	(1,860,565)	(36,068)	–	–	(3,066,513)
Revenue (from external customers)	**收入(來自外部客戶)**	**2,010,722**	**128,212**	**343,308**	**–**	**444,601**	**47,113**	**2,973,956**
Segment results	**分類業績**	**155,583**	**36,274**	**190,415**	**(2,563)**	**1,908**	**5,383**	**387,000**
Unallocated expenses	未分配費用							(40,193)
Operating results	**經營業績**							**346,807**
Finance income	財務收入							2,704
Finance costs	財務費用							(44,795)
Share of profit of an associate	分佔聯營公司溢利							751
Income tax expense	所得稅開支							(49,215)
Profit for the period	**期內溢利**							**256,252**
Depreciation and amortisation	折舊及攤銷	(37,127)	(32,555)	(9)	(58)	(11,366)	(943)	(82,058)

6. REVENUE AND SEGMENTAL INFORMATION *(Continued)*

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

6. 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				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*	Macao 澳門 *RMB'000 人民幣千元*	Hong Kong 香港 *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 revenue	總收入	1,919,350	728,293	651,613	150,454	451,420	70,077	3,971,207
Inter-segment revenue	分類間收入	(270,271)	(441,611)	(651,611)	(134,271)	–	–	(1,497,764)
Revenue (from external customers)	**收入（來自外部客戶）**	1,649,079	286,682	2	16,183	451,420	70,077	2,473,443
Segment results	**分類業績**	201,021	154,366	(12,364)	7,805	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							1,540
Finance costs	財務費用							(23,998)
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)	(6)	(50)	(10,685)	(1,272)	(67,845)

6. REVENUE AND SEGMENTAL INFORMATION *(Continued)*

The segment assets and liabilities as at 30 June 2011 are as follows:

6. 收益及分類資料*（續）*

於二零一一年六月三十日之分類資產及負債如下：

		Unaudited As at 30 June 2011 未經審核 於二零一一年六月三十日							
		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*	Macao 澳門 *RMB'000* *人民幣千元*	Hong Kong 香港 *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**	3,003,567	1,601,145	251,008	12,541	4,868,261	691,840	90,292	5,650,393
Unallocated assets	未分配資產								5,787
Total assets of the Group	**本集團總資產**								5,656,180
Total segment liabilities	**分類總負債**					(1,637,225)	(144,474)	(8,108)	(1,789,807)
Unallocated liabilities	未分配負債								(1,527,189)
Total liabilities of the Group	**本集團總負債**								(3,316,996)
Capital expenditure	**資本開支**	51,276	221,110	865	14	273,265	2,347	61	275,673

6. REVENUE AND SEGMENTAL INFORMATION *(Continued)*

The segment assets and liabilities as at 31 December 2010 are as follows:

6. 收益及分類資料*（續）*

於二零一零年十二月三十一日之分類資產及負債如下：

Audited
As at 31 December 2010
經審核
於二零一零年十二月三十一日

		Yarn 紗線					Grey fabrics 坯布	Garment fabrics 面料	
		Mainland China 中國大陸	Vietnam 越南	Macao 澳門	Hong Kong 香港	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*	*RMB'000* *人民幣千元*
Total segment assets	**分類總資產**	2,919,594	1,197,406	114,040	4,348	4,235,388	538,049	99,705	4,873,142
Unallocated assets	未分配資產								36,098
Total assets of the Group	**本集團總資產**								4,909,240
Total segment liabilities	**分類總負債**					(2,011,165)	(143,589)	(14,272)	(2,169,026)
Unallocated liabilities	未分配負債								(531,039)
Total liabilities of the Group	**本集團總負債**								(2,700,065)
Capital expenditure	**資本開支**	243,253	238,485	19	69	481,826	3,332	100	485,258

7. LAND USE RIGHTS　　7. 土地使用權

		Unaudited 未經審核 *RMB'000* *人民幣千元*
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**	152,819
Six months ended 30 June 2011	**截至二零一一年六月三十日止六個月**	
Opening net book amount as at 1 January 2011	於二零一一年一月一日之期初賬面淨值	151,075
Additions	添置	38,812
Amortisation	攤銷	(2,132)
Closing net book amount as at 30 June 2011	**於二零一一年六月三十日之期末賬面淨值**	187,755

As at 30 June 2011, land use rights with a net book amount of RMB51,505,000 (31 December 2010: RMB52,134,000) was pledged as collateral of the Group's bank borrowings (Note 13).

於二零一一年六月三十日，賬面淨值人民幣51,505,000元（二零一零年十二月三十一日：人民幣52,134,000元）之土地使用權已抵押作本集團銀行借貸之抵押品（附註13）。

8. PROPERTY, PLANT AND EQUIPMENT 8. 物業、廠房及設備

		Unaudited 未經審核 *RMB'000* *人民幣千元*
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)
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
Six months ended 30 June 2011	**截至二零一一年六月三十日止六個月**	
Opening net book amount as at 1 January 2011	於二零一一年一月一日之期初賬面淨值	1,798,930
Additions	添置	236,861
Disposals	出售	(1,097)
Depreciation	折舊	(79,926)
Closing net book amount as at 30 June 2011	**於二零一一年六月三十日之期末賬面淨值**	1,954,768

During the six months ended 30 June 2011, interest expenses of RMB353,000 (2010: RMB126,000) were capitalised as part of property, plant and equipment at a rate of 2.3% (2010: 6.0%) per annum.

於截至二零一一年六月三十日止六個月，利息開支人民幣353,000元（二零一零年：人民幣126,000元）已資本化為物業、廠房及設備之部份，按年度資本化率為2.3%（二零一零年：6.0%）。

As at 30 June 2011, property, plant and equipment of approximately RMB470,060,000 (31 December 2010: RMB487,934,000) were pledged as collateral of the Group's bank borrowings (Note 13).

於二零一一年六月三十日的物業、廠房及設備約人民幣470,060,000元（二零一零年十二月三十一日：人民幣487,934,000元）已抵押為本集團銀行貸款之抵押品（附註13）。

9. TRADE AND BILLS RECEIVABLES

9. 應收貿易及票據款項

		Unaudited 未經審核 30 June 2011 二零一一年六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2010 二零一零年十二月三十一日 RMB'000 人民幣千元
Trade receivables	應收貿易款項	**171,103**	124,381
Less: provision for impairment	減：減值撥備	**(1,264)**	(1,264)
		169,839	123,117
Bills receivables	應收票據款項	**671,691**	281,202
		841,530	404,319

As at 30 June 2011, included in the trade receivable was an amount due from an associate of RMB42,000 (31 December 2010: Nil) (Note 24).

於二零一一年六月三十日，包括於應收貿易款項內為應收一間聯營公司之款項人民幣42,000元（二零一零年十二月三十一日：零）（附註24）。

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:

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：

		30 June 2011 二零一一年六月三十日 RMB'000 人民幣千元	31 December 2010 二零一零年十二月三十一日 RMB'000 人民幣千元
Within 30 days	30日內	**165,910**	301,569
31 to 90 days	31日至90日	**112,180**	77,305
91 to 180 days	91日至180日	**563,672**	25,800
181 days to 1 year	181日至1年	**143**	–
Over 1 year	1年以上	**889**	909
		842,794	405,583
Less: provision for impairment	減：減值撥備	**(1,264)**	(1,264)
Trade and bills receivables – net	應收貿易及票據款項－淨額	**841,530**	404,319

10. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

10. 預付款項、按金及其他應收賬款

		Unaudited 未經審核 30 June 2011 二零一一年六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2010 二零一零年十二月三十一日 RMB'000 人民幣千元
Prepayments for purchase of raw materials	購買原材料的預付款項	**77,607**	241,270
Value-added tax recoverable	應退增值税	**49,936**	52,532
Deposits	按金	**23,559**	199,323
Prepaid expenses	預付開支	**7,571**	1,200
Other receivables	其他應收款項	**2,681**	1,053
		161,354	495,378

As at 30 June 2011, included in prepayments for purchase of raw materials, was an amount due from an associate of nil (31 December 2010: RMB103,000) (Note 24).

於二零一一年六月三十日，包括於購買原材料的預付款項內為應收一間聯營公司之款項人民幣零元（二零一零年十二月三十一日：人民幣103,000元）（附註24）。

As at 30 June 2011, deposits included mainly the deposits amounting RMB21,060,000 (31 December 2010: RMB197,320,000) for the futures contracts for trading of cotton in the active futures market.

於二零一一年六月三十日，按金主要包括期貨合約按金人民幣21,060,000元（二零一零年十二月三十一日：人民幣197,320,000元），用於活躍期貨市場的棉花交易。

11. TRADE AND BILLS PAYABLES

11. 應付貿易及票據款項

		Unaudited 未經審核 30 June 2011 二零一一年六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2010 二零一零年十二月三十一日 RMB'000 人民幣千元
Trade payables	應付貿易款項	**389,072**	155,443
Bills payables	應付票據款項	**630,861**	703,959
		1,019,933	859,402

As at 30 June 2011, included in the trade payables was an amount due to an associate of RMB566,000 (31 December 2010: RMB50,000) (Note 24).

於二零一一年六月三十日，包括於應付貿易款項內為應付一間聯營公司款項人民幣566,000元（二零一零年十二月三十一日：人民幣50,000元）（附註24）。

11. TRADE AND BILLS PAYABLES *(Continued)*

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

11. 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：

		30 June 2011 二零一一年 六月三十日 ***RMB'000 人民幣千元***	31 December 2010 二零一零年 十二月三十一日 *RMB'000 人民幣千元*
Within 90 days	90日內	**761,323**	634,853
91 to 180 days	91日至180日	**235,043**	218,025
181 days to 1 year	181日至1年	**20,817**	4,646
Over 1 year	1年以上	**2,750**	1,878
		1,019,933	859,402

12. ACCRUALS AND OTHER PAYABLES

12. 預提費用及其他應付賬款

		Unaudited 未經審核 30 June 2011 二零一一年 六月三十日 ***RMB'000 人民幣千元***	Audited 經審核 31 December 2010 二零一零年 十二月三十一日 *RMB'000 人民幣千元*
Accrued wages and salaries	應計工資及薪酬	**46,409**	76,436
Interest payable	應付利息	**44,596**	7,717
Accrual of operating expenses	應計經營開支	**22,872**	36,700
Deposits from customers	客戶按金	**40,157**	46,384
Payables for purchase of property, plant and equipment	購買物業、廠房及設備應付賬款	**123,402**	240,691
Other payables	其他應付賬款	**21,587**	60,991
Tax payables other than Mainland China enterprise income tax	應付稅項(中國大陸企業所得稅除外)	**25,999**	7,614
		325,022	476,533

13. BORROWINGS

13. 借貸

		Unaudited 未經審核 30 June 2011 二零一一年六月三十日 *RMB'000* *人民幣千元*	Audited 經審核 31 December 2010 二零一零年十二月三十一日 *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))*	**43,336**	126,801
Other bank borrowings *(Note (b))*	其他銀行借貸 *(附註(b))*	**359,877**	409,686
Unsecured bank borrowings *(Note (c))*	無抵押銀行借貸 *(附註(c))*	**–**	73,425
		403,213	609,912
Non-current	**非即期**		
Secured bank borrowings *(Note (a))*	有抵押銀行借貸 *(附註(a))*	**126,275**	150,681
Other bank borrowings *(Note (b))*	其他銀行借貸 *(附註(b))*	**67,831**	85,956
Unsecured bank borrowings *(Note (c))*	無抵押銀行借貸 *(附註(c))*	**–**	227,601
Notes payable *(Note (d))*	應付債券款項 *(附註(d))*	**1,279,760**	165,568
		1,473,866	629,806
Total borrowings	**借貸總額**	**1,877,079**	1,239,718

13. BORROWINGS *(Continued)*

Notes:

(a) Bank borrowings of RMB169,611,000 (31 December 2010: RMB277,482,000) were secured by the pledge of the Group's land use rights with a net book amount of RMB51,505,000 as at 30 June 2011 (31 December 2010: RMB52,134,000) (Note 7); and property, plant and equipment with a net book amount of approximately RMB470,060,000 as at 30 June 2011 (31 December 2010: RMB487,934,000) (Note 8).

(b) Other bank borrowings were secured by cross corporate guarantees provided by certain subsidiaries of the Group in the amount of RMB427,708,000 as at 30 June 2011 (31 December 2010: RMB495,642,000).

(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 banks in respect of the provision of unsecured non-current bank borrowings.

(d) The notes payable as at 30 June 2011 represent US$200 million senior notes which will mature in 2016 (31 December 2010: Nil). The notes were issued in January 2011, bear interest at a fixed rate of 7.625% per annum and are listed on the Singapore Exchange Securities Trading Limited.

The notes payable as at 31 December 2010 represented US$25 million guaranteed notes which would mature in 2012. The notes bore interest at a fixed rate of 6.8% per annum since July 2009 and were guaranteed by certain subsidiaries of the Group. In January 2011, the Group fully repaid the notes before they were due.

13. 借貸 *(續)*

附註：

(a) 人民幣169,611,000元(二零一零年十二月三十一日：人民幣277,482,000元)的銀行借貸以本集團於二零一一年六月三十日賬面淨值為人民幣51,505,000元(二零一零年十二月三十一日：人民幣52,134,000元)的土地使用權(附註7)的抵押及本集團於二零一一年六月三十日賬面淨值約為人民幣470,060,000元(二零一零年十二月三十一日：人民幣487,934,000元)的物業、廠房及設備(附註8)的抵押作抵押。

(b) 其他銀行借貸以本集團若干附屬公司提供的於二零一一年六月三十日的總額為人民幣427,708,000元(二零一零年十二月三十一日：人民幣495,642,000元)的交叉公司擔保作抵押。

(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) 二零一一年六月三十日之應付票據指將於二零一六年到期的2.00億美元(二零一零年十二月三十一日：無)優先票據。該票據於二零一一年一月發行並在新加坡證券交易所有限公司上市，按每年7.625%之固定利率計息。

二零一零年十二月三十一日之應付票據指於二零一二年到期之2,500萬美元擔保票據。該票據自二零零九年七月起按每年6.8%之固定利率計息並由本集團若干附屬公司擔保。於二零一一年一月，本集團在票據到期之前已全數償還。

13. BORROWINGS *(Continued)* 13. 借貸（續）

Movements in borrowings are analysed as follows: 借貸變動分析如下：

		Unaudited 未經審核 *RMB'000* *人民幣千元*
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	借貸之匯兑收益	(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
Six months ended 30 June 2011	**截至二零一一年六月三十日止六個月**	
Opening amount 1 January 2011	於二零一一年一月一日之期初金額	**1,239,718**
Proceeds from borrowings	借貸所得款項	**1,401,047**
Repayments of borrowings	償還借貸	**(732,316)**
Exchange gains on borrowings	借貸之匯兑收益	**(31,370)**
Closing amount as at 30 June 2011	**於二零一一年六月三十日之期末金額**	**1,877,079**

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 2011 二零一一年六月三十日 ***RMB'000*** ***人民幣千元***	Audited 經審核 31 December 2010 二零一零年十二月三十一日 *RMB'000* *人民幣千元*
RMB	人民幣	**377,500**	487,644
United States dollars	美元	**1,492,752**	744,076
Hong Kong dollars	港元	**6,827**	7,998
		1,877,079	1,239,718

13. BORROWINGS *(Continued)*

The weighted average effective interest rate per annum at period ended 30 June 2011 was 6.8% (31 December 2010: 5.1%).

Interest expense on borrowings for the six months ended 30 June 2011 is RMB76,518,000 (2010: RMB27,941,000).

The Group has the following undrawn borrowing facilities:

13. 借貸*（續）*

截至二零一一年六月三十日止期間之加權平均實際年利率為6.8%（二零一零年十二月三十一日：5.1%）。

截至二零一一年六月三十日止六個月之借貸利息開支為人民幣76,518,000元（二零一零年：人民幣27,941,000元）。

本集團之未動用借貸融資如下：

		Unaudited 未經審核 30 June 2011 二零一一年六月三十日 *RMB'000 人民幣千元*	Audited 經審核 31 December 2010 二零一零年十二月三十一日 *RMB'000 人民幣千元*
Floating rate:	浮動息率：		
– expiring within one year	－於一年內到期	**390,932**	254,809

14. DERIVATIVE FINANCIAL INSTRUMENTS

14. 衍生金融工具

		Unaudited 未經審核 30 June 2011 二零一一年六月三十日 *RMB'000 人民幣千元*	Audited 經審核 31 December 2010 二零一零年十二月三十一日 *RMB'000 人民幣千元*
Liabilities:	負債：		
Interest rate swap contracts *(Note (a))*	利率掉期合約 *（附註(a)）*	**21,203**	241
Futures contracts *(Note (b))*	期貨合約*（附註(b)）*	**–**	33,228
		21,203	33,469

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

非對沖衍生工具分類為流動資產或流動負債。

14. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

(a) The interest rate swap contracts were composed of the following two contracts:

The notional principal amount of the outstanding interest rate swap contract at 30 June 2011 was RMB1,294,320,000 (31 December 2010: Nil). At 30 June 2011, the floating rate was with reference to Deutsche Bank Racer Index (subject to a maximum interest rate of 8.975%) and the fixed interest rate was 7.625% (31 December 2010: Nil).

The notional principal amount of the outstanding interest rate swap contract at 30 June 2011 was RMB11,649,000 (31 December 2010: RMB17,881,000). At 30 June 2011, the fixed interest rate was 1.86% (31 December 2010: 1.86%) and the floating rate was with reference to London InterBank Offered Rate ("LIBOR").

(b) At 31 December 2010, the futures contracts represented the futures trading for cotton in the active futures market.

14. 衍生金融工具*(續)*

(a) 利率掉期合約包括以下兩份合約：

於二零一一年六月三十日，未結算利率掉期合約之名義本金額為人民幣1,294,320,000元(二零一零年十二月三十一日：無)。於二零一一年六月三十日，浮息利率參考了Deutsche Bank Racer Index(最高利率為8.975%)，而固定利率為7.625%(二零一零年十二月三十一日：無)。

於二零一一年六月三十日，未結算利率掉期合約之名義本金額為人民幣11,649,000元(二零一零年十二月三十一日：人民幣17,881,000元)。於二零一一年六月三十日，固定利率為1.86%(二零一零年十二月三十一日：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。

(b) 於二零一零年十二月三十一日，期貨合約指於活躍期貨市場買賣棉花期貨。

15. SHARE CAPITAL

15. 股本

		Number of shares 股份數目 *(thousands)* *（千股）*	Ordinary shares 普通股 *HK$'000* *千港元*
Authorised:	法定：		
Ordinary shares of HKD0.1 each At 31 December 2010 and 30 June 2011	**每股面值0.1港元之普通股 於二零一零年十二月三十一日及二零一一年六月三十日**	4,000,000	400,000

		Number of shares 股份數目 *(thousands)* *（千股）*	Ordinary shares 普通股 *RMB'000* *人民幣千元*
Issued and fully paid:	已發行及繳足：		
Ordinary shares of HKD0.1 each At 31 December 2010 and 30 June 2011	**每股面值0.1港元之普通股 於二零一零年十二月三十一日及二零一一年六月三十日**	884,681	94,064

16. SHARE OPTIONS 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 30 June 2011, no options had been granted under this Share Option Scheme (31 December 2010: Nil).

16. 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%。於二零一一年六月三十日，概無購股權根據購股權計劃授出(二零一零年十二月三十一日：無)。

17. OTHER INCOME AND OTHER LOSSES, NET

17. 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	
		2011 **二零一一年** ***RMB'000*** ***人民幣千元***	2010 二零一零年 *RMB'000* *人民幣千元*
Other income	其他收入		
Subsidy income *(Note)*	補貼收入（*附註*）	**2,727**	42,272
Other losses – net	其他虧損－淨額		
Derivative financial liability at fair value through profit or loss:	按公平值計入損益之衍生金融負債		
– Unrealised loss	－未實現虧損	**(20,962)**	(214)
– Realised loss	－實現虧損	**(22,343)**	–
Net foreign exchange losses	匯兑虧損淨額	**(9,909)**	(3,210)
Others	其他	**1,759**	826
Total other losses – net	其他虧損總額－淨額	**(51,455)**	(2,598)

Note:

The subsidy income represent grants provided by municipal governments based on the amounts of value added tax and income tax paid.

附註：

補貼收入指市政府根據增值税及已付所得税金額授出之津貼有關。

18. EXPENSES BY NATURE 18. 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	
		2011 二零一一年 *RMB'000 人民幣千元*	2010 二零一零年 *RMB'000 人民幣千元*
Cost of inventories	存貨成本	**1,932,316**	1,653,244
Employment costs	僱員成本	**207,615**	176,136
Utilities	動力及燃料	**131,983**	128,198
Depreciation and amortisation	折舊及攤銷	**82,058**	67,845
Provision for inventory write-downs	存貨減值撥備	**79,490**	–
Transportation	運輸	**37,619**	45,129

19. FINANCE INCOME AND COSTS 19. 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	
		2011 二零一一年 *RMB'000 人民幣千元*	2010 二零一零年 *RMB'000 人民幣千元*
Interest expense – bank borrowings wholly repayable within five years	利息開支－須於五年內悉數償還的銀行借貸	**76,518**	27,941
Less: amount capitalised in property, plant and equipment *(Note 8)*	減：物業、廠房及設備資本化金額（*附註8*）	**(353)**	(126)
		76,165	27,815
Exchange gain on financing activities	融資活動所得匯兑收益	**(31,370)**	(3,817)
Finance costs – net	財務費用－淨額	**44,795**	23,998
Finance income – interest income on bank deposits	財務收入－銀行存款利息收入	**(2,704)**	(1,540)
Net finance costs	財務費用淨額	**42,091**	22,458

20. INCOME TAX EXPENSE

20. 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	
		2011 **二零一一年** ***RMB'000*** ***人民幣千元***	2010 二零一零年 *RMB'000* *人民幣千元*
Current income tax	即期所得稅		
– Mainland China and Vietnam enterprise income tax	–中國大陸及越南企業所得稅	**58,644**	41,340
Deferred income tax	遞延所得稅	**(9,429)**	2,666
		49,215	44,006

(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 (2010: Nil).

(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（二零一零年：零）。

(ii) **Mainland China enterprise income tax**
Subsidiaries established in Mainland China are subject to enterprise income tax ("EIT") at rates ranging from 24% to 25% during the period (2010: 22% to 25%).

Except for Texhong (China) Investment Co., Ltd., all other subsidiaries of the Company established in Mainland China, being wholly foreign owned enterprises, have obtained approvals from the relevant Mainland China Tax Bureau for their entitlement of exemption from EIT for the first two years and 50% reduction in EIT for the next three years, commencing from the earlier of the 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.

(ii) **中國大陸企業所得稅**

於中國大陸成立的附屬公司於本期間須按24%至25%（二零一零年：22%至25%）之稅率繳付企業所得稅（「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。

20. INCOME TAX EXPENSE *(Continued)*

(iii) Vietnam income tax

Subsidiaries established in Vietnam are subject to income tax rate of 25% (2010: 25%).

As approved by the relevant Tax Bureau in Vietnam, one subsidiary of the Company established in Vietnam in 2011 is entitled to four years' exemption from income taxes followed by nine years of a 50% tax reduction and is entitled to a preferential income tax rate of 10% for 15 years, commencing from the first profitable year after offsetting the losses carried forward from the previous years.

As approved by the relevant Tax Bureau in Vietnam, the other subsidiary of the Company established in Vietnam in 2006 should separately calculate income tax on its supplementary investments. The initial investment of the subsidiary is entitled to three years' exemption from income taxes followed by seven years of a 50% tax reduction and is entitled to a preferential income tax rate of 15% for 12 years. The first supplementary investment of the subsidiary is entitled to three years' exemption from income taxes followed by five years of a 50% tax reduction based on the income tax rate of 25%.

The applicable tax rates for the subsidiaries established in Vietnam range from nil to 25% during the period (2010: Nil).

20. 所得稅開支*（續）*

(iii) 越南所得稅

於越南成立的附屬公司須按25%（二零一零年：25%）之稅率繳付所得稅。

經越南的相關稅務局批准，一家於二零一一年在越南成立的本公司附屬公司，有權於抵銷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，並有權享受優惠所得稅稅率10%達十五年。

經越南的相關稅務局批准，另外一家於二零零六年在越南成立的本公司附屬公司，可就其補充投資獨立計算所得稅。該附屬公司的初步投資有權免繳所得稅三年，其後七年則獲稅率減半優惠，並有權享受優惠所得稅稅率15%達十二年。該附屬公司的首項補充投資有權免繳所得稅三年，其後五年根據25%的所得稅稅率繳付，可獲稅率減半優惠。

期內，於越南成立的附屬公司的適用所得稅稅率，介乎零至25%（二零一零年：零）。

20. INCOME TAX EXPENSE *(Continued)*

(iv) Other income tax

The Company, incorporated in the Cayman Islands, and the Company's subsidiaries established in the British Virgin Islands are exempted from payment of income tax in their respective place of Incorporation.

The subsidiary established in Macao is subject to income tax at rate of 9% (2010: 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 (2010: Nil).

20. 所得稅開支(續)

(iv) 其他所得稅

於開曼群島註冊成立的本公司，及於英屬處女群島註冊成立的本公司附屬公司，均享有在各自註冊成立地區免繳所得稅。

於澳門成立之附屬公司須按9%(二零一零年：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(二零一零年：零)。

21. EARNINGS 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.

21. 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。

		Unaudited 未經審核 Six months ended 30 June 截至六月三十日止六個月	
		2011 二零一一年	2010 二零一零年
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)	**256,082**	304,570
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)	**0.289**	0.344

(b) Diluted

Diluted earnings per share is the same as the basic earnings per share since the Company does not have diluted shares.

(b) 攤薄

由於本公司並無攤薄股份，故每股攤薄盈利與每股基本盈利相同。

22. DIVIDENDS

A dividend that relates the period up to 31 December 2010 and that amounts to RMB126,243,000 was paid in April 2011 (2010: RMB58,369,000).

In addition, an interim dividend of HKD0.1 per ordinary share (2010: HKD0.11) was proposed by the board of directors on 19 August 2011. It will be payable on or about 28 September 2011 to shareholders whose names are on the register of members of the company at 15 September 2011. This interim dividend, amounting to RMB72,606,000 (2010: RMB84,938,000), 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 2011.

22. 股息

截至二零一零年十二月三十一日止期間，人民幣126,243,000元的股息已於二零一一年四月支付（二零一零年：人民幣58,369,000元）。

此外，董事會於二零一一年八月十九日建議派付每股普通股0.1港元（二零一零年：0.11港元）之中期股息，並將於二零一一年九月二十八日或前後派付予於二零一一年九月十五日名列本公司股東名冊之股東。此中期股息之金額為人民幣72,606,000元（二零一零年：人民幣84,938,000元），且並未於此簡明綜合資產負債表中確認為負債，並將於截至二零一一年十二月三十一日止年度於股東權益中確認。

23. COMMITMENTS

(a) Capital commitments

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

23. 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 2011 二零一一年六月三十日 *RMB'000 人民幣千元*	Audited 經審核 31 December 2010 二零一零年十二月三十一日 *RMB'000 人民幣千元*
Property, plant and equipment	物業、廠房及設備		
Authorized but not contracted for	已授權但未訂約	**622,371**	–
Contracted but not provided for	已訂約但未撥付	**173,963**	191,663
		796,334	191,663
Land use rights	土地使用權		
Contracted but not provided for	已訂約但未撥付	**53,562**	–
Total capital commitments	資本承擔總額	**849,896**	191,663

23. COMMITMENTS *(Continued)*

(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:

23. 承擔（續）

(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 2011 二零一一年六月三十日 *RMB'000* *人民幣千元*	Audited 經審核 31 December 2010 二零一零年十二月三十一日 *RMB'000* *人民幣千元*
No later than 1 year	一年內	**9,158**	3,417
Later than 1 year and no later than 5 years	一年後至五年內	**3,282**	7,582
Later than 5 years	五年後	**23,294**	64,851
		35,734	75,850
Representing:	指：		
Land use right	土地使用權	**26,140**	73,346
Property, plant and equipment	物業、廠房及設備	**9,594**	2,504
		35,734	75,850

24. 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.

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

24. 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：

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

The Group had the following significant transactions and balances with the related party:

本集團與其關聯方進行的重大交易及結餘如下：

(a) Transactions with the related party

(a) 與關聯方的交易

		Unaudited 未經審核 Six months ended 30 June 截至六月三十日止六個月	
		2011 **二零一一年** ***RMB'000*** ***人民幣千元***	2010 二零一零年 *RMB'000* *人民幣千元*
Sales of goods	銷售貨品	**42**	–
Purchases of goods	購買貨品	**11,759**	19,664

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.

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。

24. RELATED-PARTY TRANSACTIONS *(Continued)*

24. 與關聯方的交易（續）

(b) Balances with the related party

(b) 與關聯方的結餘

		Unaudited 未經審核 30 June 2011 二零一一年 六月三十日 *RMB'000* *人民幣千元*	Audited 經審核 31 December 2010 二零一零年 十二月三十一日 *RMB'000* *人民幣千元*
Trade receivable from a related party	應收關聯方的貿易款項	**42**	–
Prepayments for purchase of raw materials to a related party	就購買原材料向關連方支付的預付款項	**–**	103
Trade payable to a related party	應付關連方的貿易款項	**566**	50

The balances with related parties are unsecured, non-interest bearing and are repayable within one year.

與關連方的結餘為無抵押、不計息及須於一年內償還。

(c) Key management compensation

(c) 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 2011 二零一一年 *RMB'000* *人民幣千元*	 2010 二零一零年 *RMB'000* *人民幣千元*
Salaries and bonuses	薪金及花紅	**1,620**	1,196
Pension cost (defined contribution plan)	退休金成本（界定供款計劃）	**51**	29
Other benefits	其他福利	**468**	382
		2,139	1,607

OVERVIEW

We are pleased to present to the shareholders with the results of the Group for the six months ended 30 June 2011. During the period under review, the turnover of the Group increased by 20.2% from the corresponding period last year to RMB2,974 million mainly due to the increase in product selling prices. Profit attributable to equity holders decreased by 15.9% from the corresponding period last year to RMB256 million, and profit attributable to equity holders after excluding other income and other losses increased by 15.1% to RMB305 million. Earnings per share for the half year decreased by 16.0% from RMB0.344 for the corresponding period last year to RMB0.289. The decrease in profit attributable to equity holders was mainly attributable to a one-off provision for inventories write-downs in view of the recent drop in product selling prices. In addition, there were other losses in financial derivatives totalling about RMB43 million in relation to the interest rate swap contracts and squaring of cotton short futures contracts.

綜覽

我們欣然向股東報告本集團截至二零一一年六月三十日止六個月的業績。在回顧期內，主要由於產品售價上升，本集團之營業額較去年同期上升20.2%至人民幣29.74億元。股權持有人應佔溢利較去年同期下跌15.9%至人民幣2.56億元，扣除其他收入及其他虧損後股權持有人應佔溢利增加15.1%至人民幣3.05億元。半年度之每股盈利較去年同期人民幣0.344元下跌16.0%至人民幣0.289元。股權持有人應佔溢利減少乃主要由於近期產品售價下跌，就存貨作出一次性減值撥備所致。此外，關於利率掉期合約及沽售棉花期貨合約的損失共約人民幣4,300萬元。

INDUSTRY REVIEW

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 2011 was RMB1,990.8 billion in total, representing an increase of 30.15% 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 2011 amounted to US$111.7 billion, representing an increase of 25.73% over the corresponding period in 2010. An additional investment of RMB295.6 billion was made in the textile industry in China from January to June 2011, representing an increase of 37.56% over the corresponding period last year.

行業回顧

根據中國紡織工業協會提供的資料，於二零一一年一月至五月，中國紡織企業累計工業總產值為人民幣19,908億元，較去年同期增長30.15%。中國海關總署的統計顯示，二零一一年一月至六月紡織及成衣產品累計出口1,117億美元，較二零一零年同期增長25.73%。中國紡織行業在二零一一年一月至六月新增投資人民幣2,956億元，較去年同期上升37.56%。

BUSINESS REVIEW

For the six months ended 30 June 2011, the turnover of the Group was RMB2,974 million, representing an increase of 20.2% 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 RMB2,482 million and accounted for 83.5% of the Group's total turnover. Despite the completion of the Phase III 190,000-spindle project in Vietnam in April 2011, sales volume of yarns decreased by 16.5% from the corresponding period last year to 75,209 tonnes, which was mainly due to higher demand for cotton high-count yarns in the market and a weaker demand of cotton low-count yarns and denim yarns under high product selling prices. The Group has continuously focused on the core-spun cotton and denim yarn markets in China and explored the differentiated and high value-added yarn products market. The turnover of our grey fabrics amounted to RMB445 million and accounted for 14.9% of the Group's total turnover. Sales volume of grey fabrics decreased by 29.3% from the corresponding period last year to 33 million meters. The operating data of our products is set out below:

業務回顧

截至二零一一年六月三十日止六個月，本集團的營業額為人民幣29.74億元，較去年同期上升20.2%。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24.82億元，佔集團總營業額的83.5%，儘管越南第三期190,000紗錠項目已於二零一一年四月完成，紗線銷量較去年同期減少16.5%至75,209噸，此乃主要由於產品售價高企，促使市場對棉高支紗的需求上升，而對棉粗支紗及牛仔紗的需求減弱所致。本集團持續主攻中國的棉包芯紗線及牛仔紗線市場，開拓多樣性高增值紗線產品市場。坯布的營業額為人民幣4.45億元，佔集團總營業額的14.9%。坯布銷量與去年同期比較減少29.3%至3,300萬米。本集團產品的經營數據如下：

		January to June 2011 二零一一年一月至六月 *RMB'000* *人民幣千元*	Gross profit margin 毛利率	January to June 2010 二零一零年一月至六月 *RMB'000* *人民幣千元*	Gross profit margin 毛利率	Turnover change between 2011 and 2010 二零一一年營業額對比二零一零年之轉變	Margin change between 2011 and 2010 二零一一年毛利率對比二零一零年之轉變 percentage points 百分點
Stretchable core-spun yarns	彈力包芯紗線						
– Cotton	–棉紗	968,743	21.5%	833,479	23.7%	16.2%	-2.2
– Denim	–牛仔	279,949	27.9%	263,715	22.9%	6.2%	5.0
– Synthetic fiber	–化纖	256,448	22.3%	193,007	17.5%	32.9%	4.8
Other yarns	其他紗線						
– Cotton	–棉紗	203,844	0.5%	107,326	8.7%	89.9%	-8.2
– Denim	–牛仔	462,253	19.4%	452,954	20.7%	2.1%	-1.3
– Synthetic fiber	–化纖	311,005	27.9%	101,465	25.2%	206.5%	2.7
Fabrics	坯布及面料						
– Stretchable grey fabrics	–彈力坯布	311,834	7.9%	348,824	9.3%	-10.6%	-1.4
– Other grey fabrics	–其他坯布	132,767	3.1%	102,596	9.9%	29.4%	-6.8
– Garment fabrics	–面料	47,113	16.5%	70,077	15.8%	-32.8%	0.7
Total	總計	2,973,956	18.8%	2,473,443	19.2%	20.2%	-0.4

BUSINESS REVIEW *(Continued)*

業務回顧（續）

		Sales Volume 銷量		Sales Volume change between 2011 and 2010	Selling price 售價		Selling Price change between 2011 and 2010
		January to June 2011 二零一一年一月至六月	January to June 2010 二零一零年一月至六月	二零一一年銷量對比二零一零年之轉變	January to June 2011 二零一一年一月至六月	January to June 2010 二零一零年一月至六月	二零一一年售價對比二零一零年之轉變
Stretchable core-spun yarns (Ton/RMB per ton)	彈力包芯紗線（噸／人民幣每噸）						
– Cotton	－棉紗	24,810	33,230	-25.3%	39,046	25,082	55.7%
– Denim	－牛仔	8,522	12,991	-34.4%	32,850	20,300	61.8%
– Synthetic fiber	－化纖	9,100	8,867	2.6%	28,181	21,767	29.5%
Other yarns (Ton/RMB per ton)	其他紗線（噸／人民幣每噸）						
– Cotton	－棉紗	6,232	5,513	13.0%	32,709	19,468	68.0%
– Denim	－牛仔	15,690	24,359	-35.6%	29,462	18,595	58.4%
– Synthetic fiber	－化纖	10,855	5,070	114.1%	28,651	20,013	43.2%
Fabrics (Million meters/ RMB per meter)	坯布及面料（百萬米／人民幣每米）						
– Stretchable grey fabrics	－彈力坯布	23.1	35.3	-34.6%	13.5	9.9	36.4%
– Other grey fabrics	－其他坯布	10.3	11.9	-13.4%	12.9	8.6	50.0%
– Garment fabrics	－面料	1.9	5.0	-62.0%	24.8	14.0	77.1%

The overall gross profit margin of the Group's products decreased from 19.2% in the corresponding period last year to 18.8%. It was mainly attributable to the one-off provision for inventories write-downs in view of the recent drop in product selling prices.

本集團產品之整體毛利率由去年同期的19.2%減少至18.8%。此乃主要由於近期產品售價下跌，因此對存貨作出一次性減值撥備所致。

BUSINESS REVIEW *(Continued)*

Following the continuous drop in cotton price starting from the second quarter of 2011, we experienced significant pressure on our product selling prices over the past few months. Based on the recent product selling prices in July 2011, we made a provision of about RMB79 million for inventories write-downs as of 30 June 2011. Due to the change of product mix and less than expected cotton consumption in the first half of 2011, we have requested our cotton suppliers to delay the delivery of certain quantity of cotton from the first half of 2011 to the second half of the year. As of 30 June 2011, we had about 25,000 tonnes of yarns and 30,000 tonnes of different types of cotton inventories on hand. Based on our current monthly cotton consumption, our cotton inventories together with the ordered cotton are already sufficient for production in the second half of 2011. As such, cotton price fluctuation will have significant impact on our performance in the second half of 2011. Management has already taken various measures to increase the cotton consumption and product sales volume in order to lower the inventory level.

During the development of differentiated products, we keep on exploring the production of different types of yarns including knitted yarns. We have continued to maintain a close cooperation relationship with special fibre producers. 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）

隨著棉花價格自二零一一年第二季開始持續下跌，本集團旗下產品之售價於過往數月，承受沉重壓力。根據二零一一年七月錄得之最近期產品售價，本集團就於二零一一年六月三十日之存貨，計提約人民幣79,000,000元減值撥備。鑑於產品組合出現變動，以及二零一一年上半年之棉花消耗量較預期為低，本集團已要求棉花供應商，延遲交付若干數量之棉花，由二零一一年上半年延至下半年。於二零一一年六月三十日，本集團手頭上有25,000噸紗線，以及30,000噸各類型棉花庫存。根據我們目前月度的棉花消耗量，我們的棉花庫存以及已訂購的棉花已足夠供二零一一年下半年使用。因此，棉花價格波動，將對本集團於二零一一年下半年之業績構成重大影響。管理層已採取多項措拖，增加棉花之消耗量及產品之銷售量，務求降低存貨水平。

於開發各類型產品之同時，本集團不斷發掘機會，生產不同類型之紗線，當中包括針織紗線。我們繼續與特製纖維生產商，維持緊密合作關係。我們設於常州之研發中心，一直因應市場之需求，開發及改善本集團旗下多元化之產品，務求鞏固本集團於業界之領導地位，以及就各類型高端產品，迎合優質客戶之需求。

BUSINESS REVIEW *(Continued)*

The Chinese textile market has been the Group's major market, the ten largest customers of the Group for the six months ended 30 June 2011 are as follows:

FOSHAN SEAZON TEXTILE & GARMENT CO., LTD.
ZHEJIANG LIMAYUNSHAN TEXTILE CO., LTD.
ZHEJIANG JIAERMEI TEXTILE CO., LTD.
TORAY INTERNATIONAL, INC.
NINGBO DAQIAN TEXTILE CO., LTD.
GUANGDONG QIANJIN JEANS CO., LTD.
YIXING LUCKY G AND L DENIM CO., LTD.
SHAOGUAN SHUNCHANG WEAVING FACTORY CO., LTD.
XINGTAI HENGJIN TEXTILE CO., LTD.
ZHEJIANG HING FUNG WEAVING, DYEING & PRINTING CO., LTD.

FUTURE OUTLOOK

After significant fluctuation in cotton price since 2008, management expect cotton price to be more stable assuming that the overall supply and demand of cotton are in balance in 2012. As such, raw material cost and product selling price are expected to be more stable and then the visibility of the Group's financial performance can be improved. For our new expansion plan on the 67 hectares land in Vietnam, since the land developer has not yet made vacant of the land for us, the completion of the first 300,000 spindles expansion plan is expected to be delayed to the second half of 2012.

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".

業務回顧 *(續)*

中國紡織品市場為本集團的主要市場。截至二零一一年六月三十日止六個月，本集團的十大客戶如下：

佛山市致興紡織服裝有限公司
浙江立馬雲山紡織股份有限公司
浙江佳而美纺织有限公司
TORAY INTERNATIONAL, INC.
寧波大千紡織品有限公司
廣東前進牛仔布有限公司
宜興樂威牛仔布有限公司
韶關市順昌布廠有限公司
邢台恒進紡織有限公司
浙江慶豐紡織印染有限公司

前景

自二零零八年起棉花價格大幅波動後，假設棉花整體供求於二零一二年會達到平衡，管理層預期棉花價格將會漸趨穩定。因此，原材料成本及產品售價預期將較穩定，因而本集團財務表現的可預見性可得到改善。就我們於越南67公頃的土地的新擴展計劃，由於土地發展商尚未為本集團騰出土地，故首300,000個紗錠擴展計劃預期延遲至二零一二年下半年完成。

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。

FINANCIAL REVIEW

Liquidity and financial resources

As at 30 June 2011, the Group's bank and cash balances (including pledged bank deposits) amounted to RMB699.1 million (As at 31 December 2010: RMB604.7 million).

The Group's inventories and trade and bills receivables increased by RMB339.7 million and by RMB437.2 million to RMB1,726.6 million and RMB841.5 million respectively (As at 31 December 2010: RMB1,386.9 million and RMB404.3 million). The inventory turnover days and trade receivable turnover days were 116 days and 38 days respectively, compared to 92 days and 28 days respectively as at 31 December 2010. During the period compared to that of last year, the increase in inventory turnover days as compared with last year were due to the weaker than expected product demand and consumption of cotton inventories. Increase in trade and bills receivables turnover days was mainly attributable to the increase in bills receivable as more customers settled accounts receivable by post-dated bank drafts.

The Group's borrowings increased to RMB1,877 million due to the issuance of senior note of US$200 million on 19 January 2011 (As at 31 December 2010: RMB1,240 million).

As at 30 June 2011, the Group's financial ratios were as follows:

財務回顧

流動資金及財務資源

於二零一一年六月三十日，本集團之銀行及現金結餘(包括已抵押銀行存款)為人民幣699,100,000元(於二零一零年十二月三十一日：人民幣604,700,000元)。

本集團的存貨和應收貿易及票據款項分別增加人民幣339,700,000元及人民幣437,200,000元至人民幣1,726,600,000元及人民幣841,500,000元(於二零一零年十二月三十一日：人民幣1,386,900,000元及人民幣404,300,000元)。存貨周轉日數及應收貿易款項周轉日數分別為116日及38日，而二零一零年十二月三十一日則分別為92日和28日。期內存貨周轉日較去年上升，原因是棉花的產品需求及存貨消耗量較預期弱。應收貿易及票據款項周轉日上升，主要由於較多客戶以銀行承兑滙票支付應收賬項，導致應收票據款項上升所致。

本集團之借貸因二零一一年一月十九日發行之200,000,000美元優先票據而增加至人民幣1,877,000,000元(於二零一零年十二月三十一日：人民幣1,240,000,000元)。

於二零一一年六月三十日，本集團之財務比率如下：

		30 June 2011 二零一一年六月三十日	31 December 2010 二零一零年十二月三十一日
Current ratio	流動比率	**1.92**	1.43
Debt to equity ratio[1]	負債權益比率[1]	**0.80**	0.56
Net debt to equity ratio[2]	負債淨額權益比率[2]	**0.50**	0.29

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

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

FINANCIAL REVIEW *(Continued)*

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 2011, the capital expenditure of the Group amounted to approximately RMB275.7 million (For the six months ended 30 June 2010: RMB154.3 million). It mainly represents additions to plant and equipment for our production plants in Vietnam.

Disclosure pursuant to Rule 13.18 of the Listing Rules

As announced by the Company on 26 April 2010, by an agreement dated 26 April 2010 ("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 ("2010 Facility") of up to the principal amount of US$43,000,000 for refinancing of the Group's existing indebtedness. The 2010 Facility is for a term of three years and is unsecured. The 2010 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 2010 Facility Agreement, and as a result, the 2010 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. The Group has fully repaid the principal and interest on 18 February 2011.

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，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

截至二零一一年六月三十日止六個月，本集團之資本開支約為人民幣275,700,000元(截至二零一零年六月三十日止六個月：人民幣154,300,000元)，包括就越南生產廠房添置廠房及設備。

根據上市規則第13.18條作出之披露

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(「二零一零年信貸協議」)，貸款人同意授出信貸融資(「二零一零年信貸融資」)，本金額高達43,000,000美元，以為本集團現有債項再融資。二零一零年信貸融資為期三年，為無抵押。二零一零年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二零一零年信貸協議之違約事項，並因此二零一零年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。本集團於二零一一年二月十八日已全數償還本金額及利息。

FINANCIAL REVIEW *(Continued)*

Disclosure pursuant to Rule 13.18 of the Listing Rules *(Continued)*

As announced by the Company on 12 January 2011, the Company and certain of its subsidiaries entered into a purchase agreement with Deutsche Bank AG, Singapore Branch, in connection with the issue of US$200 million 7.625% senior notes ("Notes") due 2016. The indenture ("Indenture") governing the Notes provides that upon the occurrence of a change of control triggering event, the Company will make an offer to purchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the offer to purchase payment date. A change of control under the Indenture includes, among others, any transaction that results in either (i) the Permitted Holders (as defined below), which include Mr. Hong Tianzhu, the controlling shareholder of the Company and companies controlled by him, being the beneficial owners (as such term is used in the Indenture) of less than 50.1% of the total voting power of the voting stock of the Company; or (ii) any person or group (as such terms are used in the Indenture) is or becomes the beneficial owner, directly or indirectly, of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the Permitted Holders. "Permitted Holders" means any or all of (1) Messrs. Hong Tianzhu and Zhu Yongxiang; (2) any affiliate of the persons specified in paragraph (1); and (3) any person both the capital stock and the voting stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% by persons specified in paragraphs (1) and (2) above.

財務回顧*(續)*

根據上市規則第13.18條作出之披露*(續)*

如本公司於二零一一年一月十二日所公佈，本公司及其若干附屬公司與德意志銀行新加坡分行訂立購買協議，內容有關發行於二零一六年到期的2.00億美元7.625%優先票據(「票據」)。監管票據的契約(「契約」)訂明在發生觸發控制權變動之事件之情況下，本公司將按相等於本金額之101%之購買價另加計至購買付款日期之應計及未付利息(如有)，提出購買所有未償還票據。契約內所指的控制權變動包括(其中包括)引致以下後果的任何交易：(i)許可持有人(定義見下文)(包括本公司控股股東洪天祝先生及彼控制的公司)成為本公司具投票權股份中總投票權少於50.1%的實益擁有人(按該等詞條用於契約中的涵義)；或(ii)任何人士或組別(按該等詞條用於契約中的涵義)為或成為直接或間接擁有超過許可持有人實益持有的該等總投票權的本公司具投票權股份中總投票權的實益擁有人。「許可持有人」指下列任何或全部人士：(1)洪天祝先生及朱永祥先生；(2)(1)段指明之人士之任何聯屬人士；及(3)其股本及具投票權股份均(或如為信託，則當中之實益權益)由上文(1)及(2)段指明之人士擁有80%之任何人士。

FINANCIAL REVIEW *(Continued)*

Disclosure pursuant to Rule 13.18 of the Listing Rules *(Continued)*

As announced by the Company on 14 July 2011, by an agreement dated 13 July 2011 ("2011 Facility Agreement") entered into by, among others, a wholly-owned subsidiary of the Company as borrower and a syndicate of banks and financial institutions as lenders, the lenders have agreed to grant a loan facility ("2011 Facility") of up to the aggregate principal amount of US$60,000,000 for our expansion of the Phase III project in Vietnam. The 2011 Facility shall be fully repaid in July 2018 and is secured by a mortgage of equipment and machinery. The 2011 Facility Agreement contains the usual cross default provisions and a further requirement that Mr. Hong Tianzhu shall remain the Chief Executive Officer of the Group and the Company's single largest shareholder and own, directly or indirectly, more than 25% of the total issued share capital of the Company. A breach of such requirement will constitute an event of default under the 2011 Facility Agreement, and as a result, the 2011 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 report, the Company is in compliance with the Indenture and the 2011 Facility Agreement.

財務回顧*(續)*

根據上市規則第13.18條作出之披露*(續)*

如本公司於二零一一年七月十四日所公佈，根據由(其中包括)本公司全資產負債表(作為借款人)及由銀行及金融機構組成之銀團(作為貸款人)於二零一一年七月十三日訂立之協議(「二零一一年信貸協議」)，貸款人同意授出信貸融資(「二零一一年信貸融資」)，本金總額達60,000,000美元，以供本集團擴展越南的第三期項目。二零一一年信貸融資須於二零一八年七月悉數償還，並以設備及機器的抵押為擔保。二零一一年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及直接或間接擁有本公司已發行股本總額25%以上之規定。違反有關規定將構成二零一一年信貸協議之違約事項，並因此二零一一年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。

於本報告日期，本公司遵守契約及二零一一年信貸協議。

FINANCIAL REVIEW *(Continued)*

Pledge of assets

As at 30 June 2011, the Group's bank deposits, land use rights and buildings, machinery and equipment with an aggregate net book value of approximately RMB558.2 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 2010: RMB575.3 million).

Human resources

As at 30 June 2011, the Group had a total workforce of 13,596, representing an increase of 5% compared with that at the end of last year (As at 31 December 2010: 12,925), of whom 9,459 were based in the regional headquarters in Shanghai and our manufacturing plants in mainland China. The remaining 4,137 were located in regions 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 10 HK cents per share in respect of the six months ended 30 June 2011 to the shareholders whose names appear on the register of members of the Company in Hong Kong on 15 September 2011.

財務回顧*（續）*

資產抵押

於二零一一年六月三十日，本集團總賬面淨值約為人民幣558,200,000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。（於二零一零年十二月三十一日：人民幣575,300,000元）。

人力資源

於二零一一年六月三十日，本集團員工合共13,596名，比去年底增加了5%（於二零一零年十二月三十一日：12,925名），其中9,459名駐於上海地區總部及本集團在中國大陸的廠房。其餘4,137名駐於越南、香港及澳門等地區。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。董事會議決就截至二零一一年六月三十日止六個月向於二零一一年九月十五日名列本公司於香港之股東名冊之股東宣派每股10港仙之中期股息。

FINANCIAL REVIEW *(Continued)*

Closure of register of members

The register of members of the Company will be closed from 12 September 2011 to 15 September 2011, both days inclusive, during which period no transfer of shares can be registered. To qualify for the interim dividend (which will be payable on or about 28 September 2011), shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on 9 September 2011.

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

For the six months ended 30 June 2011, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

財務回顧*（續）*

暫停辦理股東登記手續

本公司將於二零一一年九月十二日至二零一一年九月十五登記手續，期間不會登記任何股份轉讓。為符合資格獲派中期股息（將於二零一一年九月二十八日或前後派付），股東須確保所有過戶文件連同有關股票最遲須於二零一一年九月九日下午四時三十分前送達本公司之香港股份過戶登記分處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712–1716室。

購買、出售及贖回本公司之上市證券

截至二零一一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

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

At 30 June 2011, 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:

於二零一一年六月三十日，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：

		Number of shares held 持有股份數目		
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 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	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	231,500,000 (L) *(Note 3)* *(附註3)*	26.17%
Mr. Tang Daoping 湯道平先生	the Company 本公司	Beneficial owner 實益擁有人	200,000 (L)	0.02%
Mr. Gong Zhao 龔照先生	the Company 本公司	Beneficial owner 實益擁有人	90,000 (L)	0.01%

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 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 Texhong Group Holdings 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 231,500,000 Shares, as to 68,000,000 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)*

附註：

1. 「L」代表該人士於股份之好倉。

2. 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Texhong Group Holdings Limited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。

3. 該231,500,000股股份中68,000,000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 2011, 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，於二零一一年六月三十日，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：

		Number of shares held 持有股份數目	
Name of substantial shareholder **本公司主要股東**	**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	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	68,000,000 (L) *(Note 4)* *（附註4）*	7.69%
Texhong Group Holdings Limited	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	231,500,000 (L) *(Note 6)* *（附註6）*	26.17%
Lianjie (China) Investments Limited	Beneficial owner 實益擁有人	45,016,000 (L) *(Note 7)* *（附註7）*	5.09%
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%

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

Notes:

1. The letter "L" denotes the person's long position in the Shares.

2. 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 Texhong Group Holdings Limited, a company 100% beneficially owned by Mr. Hong Tianzhu. Under the SFO, each of Texhong Group Holdings Limited and Mr. Hong Tianzhu is deemed to be interested in all the Shares held by New Green Group Limited.

3. 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.

4. These 68,000,000 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.

5. 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.

6. 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.

7. 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：

1. 「L」代表該人士於股份之好倉。

2. 該373,459,173股股份以New Green Group Limited（其全部已發行股本由Texhong Group Holdings Limited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，Texhong Group Holdings Limited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。

3. 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。

4. 該68,000,000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。

5. 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。

6. 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。

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

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，董事會認為此架構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。

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms no 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.

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 Professor 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 the management and reviewed the unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2011.

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教授。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二零一一年六月三十日止六個月之未經審核簡明綜合財務報表。

REMUNERATION COMMITTEE

The remuneration committee of the Board comprises three independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Ms. Zhu Lanfen and Professor 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.

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、程隆棣教授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。

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

Hong Kong, 19 August 2011

承董事會命
天虹紡織集團有限公司
主席
洪天祝

香港，二零一一年八月十九日