

Interim Report 2007

中 期 報 告 2 0 0 7



HUAFENG
華 豐

HUAFENG TEXTILE INTERNATIONAL GROUP LIMITED

華豐紡織國際集團有限公司

Stock Code 股份代號 : 364

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Corporate Information

公司資料

Board of Directors

Executive Directors

Mr. Cai Zhenrong (*Chairman*)
Mr. Cai Zhenyao
Mr. Cai Zhenying
Mr. Cai Yangbo
Mr. Choi Wing Toon
Mr. Mak Shiu Chung, Godfrey

Independent Non-Executive Directors

Ms. Choy So Yuk
Mr. Lawrence Gonzaga
Mr. Wong Siu Hong

Audit Committee

Mr. Lawrence Gonzaga (*Chairman*)
Ms. Choy So Yuk
Mr. Wong Siu Hong

Remuneration Committee

Mr. Lawrence Gonzaga (*Chairman*)
Ms. Choy So Yuk
Mr. Wong Siu Hong

Company Secretary and Qualified Accountant

Mr. Li Mow Ming, Sonny *SB St. J., FCPA, CPA (Aust)*

董事會

執行董事

蔡振榮先生 (*主席*)
蔡振耀先生
蔡振英先生
蔡揚波先生
蔡永團先生
麥兆中先生

獨立非執行董事

蔡素玉女士
Lawrence Gonzaga先生
黃兆康先生

審核委員會

Lawrence Gonzaga先生 (*主席*)
蔡素玉女士
黃兆康先生

薪酬委員會

Lawrence Gonzaga先生 (*主席*)
蔡素玉女士
黃兆康先生

公司秘書及合資格會計師

李茂銘先生 *SB St. J., FCPA, CPA (Aust)*

Corporate Information

公司資料

Registered Office

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

Head Office and Principal Place of Business in Hong Kong

Room 2107, West Tower
Shun Tak Centre
200 Connaught Road Central
Hong Kong

Registrars

Principal Share Registrar and Transfer Office

Bank of Bermuda (Cayman) Limited
36C Bermuda House, 3rd Floor
P.O. Box 513 GT
Dr. Roy's Drive, George Town
Grand Cayman
British West Indies

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
Room 1803, Fook Lee Commercial Centre,
Town Place, 33 Lockhart Road,
Wanchai, Hong Kong

註冊辦事處

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

總辦事處暨香港主要營業地點

香港干諾道中200號
信德中心西翼2107室

股份過戶登記處

股份過戶登記總處

Bank of Bermuda (Cayman) Limited
36C Bermuda House, 3rd Floor
P.O. Box 513 GT
Dr. Roy's Drive, George Town
Grand Cayman
British West Indies

香港股份過戶登記分處

聯合證券登記有限公司
香港灣仔
駱克道33號中央廣場
福利商業中心1803室

Corporate Information

公司資料

Auditors

RSM Nelson Wheeler
Certified Public Accountants
7th Floor, Allied Kajima Building
138 Gloucester Road
Hong Kong

Legal Advisers

As to Cayman Islands laws:

Conyers Dill & Pearman

As to Hong Kong laws:

Morrison & Foerster
D. S. Cheung & Co.

Principal Bankers

Bangkok Bank Public Co. Ltd. HK Branch
Bank of China
Citic Ka Wah Bank Ltd.
Hang Seng Bank Ltd
UOB Asia Ltd

Stock Code

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核數師

羅申美會計師行
執業會計師
香港告士打道138號
聯合鹿島大廈7樓

法律顧問

開曼群島法律方面：

Conyers Dill & Pearman

香港法律方面：

美富律師事務所
張岱樞律師事務所

主要往來銀行

Bangkok Bank Public Co. Ltd. 香港分行
中國銀行
中信嘉華銀行有限公司
恒生銀行有限公司
大華亞洲有限公司

股份代號

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Interim Results 中期業績

The board of directors (the “Board”) of Huafeng Textile International Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 31 March 2007 (the “Period”). The interim results for the Period are unaudited, but have been reviewed by the audit committee of the Company (the “Audit Committee”).

華豐紡織國際集團有限公司(「本公司」)董事會(「董事會」)欣然公佈本公司及其附屬公司(「本集團」)截至二零零七年三月三十一日止六個月(「期間」)之未經審核簡明綜合業績。期間之中期業績未經審核，惟已由本公司審核委員會(「審核委員會」)審閱。

Condensed Consolidated Income Statement

簡明綜合損益賬

For the six months ended 31 March 2007

截至二零零七年三月三十一日止六個月

		Six months ended 31 March	
		截至三月三十一日止六個月	
		2007	2006
		二零零七年	二零零六年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		千港元	千港元
	Notes 附註		
TURNOVER	營業額	320,984	279,191
Cost of services provided and cost of sales	提供服務成本 及銷售成本	(223,517)	(200,792)
Gross profit	毛利	97,467	78,399
Other income	其他收入	5,078	5,093
Selling and distribution expenses	銷售及分銷開支	(12,552)	(9,180)
Administrative expenses	行政開支	(24,618)	(14,580)
Other operating expenses	其他經營開支	(92)	(4,094)
PROFIT FROM OPERATING ACTIVITIES	經營業務 溢利	65,283	55,638
Finance costs	財務成本	(10,501)	(5,955)
PROFIT BEFORE TAX	除稅前溢利	54,782	49,683
Income tax expense	所得稅開支	(1,332)	(1,236)
PROFIT FOR THE PERIOD	期間溢利	53,450	48,447
Attributable to:	以下人士應佔權益：		
Equity shareholders of the Company	本公司股東	53,696	49,265
Minority interests	少數股東權益	(246)	(818)
		53,450	48,447
DIVIDEND	股息	22,012	8,805
EARNINGS PER SHARE	每股盈利		
Basic	基本	HK6.1 cents 港仙	HK6.3 cents 港仙
Diluted	攤薄	HK6.1 cents 港仙	HK6.3 cents 港仙

Condensed Consolidated Balance Sheet

簡明綜合資產負債表

As at 31 March 2007

於二零零七年三月三十一日

		31 March 2007 二零零七年 三月三十一日 (Unaudited) (未經審核) HK\$'000 千港元	30 September 2006 二零零六年 九月三十日 (Audited) (經審核) HK\$'000 千港元
	Notes 附註		
NON-CURRENT ASSETS	非流動資產		
Property, plant and equipment	物業、廠房及設備	515,436	435,305
Prepaid land lease payments	預付土地租賃款項	29,856	11,490
Intangible assets	無形資產	35,698	32,553
Available-for-sale financial assets	可供出售金融資產	2,480	1,461
Deposits paid for acquisition of long-term assets	收購長期資產已付 之按金	28,634	56,634
		612,104	537,443
CURRENT ASSETS	流動資產		
Inventories	存貨	74,802	74,624
Trade receivables	應收貿易賬款	195,079	124,853
Prepayments, deposits and other receivables	預付款項、按金 及其他應收款項	44,023	37,901
Prepaid land lease payments	預付土地租賃款項	309	309
Cash and bank balances	現金及銀行結餘	198,147	191,797
		512,360	429,484
CURRENT LIABILITIES	流動負債		
Trade payables	應付貿易賬款	49,494	28,108
Other payables and accruals	其他應付款項及應計費用	53,498	49,008
Interest-bearing borrowings	計息借貸	94,200	108,192
Provision for taxation	稅項撥備	2,931	2,247
		200,123	187,555
NET CURRENT ASSETS	流動資產淨值	312,237	241,929
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動 負債	924,341	779,372

Condensed Consolidated Balance Sheet

簡明綜合資產負債表

As at 31 March 2007

於二零零七年三月三十一日

		31 March 2007 二零零七年 三月三十一日 (Unaudited) (未經審核) HK\$'000 千港元	30 September 2006 二零零六年 九月三十日 (Audited) (經審核) HK\$'000 千港元
NON-CURRENT LIABILITIES	非流動負債		
Interest-bearing borrowings	計息借貸	258,883	171,035
Deferred tax	遞延稅項	19,247	14,197
		278,130	185,232
NET ASSETS	資產淨值	646,211	594,140
CAPITAL AND RESERVES	股本及儲備		
Share capital	股本	8,805	8,805
Reserves	儲備	629,492	577,175
Equity attributable to equity holders of the Company	本公司權益持有人 應佔權益	638,297	585,980
Minority interests	少數股東權益	7,914	8,160
		646,211	594,140

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 31 March 2007

截至二零零七年三月三十一日止六個月

		Attributable to equity holders of the Company 本公司權益持有人應佔權益									
		Reserves 儲備									
Share capital	Share premium	Properties revaluation reserve	Share-based payment reserve	Translation reserve	Retained profits	Total	Minority interests		Total		
							物業	少數			
股本	股份溢價	重估儲備	以股份支付之	換算儲備	保留溢利	總計	股東權益	總計			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元			
At 1 October 2005 (Audited)	於二零零五年十月一日(經審核)	7,746	135,186	32,050	—	12,672	300,513	488,167	10,724	498,891	
Issue of bonus shares	紅股發行	387	(387)	—	—	—	—	—	—	—	
Increase in Reserves	儲備增長	—	3,776	—	—	—	3,776	—	—	3,776	
Profit for the Period	期間溢利	—	—	—	—	—	49,265	49,265	(819)	48,446	
Exchange differences on translation of foreign operations	換算海外業務之匯兌差額	—	—	—	—	(1,016)	—	(1,016)	—	(1,016)	
Deficit on revaluation on plant and machinery	廠房及機器重估虧絀	—	—	(694)	—	—	—	(694)	—	(694)	
At 31 March 2006	於二零零六年三月三十一日	8,133	138,575	31,356	—	11,656	349,778	539,498	9,905	549,403	
Representing:	代表:										
At 31 March 2006 after proposed interim dividend	於二零零六年三月三十一日(擬派中期股息後)								531,365		
Proposed interim dividend	擬派中期股息								8,133		
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益								539,498		
At 1 October 2006 (Audited)	於二零零六年十月一日(經審核)	8,805	164,835	22,128	—	12,468	377,744	585,980	8,160	594,140	
Profit for the Period	期間溢利	—	—	—	—	—	53,696	53,696	(246)	53,450	
Exchange differences on translation of foreign operations	換算海外業務之匯兌差額	—	—	—	—	(2,380)	—	(2,380)	—	(2,380)	
Recognition of share-based payments	確認以股份支付之款項儲備	—	—	—	5,403	—	—	5,403	—	5,403	
Dividends paid	已派股息	—	—	—	—	—	(4,402)	(4,402)	—	(4,402)	
At 31 March 2007	於二零零七年三月三十一日	8,805	164,835	22,128	5,403	10,088	427,038	638,297	7,914	646,211	
Representing:	代表:										
At 31 March 2007 after proposed interim dividend	於二零零七年三月三十一日(擬派中期股息後)								620,687		
Proposed interim dividend	擬派中期股息								17,610		
Equity attributable to equity holders of the Company	本公司權益持有人應佔權益								638,297		

Condensed Consolidated Cash Flow Statement

簡明綜合現金流量表

For the six months ended 31 March 2007

截至二零零七年三月三十一日止六個月

		Six months ended 31 March	
		截至三月三十一日止六個月	
		2007	2006
		二零零七年	二零零六年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		千港元	千港元
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	經營業務現金流入/ (流出)淨額	36,365	(52,520)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	投資活動現金流出淨額	(76,386)	(4,339)
NET CASH INFLOW FROM FINANCING ACTIVITIES	融資活動現金流入淨額	48,751	60,194
INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值增加	8,730	3,335
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	期初現金及現金等值	191,797	88,367
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	外幣匯率變動影響	(2,380)	(1,251)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	期終現金及現金等值	198,147	90,451
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AT END OF PERIOD	期終現金及現金 等值結餘分析		
Cash and bank balances	現金及銀行結餘	198,147	90,451

Notes to Financial Statements

財務報表附註

For the six months ended 31 March 2007

截至二零零七年三月三十一日止六個月

1. BASIS OF PREPARATION

This unaudited interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). It was authorised for issuance on 25 June 2007.

The unaudited interim financial report has been prepared in accordance with the same accounting policies adopted in the 2006 annual financial statements.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

1. 編製基準

本未經審核中期財務報告已根據香港聯合交易所有限公司證券上市規則（「上市規則」）之適用披露條文，並且遵照香港會計師公會（「香港會計師公會」）頒佈之香港會計準則（「香港會計準則」）第34號中期財務報告而編製。本未經審核中期報告於二零零七年六月二十五日獲授權刊登。

本未經審核中期財務報告已根據二零零六年年度財務報表採用之相同會計政策而編製。

管理層在編製符合香港會計準則第34號規定之中期財務報告時所作之判斷、估計及假設，會影響會計政策之應用和按由年初至今（目前情況）為基準計算之經匯報資產與負債、收入及支出之金額。實際結果可能與估計金額有異。

Notes to Financial Statements

財務報表附註

For the six months ended 31 March 2007

截至二零零七年三月三十一日止六個月

This unaudited interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2006 annual financial statements. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes HKASs and Interpretations).

The financial information relating to the financial year ended 30 September 2006 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 30 September 2006 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 January 2007.

本未經審核中期財務報告載有簡明綜合財務報表和經篩選之說明附註。附註闡述了自二零零六年年度財務報表刊發以來，在瞭解本集團之財務狀況及業績變動方面確屬重要之事件和交易。本未經審核簡明綜合中期財務報表及附註並不包括按照香港財務報告準則（「香港財務報告準則」總體包括香港會計準則及詮釋）規定編製完整財務報表所需之全部資料。

中期財務報告所載截至二零零六年九月三十日止財政年度之財務資料乃之前呈報之資料，並不構成本公司該財政年度之法定財務報表，但資料則源自有關財務報表。本集團截至二零零六年九月三十日止年度之法定財務報表可於本公司之註冊辦事處索取。核數師已在二零零七年一月二十五日之核數師報告中對該等財務報表出具無保留意見。

Notes to Financial Statements

財務報表附註

For the six months ended 31 March 2007

截至二零零七年三月三十一日止六個月

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2006. The Board has determined the accounting policies to be adopted in the preparation of the Group's annual financial statements for the year ending 30 September 2007, on the basis of HKFRSs currently in issue. The adoption of these new HKFRSs did not result in substantial changes in the Group's accounting policies.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 30 September 2007 may be affected by the issue of additional interpretations or other changes announced by the HKICPA subsequent to the date of issuance of this interim report. Therefore the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

2. 會計政策之變動

香港會計師公會頒佈多項新訂及經修訂香港財務報告準則。該等準則已由二零零六年一月一日或以後開始之會計期間生效或可供提早採納。董事會已決定在編製本集團截至二零零七年九月三十日止年度之年度財務報表時，按照已頒佈之香港財務報告準則之基準，採納該等會計政策。採納該等新之香港財務報告準則對本集團之會計政策沒有重大影響。

在本中期報告刊發日期後，該等對截至二零零七年九月三十日止年度之年度財務報表有效或可供提早採納之香港財務報告準則有可能受到香港會計師公會頒佈額外詮釋或作出其他變動所影響。因此，不能在本中期財務報告刊發日準確地確定本集團將於該期間對財務報表所採納之政策。

Notes to Financial Statements

財務報表附註

For the six months ended 31 March 2007

截至二零零七年三月三十一日止六個月

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats:

- (i) on a primary segment reporting basis, by geographical segment; and
- (ii) on a secondary segment reporting basis, by business segment.

The principal activities of the Group are the provision of fabrics processing services, manufacture and sale of fabrics and manufacture and sale of yarns, which are managed according to the geographical location of customers.

Each of the Group's geographical segment, based on the location of customers, represents a strategic business unit that offers services to customers located in different geographical areas which are subject to risks and returns that are different from those of other geographical segments.

3. 分部資料

分部資料乃按兩種分部方式呈報：

- (i) 以主要分部呈報基準（即地區分部）；及
- (ii) 以次要分部呈報基準（即業務分部）。

本集團主要業務乃提供布料加工服務、布料製造及銷售，以及紡紗製造及銷售，有關活動乃按照客戶所在地理位置管理。

本集團各地區分部乃根據顧客之所在位置，為一個策略性業務單位，向位於不同地區之顧客提供服務，而有關地區所面對之風險及取得之回報有異於其他地區分部所面對之風險及取得之回報。

Notes to Financial Statements

財務報表附註

For the six months ended 31 March 2007

截至二零零七年三月三十一日止六個月

(a) **Geographical segments based on the location of customers**

(a) 根據顧客所在位置之地區分部

		The Philippines 菲律賓		Greater China 大中華地區		Africa, Australia and North America 非洲、澳洲及北美洲		Consolidated 綜合	
		2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Segment revenue:	分部收入：								
Sales to external customers	對外顧客銷售額	120,678	104,558	167,933	148,493	32,373	26,140	320,984	279,191
Segment results	分部業績	56,367	37,621	11,877	6,830	15,121	9,671	83,365	54,122
Unallocated revenue	未分配收入							5,078	5,093
Unallocated expenses	未分配開支							(23,160)	(3,577)
Profit from operating activities	經營業務溢利							65,283	55,638
Finance costs	財務成本							(10,501)	(9,955)
Profit before tax	除稅前溢利							54,782	49,683
Income tax expenses	所得稅開支							(1,332)	(1,236)
Profit for the Period	期間溢利							53,450	48,447

(b) **Business segments**

(b) 業務分部

		Fabrics processing services, manufacture and sale of fabrics 布料加工服務、 布料製造及銷售		Manufacture and sale of yarns 紡紗製造及銷售		Consolidated 綜合	
		2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Segment revenue:	分部收入：						
Sales to external customers	對外顧客銷售額	268,344	229,077	52,640	50,114	320,984	279,191
Total revenue	總收入	268,344	229,077	52,640	50,114	320,984	279,191

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4. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived at after charging:

4. 經營業務溢利

本集團之經營業務溢利經扣除下列各項而達致：

		Six months ended 31 March	
		截至三月三十一日止六個月	
		2007	2006
		二零零七年	二零零六年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		千港元	千港元
Amortisation of goodwill	商譽攤銷	—	1,926
Depreciation	折舊	20,486	17,987
Employee share option benefits	僱員購股權福利	5,403	—

5. FINANCE COSTS

5. 財務成本

		Six months ended 31 March	
		截至三月三十一日止六個月	
		2007	2006
		二零零七年	二零零六年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		千港元	千港元
Interest on bank loans and overdrafts wholly repayable within five years	須於五年內悉數償還之銀行貸款及透支利息	10,501	5,724
Bank charges	銀行費用	—	231
		10,501	5,955

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6. INCOME TAX EXPENSE

6. 所得稅開支

		Six months ended 31 March	
		截至三月三十一日止六個月	
		2007	2006
		二零零七年	二零零六年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		千港元	千港元
PRC enterprise income tax	中國企業所得稅		
— current	— 即期	1,332	1,830
— deferred	— 遞延	—	(594)
Tax charge for the Period	期間稅項開支	1,332	1,236

No provision for Hong Kong profits tax is required since the Group has no assessable profit arising in Hong Kong during the Period (2006: Nil).

Tax charge on profits assessable in the PRC had been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

由於本集團於期間內在香港並無產生任何應課稅溢利，故並無就香港利得稅作出撥備（二零零六年：無）。

中國應課稅溢利稅項開支乃按本集團經營所在司法權區之現行稅率及根據有關之現行法例、詮釋及慣例計算。

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7. DIVIDEND

7. 股息

Six months ended 31 March
截至三月三十一日止六個月

		2007 二零零七年 (Unaudited) (未經審核) HK\$'000 千港元	2006 二零零六年 (Unaudited) (未經審核) HK\$'000 千港元
Interim dividend declared after the interim period of 2 cents (2006: 1 cent) per share	於中期後宣派之中期股息每股2仙(二零零六年：每股1仙)	17,610	8,805
Final dividend in respect of the financial year ended 30 September 2006, approved and paid during the following interim period, of 0.5 cents (year ended 30 September 2005: Nil) per share	已批准並於隨後中期內派付截至二零零六年九月三十日止財政年度之末期股息每股0.5仙(截至二零零五年九月三十日止年度：零)	4,402	—
		22,012	8,805

The interim dividend has not been recognised as a liability at the balance sheet date.

於結算日，中期股息尚未獲確認為負債。

8. EARNINGS PER SHARE

8. 每股盈利

(a) Basic earnings per share

The calculation of basic earnings per share for the Period is based on the Group's net profit attributable to equity shareholders for the Period of approximately HK\$53,696,000 (2006: HK\$49,265,000) and the weighted average number of 880,479,600. (2006: 781,148,459).

(a) 每股基本盈利

期間每股基本盈利乃按股東於期間應佔本集團純利約53,696,000港元(二零零六年：49,265,000港元)及加權平均數880,479,600股(二零零六年：781,148,459股)計算。

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(b) Diluted earnings per share

The calculation diluted earnings per share for the Period is based on the Group's net profit attributable to equity shareholders for the Period of approximately HK\$53,696,000 (2006: HK\$49,265,000) and the weighted average number of 880,519,053. (2006: 781,148,459).

9. TRADE RECEIVABLES

The Group normally allows credit terms to well-established customers ranging from 30 to 120 days. Impairment is made for outstanding debts aged over one year.

An aging analysis of the trade receivables as at the balance sheet date, based on the date of recognition of the service income or goods sold, is as follows:

(b) 每股攤薄盈利

期間每股攤薄盈利乃按股東於期間應佔本集團純利約53,696,000港元(二零零六年: 49,265,000港元)及加權平均數880,519,053股(二零零六年: 781,148,459股)計算。

9. 應收貿易賬款

本集團一般對長期顧客給予30天至120天之信貸期。逾期超過一年之未償還債項會作出減值。

根據確認服務收入或已售貨品之日期計算，應收貿易賬款於結算日之賬齡分析如下：

	31 March 2007	30 September 2006
	二零零七年 三月三十一日 (Unaudited) (未經審核)	二零零六年 九月三十日 (Audited) (經審核)
	HK\$'000 千港元	HK\$'000 千港元
0 — 30 days	81,345	44,402
31 — 60 days	49,384	36,403
61 — 90 days	44,810	33,029
Over 90 days	19,540	11,019
	195,079	124,853

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For the six months ended 31 March 2007

截至二零零七年三月三十一日止六個月

10. TRADE PAYABLES

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers.

An aging analysis of the trade payables as at the balance sheet date, based on the date of receipt of consumables or goods purchased, is as follows:

10. 應付貿易賬款

本集團一般獲供應商授予30天至90天之信貸期。

根據收取所購買之消耗品或貨品日期計算，應付貿易賬款於結算日之賬齡分析如下：

		31 March	30 September
		2007	2006
		二零零七年	二零零六年
		三月三十一日	九月三十日
		(Unaudited)	(Audited)
		(未經審核)	(經審核)
		HK\$'000	HK\$'000
		千港元	千港元
0 — 30 days	0 — 30 天	22,533	12,799
31 — 60 days	31 — 60 天	14,659	9,148
61 — 90 days	61 — 90 天	7,315	2,717
Over 90 days	90 天以上	4,987	3,444
		49,494	28,108

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For the six months ended 31 March 2007

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11. SHARE CAPITAL

11. 股本

		31 March 2007 二零零七年 三月三十一日 (Unaudited) (未經審核) HK\$'000 千港元	30 September 2006 二零零六年 九月三十日 (Audited) (經審核) HK\$'000 千港元
Authorised:	法定：		
2,000,000,000 ordinary shares of HK\$0.01 each	2,000,000,000股每股 面值 0.01港元之普通股	20,000	20,000
Issued and fully paid:	已發行及繳足：		
880,479,600 (2006: 880,479,600) ordinary shares of HK\$0.01 each	880,479,600股 (二零零六年： 880,479,600股) 每股 面值 0.01港元之普通股	8,805	8,805

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截至二零零七年三月三十一日止六個月

A summary of the movements in the issued share capital of the Company is as follows:

本公司已發行股本之變動概述如下：

		As at 30 September 2006 於二零零六年九月三十日	
		Number of shares issued 已發行股份 數目	Nominal value of shares issued 已發行股份 面值
		'000 千股	HK\$'000 千港元
		Note 附註	
At 1 October 2005	於二零零五年十月一日	774,552	7,746
Shares issued on distribution of bonus shares	就分派紅股而發行 之股份	a 38,728	387
Shares issued on exercise of share options	就行使購股權而發行 之股份	b 67,200	672
At 30 September 2006	於二零零六年九月三十日	880,480	8,805
		As at 31 March 2007 於二零零七年三月三十一日	
		Number of shares issued 已發行股份 數目	Nominal value of shares issued 已發行股份 面值
		'000 千股	HK\$'000 千港元
		Note 附註	
As at 1 October 2006 and 31 March 2007	於二零零六年十月一日及 二零零七年三月三十一日	880,480	8,805

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- a. On 25 January 2006, the directors recommended a bonus issue of shares (“Bonus Issue”) and approved in the Company’s annual general meeting held on 24 February 2006. The Bonus Issue has been made on the basis of 1 share, credited as fully paid, for every 20 existing shares then held.
- b. On 2 May 2006, the Company granted 67,200,000 share options at a subscription price of HK\$0.395 per share to 10 employees of the Company and its subsidiaries or its invested entity according to the share option scheme operated by the Company, resulting in the issue of 67,200,000 shares of HK\$0.01 each for a total cash consideration, before expenses, of approximately HK\$26,544,000. The excess of the subscription consideration received over the nominal value of shares issued, amounted to approximately HK\$25,872,000, was credited to the share premium account. All share options were exercised on 12 May 2006 and 17 May 2006.
- a. 於二零零六年一月二十五日，董事建議發行紅股（「紅股發行」），並於本公司在二零零六年二月二十四日舉行之股東週年大會上通過有關建議。紅股發行按每20股當時持有之現有股份發行1股股份之基準，入賬列作繳足股份。
- b. 於二零零六年五月二日，本公司根據其管理之購股權計劃，以認購價每股股份0.395港元授出67,200,000股購股權予本公司及其附屬公司或其投資實體之10名僱員，致使合共發行67,200,000股每股面值0.01港元之股份，現金總代價（扣除開支前）約為26,544,000港元。已收取之認購代價較已發行股份面值高出約25,872,000港元，有關款項已撥入股份溢價賬。所有購股權已於二零零六年五月十二日及二零零六年五月十七日予以行使。

12. CONTINGENT LIABILITIES

As at 31 March 2007, the Group did not have any significant contingent liabilities (30 September 2006: Nil).

As at 31 March 2007, the Company had provided corporate guarantee to the extent of HK\$250 million (30 September 2006: HK\$27 million) for banking facilities granted to a subsidiary, which were utilised to the extent of HK\$250 million (30 September 2006: HK\$27 million).

12. 或然負債

於二零零七年三月三十一日，本集團並無任何重大或然負債（二零零六年九月三十日：無）。

於二零零七年三月三十一日，本公司就其附屬公司獲授之銀行融資額提供250,000,000港元（二零零六年九月三十日：27,000,000港元）之公司擔保，而250,000,000港元（二零零六年九月三十日：27,000,000港元）之貸款經已動用。

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13. COMMITMENTS

At the balance sheet date, the Group had the following capital commitments:

Purchases of plant and machinery	購置廠房及機器
----------------------------------	---------

31 March 2007 二零零七年 三月三十一日 (Unaudited) (未經審核) HK\$'000 千港元	30 September 2006 二零零六年 九月三十日 (Audited) (經審核) HK\$'000 千港元
--	--

10,088

10,088

14. BUSINESS COMBINATIONS

On 1 December 2006, the Group acquired 100% of the share capital of United Glory Development Limited ("United Glory"). The principal asset of United Glory is a wholly owned subsidiary, Shishi Huarun Knitting & Dyeing Co., Ltd ("Huarun Knitting"). Huarun Knitting is principally engaged in the business of fabric processing in the PRC.

Details of net assets acquired and goodwill are as follows:

Purchase consideration	收購代價	85,000
Fair value of net assets acquired — shown as below	已收購資產淨值之公平值 — 如下所示	(82,118)
Goodwill	商譽	2,882

HK\$'000
千港元

85,000

(82,118)

2,882

13. 承擔

於結算日，本集團之資本承擔如下：

14. 合併業務

於二零零六年十二月一日，本集團收購 United Glory Development Limited (「United Glory」) 之 100% 股本。United Glory 之主要資產為一間全資附屬公司石獅市華潤織造印染有限公司 (「華潤織造」)。華潤織造主要在中國從事布料加工業務。

已收購資產淨值及商譽詳情如下：

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Goodwill arose from the acquisition is attributable to the anticipated profitability of the company's operations and the anticipated future operating synergies.

因有關收購而產生之商譽乃基於本公司業務之預期盈利能力及預期日後之經營增效作用。

The assets and liabilities arising from the acquisition are as follows:

因有關收購而產生之資產及負債如下：

		Fair value 公平值	Acquiree's carrying amount 被收購方 之賬面值
		HK\$'000 千港元	HK\$'000 千港元
Cash and cash equivalents	現金及現金等值	193	193
Property, plant and equipment	物業、廠房及設備	65,854	65,854
Prepaid land lease payments	預付土地租賃款項	5,893	5,893
Available-for-sale financial assets	可供出售金融資產	437	437
Inventories	存貨	5,730	5,730
Receivables	應收賬款	29,150	29,150
Payables	應付賬款	(9,887)	(9,887)
Borrowings	借貸	(10,202)	(10,202)
Deferred tax liabilities	遞延稅項	(5,050)	(5,050)
Net assets acquired	已收購資產淨值	<u>82,118</u>	<u>82,118</u>
			HK\$'00 千港元
Purchase consideration settled in cash	以現金支付之 收購代價		85,000
Deposit paid for acquisition of a subsidiary	收購一間附屬公司之 已付按金		(28,000)
Cash and cash equivalents in a subsidiary acquired	已收購一間附屬公司之 現金及現金等值		(193)
Cash outflow on acquisition	收購之現金流出		<u>56,807</u>

There were no acquisitions for the year ended 30 September 2006.

截至二零零六年九月三十日止年度，概無作出任何收購。

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15. RELATED PARTY TRANSACTIONS

During the period, the Group paid rentals of approximately HK\$Nil (2006: HK\$400,000) to the minority shareholder of a subsidiary, Shenyang Huafeng Dyeing & Printing Co., Ltd. (“Shenyang Huafeng”), in respect of Shenyang Huafeng’s factory premises.

During the period, the shareholder of the minority shareholder of a subsidiary, Shenyang Huafeng, advanced approximately HK\$2,913,000 (2006: HK\$Nil) to Shenyang Huafeng. The advance is unsecured, interest-free and repayable on demand.

The directors of the Company are of the opinion that the above transactions with related parties were conducted on normal commercial terms in the ordinary course of the Group’s business.

15. 關連方交易

期間內，本集團就附屬公司瀋陽華豐染整有限公司（「瀋陽華豐」）之廠房向瀋陽華豐之少數股東支付租金約零港元（二零零六年：400,000港元）。

期間內，本公司一間附屬公司瀋陽華豐一名少數股東之股東向瀋陽華豐墊款約2,913,000港元（二零零六年：零港元）。有關墊款乃無抵押、免息，並於接獲通知時償還。

本公司董事認為，上述與關連方進行之交易乃於本集團日常業務過程中按一般商業條款進行。

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16. SHARE-BASED PAYMENTS

Equity-settled share option scheme

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Company’s directors (including independent non-executive directors), employee of the Group, suppliers of goods or services, customers, persons or entities providing research, development or other technological support to the Group, and any minority shareholders in the Company’s subsidiaries. The Scheme became effective on 30 August 2002 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month year, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

16. 以股份支付之款項

以權益結算之購股權計劃

本公司推行購股權計劃(「計劃」)，旨在鼓勵及回饋對本集團之成功經營有貢獻之合資格參與者。計劃之合資格參與者包括本公司之董事(包括獨立非執行董事)、本集團僱員、貨品或服務供應商、客戶、向本集團提供研究、開發或其他技術支援之人士或實體，以及本公司附屬公司之任何少數股東。計劃於二零零二年八月三十日起生效，並自該日起十年內有效，惟另行註銷或修訂則作別論。

現時根據計劃批准授出之未行使購股權數目上限，相等於該等購股權獲行使時本公司不時已發行股份之10%。於任何十二個月，計劃各合資格參與者根據購股權可獲發行之股份數目不得超過本公司不時已發行股份之1%。進一步授予超出此限額之購股權則須股東在股東大會上批准。

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財務報表附註

For the six months ended 31 March 2007

截至二零零七年三月三十一日止六個月

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month year, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise year of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the grant of the share options or the expiry date of the Scheme, if earlier.

向本公司董事、行政總裁或主要股東或彼等之任何聯繫人授予購股權須事先取得獨立非執行董事批准。此外，倘若於任何十二個月，授予本公司主要股東或獨立非執行董事或彼等之任何聯繫人之購股權超出本公司不時已發行股份之0.1%或總值（根據授出購股權當日本公司股份收市價計算）超逾5,000,000港元，則須事先在股東大會上取得股東批准。

承授人須於購股權授出日期起計21日內決定是否接納獲授之購股權，並須於接納時繳交合共1港元之象徵式代價。已授購股權之行使年期由董事決定，並於若干歸屬期後開始以及於購股權授出日期起計十年或計劃屆滿之日（以較早者為準）終止。

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財務報表附註

For the six months ended 31 March 2007

截至二零零七年三月三十一日止六個月

The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of grant, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer of the grant; and (iii) the nominal value of the Company's shares.

Details of the specific category of options are as follows:

購股權之行使價由董事釐定，惟不得少於以下三者之較高者：(i)本公司股份於授予購股權日期(須為交易日)在聯交所每日報價表所列之收市價；(ii)本公司股份於緊接授予購股權日期前五個交易日在聯交所每日報價表所列之平均收市價；及(iii)本公司股份面值。

特定類別之購股權詳情如下：

Date of grant 授出日期	Vesting date 歸屬日	Exercise period 行使期	Exercise price 行使價 HK\$ 港元
23 March 2007 二零零七年 三月二十三日	23 March 2007 二零零七年 三月二十三日	23 March 2007 to 22 March 2010 二零零七年三月二十三日 至 二零一零年三月二十二日	0.522

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財務報表附註

For the six months ended 31 March 2007

截至二零零七年三月三十一日止六個月

Details of the share options outstanding during the period are as follows:

期內尚未行使之購股權詳情如下：

		2007 二零零七年		2006 二零零六年	
		Weighted average Number of share options 購股權數目	exercise price 加權平均 行使價 HK\$ 港元	Number of share options 購股權數目	Weighted average exercise price 加權平均 行使價 HK\$ 港元
Outstanding at the beginning of the period	期初尚未行使	—	—	—	—
Granted during the period	期內授出	88,000,000	0.522	—	—
Exercised during the period	期內行使	—	—	—	—
Outstanding at end of the period	期終尚未行使	88,000,000	0.522	—	—
Exercisable at the end of the period	期終可予行使	88,000,000	0.522	—	—

In 2007, options were granted on 23 March 2007. The estimated fair value of the options is approximately HK\$5,403,000.

二零零七年之購股權乃於二零零七年三月二十三日授出。購股權之估計公平值約為5,403,000港元。

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財務報表附註

For the six months ended 31 March 2007

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The fair value was calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

公平值乃以柏力克－舒爾茲定價模式計算。模式之輸入數值如下：

		2007	2006
		二零零七年	二零零六年
Spot price	現貨價格	HK\$0.520港元	—
Exercise price	行使價	HK\$0.522港元	—
Expected volatility	預計波幅	47.98%厘	—
Expected life	預計年期	0.5 year年	—
Risk free rate	無風險折現率	3.66%厘	—
Expected dividend yield	預計股息率	4.00%厘	—

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 0.5 year. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioral considerations.

預計波幅以本公司過去半年之股價變動率運算而釐定。在這模式中，預計年期基於管理層之最適合估計，在考慮不可轉讓、可行使限制及行為因素之影響下作出適當調整。

17. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 31 MARCH 2007

Up to the date of issue of this unaudited condensed interim financial report, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ending 30 September 2007.

17. 截至二零零七年三月三十一日止六個月已頒佈惟尚未生效之修訂、新準則及詮釋可能構成之影響

截至本未經審核簡明中期財務報告刊發日期，香港會計師公會已頒佈多項修訂、新準則及詮釋，惟於截至二零零七年九月三十日止年度尚未生效。

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For the six months ended 31 March 2007

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The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the interim financial report:

本集團現正評估該等修訂、新準則及新詮釋對首次應用期間所造成的影響。迄今之結論為採納該等修訂、新準則及新詮釋不大可能對本集團之經營業績及財政狀況構成重大影響。

此外，下列發展可能導致中期財務報告作出新或經修訂之披露：

		Effective for accounting periods beginning on or after 於以下日期或以後 日期開始的會計期間生效
HKFRS 7 香港財務報告準則第7號	Financial instruments: disclosures 金融工具：披露	1 January 2007 二零零七年一月一日
Amendments to HKAS 1 香港會計準則 第1號(修訂)	Presentation of financial statements: Capital disclosures 財務報告的滙報：資本披露	1 January 2007 二零零七年一月一日



Management Discussion and Analysis

管理層討論及分析

Being a major player in fabric processing and yarn spinning in Southern China with factories in Fujian, Jiangsu and Liaoning provinces, the Group constantly seeks ways to expand its business presence and to further strengthen its market position.

The Group's recent efforts in facilities expansion and improving overall efficiencies are bearing fruits, as shown in the increase in turnover and improved margins. As demand for fabric processing services remains strong on the back of a robust economy in China, there are signs of prices firming up over the past few months. The Group is well-positioned to take advantage of such a favourable trend and to benefit from the strong demand.

The Board believes that there is still much room for the expansion in textile fabric processing industry as well as the apparel market in China and overseas. The Group is committed to research and development for more environmental friendly fabric printing techniques. With the objective to enhance shareholders' value in mind, we will look for suitable downstream expansion opportunities in the retail distribution business.

本集團乃南華地區首屈一指之布料加工及紡紗公司，於福建、江蘇及遼寧省均設有廠房，並一直致力尋求業務拓展，從而進一步鞏固其市場地位。

隨着營業額及邊際利潤均有所增加，本集團近期於擴充設施及改善整體效率方面所作之努力經已取得成果。受惠於中國之暢旺經濟，市場對布料加工服務之需求依然強勁，而過去數月均有跡象顯示價格正穩步上揚。本集團正處於優越位置，既可把握此有利趨勢，亦同時受惠於市場之強大需求。

董事會相信，中國及海外紡織布料加工業及服裝市場仍有偌大之擴展空間。本集團亦致力研發更多環保印染技術。本集團堅守提高股東價值之目標，並將尋求擴展零售分銷下游業務之機遇。

Management Discussion and Analysis

管理層討論及分析

Financial Review

For the six months ended 31 March 2007, the Group's turnover increased by 15% to HK\$321 million (corresponding period in 2006: HK\$279 million) while gross profit grew by 24% to HK\$97 million (corresponding period in 2006: HK\$78 million). Gross profit margin improved by 2% to 30%. Profit attributable to equity shareholders grew to HK\$54 million (corresponding period in 2006: HK\$49 million), representing a year-on-year increase of 10%.

The increase in turnover for the Period under review was mainly attributable to the satisfactory performance of the newly acquired fabric processing business, Shishi Huarun Knitting and Dyeing Co. Ltd ("Huarun Knitting"), in October 2006 and also the sales growth in overseas markets. Continuous production systems improvement raised the overall efficiency and resulted in better gross profit margins.

Business Review

As a leading fabric processor in Fujian, China, the Group continued business growth through acquisition of profitable fabric processing plants and constant expansions. High quality demand and new technological developments playing a vital role in profit growth. The Group remain committed to research & development and sales of upstream products, to maximize benefits from larger economies of scale and to enhance profit.

財務回顧

截至二零零七年三月三十一日止六個月，本集團營業額攀升15%至321,000,000港元（二零零六年同期：279,000,000港元），毛利增加24%至97,000,000港元（二零零六年同期：78,000,000港元），毛利率則增加2%至30%。股東應佔溢利較去年增加10%至54,000,000港元（二零零六年同期：49,000,000港元）。

於回顧期間的營業額增加乃主要由於在二零零六年十月新收購之布料加工業務石獅市華潤織造印染有限公司（「華潤織造」）表現理想，以及由於海外市場之銷售額增加所致。生產系統之持續改良亦提高了整體效率，並帶動毛利率之增長。

業務回顧

本集團為中國福建首屈一指之布料染整商，一直透過收購有利可圖之布料加工廠房及不斷擴充業務，持續帶動業務增長。本集團對高品質之要求以及新技術之開發對於推動利潤增長，具舉足輕重之作用。與此同時，本集團在研發方面依然不遺餘力，亦致力推動上游產品之銷售額，以優化從更大規模經濟效益中獲取的利益，並藉此增加利潤。

Management Discussion and Analysis

管理層討論及分析

At present, the Group owns and operates six plants: Huafeng Knitting Co. Ltd. (“Huafeng Knitting”), Lingfeng Dyeing and Weaving Co. Ltd. (“Lingfeng”) and the newly-acquired Huarun Knitting in Shishi City, Fujian are for the fabric processing operations. Shenyang Huafeng Dyeing & Printing Co. Ltd. (“Shenyang Huafeng”) specializes in fabric processing and printing (corduroy and muslin). The Group’s two major yarn spinning operations are Fenghua Textile Co. Ltd. (“Fenghua Textile”) and Huafeng Textile (Lianyungang) Co. Ltd. (“Lianyungang Huafeng”).

Business Analysis

For the six months ended 31 March 2007, turnover from fabric processing business amounted to HK\$268 million, representing a 17% year-on-year increase, and was the significant contributor to the Group’s turnover. The remaining 16% was contributed by the yarn spinning business, which amounted to HK\$52 million and 5% higher than last year’s.

The Group’s total fabric processing capacity expanded to 120,000 tonnes while yarn spinning capacity reached 13,000 tonnes as at the end of the Period under review. Average utilization rate was over 80%.

Facilities at Shenyang Huafeng and Lianyungang Huafeng were leased to a third party for management which brought to the Group stable rental income of approximately HK\$1,300,000.

目前，本集團擁有及經營六家廠房，其中包括於福建省石獅市經營布料加工業務之華豐針織有限公司（「華豐針織」）、凌峰漂染織造有限公司（「凌峰」）及新收購之華潤織造。瀋陽華豐染整有限公司（「瀋陽華豐」）專門從事布料加工及印染（燈芯絨及平布）業務，而華豐紡織有限公司（「華豐紡織」）及華豐紡織（連雲港）有限公司（「連雲港華豐」）則為本集團之兩家主要紡紗營運公司。

業務分析

截至二零零七年三月三十一日止六個月，布料加工業務之營業額較去年增加17%，達268,000,000港元，佔本集團大部分之營業額。餘下16%之營業額來自紡紗業務，較去年增加5%，達52,000,000港元。

於回顧期間結束時，本集團布料加工處理總量增至120,000噸，而紡紗產能則達13,000噸。平均使用率逾80%。

位於瀋陽華豐及連雲港華豐的設施已出租予第三方管理，並為本集團帶來穩定之租金收入約1,300,000港元。

Management Discussion and Analysis

管理層討論及分析

Geographic Analysis

The Group's exports sales to the Philippines, Africa, Australia and North America accounted for 48% of the Group's turnover while the balance of 52% are domestic sales in the Greater China region.

For the six months ended 31 March 2007, the Philippines was the largest contributor to the Group's total turnover, accounting for HK\$121 million and grew by 15% as compared to the corresponding period last year. Turnover from Africa, Australia and North America increased by 24% year-on-year to HK\$32 million. The Greater China region reported an increase of 13% in turnover.

Prospects

Shishi City in Fujian province is well-known as the manufacturing and distribution hub of textile and clothing in the Southern China region. The new Shishi textile centre, which is due to open in late 2007 will further consolidate its leading position in China. The Group expects to continue to focus its business expansion around the Shishi region for its geographical advantage as the centre for textile industry.

地區分析

本集團出口予菲律賓、非洲、澳洲及北美洲之銷售額佔本集團營業額之48%，而餘下之52%則來自大中華地區之國內銷售。

截至二零零七年三月三十一日止六個月，本集團最大部分之營業總額乃來自菲律賓，達121,000,000港元，較去年同期增加15%。來自非洲、澳洲及北美洲之營業額較去年增加24%至32,000,000港元，而來自大中華地區之營業額則錄得13%增幅。

展望

福建省石獅市為南華地區之著名紡織及服裝生產及分銷中心，而將於二零零七年底開設之新石獅市紡織中心將進一步鞏固該市於中國之領導地位。本集團預期將持續專注擴展位於石獅地區之業務，從而把握石獅市作為紡織業中心之地理優勢。

Management Discussion and Analysis

管理層討論及分析

The successful acquisitions of Lingfeng and Huarun Knitting in the past two years have enabled the Group to expand market share. The Group will continue to search for suitable acquisition opportunities both horizontally and in the downstream retail distribution business in China.

New production facilities of Huafeng Knitting is expected to commence in the 4th quarter of 2007, which will add 30 million metres to the existing capacity to cater to the expected increase in sales. Production systems upgrading will be continued at various plants to further enhance efficiency and improve margins.

Concurrently, the Group is exploring opportunities on the construction of a new fabric manufacturing plant, adjacent to its existing facilities in Shishi. With multiple plants in close proximity, the Group would have maximum flexibility in allocation of resources to achieve considerable cost savings in operating expenses. The upstream expansion into fabric manufacturing would also complement the Group's existing businesses in fabric processing and yarn spinning, offering a one-stop comprehensive services to clients, at the same time, enhancing the Group's profit margin.

The Group announced in December 2006 the plans to have its shares listed on Korea Exchange through a Korean Depository Receipt (KDR) programme and the application for the listing is being processed by Korea Exchange.

本集團於過去兩年成功收購凌峰及華潤織造，從而令市場佔有率有所增加。本集團將繼續從多方面於中國物色收購及下游零售分銷業務之良機。

華豐針織之新生產設施預期於二零零七年第四季投產，屆時將可增加其目前之產能30,000,000米，以應付預期之銷售增長。各家廠房亦將持續升級生產系統，以進一步提升效率及增加邊際利潤。

同時，本集團正尋求在石獅市現有設備旁興建一間新布料生產廠房。本集團擁有多間位於毗鄰之廠房，本集團將於分配資源方面具備最大靈活性，從而可大大減低經營開支之成本。縱向擴展至生產布料亦將可與本集團現有之布料加工及紡紗業務相輔相成，從而為客戶提供一站式全面服務，並同時提高本集團之邊際溢利。

本集團於二零零六年十二月宣佈計劃透過韓國預託證券計劃於韓國交易所將股份上市。韓國交易所目前正處理有關上市申請。

Management Discussion and Analysis

管理層討論及分析

With all these efforts, the Group strives to lay a strong foundation for further growth and to become one of the most established integrated textile industry players in China.

Liquidity and Financial Resources

During the Period under review, the Group principally met its funding requirements by cash flows from operations and bank borrowings. The net cash inflow from operating activities and financing activities were approximately HK\$36 million and HK\$49 million respectively.

As at 31 March 2007, the Group's total bank borrowings amounted to approximately HK\$353 million, of which 27% was short term bank borrowings and 73% was long term bank borrowings. Besides, 28% of the total bank borrowings was subject to fixed interest rates while 72% was subject to floating interest rates. The Group's bank borrowings were primarily denominated in Renminbi and Hong Kong dollars. For the Group's total bank borrowings as at 31 March 2007, 29% of the balance was denominated in Renminbi and 71% of the balance was denominated in Hong Kong dollars.

As at 31 March 2007, the Group's bank borrowings were secured by (i) certain plant and machinery of the Group; (ii) certain prepaid land lease payment and buildings of the Group; (iii) corporate guarantees given by the Company and its subsidiaries; and (iv) charges over the equity of its subsidiaries.

本集團憑藉以上各種努力，致力建立穩固強大之基礎，從而進一步推動增長，以成為中國最頂尖之整合紡織業公司之一。

流動資金及財務資源

於回顧期間，本集團主要以經營業務之現金流量及銀行借貸應付其資金需要。經營業務及融資活動之現金流入淨額分別約為36,000,000港元及49,000,000港元。

於二零零七年三月三十一日，本集團之銀行借貸總額約為353,000,000港元，其中27%為短期銀行借貸，而73%為長期銀行借貸。此外，銀行借貸總額中28%按固定息率計息，而72%則按浮動息率計息。本集團之銀行借貸主要以人民幣及港元列值。至於本集團於二零零七年三月三十一日之銀行借貸總額，其中29%結餘乃以人民幣列值，而71%結餘則以港元列值。

於二零零七年三月三十一日，本集團之銀行借貸以(i)本集團若干廠房及機器；(ii)本集團若干預付土地租賃款項及樓宇；(iii)本公司及其附屬公司提供之公司擔保；及(iv)其附屬公司權益作抵押。

Management Discussion and Analysis

管理層討論及分析

While the Group has increased its bank borrowings, the gearing ratio, which was calculated on the basis of total bank borrowings to the total shareholders' equity, increased from 0.48 as at 30 September 2006 to 0.55 as at 31 March 2007. The gearing ratio of 0.55 is considered to be at a reasonable level.

As at 31 March 2007, the Group had current assets of approximately HK\$512 million and current liabilities of approximately HK\$200 million. The current ratio, which was calculated on the basis of current assets to the current liabilities, improved from 2.29 as at 30 September 2006 to 2.56 as at 31 March 2007, owing primarily to the increased level of long term financing. The current ratio of 2.56 was at a healthy level and indicated that the Group's liquidity remained sound.

Capital Structure

There was no change in the Group's capital structure for the six months ended 31 March 2007, the total number of issued share capital of the Company as at 31 March 2007 was 880,479,600.

雖然本集團增加銀行借貸，惟資本負債比率（按銀行借貸總額對股東權益總額計算）由二零零六年九月三十日之0.48上升至二零零七年三月三十一日之0.55。資本負債比率0.55被視為屬合理水平。

於二零零七年三月三十一日，本集團之流動資產約為512,000,000港元，流動負債約為200,000,000港元。流動比率（按流動資產對流動負債計算）由二零零六年九月三十日之2.29增長至二零零七年三月三十一日之2.56，主要由於長期融資增加所致。流動比率為2.56屬於健康水平，表示本集團之流動資金狀況仍然穩健。

股本架構

截至二零零七年三月三十一日止六個月，本集團之資本架構並無任何變動。於二零零七年三月三十一日，本公司之已發行股本總數為880,479,600股。

Management Discussion and Analysis

管理層討論及分析

Foreign Exchange Exposure

Most assets, liabilities and transactions of the Group are denominated in Renminbi (“RMB”), except overseas sales are denominated in United States dollars (“USD”) and Hong Kong dollars (“HKD”). In view of the currency peg between HKD and USD and relatively stable RMB at HKD1.00 equals to RMB0.98, the fluctuations of foreign currencies did not have a significant impact on the performance of the Group.

Capital Expenditures

During the Period under review, the total capital expenditure of the Group was approximately HK\$78 million, of which approximately HK\$57 million was used for the balance of purchase price of United Glory Development Ltd which in terms own 100% of Shishi Huarun Knitting Factory and approximately HK\$8 million was used for the expansion of fabric processing production capacity.

Charges on Assets

As at 31 March 2007, the Group's leasehold land and building with an aggregate net book value of approximately HK\$20 million and plant and machinery with an aggregate net book value of approximately HK\$100 million were pledged to banks to secure banking facilities granted to the Group.

Contingent Liabilities

As at 31 March 2007, the Group did not have any significant contingent liabilities (30 September 2006: Nil).

外匯風險

本集團大部分資產、負債及交易均以人民幣（「人民幣」）列值，惟海外銷售則以美元（「美元」）及港元（「港元」）列值。鑒於港元與美元掛鈎，而人民幣相對穩定（1.00港元兌人民幣0.98元），外幣波動對本集團之表現並無重大影響。

資本開支

於回顧期間，本集團之資本開支總額約為78,000,000港元，其中約57,000,000港元已用作United Glory Development Ltd之購買價餘款（United Glory Development Ltd全資擁有Shishi Huarun Knitting Factory），而約8,000,000港元則用作擴大布料加工處理量。

資產抵押

於二零零七年三月三十一日，本集團之租賃土地及樓宇總賬面淨值約20,000,000港元及廠房及機器之總賬面淨值約100,000,000港元，已由本集團授予銀行作為本集團獲授之銀行信貸之抵押。

或然負債

於二零零七年三月三十一日，本集團並無任何重大或然負債（二零零六年九月三十日：無）。

Management Discussion and Analysis

管理層討論及分析

As at 31 March 2007, the Company had provided corporate guarantee to the extent of HK\$250 million (30 September 2006: HK\$27 million) for banking facilities granted to a subsidiary, which were utilised to the extent of HK\$250 million (30 September 2006: HK\$27 million).

Material Acquisition or Disposal of Subsidiaries and Associated Companies

The Group has acquired United Glory Development Ltd which owns 100% of Shishi Huarun Knitting Factory at a total consideration of HK\$85 million. The transaction was completed on 1 December 2006.

Employment Information

As at 31 March 2007, the Group had a total of approximately 2,200 (2006: 2,230) employees in Hong Kong, Macau and the PRC. The Group's emoluments policies are formulated on the performance of individual employee and on the basis of the salary trends in various regions, and are reviewed periodically.

In addition, the Group maintains a share option scheme for the purpose of providing incentives and rewards to the eligible participants for their contributions to the Group. The share option scheme was adopted on 30 August 2002. As at 31 March 2007, there were totalling 88,000,000 share options were granted to the Company's employees and no share option has been exercised.

於二零零七年三月三十一日，本公司就其附屬公司獲授之銀行融資額提供250,000,000港元(二零零六年九月三十日：27,000,000港元)之公司擔保，而250,000,000港元(二零零六年九月三十日：27,000,000港元)之貸款經已動用。

附屬公司及聯營公司重大收購或出售

本集團已收購全資擁有Shishi Huarun Knitting Factory之United Glory Development Ltd，總代價為85,000,000港元。有關交易已於二零零六年十二月一日完成。

僱員資料

於二零零七年三月三十一日，本集團於香港、澳門及中國共有約2,200名(二零零六年：2,230名)僱員。本集團根據個別僱員之表現及有關地區之薪酬趨勢制訂薪酬政策，並定期作出檢討。

此外，本集團亦設立購股權計劃，旨在鼓勵及回饋對本集團有所貢獻之合資格參與者。購股權計劃乃於二零零二年八月三十日獲採納。於二零零七年三月三十一日，合共88,000,000份購股權已授予本公司僱員，且並無購股權獲行使。

Disclosure of Additional Information 附加資料披露

Interim Dividend

The Board has resolved to pay interim dividend of HK2 cents per share for the six months ended 31 March 2007 (2006: HK1 cent). The total dividend will be approximately HK\$17,610,000 (2006: HK\$8,805,000). The dividend will be payable on or around 17 August 2007 to shareholders whose names appear on the Register of Members on 27 July 2007.

Closure of Register of Members

The register of members of the Company will be closed from 23 July 2007 to 27 July 2007 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates, must be lodged with the Company's Registrar, Union Registrar Limited, at Room 1803, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong no later than 4:00 p.m. on 20 July 2007.

中期股息

董事會已議決派付截至二零零七年三月三十一日止六個月之中期股息每股2港仙(二零零六年：1港仙)。股息總額將約為17,610,000港元(二零零六年：8,805,000港元)。股息將於二零零七年八月十七日或前後支付予於二零零七年七月二十七日名列股東名冊之股東。

暫停辦理股份過戶登記

本公司股東名冊將會由二零零七年七月二十三日(首尾兩天包括在內)至二零零七年七月二十七日(首尾兩天包括在內)暫停辦理股份過戶登記，期間股份轉讓將不予受理。所有過戶文件連同有關股票，必須最遲於二零零七年七月二十日下午四時正前，交到本公司之股份過戶登記處聯合證券登記有限公司，地址為香港灣仔駱克道33號中央廣場福利商業中心1803室，方合資格分派中期股息。

Disclosure of Additional Information 附加資料披露

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2007, the interests of the directors of the Company or their respective associates in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be maintained pursuant to Section 352 of the SFO, or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies (the "Model Code") in the Listing Rules were as follows:

Long positions

Ordinary Shares of HK\$0.01 each of the Company

董事於股份及相關股份之權益及淡倉

於二零零七年三月三十一日，本公司董事或彼等各自之聯繫人於本公司或其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份及相關股份中擁有依據證券及期貨條例第XV部第7及8分部須知會本公司及香港聯合交易所有限公司（「聯交所」）；或記錄於依據證券及期貨條例第352條須存置之登記冊；或依據上市規則（「標準守則」）須知會本公司或聯交所之權益如下：

好倉

本公司每股面值0.01港元之普通股

Name of director	Capacity	Type of interest	Number of shares held	Approximate percentage of shareholding in the Company 於本公司之概約持股百分比
董事名稱	地位	權益性質	持有股份數目	概約持股百分比
Mr. Cai Zhenrong 蔡振榮先生	Beneficial owner 實益擁有人	Personal 個人	427,140,000	48.51%

Disclosure of Additional Information

附加資料披露

Save as disclosed above, as at 31 March 2007, none of the directors of the Company or their respective associates had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be maintained pursuant to Section 352 of the SFO, or as otherwise to be notified to the Company or the Stock Exchange pursuant to the Model Code in the Listing Rules.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 March 2007, to the best knowledge of the directors of the Company, the following person (other than a director of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

除上文所披露外，於二零零七年三月三十一日，本公司董事或彼等各自之聯繫人概無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份或債權證中擁有依據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所；或記錄於依據證券及期貨條例第352條須存置之登記冊；或依據上市規則標準守則須知會本公司或聯交所之權益或淡倉。

主要股東於股份及相關股份之權益及淡倉

於二零零七年三月三十一日，據本公司董事所深知，以下人士（本公司董事除外）於本公司股份及相關股份擁有須根據證券及期貨條例第XV部第2及3分部條文向本公司披露；或記錄於本公司根據證券及期貨條例第336條規定存置之登記冊之權益或淡倉：

Disclosure of Additional Information 附加資料披露

Long positions

Ordinary Shares of HK\$0.01 each of the Company

好倉

本公司每股面值0.01港元之普通股

Name of shareholder 股東姓名	Capacity 地位	Number of shares held 持有股份數目	Approximate percentage of shareholding in the Company 於本公司之 概約持股百分比
Ms. Su Liyuan 蘇麗鴛女士	Interest of spouse 配偶權益 (Note) (附註)	427,140,000	48.51%

Note: These 427,140,000 shares are held and beneficially owned by Mr. Cai Zhenrong, an executive director of the Company and the spouse of Ms. Su Liyuan. Under the SFO, Ms. Su Liyuan is deemed to be interested in these 427,140,000 shares.

附註：此等427,140,000股股份由本公司執行董事兼蘇麗鴛女士配偶蔡振榮先生持有及實益擁有。根據證券及期貨條例，蘇麗鴛女士被視為擁有此等427,140,000股股份之權益。

Save as disclosed above, as at 31 March 2007, no person, other than the directors of the Company whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had any interest or short positions in the shares or underlying shares of the Company which are required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

除上文所披露外，於二零零七年三月三十一日，本公司董事（其權益載於「董事於股份及相關股份之權益及淡倉」）以外之人士概無於本公司之股份或相關股份中擁有依據證券及期貨條例第XV部第2及3分部之條文須知會本公司及聯交所；或記錄於依據證券及期貨條例第336條須由本公司存置之登記冊之權益或淡倉。

Disclosure of Additional Information 附加資料披露

Director's Rights to Acquire Shares or Debentures

Save as disclosed under the headings "Directors' interests and short positions in shares and underlying shares" and "Note 16 to the Financial Statement", at no time during the Period was the Company, its subsidiaries or any of its associated corporations (within the meaning of Part XV of the SFO) a party to any arrangements to enable the directors of the Company or their associates (as defined in the Listing Rules) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

Model Code for Securities Transactions by Directors

The Company has adopted the Code of Conduct regarding securities transactions by directors as set out in Appendix 10 of the Listing Rules during the Period and all directors have complied with required standard of dealings set out therein.

董事購買股份或債權證之權利

除「董事於股份及相關股份之權益及淡倉」以及「財務報表附註16」所披露外，期間本公司、其附屬公司或其任何相聯法團（定義見證券及期貨條例第XV部）概無訂立任何安排，以使本公司董事或其聯繫人（定義見上市規則）可透過收購本公司或任何其他法人團體之股份或債權證而獲取利益。

購回、出售或贖回本公司上市證券

於期間內，本公司或其任何附屬公司概無購回、出售或贖回本公司任何上市證券。

董事進行證券交易之標準守則

本公司已於期間內採納上市規則附錄十所載有關董事進行證券交易之行為守則，而所有董事均已遵守所規定之交易準則。

Disclosure of Additional Information

附加資料披露

Corporate Governance

In the opinion of the directors, the Company has complied with the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Listing Rules during the six months ended 31 March 2007 except for the following deviations:

Code A.2.1

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not at present have any officer with the title of “chief executive officer” but the Chairman of the Board, Mr. Cai Zhenrong, provides overall leadership for the Board and takes the lead to ensure the Board acts in the best interest of the Group. The daily management of the Group’s business is shared among the executive directors of the Company. The Group will endeavour to ensure that there is a clear division of these responsibilities at the Board level to maintain a balance of power and authority.

企業管治

董事認為，本公司於截至二零零七年三月三十一日止六個月期間一直遵守上市規則附錄十四載列之企業管治常規守則（「企業管治守則」），惟以下者有所偏離：

第A.2.1條守則

根據企業管治守則第A.2.1條之守則條文，主席與行政總裁之角色應有區分，並不應由一人同時兼任。本公司現時未有任何人員出任「行政總裁」一職，而董事會主席蔡振榮先生為董事會提供整體領導，並帶頭確保董事會凡事以本集團最大利益為先。本公司執行董事互相分擔本集團業務之日常工作。本集團將致力確保能清晰分辨此等於董事會中之責任，以維持權力平衡。

Disclosure of Additional Information

附加資料披露

Code A.4.1

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive directors of the Company, namely Ms. Choy So Yuk, Mr. Lawrence Gonzaga and Mr. Wong Siu Hong are not appointed for specific terms, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's articles of association.

Audit Committee

The Company has established an Audit Committee in accordance with the requirements of the CG Code for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors of the Company. This interim results have been reviewed and approved by the Audit Committee, but have not been audited by the auditors of the Company. During the Period, a regular meeting of the Audit Committee has been held.

On behalf of the Board

Cai Yangbo

Executive Director

Hong Kong, 25 June 2007

第A.4.1條守則

根據企業管治守則第A.4.1條之守則條文，非執行董事應有指定任期，並須予重選連任。本公司現時之獨立非執行董事蔡素玉女士、Lawrence Gonzaga先生及黃兆康先生概無委以特定任期，惟須根據本公司之組織章程細則於本公司股東週年大會上輪值告退及膺選連任。

審核委員會

本公司根據企業管治守則之規定設有審核委員會，其職責為對本集團之財務報告程序及內部監控進行審閱並提供監督。該審核委員會由本公司三名獨立非執行董事組成。本中期業績未經本公司核數師審核，但已由審核委員會審閱及通過。期間內，審核委員會已舉行一次定期會議。

代表董事會

執行董事

蔡揚波

香港，二零零七年六月二十五日



HUAFENG
華 豐

HUAFENG TEXTILE INTERNATIONAL GROUP LIMITED
華 豐 紡 織 國 際 集 團 有 限 公 司