



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

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號: 2678

Annual Report 年報
2009



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OPERATING FIGURES

經營數據

		2009 二零零九年 RMB 000 人民幣千元	2008 二零零八年 RMB 000 人民幣千元	Change 轉變	2007 二零零七年 RMB 000 人民幣千元	2006 二零零六年 RMB 000 人民幣千元	2005 二零零五年 RMB 000 人民幣千元
For the year ended 31 December 截至12月31日止年度							
Revenue	營業額	4,088,436	3,737,641	9.4%	3,254,109	2,667,216	1,915,965
Gross profit	毛利	601,260	458,935	31.0%	434,751	402,863	342,697
Profit for the year	年度溢利	285,565	214,193	33.3%	237,777	190,536	180,210
Earnings per share	每股盈利						
Basic	基本	RMB人民幣0.32元	RMB人民幣0.24元	33.3%	RMB人民幣0.27元	RMB人民幣0.22元	RMB人民幣0.21元
Diluted	攤薄	RMB人民幣0.32元	RMB人民幣0.24元	33.3%	RMB人民幣0.27元	RMB人民幣0.22元	RMB人民幣0.21元

CONSOLIDATED BALANCE SHEET

綜合資產負債表

		2009 二零零九年 RMB 000 人民幣千元	2008 二零零八年 RMB 000 人民幣千元	Change 轉變	2007 二零零七年 RMB 000 人民幣千元	2006 二零零六年 RMB 000 人民幣千元	2005 二零零五年 RMB 000 人民幣千元
As at 31 December 於12月31日							
Total assets	總資產	3,297,702	3,199,192	+3.1%	2,645,130	1,829,900	1,401,768
Non-current assets	非流動資產	1,627,487	1,623,120	+0.3%	1,339,571	899,343	657,841
Current assets	流動資產	1,670,215	1,576,072	+6.0%	1,305,559	930,557	743,927
Total liabilities	總負債	1,811,037	1,970,810	-8.1%	1,569,379	968,251	645,454
Current liabilities	流動負債	1,510,315	1,396,370	+8.2%	855,717	752,577	560,797
Non-current liabilities	非流動負債	300,722	574,440	-47.6%	713,662	215,674	84,657
Net current assets	流動資產淨值	159,900	179,702	-11.0%	449,842	177,980	183,130
Net assets	資產淨值	1,486,665	1,228,382	+21.0%	1,075,751	861,649	756,314

FINANCIAL INDICATORS

財務指標

For the year ended 31 December 截至12月31日止年度		2009 二零零九年	2008 二零零八年	2007 二零零七年	2006 二零零六年	2005 二零零五年
Inventory turnover days	存貨周轉日數	74	75	71	58	50
Trade and bill receivables turnover days	應收貿易和票據款項 周轉日數	40	41	33	27	28
Trade and bill payables turnover days	應付貿易和票據款項 周轉日數	60	61	48	35	27
Current ratio	流動比率	1.1	1.1	1.5	1.2	1.3
Net debt to equity ratio (Note 1)	淨債項對權益比率 (附註1)	0.39	0.60	0.67	0.42	0.11
Return on equity (Note 2)	權益回報率 (附註2)	21%	19%	25%	24%	27%

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

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

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

附註2：根據財政年度年初及年終時之平均權益總額計算得出。



Hong Tianzhu
洪天祝
Chairman 主席

On behalf of the board of directors (the "Board") of the Company, I am pleased to present to the shareholders of the Company the annual results of the Group for the year ended 31 December 2009.

RESULTS

In 2009, the world economy suffered a severe blow from the financial crisis. However, by adhering to our corporate values, looking into our competitive edges while adjusting flexibly and quickly in response to market changes, Texhong was able to maintain its leadership in the increasingly differentiated and segmented textile industry.

In terms of marketing, not only does our strength lie in our cutting edge in the field of core-spun yarn textiles, but also our efforts in developing the market for our denim yarns and differentiated fibre products. Meanwhile, we have also captured the very time to reinforce our internal control and implement optimization measures, thereby reducing our costs significantly and utilizing the cost advantage of our plant in Vietnam. As a result, the Group recorded the best annual performance ever since its establishment and our shareholders were rewarded with a fruitful result for 2009.

During the year, the Group revenue increased by 9.4% to RMB4,088 million. Profit for the year increased by 33.3% to RMB286 million. Earnings per share was RMB0.32 in 2009, an increase of 33.3% from 2008.

OUTLOOK

Under the sweeping effect of the global financial tsunami, it was a norm for the weakest to go to the wall while the strongest prevailed because the enterprises that possess certain core strengths could enjoy higher credibility and bigger market share. In 2009, according to China National Textile and Apparel Council, domestic demand in the textile market in the PRC jumped more than 10% even though the export market shrank. Since domestic demand accounts for about 80% of the total sales volume of the PRC textile industry, the market pie has kept enlarging.

Recently, the global economy has stabilized from the chaotic period in 2009, while demand from China for quality life and therefore leisure textiles and clothing has been on the rise due to the strong growth in the PRC economy. Being a leading player in the textile industry, Texhong will follow the trend and capture the opportunities by continuing with our two-way development strategy of implementing expansion in scale and internal quality upgrade.

本人僅代表本公司董事會(「董事會」)，欣然向本公司股東呈列本集團截至二零零九年十二月三十一日止年度的全年業績。

業績

二零零九年全球經濟受到金融風暴重大衝擊。然而，我們發揚天虹的企業精神，憑藉自身的優勢，靈活調整，快速應變，繼續在差異化紡織品市場領域保持領先地位。

在市場行銷方面，除了具有包芯紡織品市場的優勢，更是積極開拓牛仔用紗及差別化纖維產品市場；同時，不失時機的強化內部管控及推行相關優化措施，大力削減成本及充分利用越南廠房的成本優勢，創造了本集團成立以來最佳年度業績，為股東呈上一份亮麗的二零零九年成績單。

年內，本集團之營業額上升9.4%至人民幣40.88億元，年度溢利上升33.3%至人民幣2.86億元。二零零九年的每股盈利為人民幣0.32元，比二零零八年上升33.3%。

展望

在全球金融危機的風暴裏，優勝劣汰是自然法則，對於具有核心競爭力的企業會有更好可信度及更大的市場空間；在二零零九年度，根據中國紡織工業協會資料，中國的紡織業出口市場大幅下滑，然而，中國紡織業的內需市場卻逆勢增長超過10%，由於紡織業的內需市場約佔總量的80%，因此，市場總量還是在不斷的成長。

當前，全球經濟狀況對比二零零九年金融危機時期更為穩定。伴隨中國經濟的強勁發展，人民對高品質生活的嚮往及對紡織服裝消費品需求的高速增長，天虹作為紡織行業的領先企業應是順勢而為，將要抓住機遇，實施繼續規模化擴張及內涵式產業升級同步推進的發展戰略。

OUTLOOK (Continued)

We have taken various measures since the fourth quarter in 2009. For example, the construction of the 70,000-spindle Phase II project of Xuzhou Texhong Times Textile Co., Ltd. in Xuzhou, the PRC commenced on 19 October 2009 and the plant is expected to be put into full production in the third quarter in 2010. Furthermore, in order to gain bigger market share in the PRC denim yarn market, we have installed additional cotton carding and combing equipment in our plant in Vietnam since the end of 2009, thereby stepped up its production capacity of denim yarn by one-third.

Cotton has been the key raw material of the Group. In face of the fluctuation in the price of cotton, we have adopted a flexible purchasing strategy which leverage on our expertise in order to minimize our cotton procurement cost. With such measures, as well as the faith of the market in our innovative strength and the wide acceptance of our comprehensive and highly differentiated product mix, we were able to systematically transfer our increased raw material costs to our customers in the down stream of the industry through our pricing policy. Market fluctuation usually comes with bigger returns. This strategy has been carried out smoothly and provided a sound foundation for our further expansion.

On 10 August 2009, the Group was awarded as one of the top 20 competitive cotton textile enterprises for 2008-2009 by China National Textile and Apparel Council. Competition in the textile industry is extremely severe as this industry has a long history of development. Yet, this traditional manufacturing industry is also characterized by chic and innovation. We believe that we will be able to deliver outstanding results and achieve significant growth if we can grasp the opportunities in the market with our passionate creativity and great breadth of innovation.

In fact, our gross profit margin in 2009 rose by 2.4% as compared with last year, attributable to the introduction of specialized products and the cost advantage in Vietnam. Without any unexpected further depression in the world economy, we expect our profitability to improve further in 2010 as compared with 2009.

The Group is equipped with one of the most advanced management system among its competitors and a workforce comprising of dedicated elites. We will promote unified corporate values and guidelines and persist with our operating strategy which focuses on "professionalism, perfectionism and globalization".

展望(續)

我們在二零零九年第四季度已經開始行動，在二零零九年十月十九日我們在中國徐州啟動徐州天虹時代紡織有限公司第二期70,000紗錠建設工程，預計二零一零年第三季度全面投產。另外，為進一步佔領龐大的中國牛仔用紗市場，我們在二零零九年底開始加添越南廠房的前道設備，使其牛仔用紗產能得到三分之一的提升。

棉花是本集團的主要原材料，面對經常波動的棉花原料價格，我們憑著專業的能力，採取靈活的採購策略，盡力降低棉花原料採購成本。由於本集團具有較強的創新能力並被市場認可，同時採用多品種及差異化的市場定位，這對由於原料上漲而導致成本的上升，較容易轉移定價到下游客戶。長期以來，市場的波動才是生意的本源，而我們的棉花採購策略得到有效的運行，這可為我們進一步的擴充提供信心保障。

在二零零九年八月十日，本集團獲中國紡織工業協會頒發二零零八年／二零零九年度二十大最具競爭力棉紡織廠之一。紡織行業雖然是傳統製造業，行業內部競爭當然是非常激烈的，但我們認為紡織服裝業同時還是充滿時尚及創新的領域，只要我們具有豐富的想像力及激情，發揚專業精神，找準並把握市場機遇，企業當然能獲取豐厚的回報及長足的發展。

事實證明，在過去的二零零九年，我們依靠生產差異化產品以及利用越南的成本優勢，我們的毛利率同比上升2.4%，二零一零年，如經濟環境沒有突然惡化，預計我們的盈利能力同比將進一步有所提升。

本集團具有領先同行的管理模式，及堅忍不拔的精英團隊，宣導統一的價值觀及行動方案，秉持「專業化、精益化、國際化」的營運策略。

OUTLOOK (Continued)

In the past three years, we have laid a firm foundation on our production base in Vietnam, which currently accounts for 28% of our overall revenue of operation, for our future expansion in the international market. On one hand, we will fully utilize our well established marketing strength in the PRC domestic market. On the other hand, we will explore opportunities in the emerging ASEAN textile market in order to avoid possible anti-dumping disputes that may arise when we explore other overseas markets. Looking forward, we anticipate that the Group will enjoy an accelerated growth in the years to come.

We target at earning over RMB10 billion annually and maintaining long-standing position in the industry. With strong confidence, we will strive for our corporate goal to achieve a revenue from operation of over RMB10 billion.

ACKNOWLEDGEMENT

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

Hong Tianzhu
Chairman

26 March 2010

展望(續)

我們過去三年在越南打造了穩固的產業基地已佔有本集團28%的業務收入，已經為進一步實施產業國際化戰略整合奠定堅實基礎。本集團更將充分利用在中國國內市場行銷的自然優勢，同時在東盟紡織品市場尋找機會拓展可回避反傾銷糾紛的潛力市場。我們展望未來，相信近幾年將會是本集團快速增長的年頭。

百億工程、百年天虹。我們滿懷信心，為打造營收達百億元的企業目標而努力奮鬥！

鳴謝

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

洪天祝
主席

二零一零年三月二十六日

Texhong Vietnam 天虹越南



OVERVIEW

We are pleased to present the annual results of the Group for the year ended 31 December 2009 to the shareholders. During the period under review, the Group encountered severe pressure in terms of sales resulting from the drastic reduction in the selling prices of our products early this year caused by the global financial crisis, coupled with the expansion in production capacity following the full operation of the 210,000 spindles in our plant in Vietnam. Nonetheless, with the concerted efforts of the entire staff in expanding our market and the consistent high quality of our products and services, the Group was able to gain additional market share and secure a sustainable growth in turnover of 9.4% to RMB4,088 million against the current of depression from the corresponding period last year. Profit for the year set a record high since incorporation, increased by 33.3% to RMB286 million from the corresponding period last year. During the corresponding period last year, the Group recorded other income and exchange gain on financing activities totaling RMB121 million. Even though the amount of non-recurring income of these kinds declined substantially during the year, profit for the year net of the above mentioned non-recurring income, still increased by 182% to RMB263 million from the corresponding period last year. Earnings per share for the year increased by 33.3% to RMB0.32 from RMB0.24 for the corresponding period last year.

綜覽

我們欣然向股東報告本集團截至二零零九年十二月三十一日止年度業績。在回顧期內，雖然受到全球金融風暴打擊，年初產品售價暴跌，加上越南二期項目21萬個紗錠也在年初全面投產，對銷售帶來巨大壓力，但在本集團全體人員共同努力開拓市場下，憑穩定優質的產品及服務搶佔市場份額，本集團之營業額逆市保持增長，較去年同期上升9.4%至人民幣40.88億元。年內溢利較去年同期上升33.3%至人民幣2.86億元。去年同期本集團獲得其他收入及融資活動所得匯兌收益合共人民幣1.21億元，這些非經常性收入雖然在今年同期大幅減少，但在扣除上述非經常性收入後的年內溢利從去年同期增加182%至人民幣2.63億元。全年度之每股盈利為人民幣0.32元，上升33.3%，去年同期則為人民幣0.24元。



INDUSTRY REVIEW

In 2009, the textile industry in the PRC has gone through the hardest time during the financial crisis and resumed stable growth under the push of the national macro-economic policies. According to the National Bureau of Statistics of China, investment in large-scale projects (RMB5 million or above) in the textile industry in 2009 amounted to RMB310.2 billion in total, representing an increase of 13.86% as compared with 2008.

The increase in production volume of the major products sped up while the decline in import and export trade slowed down, and the upper and lower stream cotton textile industry has gradually rebounded. The PRC is a major producer and exporter of textile. After years of development, the PRC textile industry has gained considerable competitive strength and is equipped with the most comprehensive industry chain and the highest processing and auxiliary quality in the world. China's export of textile products for 2009 amounted to US\$167 billion, representing a year-on-year decrease of 10.1%. From January to February 2010, the accumulated amount of export of textile products reached US\$28.24 billion, representing a year-on-year increase of 29.0%, of which a total export of textile products of US\$12.64 billion was recorded for February 2010, representing a year-on-year increase of 89.3%. Domestic sales value of 2009 amounted to RMB3.7 trillion, jumped by 10.6% from 2008. These statistics provided evidence of the significant growth in investment and sales of the industry in the PRC. In 2009, domestic demand was the key driving force behind the stabilization and rebound of the textile industry. Many well-established enterprises and conglomerates in the industry have strengthened their self-adjustment ability to mitigate market risks, which also laid a sound foundation for the healthy growth of the industry.

行業回顧

二零零九年，中國的紡織業在經歷了金融危機最困難的時期之後，在國家宏觀政策的拉動之下，進入了企穩回升的通道。根據中國國家統計局資料，二零零九年紡織業大型項目投資(人民幣5,000,000元或以上)合共為人民幣3,102億元，較二零零八年上升13.86%。

主要產品產量增速加快，進出口貿易的降幅減緩，棉紡織企業上下游市場日趨回暖。中國是紡織品生產和出口的大國，中國紡織行業自身經過多年的發展，競爭優勢十分明顯，具備世界上最完整的產業鏈，最高的加工配套水平。二零零九年我國出口紡織服裝1,670億美元，比上年下降10.1%。2010年1-2月紡織品服裝累計出口282.4億美元，同比增長29.0%，其中2010年2月紡織品服裝出口總值為126.4億美元，同比增長89.3%。2009年國內銷售產值為人民幣37,000億元，較2008年大幅提升了10.6%。上述數據反映了中國紡織行業正面對投資及銷售方面的大幅增長，二零零九年國內市場需求對紡織行業的企穩回升起到了關鍵性的作用，行業眾多發達的產業集群地應對市場風險的自我調節能力不斷增強，給行業保持穩健的發展步伐提供了堅實的保障。

BUSINESS REVIEW

For the year ended 31 December 2009, the turnover of the Group was RMB4,088 million, representing an increase of 9.4% as compared with 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. Turnover thereof amounted to RMB3,198 million and accounted for 78.2% of the Group's total turnover. Sales volume of yarns, increased by 39.2% to 172,000 tonnes. It was mainly due to the efforts of the Group on exploiting the domestic denim yarn market, which helped utilize the additional production capacity in our plant in Vietnam, and such effort was widely accepted by our customers and contributed to the expansion in our sales volume. The turnover of our grey fabrics amounted to RMB771 million and accounted for 18.9% of the Group's total turnover. The Group has commenced the restructuring of its grey fabrics business since late 2008 and has foregone, relocated or modified our air-jet looms with low economic efficiency, and such action has started to bring return by the third quarter of 2009. Although the restructuring has reduced the sales volume of our grey fabrics by 5.4% to 93.3 million meters from the corresponding period last year, it has also reduced our inventory level of grey fabrics and helped us with the reposition of our products and the stabilization of the grey fabrics business.

The overall profit margin of our products increased to 14.7% from 12.3% for the corresponding period last year. Even though early 2009 has been the most difficult time for our operation as demand and selling prices of products dropped to historic trough due to the outburst of the financial crisis, demand and selling prices gradually resumed from March 2009. Meanwhile, the strengths of our plant in Vietnam in terms of low production costs have been brought into full play. The combined effect of the above boosted the profit margin of our yarns and resulted in an increase in our overall net profit margin for the year by 1.3 percentage points against the adverse market environment in 2009.

On 19 October 2009, the Group held the foundation laying ceremony of the Xuzhou Texhong Times Textile Co., Ltd. (徐州天虹時代紡織有限公司) Phase II 70,000 spindles expansion project in Xuzhou, the PRC. The whole project is expected to be completed and commenced full production by the third quarter of 2010, thereby effectively satisfying our customer's demand for our core-spun yarns, while our plant in Vietnam can focus more on the production of denim yarns. This development paves the way for our division of labour and specialization of each plant and contributed to the improvement in our overall profitability. To increase our production capacity of denim yarns, the Group has installed new cotton combing and carding machinery in our plant in Vietnam in late 2009 and it is well prepared to produce more yarns in 2010. Currently, the production capacity of denim yarns of our plant in Vietnam has jumped by one-thirds as compared with 2009.

業務回顧

截至二零零九年十二月三十一日止年度，本集團的營業額為人民幣40.88億元，比去年同期上升9.4%。營業額包括紗線、坯布及面料的銷售。紗線繼續為本集團的重點產品，營業額達到人民幣31.98億元，佔集團總營業額的78.2%，與去年同期比較，銷量增加39.2%至172,000噸，主要由於本集團銳意開拓中國牛仔紗市場並得到客戶的廣泛認同，充分利用了越南廠房的新增產能而促進銷量上升。坯布的營業額為人民幣7.71億元，佔集團總營業額的18.9%。從二零零八年下半年本集團開始重組坯布業務，淘汰或搬遷改造不具備經濟效益的噴氣織機，到二零零九年第三季度已取得一定的成績，雖然重組導致坯布的銷量比去年同期下跌5.4%至9,330萬米，但降低了坯布庫存及重新為產品定位，對業務起了穩定作用。

本集團產品的整體邊際利潤由去年同期的12.3%上升至14.7%。二零零九年初雖然是企業經營最困難的時刻，受全球金融風暴影響，產品需求及售價跌至近年低點，但隨著需求及售價陸續在二零零九年三月份回升，加上越南廠房也實現了預期的低生產成本優勢，全面拉升紗線的邊際利潤，帶動全年的整體邊際淨利潤比二零零九年逆市上升1.3個百分點。

於二零零九年十月十九日，本集團在徐州舉行了徐州天虹時代紡織有限公司第二期70,000個紗錠擴充項目的奠基儀式，整個項目預計在二零一零年第三季度完成並全面投產，有效梳理客戶對棉包芯紗的需求，越南廠房也將可以更集中生產牛仔紗產品，為集團內各工廠專業化分工生產以及提升集團盈利能力創造有利條件。另外，為加強牛仔紗的生產能力，本集團已在二零零九年底為越南工廠添加前紡設備，為二零一零年越南廠房生產更多優質的牛仔紗做好準備，目前越南廠房生產牛仔紗的能力已比二零零九年增加三分之一。



BUSINESS REVIEW (Continued)

The Group has further strengthened the strategic cooperation with Dow Chemical and Lenzing Fibers (Shanghai) Co., Ltd. In 2009, the Group has successfully applied the second generation olefin-based XLA™ fiber technology invented by Dow Chemical to the production of stretch yarns for making high-end yarn-dyed fabrics, high end denim fabrics, high-end casual wear fabrics and high-end uniform fabrics. The Group also produced different high-end non-spandex core-spun yarns, high-end denim yarn and high-end knitted yarns using the cellulose-based Tencel® fiber, Modal® fiber and viscose fiber materials supplied by Lenzing Fibers. These unique products have received overwhelming market response and success, and have helped our Group to gain more international prestigious customers, such as cooperation with Toray of Japan to produce high-end knitted yarn. Our research and development centre in Changzhou has been developing and improving a wide variety of products in order to secure our leading position in the industry and meet the demand of quality customers for different high-end products.

業務回顧(續)

本集團繼續與陶氏化學及蘭精纖維(上海)有限公司緊密合作。在二零零九年，本集團已成功採用陶氏化學發明的第二代olefin-based XLA™，出品的彈力紗線應用在高檔色織面料、高檔牛仔面料、高檔休閒面料及高檔工裝制服面料。本集團也著力生產由蘭精纖維供應的cellulose-based Tencel®、Modal®及粘膠製造高檔機織紗、牛仔紗及高檔針織用紗。這些特色產品帶動本集團取得更多與國際知名客戶的合作機會，如同日本東麗(Toray)公司合作開發多組份高檔針織用紗。本集團位於常州的研發中心也不斷因應市場需求開發及改良產品，保持在業界中的領先地位，主攻在不同產品領域上最優質的客戶群。

FUTURE OUTLOOK

In view of the continuous expansion in domestic demand, gradual recovery in the export of textile and garments as well as the stabilization in the global market sentiment, we believe that the textile industry of the PRC is recovering. Also, due to the increasing demand in the PRC for quality garments and fabrics, the domestic demand for core-spun cotton yarns is expected to increase in tandem with the expansion in consumption. The management believes that in the foreseeable future, demand for the major products of the Group will be on the rise.

We substantially realized a hundred percent utilization of our production capacity during the most severe depression in 2009 and focused on increasing the production of denim yarns. Such move was well received by the customers of our denim yarn business and has built up a considerable customer base for the further expansion of our sales of high value-added stretch core-spun denim yarns in 2010. Based on our belief that there is enormous demand and potential in the denim yarns market and that our plant in Vietnam has manifested its edges in costs, the management is actively planning a rapid raise of the production capacity of our plant in Vietnam so as to fetch a bigger market share in the denim yarn market and therefore strengthen our overall competitiveness and profitability.

The Group was awarded as one of the top 20 enterprises in the Chinese cotton textiles industry for 2008-2009 by China National Textile and Apparel Council on 10 August 2009. Looking forward, we aim at improving our profitability through optimizing our existing product mix, developing new products that cater for the trend and demand of the market and utilizing the cost advantages of our plant in Vietnam. Coupled with our expansion of production capacity, we aim to sustain a high growth in profit and turnover and reinforce our competitiveness and leading position within the industry.

前景

面對當前中國內需市場持續增長、紡織品服裝出口慢慢恢復及環球市場氣氛穩定下來的環境，管理層認為中國國內紡織行業應處於企穩回升階段。亦由於中國人民追求高品質的服裝面料，中國對高附加值棉包芯紗的需求伴隨消費升級擴張，在可見將來，管理層相信本集團的重點產品需求將持續穩步上升。

管理層在二零零九年市場最不明朗的時候堅持百分之百的產能利用率，特別主攻生產牛仔單紗並成功贏取牛仔紗客戶的廣泛認同，這已經為二零一零年銷售更多高附加值的牛仔彈力包芯紗建立了強大的客戶基礎。管理層相信牛仔紗市場目前的需求及潛力均非常巨大，加上本集團越南工廠已實現的成本優勢，管理層正積極策劃迅速擴充越南工廠的產能以達到快速奪取更多的牛仔紗市場份額，並藉此提高集團總體的競爭力及盈利能力。

本集團於二零零九年八月十日獲中國紡織工業協會評定為2008-2009年度中國棉紡(色)織行業競爭力20強企業。展望未來，管理層將透過改良現有產品結構、開發迎合市場需要的新產品及利用越南生產基地的成本優勢提高獲利能力，加上產能的擴充，目標同時讓利潤與營業額維持高增長，在業界始終保持最具競爭力及領先地位。

FINANCIAL REVIEW

Turnover

The Group's turnover comprises the sales of yarns, grey fabrics and garment fabrics. Due to the continuous strong domestic demand for high value-added core-spun cotton textile products and the efforts on actively exploiting the domestic denim yarn market in the PRC, the sales of yarns grew by about 18.5% in 2009. Turnover of the Group by products are shown below:

		2009 二零零九年 RMB'000 人民幣千元		2008 二零零八年 RMB'000 人民幣千元		Turnover change between 2009 and 2008 營業額 營業額對比 二零零八年 之轉變	Margin change between 2009 and 2008 邊際利潤對比 二零零八年 之轉變
		Gross profit margin 毛利率		Gross profit margin 毛利率			
Stretch core-spun yarns	彈力包芯紗線	2,178,768	16.2%	2,036,937	14.8%	7.0%	1.4%
Other yarns	其他紗線	1,018,741	16.3%	662,034	10.4%	53.9%	5.9%
Stretch grey fabrics	彈力坯布	524,935	9.4%	616,064	8.3%	(14.8)%	1.1%
Other grey fabrics	其他坯布	245,939	5.2%	293,711	6.3%	(16.3)%	(1.1)%
Dyed/garment fabrics	染色面料	120,053	16.6%	128,895	14.7%	(6.9)%	1.9%
Total	總營業額	4,088,436	14.7%	3,737,641	12.3%	9.4%	2.4%

Sales of grey fabrics decreased by 15.3% because of the business restructuring in place in 2009.

由於二零零九年進行業務重組，坯布銷售額減少15.3%。

Gross profit and gross profit margin

Due to the rise in sales volume and the gain in market share in core-spun cotton textile products and denim yarns, gross profit of the Group increased from RMB459 million to RMB601 million, representing an increase of 30.9% compared to last year.

毛利及毛利率

由於棉包芯紡織品及牛仔紗銷量上升並增加了市場佔有率，本集團的毛利由去年人民幣4.59億元上升30.9%至人民幣6.01億元。

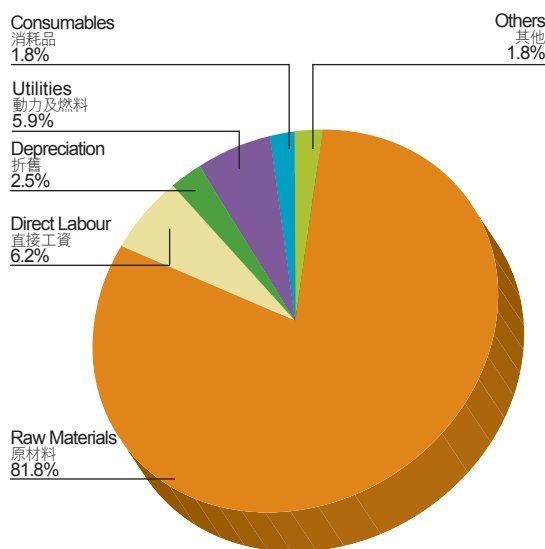
In spite of the severe challenges in the market at the beginning of 2009, the Group benefited from the cost advantages of out plant in Vietnam and the strong domestic demand for our products, the overall gross profit margin increased by 2.4 percentage points as compared with 2008. In particular, the gross margin of other yarns, which were mainly produced by our plant in Vietnam, increased significantly from 10.4% in 2008 to 16.3% in 2009.

雖然在二零零九年初市場形勢嚴峻，受惠於越南工廠的成本優勢以及中國國內對本集團產品的需求持續強勁，本集團整體邊際利潤率仍然較二零零八年上升了2.4個百分點，尤其是主要由越南廠房生產的其他紗線毛利率由2008年的10.4%大升至二零零九年的16.3%。

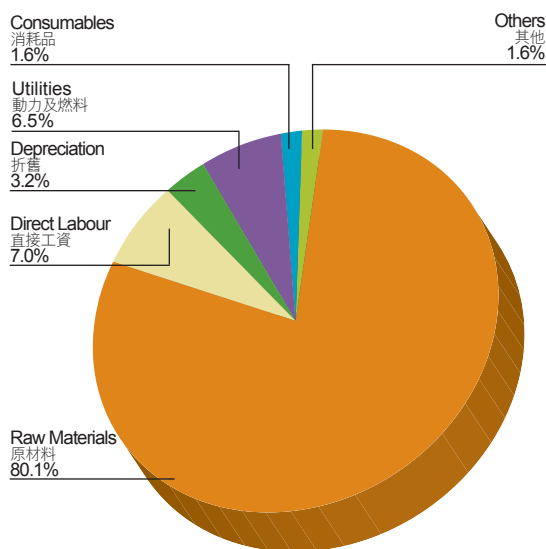
FINANCIAL REVIEW (Continued)

Cost structure

Cost of sales increased by 6.4% to RMB3,487 million, which was in pace with the increase in turnover. Raw material cost accounted for about 80.1% of the total cost of sales. Cotton is our major raw material.



2008
二零零八年



2009
二零零九年

財務回顧(續)

成本架構

銷售成本增加6.4%至人民幣34.87億元，與營業額增長一致。原材料成本佔總銷售成本約80.1%。棉花為我們的主要原材料。

Selling and distribution costs

For the year ended 31 December 2009, the Group's selling and distribution costs amounted to RMB114 million, representing an increase of 25.2% compared to that of last year. The increase was in line with the increase in sales volume.

銷售及分銷開支

於截至二零零九年十二月三十一日止年度，本集團之銷售及分銷開支較去年上升25.2%至人民幣1.14億元。升幅是由於銷售量增加所致。

General and administrative expenses

During the year, the Group's general and administrative expenses decreased by 12.4% to RMB144 million, which amounted to 3.5% of the Group's turnover. The decrease was attributable to our efforts on cost control in 2009.

一般及行政開支

本集團於年內之一般及行政開支減少12.4%至人民幣1.44億元，佔本集團營業額3.5%。降幅是二零零九年之成本控制工作所致。

Cash flow

現金流量

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Net cash generated from operating activities	經營活動所得現金淨額	368,031	374,490
Net cash used in investing activities	投資活動所耗現金淨額	(120,715)	(328,164)
Net cash (outflow)/inflow from financing activities	融資活動所得現金流(出)/入淨額	(168,325)	67,071
Cash and cash equivalents at 31 December	於十二月三十一日的現金及現金等值物	392,003	313,012

FINANCIAL REVIEW (Continued)

Cash flow (Continued)

For the year ended 31 December 2009, net cash generated from operating activities amounted to RMB368 million. The decrease in net cash inflow from operating activities was mainly due to the drop in trade and bill payables. The net cash used in investing activities amounted to RMB121 million, which was mainly used for the payment of machinery and other capital expenditures of the Phase II construction of our plant in Vietnam and the land payment of a new factory under construction in Xuzhou, the PRC. During the year under review, the net cash outflow from financing activities amounted to RMB168 million, mainly representing the net repayment in bank borrowings and payment of interest.

Liquidities and financial resources

As at 31 December 2009, the Group's bank and cash balances (including pledged bank deposits) amounted to RMB407.9 million (as at 31 December 2008: RMB334.6 million). As a result of business expansion in 2009, the Group's inventories increased by RMB24.6 million to RMB714.7 million and our trade and bill receivables decreased by RMB28.6 million to RMB435.5 million (as at 31 December 2008: RMB690.0 million and RMB464.1 million). The inventory turnover days and trade and bill receivables turnover days were 74 days and 40 days respectively, compared to 75 days and 41 days in 2008. The decrease in inventory turnover days was mainly attributable to the strong demand of our products leading to a drop in finished goods below normal level. The trade and bill receivables turnover days decreased because the Group took a more prudent trade credit policy to control the trade and bill receivables level despite a rapid growth in sales volume in 2009.

To make the capital structure more capable for the long-term development of the Group's business, the Group reduced the total bank borrowings by RMB92.4 million to RMB984.5 million as at 31 December 2009. Current bank borrowings increased by RMB185.3 million to RMB707.9 million while non-current bank borrowings decreased by RMB277.7 million to RMB276.6 million. Following completion of the new syndicated loan which is expected to be available in the second quarter of 2010, it is expected that the loan financing structure will be improved. A balance between current and non-current bank borrowings can be achieved.

財務回顧(續)

現金流量(續)

截至二零零九年十二月三十一日止年度，本集團錄得經營活動所得現金淨額人民幣3.68億元。經營活動所得現金流入淨額減少主要是由於應付貿易及票據款項減少。本集團投資活動所耗現金淨額為人民幣1.21億元，主要用於支付本集團位於越南的廠房第二期建設及機器設備及位於徐州的新建廠房土地款。於回顧年度內，本集團融資活動現金流出淨額為人民幣1.68億元，主要亦即銀行貸款償付淨額及支付利息。

流動資金及財務資源

於二零零九年十二月三十一日，本集團的銀行及現金結餘(包括已抵押銀行存款)為人民幣4.079億元(於二零零八年十二月三十一日：人民幣3.346億元)。隨著於二零零九年進行業務擴充，本集團的存貨及應收貿易及票據款項分別增加人民幣2,460萬元至人民幣7.147億元及減少人民幣2,860萬元至人民幣4.355億元(於二零零八年十二月三十一日：人民幣6.9億元及人民幣4.641億元)。存貨周轉天數及應收貿易及票據賬款周轉天數分別為74天及40天，而二零零八年則分別為75天及41天。存貨周轉天數下降原因主要是產品需求強勁，導致製成品存貨低於正常水平。而應收貿易及票據賬款周轉天數下降則因為本集團採取更為審慎之貿易信貸政策，在二零零九年業務量提升同時嚴格控制應收貿易及票據賬款。

為使資本結構更加適合本集團長期業務發展，本集團於二零零九年十二月三十一日的銀行借貸總額減少人民幣9,240萬元至人民幣9.845億元。流動銀行借貸增加人民幣1.853億元至人民幣7.079億元，而非流動銀行借貸則減少人民幣2.777億元至人民幣2.766億元。預計於二零一零年第二季完成新銀團貸款後，本集團的貸款融資結構將有所改善，並達致流動與非流動銀行借貸之間的平衡。

FINANCIAL REVIEW (Continued)

Liquidities and financial resources

As at 31 December 2009, the Group's financial ratios were as follows:

		2009 二零零九年	2008 二零零八年
Current ratio	流動比率	1.11	1.13
Debt to equity ratio	負債權益比率	0.66	0.88
Net gearing ratio	淨資產負債比率	0.39	0.60

Borrowings

As at 31 December 2009, the Group's total bank borrowings amounted to RMB984.5 million, among which RMB347.5 million (35.3%) were denominated in Renminbi, RMB621.2 million (63.1%) were denominated in United States dollars, RMB10.4 million (1.1%) were denominated in Hong Kong dollars and RMB5.4 million (0.5%) were denominated in Vietnam Dong. These bank borrowings borne interest at interest rates ranging from 1.5% to 6.8% per annum (2008: 2.8% to 7.9%).

As at 31 December 2009, the Group has outstanding current bank borrowings of RMB707.9 million (2008: RMB522.6 million). Current bank borrowings increased because the syndicated loan amounted to USD38 million will be due in June 2010. Following the completion of the new syndicated loan which is expected to be available in the second quarter of 2010, current bank borrowings are expected to be reduced.

In respect of the Group's bank borrowings, the Group has to comply with certain restrictive financial covenants.

Foreign exchange risk

The Group mainly operates in the Mainland China and Vietnam. Most of the Group's transactions, assets and liabilities are denominated in RMB and USD. Foreign exchange risk may also arise from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group manages its foreign exchange risks by performing regular review and monitoring its foreign exchange exposures. The Group's exposure to foreign exchange risk is mainly attributable to its bank borrowings denominated in USD.

Capital expenditures

For the year ended 31 December 2009, the capital expenditure of the Group amounted to RMB134.7 million (2008: RMB416.0 million). It was mainly comprised of the purchases of machinery for our plant in Vietnam and the cost for buying a piece of land in Xuzhou, the PRC.

財務回顧(續)

流動資金及財務資源(續)

於二零零九年十二月三十一日，本集團之財務指標如下：

		2009 二零零九年	2008 二零零八年
Current ratio	流動比率	1.11	1.13
Debt to equity ratio	負債權益比率	0.66	0.88
Net gearing ratio	淨資產負債比率	0.39	0.60

借貸

於二零零九年十二月三十一日，本集團的銀行借貸總額為人民幣9.845億元，其中人民幣3.475億元(35.3%)以人民幣列值，人民幣6.212億元(63.1%)則以美元列值、人民幣1,040萬元(1.1%)以港元列值，其餘人民幣540萬元(0.5%)則以越南盾列值。該等銀行借貸按年利率1.5%至6.8%(二零零八年：2.8%至7.9%)計息。

於二零零九年十二月三十一日，本集團之未償還流動銀行借貸為人民幣7.079億元(二零零八年：人民幣5.226億元)。流動銀行借貸增加乃由於3,800萬美元銀團貸款將於二零一零年六月到期。預計於二零一零年第二季完成新銀團貸款後，流動銀行借貸將會減少。

本集團須就其銀行借貸遵守若干財務限制條款。

外匯風險

本集團主要在中國內地及越南營運。本集團大部份交易、資產及負債以人民幣及美元計值。外匯風險亦可能來自於未來海外營運中的商業貿易、已確認資產及負債及投資淨額。本集團進行定期檢討及監察其外匯風險程度以管理其外匯風險。本集團所面對的外匯風險主要來自其以美元計值的銀行借貸。

資本開支

於截至二零零九年十二月三十一日止年度，本集團之資本開支為人民幣1.347億元(二零零八年：人民幣4.16億元)，主要包括為越南廠房購置機器，以及在徐州購買一幅土地。

FINANCIAL REVIEW (Continued)

Contingent liabilities

As at 31 December 2009, the Group had no material contingent liabilities.

Human resources

As at 31 December 2009, the Group had a total workforce of 13,596 (as at 31 December 2008: 13,207), of whom 10,528 were located throughout our manufacturing plants in China, 176 were based in our regional headquarters in Shanghai, 2,887 were located at the Group's production base in Vietnam and 5 were based in Hong Kong and Macau. New employees were recruited to cater for the Group's business expansion during the year. The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options may also be granted to eligible staff based on individual and Group's performance. The Group is committed to nurturing a learning and sharing culture in the organization. Heavy emphasis is placed on the training and development of individual staff and team building, as the Group's success is dependent on the contributions of all functional divisions comprising skilled and motivated staff.

Dividend policy

The Board intends to maintain a long term, stable dividend payout ratio of about 30% of the Group's net profit for the year, providing shareholders with an equitable return. The Board has resolved to declare a final dividend of 7.5 HK cents per share in respect of the year ended 31 December 2009 to shareholders whose names appear on the register of members on 18 May 2010, subject to the approval by the shareholders at the forthcoming Annual General Meeting. An interim dividend of 3.5 HK cents was paid by the Company on 5 October 2009.

財務回顧(續)

或然負債

於二零零九年十二月三十一日，本集團並無重大或然負債。

人力資源

於二零零九年十二月三十一日，本集團員工合共13,596名(於二零零八年十二月三十一日：13,207名)，其中10,528名屬中國大陸的生產基地，176名駐於上海的地區總部，另2,887名位於本集團在越南之生產基地以及5名駐於香港及澳門。新聘僱員為應付本集團於年度內擴充的業務。本集團向其員工提供具競爭力的酬金計劃。此外，合資格員工亦可按其個人及本集團的表現獲授酌情花紅及購股權。本集團致力於組織內建立學習及分享文化。本集團的成功有賴由技巧純熟且士氣高昂的員工組成各職能部門，故此本集團重視員工的個人培訓及發展，以及建立團隊。

股息政策

董事會旨在維持長期、穩定的派息率，即本集團年內淨利潤約30%，為股東提供合理回報。董事會議決就截至二零零九年十二月三十一日止年度，向於二零一零年五月十八日名列於股東名冊的股東宣派每股7.5港仙末期股息，惟須待股東於應屆股東週年大會上批准後，方可作實。本公司於二零零九年十月五日已派付3.5港仙中期股息。

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company was committed to maintaining high level of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner. The Board of Directors of the Company comprises four executive Directors and three independent non-executive Directors. The Board of Directors has adopted the code provisions of the Code of Corporate Governance Practices ("Code Provisions") set out in Appendix 14 to the prevailing Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange of Hong Kong Limited. During the reporting period, the Company had complied with the Code Provisions except for the certain deviations as specified with considered reasons for such deviations as explained in this corporate governance report.

THE BOARD

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

Executive Directors:

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

Independent Non-Executive Directors ("INEDs"):

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

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

企業管治常規守則

本公司自上市以來一直致力保持高水平企業管治，以開明和開放的理念維護本集團的發展及保障股東們的權益。本公司的董事會由四位執行董事及三位獨立非執行董事組成。董事會已採納現時載於香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四的企業管治常規守則內的守則條文（「守則條文」）。於報告期內，除因於本企業管治報告所解釋若干已闡明原因的偏離情況外，本公司已遵守《守則條文》。

董事會

董事會目前由七名董事組成，其成員載列如下：

執行董事：

洪天祝(*主席及行政總裁*)
 朱永祥
 湯道平
 龔照

獨立非執行董事：

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

THE BOARD (Continued)

The brief biographical details of the Directors are set out in the “Directors and Senior Management” section on pages 31 to 33. There was no relationship (including financial, business, family or other material/relevant relationship) among members of the Board.

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

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

董事會(續)

董事之履歷詳情載於第31至33頁之「董事及高級管理層」一節內。董事會成員間概無任何關係(包括財務、業務、家庭或其他重大／相關關係)。

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

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

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

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

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

THE BOARD (Continued)

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct ("the Securities Code") regarding securities transactions by Directors and officers on terms no less exacting than the required standard set out in the Model Code ("Model Code") for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

A copy of the Securities Code has been sent to each Director of the Company first on his appointment and thereafter twice annually, 30 days and 60 days before the date of the Board meetings to approve the Company's half-year result and annual result respectively, with a reminder that the Director cannot deal in the securities and derivatives of the Company until after such results have been published, and that all his dealings must be conducted in accordance with the Securities Code.

董事會(續)

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

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

董事進行之證券交易

本公司已就有關董事及主要人員進行之證券交易採納一套操守守則(「證券守則」)，條款不遜於上市規則附錄10上市公司董事進行證券交易的標準守則(「標準守則」)所載之要求標準。

證券守則之副本已於本公司每名董事首次獲委任時，及其後每年兩次(分別於批准本公司半年業績及全年業績而召開之董事會會議日期前30日及60日送交各董事，連同之備忘錄列明，在有關業績刊發前，董事不得買賣本公司證券及衍生工具，而一切買賣均須根據證券守則進行。

DIRECTORS' SECURITIES TRANSACTIONS (Continued)

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

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

ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

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

NOMINATION OF DIRECTORS

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

董事進行之證券交易 (續)

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

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

主席及行政總裁之角色

守則A.2.1規定主席與行政總裁的角色應有區分，並不應由一人同時兼任。

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

董事提名

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

NOMINATION OF DIRECTORS (Continued)

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

As far as the nomination and appointment of Directors are concerned, no Board meeting was convened for the year ended 31 December 2009.

TERM OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of Mr. Ting Leung Huel Stephen, Mr. Cheng Longdi and Ms. Zhu Lanfen has been appointed as an independent non-executive Director for an initial term of one year commencing from 21 November 2004 renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term of appointment, unless terminated by not less than three months' notice in writing served by either the independent non-executive Director or the Company expiring at the end of the initial term or at any time thereafter. The Company has paid an annual director's fee of HKD82,800 to each of Ms. Zhu Lanfen and Mr. Cheng Longdi and HKD193,000 to Mr. Ting Leung Huel Stephen for the year ended 31 December 2009. Save for the above directors' fees, none of the independent non-executive Directors has received any other remuneration for holding their office as an independent non-executive Director.

BOARD COMMITTEES

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

董事之委任及重選(續)

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

截至二零零九年十二月三十一日止年度董事會並無就董事提名及委任召開任何會議。

獨立非執行董事之委任任期

丁良輝先生、程隆棣先生及朱蘭芬女士已獲委任為獨立非執行董事，首任年期為一年，由二零零四年十一月二十一日開始，自當時委任任期屆滿翌日起自動連任一年，惟獨立非執行董事或本公司於首任到期時或之後任何時間以不少於三個月書面通知終止委任除外。本公司已就截至二零零九年十二月三十一日止年度分別支付年度董事袍金82,800港元予朱蘭芬女士及程隆棣先生及193,000港元予丁良輝先生。除上述董事袍金外，並無任何獨立非執行董事預期可就擔任其獨立非執行董事的職位收取任何其他酬金。

董事委員會

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

BOARD COMMITTEES (Continued)

Remuneration Committee

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

The major roles and functions of the Remuneration Committee are:

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

董事委員會(續)

薪酬委員會

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

薪酬委員會之主要角色及職能如下：

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

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

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

The Remuneration Committee shall meet at least once a year. One committee meeting was held in 2009 to review and discuss the existing policy and structure for the remuneration of Directors, the remuneration packages of both the Executive and non-executive Directors and the attendance of each member is set out as follows:

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

In addition to the Committee meeting, the Remuneration Committee also dealt with matters by way of circulation during 2009. The remuneration payable to Directors will depend on their respective contractual terms under their employment or service contracts as approved by the Board on the recommendation of the Remuneration Committee.

In order to attract, retain and motivate the senior executives and key employees of the Group, including the Executive Directors, the Company has adopted a share option scheme in November 2004. Details of the share option scheme are set out in the Directors' Report on pages 37 to 38 and note 15 to the financial statements.

董事委員會 (續)

薪酬委員會 (續)

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

薪酬委員會每年須至少召開一次會議。於二零零九年已舉行一次委員會會議，以審議及討論董事之現行薪酬政策及架構，執行董事及非執行董事之薪酬待遇，而各成員之出席情況如下：

除委員會會議外，薪酬委員會亦於二零零九年內透過傳閱方式處理事宜。應付董事之薪酬將視乎薪酬委員會向董事會提供之建議獲批准後，並按各自之僱傭或服務合約內之條款而釐定。

本公司已於二零零四年十一月採納一項購股權計劃以吸引、延攬及推動本集團高級行政人員及主要僱員(包括執行董事)。購股權計劃詳情載於董事會報告第37至38頁及財務報表附註15。

BOARD COMMITTEES (Continued)

Audit Committee

The Audit Committee has been established since November 2004, the current members of the Audit Committee are Mr. Ting Leung Huel, Stephen (Chairman), Ms. Zhu Lanfen and Mr. Cheng Longdi. To retain independence and objectivity, the Audit Committee has been chaired by an INED with appropriate professional qualifications or accounting or related financial management expertise. The Audit Committee has adopted terms of reference, which are in line with the code provisions of the CG Code. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

The major roles and functions of the Audit Committee are:

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

董事委員會(續)

審核委員會

審核委員會自二零零四年十一月成立，現有成員為丁良輝先生(主席)、朱蘭芬女士及程隆楝先生。為保持獨立性及客觀性，審核委員會由一名具備合適專業資格或會計或相關財務管理專業知識之獨立非執行董事擔任主席。審核委員會已採納符合《企業管治守則》守則條文的職權範圍。審核委員會獲提供充裕資源以履行其職務，並可按本公司之政策在有需要時尋求獨立專業意見。

審核委員會之主要角色及職能：

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

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

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

The Audit Committee shall meet at least twice a year. Two committee meetings were held in 2009 and the attendance of each member is set out as follows:

董事委員會(續)

審核委員會(續)

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

審核委員會每年須至少召開兩次會議。於二零零九年已舉行兩次委員會會議，而各成員之出席情況如下：

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

During the meetings held in 2009, the Audit Committee had performed the work as summarised below:

於二零零九年舉行之會議，審核委員會已履行之工作概述如下：

- (i) reviewed and approved the audit scope and fees proposed by the external auditors regarding the final audit of the Group for the year ended 31 December 2008 (the "2008 Final Audit");
 - (ii) reviewed the external auditors' report of finding in relation to the 2008 Final Audit and the auditors' report on the connected transactions for the year ended 31 December 2008;
 - (iii) reviewed the external auditors' independent review report in relation to the 2009 Interim Review;
 - (iv) reviewed the financial reports for the year ended 31 December 2008 and for the six months ended 30 June 2009; and
- (i) 檢討及批准外聘核數師建議之本集團截至二零零八年十二月三十一日止年度之年終審核(「二零零八年年終審核」)之核數範圍及費用；
 - (ii) 檢討外聘核數師之二零零八年年終審核結果之報告，以及對截至二零零八年十二月三十一日止年度關連交易之核數師報告；
 - (iii) 檢討外聘核數師就二零零九年中中期審閱之獨立審閱報告；
 - (iv) 檢討截至二零零八年十二月三十一日止年度及截至二零零九年六月三十日止六個月之財務報告；及

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

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

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

董事委員會(續)

審核委員會(續)

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

董事會及審核委員會就甄選、委聘、退任或罷免外聘核數師並無意見分歧。

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors acknowledge their responsibility for preparing, with the support from finance department, the financial statements of the Group. In preparing the financial statements for the year ended 31 December 2009, the requirements of the Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Listing Rules and the Companies Ordinance were complied with.

The reporting responsibilities of the Company's external auditors, Messrs. PricewaterhouseCoopers, are set out in the Auditor's Report on pages 48 and 49.

Internal Control

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

External Auditor's Remuneration

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

問責及核數

財務匯報

於財務部之協助下，董事確認彼等編製本集團財務報表之責任。截至二零零九年十二月三十一日止年度之財務報表已按照香港會計師公會頒佈之香港財務報告準則、香港會計準則及詮釋，以及上市規則及公司條例之適用披露規定而編製。

本公司外聘核數師羅兵咸永道會計師事務所之匯報責任載於核數師報告第48及49頁。

內部監控

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

外聘核數師之酬金

於年內，已付及應付本公司外聘核數師羅兵咸永道會計師事務所之酬金載列如下：

Services rendered for the Group	向本集團提供之服務	Paid/Payable 已付及應付費用 RMB'000 人民幣千元
Audit services	核數服務	3,170
Non-audit services (including consulting service for transfer pricing and agreed-upon procedures for selected financial information of the Group and preliminary announcement of results)	非核數服務(轉移訂價的顧問服務及本集團特選財務資料及初步業績公佈的協定程序)	300
Total:	合計：	3,470

COMMUNICATION WITH SHAREHOLDERS

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

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

CORPORATE GOVERNANCE ENHANCEMENT

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

On behalf of the Board

Hong Tianzhu
Chairman

Hong Kong, 26 March 2010

與股東之溝通

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

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

提升企業管治水平

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

代表董事會

洪天祝
主席

香港，二零一零年三月二十六日

DIRECTORS

Executive Directors

Mr. Hong Tianzhu, 42, is an executive Director and chairman of the Group. He is the founder of the Group. He is responsible for the overall business development strategy of the Group. Mr. Hong is currently a vice chairman of the Hong Kong General Chamber of Textiles Limited. He has over 19 years of experience in the textile industry. Prior to establishing the Group, Mr. Hong was a vice general manager of 晉江藝豐服裝織造有限公司 (Jinjiang Yifeng Garment Weaving Company Limited). Mr. Hong is a director and the 100% beneficial owner of Hong Kong Tin Hong Industrial Limited (香港天虹實業有限公司 or "Hong Kong Tin Hong"), and the sole director of New Green Group Limited, which is 100% owned by Hong Kong Tin Hong. Mr. Hong is also a director of Trade Partner Investments Limited, which is owned as to 51.36% by him. Each of New Green Group Limited and Trade Partner Investments Limited was the beneficial owner of 395,459,173 and 163,500,000 shares of HK\$0.1 each in the Company as at 31 December 2009 respectively.

Mr. Zhu Yongxiang, 43, is an executive Director and chief operation officer of the Group. He is responsible for the daily operations of the Group. Mr. Zhu graduated from the 南通紡織工學院 (Nantong Textile Industry College) in 1987. Prior to joining the Group in 1997, Mr. Zhu was an assistant to the general manager of 南通第二棉紡織廠 (Nantong No. 2 Cotton Textile Factory). Mr. Zhu is the sole director and the 100% beneficial owner of Wisdom Grace Investments Limited. Mr. Zhu is also a director of Trade Partner Investments Limited, which is owned as to 41.36% by him. Each of Trade Partner Investments Limited and Wisdom Grace Investments Limited was the beneficial owner of 163,500,000 and 88,216,000 shares of HK\$0.1 each in the Company as at 31 December 2009 respectively.

Mr. Tang Daoping, 44, is an executive Director and vice president of the Group. He is responsible for the operations of the Group's yarn business. Mr. Tang is also a director and the chairman of Texhong Suining, Jiangsu Century Texhong, Xuzhou Century Texhong, Xuzhou Texhong Times, Nantong Century Texhong, Nantong Texhong Yin Hai and Xuzhou Texhong Yinfeng. Mr. Tang graduated from 徐州廣播電視大學 (Xuzhou Radio and TV University) in 1996 majoring in accounting. Mr. Tang has over 26 years of experience in the textile industry. He was a workshop manager of 睢寧棉紡織廠 (Suining Cotton Textile Factory) prior to joining the Group in 1998 as a vice general manager. Mr. Tang was promoted and became a director of Texhong Suining and Jiangsu Century Texhong in September 2002.

Mr. Gong Zhao, 55, is an executive Director and vice president of the Group. He is responsible for the operations of the Group's grey fabric business. Mr. Gong is also a director and the chairman of Texhong Jinhua, Zhejiang Texhong and Zhejiang Century Texhong. Mr. Gong has over 26 years of experience in the textile industry. Prior to joining the Group in 1998 as a vice general manager, Mr. Gong had worked in 無錫市第四棉紡織廠 (Wuxi No. 4 Cotton Textile Factory). Mr. Gong was promoted and became a director of Texhong Jinhua in January 2001.

董事

執行董事

洪天祝先生，42歲，本集團的執行董事及主席。洪先生是本集團創始人，負責本集團的整體業務發展策略。洪先生是現任香港紡織商會副主席。彼於紡織業擁有逾十九年經驗，在成立本集團前，彼曾任晉江藝豐服裝織造有限公司的副總經理。洪先生為香港天虹實業有限公司(或「香港天虹」)的董事，並為該公司全資實益擁有人，亦為New Green Group Limited的唯一董事，該公司由香港天虹全資擁有。洪先生亦為Trade Partner Investments Limited的董事，並擁有該公司51.36%權益。於二零零九年十二月三十一日，New Green Group Limited及Trade Partner Investments Limited分別為本公司每股面值0.1港元的395,459,173股股份及163,500,000股股份的實益擁有人。

朱永祥先生，43歲，本集團的執行董事兼營運總裁。彼負責本集團的日常營運。朱先生於一九八七年畢業於南通紡織工學院。於一九九七年加入本集團前，朱先生曾任南通第二棉紡織廠的總經理助理。朱先生為Wisdom Grace Investments Limited的唯一董事，並為該公司全資實益擁有人。朱先生亦為Trade Partner Investments Limited的董事，並擁有該公司41.36%權益。於二零零九年十二月三十一日，Trade Partner Investments Limited及Wisdom Grace Investments Limited分別為本公司每股面值0.1港元的163,500,000股股份及88,216,000股股份的實益擁有人。

湯道平先生，44歲，本集團執行董事兼副總裁。彼負責本集團的紗線業務。湯先生亦為天虹睢寧、江蘇世紀天虹、徐州世紀天虹、徐州天虹時代、南通世紀天虹、南通天虹銀海及徐州天虹銀豐的董事兼董事長。彼於一九九六年畢業於徐州廣播電視大學，主修會計，並於紡織業擁有逾二十六年經驗。湯先生於一九九八年加入本集團前，曾於睢寧棉紡織廠出任工廠經理，並為副總經理。湯先生於二零零二年九月晉升為天虹睢寧及江蘇世紀天虹的董事。

龔照先生，55歲，本集團執行董事兼副總裁。彼負責本集團的坯布業務，彼亦為天虹金華、浙江天虹及浙江世紀天虹的董事兼董事長。龔先生於紡織業擁有逾二十六年豐富經驗，在於一九九八年加入本集團出任副總經理前，龔先生曾於無錫市第四棉紡織廠工作。龔先生先於二零零一年一月晉升為天虹金華的董事。

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

Ms. Zhu Lanfen, 68, studied in 華東紡織工學院 (Huadong Textile Industry School) in textile. Ms. Zhu has over 41 years of experience in the textile industry. Prior to 16 May 2006, Ms. Zhu was an independent director of Wuxi Qing Feng Co. Ltd., a company listed on the Shanghai Stock Exchange. Ms. Zhu is also currently the vice president of the council of 中國棉紡織行業協會 (China Cotton Textile Industry Association). She joined the Group and was appointed as an independent non-executive Director on 21 November 2004.

Professor Cheng Longdi, 50, obtained his doctorate degree in textile from Donghua University in 2002. Professor Cheng is currently a professor of 東華大學紡織工程系 (Department of Textile Engineering, Donghua University) and he is also the 紡織面料技術教育部重點實驗室常務副主任 (deputy director of the key laboratory of Textile Science and Technology, Ministry of Education). Professor Cheng is an academic committee member of the cotton textile profession committee of the China Society of Textile Engineering. Professor Cheng is also the committee member of the expert committee of China Textile Planning Institute of Construction. Professor Cheng was an engineer of the China Textile Academy (formerly known as Textile Academy of Textile Ministry). He joined the Group and was appointed as an independent non-executive Director on 21 November 2004.

Mr. TING Leung Huel, Stephen, MH, FCCA, FCPA (PRACTISING), ACA, FTIHK, FHKIoD, aged 56, was appointed as independent non-executive Director of the Company on 21 November 2004. Mr. Ting is an accountant in public practice and has more than 30 years' experience in this field. Currently he is the Managing Partner of Messrs Ting Ho Kwan & Chan, Certified Public Accountants (Practising). Mr. Ting is a member of the 9th Chinese People Political & Consultative Conference, Fujian. He is now an independent non-executive director of six other listed companies in Hong Kong, namely Computer and Technologies Holdings Limited, Dongyue Group Limited, JLF Investment Company Limited (formerly known as MACRO-LINK International Holdings Limited), Minmetals Resources Limited, Tong Ren Tang Technologies Company Limited and Tongda Group Holdings Limited respectively. He is also a non-executive director of Chow Sang Sang Holdings International Limited, a listed company in Hong Kong. Prior to 3 July 2007, he was also an independent non-executive director of eForce Holdings Limited, a listed company in Hong Kong. He was also appointed as an independent non-executive director of China SCE Property Holdings Limited, a listed company in Hong Kong, since 6 January 2010.

董事(續)**獨立非執行董事**

朱蘭芬女士，68歲。朱女士於華東紡織工學院修讀紡織。朱女士於紡織業擁有逾四十年的豐富經驗。於二零零六年五月十六日前，朱女士為無錫慶豐有限公司，一家於上海交易所上市的公司的獨立董事。朱女士現亦為中國棉紡織行業協會的副理事長。彼於二零零四年十一月二十一日加入本集團，並獲委任為獨立非執行董事。

程隆棟教授，50歲。程教授於二零零二年取得東華大學的紡織博士學位，亦為東華大學紡織工程系教授及紡織面料技術教育部重點實驗室常務副主任。程教授為中國紡織工程學會棉紡專業委員會學術委員會委員，亦為中國紡織建設規劃院專家委員會委員。程教授曾為中國紡織科學研究院(前稱紡織工業部紡織科學研究院)的工程師。彼於二零零四年十一月二十一日加入本集團，並獲委任為獨立非執行董事。

丁良輝先生，MH、FCCA、FCPA (PRACTISING)、ACA、FTIHK、FHKIoD，56歲，於二零零四年十一月二十一日獲委任為本公司之獨立非執行董事。丁先生為執業會計師，於該行業積逾三十年經驗。彼現為丁何關陳會計師行之執行合夥人。丁先生為中國人民政治協商會議第九屆福建省委員會委員。現為其他六家香港上市公司之獨立非執行董事，分別為科聯系統集團有限公司、東岳集團有限公司、金六福投資有限公司(前稱新華聯國際控股有限公司)、五礦資源有限公司、北京同仁堂科技發展股份有限公司及通達集團控股有限公司。彼亦擔任一家香港上市公司周生生集團國際有限公司之非執行董事。於二零零七年七月三日以前亦為一家香港上市公司意科控股有限公司之非執行董事。自二零一零年一月六日起，彼亦獲委任為一家香港上市公司中駿置業控股有限公司之獨立非執行董事。

SENIOR MANAGEMENT

Mr. Sha Tao, 44, a vice president of the Group and responsible for the production and purchase of the Group's grey fabric operations. He is also a director and the chairman of Taizhou Texhong Weaving and Taizhou Century Texhong. Mr. Sha obtained his bachelor's degree in textile from 無錫輕工業學院 (Wuxi Light Industry University) in 1986. Mr. Sha has over 22 years of experience in the textile industry. Prior to joining the Group in 1998, he was a factory manager of one of the factories of 南通第二棉紡織廠 (Nantong No. 2 Cotton Textile Factory).

Mr. Hu Zhiping, 46, is a vice president of the Group and responsible for the grey fabric sales operations of the Group. Mr. Hu graduated from 無錫職業大學 (Wuxi Professional University) in textile in 1984. Mr. Hu has over 22 years of experience in the textile industry. He was an vice general manager of 無錫協達織造有限公司 (Wuxi Xieda Weaving Company Limited) prior to joining the Group in 1998.

Mr. Cheng Chi Ming, 44, was the chief financial officer and company secretary of the Group. Mr. Cheng was graduated from the University of Hong Kong with a bachelor degree of Social Sciences. He is a Certified Public Accountant of Hong Kong Institute of Certified Public Accountants and a member of Association of Chartered Certified Accountants. Mr. Cheng has more than 16 years of auditing, financial management and accounting experience. Prior to joining the Group, Mr. Cheng was the financial controller of Pou Sheng International (Holdings) Limited, a listed company on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Cheng joined the Group in July 2008 and has resigned on 28 August 2009.

Mr. Hui Tsz Wai, aged 36, the chief financial officer and company secretary of the Group. He graduated from the Chinese University of Hong Kong with a bachelor of business administration (honours) degree. He is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He is also a Chartered Financial Analyst and a Certified Fraud Examiner. He has more than 15 years working experience in finance related area. He had been working at one of the big 4 international accounting firms for about 9 years. He successfully assisted the Group in completion of the initial public offering on the main board of the Stock Exchange of Hong Kong Limited in 2004. Mr. Hui joined the Group again in August 2009.

高級管理層

沙淘先生，44歲，本集團的副總裁並負責本集團的坯布生產及物流採購。彼亦為泰州天虹織造及泰州世紀天虹的董事兼主席。沙先生於一九八六年畢業自無錫輕工業學院紡工系，並取得學士學位。沙先生於紡織業擁有逾二十二年經驗。彼於一九九八年加入本集團前，彼曾出任南通第二棉紡織廠其中一家廠房的廠長。

胡志平先生，46歲，本集團副總裁並負責本集團的坯布營銷業務。胡先生於一九八四年畢業自無錫職業大學紡織系。彼於紡織業擁有逾二十二年經驗。彼於一九九八年加入本集團前，胡先生曾出任無錫協達織造有限公司的副總經理。

鄭志明先生，44歲，本集團之財務總監兼公司秘書。鄭先生畢業於香港大學，持有社會科學學士學位。鄭先生為香港會計師公會會員及英國特許公認會計師公會會員。鄭先生擁有逾十六年審計、財務管理及會計經驗。於加入本公司前，鄭先生曾任香港主板上市公司寶勝國際(控股)有限公司的財務總監一職。鄭先生於二零零八年七月加入本集團，並已於二零零九年八月二十八日辭任。

許子慧先生，36歲，本集團的財務總監及公司秘書。許先生畢業於香港中文大學，獲頒工商管理(榮譽)學士學位。彼為英國特許公認會計師公會資深會員及香港會計師公會執業會計師。彼亦為特許財務分析員兼舞弊查核師。許先生擁有逾十五年財務相關的工作經驗，曾在4大國際性會計師事務所之一任職近九年，他協助本集團於二零零四年成功在香港聯合交易所有限公司主板上市。許先生於二零零九年八月加入本集團。

EXECUTIVE DIRECTORS

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

執行董事

洪天祝先生(主席)
朱永祥先生
湯道平先生
龔照先生

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

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

獨立非執行董事及審核委員會

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

REMUNERATION COMMITTEE

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

薪酬委員會

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

COMPANY SECRETARY

Mr. Cheng Chi Ming (resigned on 28 August 2009)
Mr. Hui Tsz Wai (appointed on 28 August 2009)

公司秘書

鄭志明先生
(於二零零九年八月二十八日辭任)
許子慧先生
(於二零零九年八月二十八日獲委任)

AUTHORISED REPRESENTATIVES

Mr. Hong Tianzhu
Mr. Cheng Chi Ming (resigned on 28 August 2009)
Mr. Hui Tsz Wai (appointed on 28 August 2009)

授權代表

洪天祝先生
鄭志明先生
(於二零零九年八月二十八日辭任)
許子慧先生
(於二零零九年八月二十八日獲委任)

HEAD OFFICE

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

總辦事處

香港
新界葵芳
興芳路223號
新都會廣場第一座
18樓1818室

REGISTERED OFFICE

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

註冊辦事處

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

PRINCIPAL BANKERS

Deutsche Bank AG, Hong Kong Branch
Standard Chartered Bank
Bank of China (Hong Kong)
BNP Paribas
Citibank (China) Co., Ltd. Shanghai Branch
Industrial and Commercial Bank of China
Bank of China
Bank of Communications
China Merchants Bank
Bank of Jiangsu

主要往來銀行

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

AUDITOR

PricewaterhouseCoopers

核數師

羅兵咸永道會計師事務所

LEGAL ADVISORS AS TO HONG KONG LAW

Chiu & Partners

法律顧問(香港法律)

趙不渝·馬國強律師事務所

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

主要股份過戶登記處

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

香港股份過戶登記分處

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

WEBSITE

www.texhong.com

互聯網址

www.texhong.com

STOCK CODE

2678

股份編號

2678

The Directors of the Company submit their report together with the audited financial statements of the Company for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

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

Business segments

The Group is engaged in the manufacturing and sale of yarns, grey fabrics and garment fabrics. Business analysis of sales, segment results, total assets and capital expenditures are set out in note 5 to the accompanying financial statements.

Geographical segments

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2009 are set out in the consolidated statement of comprehensive income on page 52 of this annual report.

The board recommended the payment of a final dividend of HK\$0.075 per share in respect of the financial year ended 31 December 2009.

RESERVES

Details of movements in the reserves of the Group and of the Company during the year ended 31 December 2009 are set out in note 16 to the accompanying financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and of the Company during the year ended 31 December 2009 are set out in note 7 to the accompanying financial statements.

SHARE CAPITAL

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

董事會同寅謹將截至二零零九年十二月三十一日止年度報告連同經已審核之財務報表呈覽。

主要業務及營運地區分析

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

業務分類

本集團主要製造及銷售紗線、坯布及面料。營業額、分類業績、資產總額及資本開支業務分析載於隨附之財務報表附註5。

地區分類

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

業績及分派

本集團於截至二零零九年十二月三十一日止年度之業績載列於本年報第52頁之綜合全面收益表。

董事會並建議派發截至二零零九年十二月三十一日止財政年度之末期股息每股0.075港元。

儲備

本集團及本公司截至二零零九年十二月三十一日止年度之儲備變動詳情載於隨附之財務報表附註16。

物業、廠房及設備

本集團及本公司截至二零零九年十二月三十一日止年度之物業、廠房及設備變動詳情載於隨附之財務報表附註7。

股本

本公司之股本變動詳情載於隨附之財務報表附註14。

DISTRIBUTABLE RESERVES

The Company's distributable reserves as at 31 December 2009 is set out in note 16 to the accompanying financial statements.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF

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

FINANCIAL SUMMARY

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

SHARE OPTIONS

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

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

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

可供分派儲備

本公司於二零零九年十二月三十一日可供分派儲備詳情載列於隨附之財務報表附註16。

優先購買權

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

稅務減免

本公司並不知悉任何因持有本公司證券而提供予本公司股東之稅務寬減或減免。

財務概要

本集團過去五個財政年度之業績及資產負債摘要載於本年報第3頁。

購買、出售或購回證券

本年內，本公司或其附屬公司概無購買、出售或購回本公司上市證券。

購股權

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

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

購股權計劃自購股權計劃獲採納日期後十年內有效。

SHARE OPTIONS (Continued)

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

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

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

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

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

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

As at 31 December 2009, no option was granted under the Share Option Scheme.

購股權(續)

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

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

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

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

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

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

於二零零九年十二月三十一日，概無根據購股權計劃授出購股權。

DIRECTORS

The Directors during the year were:

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

* Independent non-executive Directors

In accordance with article 108(A) of the Company's articles of association, Mr. Hong Tianzhu, Mr. Tang Daoping and Mr. Gong Zhao will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Hong Tianzhu, Mr. Zhu Yongxiang, Mr. Tang Daoping and Mr. Gong Zhao, all being executive Directors, has entered into a service contract with the Company for an initial term of three years commencing from 21 November 2004, and will continue thereafter for successive term of one year until terminated by not less than three month's notice in writing served by either party on the other expiring at the end of the initial term or at any time thereafter.

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

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

董事

年內在任之董事如下：

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

* 獨立非執行董事

根據本公司組織章程第108(A)條，洪天祝先生、湯道平先生及龔照先生將輪值告退，以使其合資格於應屆股東週年大會膺選連任。

董事服務合約

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

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

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' INTERESTS IN CONTRACTS

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

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID DIRECTORS/EMPLOYEES

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

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

REMUNERATION POLICY

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

RETIREMENT BENEFIT SCHEMES

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management as at the date of this annual report are set out on pages 31 to 33 of this annual report.

獨立非執行董事之獨立性

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

董事於合約中之權益

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

董事及五位最高薪之董事／僱員之酬金

有關回顧年度內根據指名基準之董事酬金詳情載於隨附之財務報表附註25。

有關回顧年度內之五位最高薪人士之詳情載於隨附之財務報表附註25。

薪酬政策

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

退休福利計劃

本集團退休福利計劃之詳情載於隨附之財務報表附註25。

董事及高級管理人員之個人簡歷

董事及高級管理人員於本年報日期之個人簡歷載於本年報第31至第33頁。

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

At 31 December 2009, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO"), as recorded in the register maintained by the Company under Section 352 of the SFO or which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

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

於二零零九年十二月三十一日，本公司各董事及最高行政人員於本公司及其相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份及債權證中擁有根據證券及期貨條例第352條，紀錄於本公司須予存置之登記冊內之權益或淡倉，或根據證券及期貨條例第XV部第7及第8分部須通知本公司及聯交所之權益或淡倉(包括根據證券及期貨條例的該等條文、彼被當作或視作擁有的權益或淡倉)及根據上市規則所載上市公司董事進行證券交易的標準守則規定須通知本公司及香港聯交所之權益及淡倉如下：

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

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

Notes:

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

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

附註：

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

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

So far as the Directors are aware, as at 31 December 2009, the interests or short position of the persons other than a Director or chief executive of the Company in the Shares or underlying shares or debenture of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

主要股東在本公司股份、相關股份及債權證之權益及淡倉

就董事所知悉，於二零零九年十二月三十一日，於本公司股份或相關股份或債權證中擁有根據證券及期貨條例第336條紀錄於本公司須予存置之登記冊內之權益或淡倉的人士（惟本公司之董事或主要行政人員除外）如下：

Ordinary Shares of the Company:

本公司之普通股：

Name of the substantial shareholder 本公司主要股東姓名／名稱	Nature of interests 權益性質	Number of ordinary shares (Note 1) 普通股數目 (附註1)	Percentage 百分比
New Green Group Limited	Beneficial owner 實益擁有人	395,459,173 (L) (Note 2) (附註2)	44.70%
Trade Partner Investments Limited	Beneficial owner 實益擁有人	163,500,000 (L) (Note 3) (附註3)	18.48%
Wisdom Grace Investments Limited	Beneficial owner 實益擁有人	88,216,000 (L) (Note 4) (附註4)	9.97%
Hong Kong Tin Hong Industrial Limited 香港天虹實業有限公司	Interest of controlled corporation(s) 所控制法人的權益	395,459,173 (L) (Note 2) (附註2)	44.70%
Ms. KE Luping 柯綠萍女士	Interest of spouse 配偶權益	563,359,173 (L) (Note 5) (附註5)	63.68%
Ms. ZHAO Zhiyang 趙志揚女士	Interest of spouse 配偶權益	251,716,000 (L) (Note 6) (附註6)	28.45%

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

Notes:

- The letter "L" denotes the person's long position in the Shares.
- These 395,459,173 Shares are registered in the name of and beneficially owned by New Green Group Limited, the entire issued share capital of which is beneficially owned by Hong Kong Tin Hong Industrial Limited, a company 100% beneficially owned by Mr. Hong Tianzhu. Under the SFO, each of Hong Kong Tin Hong Industrial Limited and Mr. Hong Tianzhu is deemed to be interested in all the Shares held by New Green Group Limited.
- These 163,500,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 51.36% by Mr. Hong Tianzhu, 41.36% by Mr. Zhu Yongxiang, 2.24%, 1.68%, 1.68% and 1.68%, by Mr. Sha Tao, Mr. Tang Daoping, Mr. Gong Zhao, Mr. Hu Zhiping. Under the SFO, each of Mr. Hong Tianzhu and Mr. Zhu Yongxiang is deemed to be interested in all the Shares held by Trade Partner Investments Limited.
- These 88,216,000 Shares are registered in the name of and beneficially owned by Wisdom Grace Investments Limited, the entire issued share capital of which is beneficially owned by Mr. Zhu Yongxiang. Under the SFO, Mr. Zhu Yongxiang is deemed to be interested in all the Shares held by Wisdom Grace Investments Limited.
- Ms. Ke Luping is the spouse of Mr. Hong Tianzhu. Under the SFO, Ms. Ke Luping is taken to be interested in the same number of Shares in which Mr. Hong Tianzhu are interested.
- Ms. Zhao Zhiyang is the spouse of Mr. Zhu Yongxiang. Under the SFO, Ms. Zhao Zhiyang is taken to be interested in the same number of Shares in which Mr. Zhu Yongxiang are interested.

主要股東在本公司股份、相關股份及債權證之權益及淡倉(續)

附註：

- 「L」代表該人士於股份之好倉。
- 該 395,459,173 股股份以 New Green Group Limited (New Green Group Limited 全部已發行股本由香港天虹實業有限公司實益擁有，洪天祝先生實益擁有後者 100% 權益) 名義及作為實益擁有人登記。根據證券及期貨條例，香港天虹實業有限公司及洪天祝先生均被視為於 New Green Group Limited 持有之所有股份佔有權益。
- 該 163,500,000 股股份以 Trade Partner Investments Limited (其全部已發行股本由洪天祝先生、朱永祥先生、沙陶先生、湯道平先生、龔照先生及胡志平先生分別實益擁有 51.36%、41.36%、2.24%、1.68%、1.68% 及 1.68%) 名義及作為實益擁有人登記。根據證券及期貨條例，洪天祝先生及朱永祥先生分別被視為於 Trade Partner Investments Limited 持有之所有股份佔有權益。
- 該 88,216,000 股股份以 Wisdom Grace Investments Limited (其全部已發行股本由朱永祥先生實益擁有) 名義及作為實益擁有人登記。根據證券及期貨條例，朱永祥先生被視為於 Wisdom Grace Investments Limited 持有之所有股份佔有權益。
- 柯綠萍女士為洪天祝先生之配偶。根據證券及期貨條例，柯綠萍女士被視為於洪天祝先生佔有權益之同樣數目股份佔有權益。
- 趙志揚女士為朱永祥先生之配偶。根據證券及期貨條例，趙志揚女士被視為於朱永祥先生佔有權益之同樣數目股份佔有權益。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed “Share Options” above, at no time during the 12 months ended 31 December 2009 was the Company, its holding company or its subsidiaries a party to any arrangements which enabled the Directors (including their spouses or children under 18 years of age), to acquire benefits by means of acquisition of Shares in or debenture of the Company or any other body corporate.

MANAGEMENT CONTRACTS

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

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

MAJOR CUSTOMERS AND SUPPLIERS

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

Purchases	
– the largest supplier	14.1%
– five largest suppliers combined	35.9%
Sales	
– the largest customer	3.0%
– five largest customers combined	10.6%

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

RELATED PARTY TRANSACTIONS

The related party transactions set out in note 34 to the financial statements did not fall within the definition of “connected transaction” or “continuing connected transaction” in Chapter 14A of the Listing Rules.

購買股份或債權證之安排

除上述「購股權」一節披露者外，截至二零零九年十二月三十一日止十二個月內，本公司、其控股公司或其附屬公司概無參與訂立安排讓董事（包括其配偶或未滿十八歲之子女）以透過收購本公司或任何其他法人團體之股份或債權證之方法獲得利益。

管理合約

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

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

主要客戶及供應商

本集團主要供應商及客戶佔本年度之採購額及銷售額百分比如下：

採購額	
– 最大供應商	14.1%
– 五位最大供應商合計	35.9%
銷售額	
– 最大客戶	3.0%
– 五位最大客戶合計	10.6%

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

與關聯方的交易

載於財務報表附註34之與關聯方的交易不屬於上市規則第14A章所界定之「關連交易」或「持續關連交易」。

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

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

Tianhong Printing and Dyeing is a wholly owned foreign-owned enterprise incorporated in the PRC, the entire equity interest of which is owned by Tin Hong Industrial. Tianhong Printing and Dyeing had been principally engaged in the provision of printing and dyeing services and sale of garment fabrics to garment manufacturers and trading agents prior to the cessation of its commercial operations of its printing and dyeing business since January 2007. Tianhong Printing and Dyeing has stopped all operation since 2008. Therefore, there was no longer any competition or potential competition between the Group and Tianhong Printing and Dyeing.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the latest practicable date prior to the issue of this annual report, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules at any time during the financial year ended 31 December 2009.

AUDIT COMMITTEE

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

The audit committee had reviewed the audited results of the Group for the financial year ended 31 December 2009.

董事於競爭業務之權益

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

天虹印染(無錫)有限公司(「天虹印染」)

天虹印染為一家在中國註冊成立之外資企業，其全部股本權益由天虹實業擁有。於二零零七年一月終止其印染商業營運前，天虹印染主要從事提供布料之印染業務，並向成衣製造商及買賣代理出售面料。自二零零八年起，天虹印染已終止所有運營。因此，本集團與天虹印染不存在任何競爭或可能之競爭。

公眾持股量

根據於本年報刊發前之最後實際可行日期本公司獲得之公開資料及據董事所知，本公司於截至二零零九年十二月三十一日止財政年度任何時間已發行股份之指定公眾持股量符合上市規則。

審核委員會

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

審核委員會已審閱本集團截至二零零九年十二月三十一日止財政年度之經審核業績。

REMUNERATION COMMITTEE

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

LITIGATION

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

AUDITOR

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

On behalf of the Board

Hong Tianzhu
Chairman

Hong Kong, 26 March 2010

薪酬委員會

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

訴訟

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

核數師

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

承董事會命

洪天祝
主席

香港，二零一零年三月二十六日



羅兵咸永道會計師事務所

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

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

We have audited the consolidated financial statements of Texhong Textile Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 50 to 135, which comprise the consolidated and company balance sheets as at 31 December 2009, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

致天虹紡織集團有限公司全體股東
(於開曼群島註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第50至135頁天虹紡織集團有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，此綜合財務報表包括於二零零九年十二月三十一日的綜合及公司資產負債表與截至該日止年度的綜合全面收益表、綜合權益變動表和綜合現金流量表，以及重要會計政策摘要及其他附註解釋。

董事就財務報表須承擔的責任

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

核數師的責任

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2010

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

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

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映 貴公司及 貴集團於二零零九年十二月三十一日的事務狀況及集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，二零一零年三月二十六日

As at 31 December 2009 (All amounts in RMB)
於二零零九年十二月三十一日 (所有金額以人民幣計值)

			2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Non-current assets	非流動資產			
Land use rights	土地使用權	6	154,483	116,482
Property, plant and equipment	物業、廠房及設備	7	1,435,545	1,467,211
Investment in an associate	聯營公司之投資	9	34,858	34,572
Deferred income tax assets	遞延所得稅資產	19	2,601	4,855
			1,627,487	1,623,120
Current assets	流動資產			
Inventories	存貨	10	714,655	690,026
Trade receivables	應收貿易款項	11	175,146	78,124
Bill receivables	應收票據款項	11	260,319	385,989
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	12	112,193	87,351
Pledged bank deposits	已抵押銀行存款	13	15,899	21,570
Cash and cash equivalents	現金及現金等值物	13	392,003	313,012
			1,670,215	1,576,072
Current liabilities	流動負債			
Trade and bill payables	應付貿易及票據款項	20	510,602	631,068
Accruals and other payables	預提費用及其他應付賬款	21	282,741	226,762
Current income tax liabilities	當期所得稅負債		8,798	8,018
Borrowings	借貸	17	707,869	522,607
Derivative financial instruments	衍生金融工具	18	305	7,915
			1,510,315	1,396,370
Net current assets	流動資產淨值		159,900	179,702
Total assets less current liabilities	總資產減流動負債		1,787,387	1,802,822
Non-current liabilities	非流動負債			
Borrowings	借貸	17	276,585	554,267
Deferred income tax liabilities	遞延所得稅負債	19	24,137	20,173
			300,722	574,440
Net assets	資產淨值		1,486,665	1,228,382
EQUITY	權益			
Capital and reserves attributable to the Company's equity holders	本公司股權持有人應佔股本及儲備			
Share capital	股本	14	94,064	94,064
Reserves	儲備	16	1,392,601	1,134,318
Total equity	權益總額		1,486,665	1,228,382

Hong Tianzhu
Director

Zhu Yongxiang
Director

洪天祝
董事

朱永祥
董事

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

附註為此綜合財務報表的一部份。

			2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
		Note 附註		
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	7	173	385
Investments in subsidiaries	於附屬公司之投資	8	623,967	860,939
			624,140	861,324
Current assets	流動資產			
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	12	5	93
Due from subsidiaries	應收附屬公司款項	8	643,663	408,326
Cash and cash equivalents	現金及現金等值物	13	1,087	3,568
			644,755	411,987
Current liabilities	流動負債			
Accruals and other payables	預提費用及其他應付賬款	21	85,005	85,448
Due to subsidiaries	應付附屬公司款項	8	266,521	128,511
Borrowings	借貸	17	262,672	189,234
Derivative financial instruments	衍生金融工具	18	305	-
			614,503	403,193
Net current assets	流動資產淨值		30,252	8,794
Total assets less current liabilities	總資產減流動負債		654,392	870,118
Non-current liabilities	非流動負債			
Borrowings	借貸	17	170,705	382,377
Net assets	資產淨值		483,687	487,741
EQUITY	權益			
Capital and reserves attributable to the Company's equity holders	本公司股權持有人應佔股本及儲備			
Share capital	股本	14	94,064	94,064
Reserves	儲備	16	389,623	393,677
Total equity	權益總額		483,687	487,741

Hong Tianzhu
Director

Zhu Yongxiang
Director

洪天祝
董事

朱永祥
董事

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

附註為此財務報表的一部份。

For the year ended 31 December 2009
截至二零零九年十二月三十一日止年度

(All amounts in RMB)
(所有金額以人民幣計值)

		Note 附註	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Revenue	收入	22	4,088,436	3,737,641
Cost of sales	銷售成本	24	(3,487,176)	(3,278,706)
Gross profit	毛利		601,260	458,935
Selling and distribution costs	銷售及分銷開支	24	(114,242)	(91,277)
General and administrative expenses	一般及行政開支	24	(143,891)	(164,204)
Other income	其他收入	23	20,670	66,156
Other losses – net	其他虧損 – 淨額	23	(1,101)	(4,831)
Operating profit	經營溢利		362,696	264,779
Finance income	財務收入	26	3,985	3,947
Finance costs	財務費用	26	(49,136)	(3,392)
Finance (costs)/income – net	財務(費用)/收入 – 淨額	26	(45,151)	555
Share of profit/(loss) of an associate	分佔聯營公司 溢利/(虧損)	9	286	(16,966)
Profit before income tax	除所得稅前溢利		317,831	248,368
Income tax expense	所得稅開支	27	(32,266)	(34,175)
Profit for the year	年內溢利		285,565	214,193
Other comprehensive income	其他全面收益		–	–
Total comprehensive income for the year, attributable to equity holders of the Company	本公司股權持有人應佔年內全面收益總額		285,565	214,193
Basic earnings per share for profit attributable to equity holders of the Company during the year (expressed in RMB per share)	年內本公司股權持有人應佔溢利之每股基本盈利 (以每股人民幣表示)	30	0.32	0.24
Dividends	股息	31	85,651	–

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

附註為此綜合財務報表的一部份。

		Attributable to equity holders of the Company 本公司股權持有人應佔		
		Share capital 股本	Reserves (Note 16) 儲備 (附註16)	Total 總計
	Note 附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Balance at 1 January 2008	於二零零八年 一月一日的結餘	93,990	981,761	1,075,751
Comprehensive income	綜合收入			
Profit for the year	年度溢利	–	214,193	214,193
Other comprehensive income	其他綜合收入	–	–	–
Total comprehensive income	綜合收入總額	–	214,193	214,193
Transactions with owners	與股權持有人之交易			
Issue of shares upon exercise of share options	於行使購股權後 發行股份	14	437	511
Dividend paid	已付股息	–	(62,073)	(62,073)
Total transactions with owners	與股權持有人之交易總額	74	(61,636)	(61,562)
Balance at 31 December 2008	於二零零八年 十二月三十一日的結餘	94,064	1,134,318	1,228,382
Balance at 1 January 2009, as per above	於二零零九年一月一日 的結餘，如上呈列	94,064	1,134,318	1,228,382
Comprehensive income	綜合收入			
Profit for the year	年度溢利	–	285,565	285,565
Other comprehensive income	其他綜合收入	–	–	–
Total comprehensive income	綜合收入總額	–	285,565	285,565
Transactions with owners	與股權持有人之交易			
Dividend paid	已付股息	–	(27,282)	(27,282)
Balance at 31 December 2009	於二零零九年 十二月三十一日的結餘	94,064	1,392,601	1,486,665

The accompanying notes are an integral part of these consolidated financial statements. 附註為此綜合財務報表的一部份。

For the year ended 31 December 2009
截至二零零九年十二月三十一日止年度

(All amounts in RMB)
(所有金額以人民幣計值)

			2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
	Note 附註			
Cash flows from operating activities		來自經營活動的現金流量		
Cash generated from operations	32	經營所產生的現金	389,314	396,178
Interest received		已收利息	3,985	3,947
Income tax paid		已付所得稅	(25,268)	(25,635)
Net cash inflow from operating activities		經營活動產生現金流入淨額	368,031	374,490
Cash flows from investing activities		來自投資活動的現金流量		
Capital contribution to an associate	9	於聯營公司注資	-	(7,739)
Purchase of property, plant and equipment		購買物業、廠房及設備	(88,408)	(309,727)
Proceeds from disposal of property, plant and equipment and land use rights	32	出售物業、廠房及設備以及土地使用權所得款項	2,568	25,917
Acquisition of land use rights		收購土地使用權	(40,546)	(25,818)
Decrease/(Increase) in pledged bank deposits		已抵押銀行存款減少/(增加)	5,671	(10,797)
Net cash used in investing activities		投資活動所耗現金淨額	(120,715)	(328,164)
Cash flows from financing activities		來自融資活動的現金流量		
Proceeds from issuance of shares		發行股份所得款項	-	511
Proceeds from borrowings		借貸所得款項	796,104	856,809
Repayments of borrowings		償還借貸	(887,048)	(653,133)
Dividends paid		支付股息	(27,282)	(62,073)
Interest paid		已付利息	(50,099)	(75,043)
Net cash (outflow)/inflow from financing activities		融資活動產生現金(流出)/流入淨額	(168,325)	67,071
Net increase in cash and cash equivalents		現金及現金等值物增加淨額	78,991	113,397
Cash and cash equivalents at beginning of the year	13	年初之現金及現金等值物	313,012	199,615
Cash and cash equivalents at end of the year	13	年終之現金及現金等值物	392,003	313,012

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

附註為此綜合財務報表的一部份。

1. GENERAL INFORMATION

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

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

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 9 December 2004.

These consolidated financial statements are presented in Chinese Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Company’s Board of Directors on 26 March 2010.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

The consolidated financial statements of Texhong Textile Group Limited have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

1. 一般資料

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

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。本公司註冊辦事處位於 Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, 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，綜合財務報表以中國人民幣(「人民幣」)呈列。本公司董事會於二零一零年三月二十六日批准刊發此綜合財務報表。

2. 重要會計政策摘要

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

2.1 編製基準

天虹紡織集團有限公司之綜合財務報表已根據香港財務報告準則(「香港財務報告準則」)編製，綜合財務報表按照歷史成本法編製，並就樓宇，按公平值透過損益記賬的金融資產和金融負債(包括衍生工具)的重估而作出修訂。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Changes in accounting policy and disclosures

- (i) *New Standards and amendments to Standards that are effective in 2009 and have been adopted by the Group*
- HKAS 1 (revised) "Presentation of financial statements". The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. The consolidated financial statements have been prepared under the revised disclosure requirements. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

編製符合香港財務報告準則之財務報表需要使用若干關鍵會計估算，這需要管理層於應用本集團會計政策之過程中作出判斷。涉及高度的判斷或高度複雜性的範疇，或涉及對綜合財務報表作出重大假設和估計的範疇，在附註4中披露。

會計政策變更及披露

- (i) 於二零零九年生效且本集團已經採納之新準則及準則修訂
- 香港會計準則第1號(經修訂)「財務報表之呈列」。經修訂準則禁止於權益變動表呈列收入及開支項目(即「非擁有人權益變動」)，並要求將「非擁有人權益變動」與擁有人權益變動於全面收益表中分開呈列。因此，本集團將所有擁有人權益變動呈列於綜合權益變動表內，而所有非擁有人權益變動則於綜合全面收益表內呈列。綜合財務報表已根據經修訂披露規定編製。由於會計政策變動僅對呈列方面構成影響，故並無影響每股盈利。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

- (i) *New Standards and amendments to Standards that are effective in 2009 and have been adopted by the Group (Continued)*
- HKFRS 7 (amendment) “Financial Instruments – Disclosures”. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.
 - HKFRS 8, ‘Operating segments’. HKFRS 8 replaces HKAS 14, ‘Segment reporting’. It requires a ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. The Group has applied HKFRS 8 from 1 January 2009 and reportable segments are divided by both product and geographical perspectives, which is consistent with the internal reporting provided to the chief operating decision-maker. Comparatives for 2008 have been restated.
 - HKAS 23 (Revised) “Borrowing costs”. It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The amendment has no significant impact on the Group’s accounting policies as the Group’s existing accounting policy on borrowing costs comply with the amended requirements.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

會計政策變更及披露(續)

- (i) 於二零零九年生效且本集團已經採納之新準則及準則修訂(續)
- 香港財務報告準則第7號(修訂本)「金融工具：披露」。此項修訂要求加強對公平值計量及流動資金風險之披露。特別是，該修訂要求對公平值計量按層次劃分作出披露。由於會計政策變動僅導致作出額外披露，故並無對每股盈利構成影響。
 - 香港財務報告準則第8號「營運分類」，香港財務報告準則第8號取代香港會計準則第14號「分類報告」。此項新準則要求採用「管理方法」，即分類資料須按照與內部報告所採用之相同基準呈報。本集團已自二零零九年一月一日起應用香港財務報告準則第8號，呈報分類按產品及地區劃分，這與向主要營運決策人作出之內部呈報一致。二零零八年之比較數字已經重列。
 - 香港會計準則第23號(經修訂)「借貸成本」，其規定實體將有關收購、建造或生產一項合資格資產(即需要長時間才可使用或出售之資產)所直接引起之借貸成本資本化，作為該資產之部份成本，並將該等借貸成本即時作費用支銷之選擇刪除。此修訂不會對本集團之會計政策有任何重大影響，因本集團有關借貸成本之現有會計政策與經修訂之規定相符。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

- (i) *New Standards and amendments to Standards that are effective in 2009 and have been adopted by the Group (Continued)*
- HKFRS 2 (Amendment) “Share based payment” – Vesting conditions and cancellation. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The adoption of the revised standard does not have any significant impact on the Group’s financial statements.
- (ii) *Amendments to Standards and interpretations to existing Standards that are effective in 2009 but do not have significant impact to the Group*
- HKAS 32 and HKAS 1 (Amendment), “Puttable financial instruments and obligations arising on liquidation”
 - HKFRS 1 and HKAS 27 (Amendment), “Cost of an investment in a subsidiary, jointly controlled entity or associate”
 - HK(IFRIC)-Int 9 (Amendment), “Reassessment of embedded derivatives” and HKAS 39 (Amendment), “Financial instruments: Recognition and measurement”
 - HK(IFRIC)-Int 13, “Customer loyalty programmes”
 - HK(IFRIC)-Int 15, “Agreements for the construction of real estate”

2. 重要會計政策摘要(續)

2.1 編製基準(續)

會計政策變更及披露(續)

- (i) 於二零零九年生效且本集團已經採納之新準則及準則修訂(續)
- 香港財務報告準則第2號(修訂本)「以股份為基礎之付款－歸屬條件及註銷」，其澄清了歸屬條件僅指服務條件及表現條件。以股份為基礎之付款之其他條件不是歸屬條件。因此，此等條件將需要包括在與僱員及其他提供類似服務人士之償付安排於授出日期之公平值內，亦即此等條件將不影響授出日期後預期將歸屬之獎勵數目或估值。所有註銷，不論由實體或其他方作出，必須按相同之會計處理法入賬。採納此經修訂準則不會對本集團之財務報表有任何重大影響。
- (ii) 於二零零九年生效但對本集團並無重大影響之準則修訂及對現有準則之詮釋
- 香港會計準則第32號及香港會計準則第1號(修訂本)「可沽售金融工具及清盤時產生之責任」
 - 香港財務報告準則第1號及香港會計準則第27號(修訂本)「投資於附屬公司、共同控制實體或聯營公司之成本」
 - 香港(國際財務報告詮釋委員會)一詮釋第9號(修訂本)「重新評估內含衍生工具」及香港會計準則第39號(修訂本)「金融工具：確認及計量」
 - 香港(國際財務報告詮釋委員會)一詮釋第13號「客戶忠誠計劃」
 - 香港(國際財務報告詮釋委員會)一詮釋第15號「興建房地產協議」

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

- (ii) *Amendments to Standards and interpretations to existing Standards that are effective in 2009 but do not have significant impact to the Group (Continued)*
- HK(IFRIC)-Int 16, "Hedges of a net investment in a foreign operation"
 - HK(IFRIC)-Int 18 – Transfer of assets from customers
 - The first annual improvements project to HKFRSs issued in October 2008 by HKICPA, except for amendment to HKFRS 5
- (iii) *Amendments to or new Standards that are not effective in 2009 and have not been early adopted by the Group*
- HKAS 27 (Revised) "Consolidated and separate financial statements". The revised standard requires the effects of all transactions with minority interest to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. In this respect, there is no change from the Group's existing accounting policy. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (Revised) prospectively to transactions when control is lost starting from 1 January 2010.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

會計政策變更及披露(續)

- (ii) 於二零零九年生效但對本集團並無重大影響之準則修訂及對現有準則之詮釋(續)
- 香港(國際財務報告詮釋委員會)一詮釋第16號「海外業務淨投資對沖」
 - 香港(國際財務報告詮釋委員會)一詮釋第18號「自客戶轉讓資產」
 - 香港會計師公會於二零零八年十月頒佈之首批香港財務報告準則改善措施，香港財務報告準則第5號(修訂本)除外
- (iii) 於二零零九年尚未生效且本集團並未採納之準則修訂或新準則
- 香港會計準則第27號(經修訂)「合併財務報表和單獨財務報表」。此項修訂準則規定，如控制權沒有改變，則與少數股東權益進行的所有交易的影響必須在權益中列報，而此等交易將不再導致商譽或收益和損失。此方面與本集團現有會計政策並無改變。此項準則亦列明失去控制權時的會計處理方法。在主體內的任何剩餘權益按公平值重新計量，並在利潤表中確認收益或損失。本集團將會由二零一零年一月一日起對失去控制權的交易應用香港會計準則第27號(經修訂)。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

(iii) *Amendments to or new Standards that are not effective in 2009 and have not been early adopted by the Group (Continued)*

- HKFRS 3 (Revised) “Business combinations”. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. When a business combination achieved in stages, the acquiree at its fair value at the date of control is obtained, recognising a gain/loss in the income statement. All acquisition-related costs should be expensed. The Group will adopt HKFRS 3 (Revised) prospectively to all business combinations starting from 1 January 2010.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

會計政策變更及披露(續)

(iii) 於二零零九年尚未生效且本集團並未採納之準則修訂或新準則(續)

- 香港財務報告準則第3號(經修訂)「業務合併」。此項修訂準則繼續對業務合併應用購買法，但有些重大更改。例如，購買業務的所有款項必須按購買日期的公平值記錄，而或有付款則分類為債務，其後須在利潤表重新計量。就被購買方的非控制性權益，可選擇按公平值或非控制性權益應佔被購買方淨資產的比例計量。倘業務合併分階段完成，被收購方於取得控制權之日按公平值於收益表確認收益／虧損。所有與購買相關成本必須支銷。本集團將會由二零一零年一月一日起對所有業務合併應用香港財務報告準則第3號(經修訂)。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

(iii) Amendments to or new Standards that are not effective in 2009 and have not been early adopted by the Group (Continued)

- HKFRS 9 “Financial instruments”. Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only ‘basic loan features’). All other debt instruments are to be measured at fair value through profit or loss. All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment. The Group will adopt HKFRS 9 starting from 1 January 2013.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

會計政策變更及披露(續)

(iii) 於二零零九年尚未生效且本集團並未採納之準則修訂或新準則(續)

- 香港財務報告準則第9號「金融工具」。金融資產須分為兩個計量類別，於其後以公平值計量及於其後以攤銷成本計量之金融資產。歸類須於首次確認時決定。分類是基於實體管理其財務工具之商業模式以及金融工具之合約現金流量特徵而決定。倘其為債務工具，且實體之業務模式是以持有資產以收取合約現金流及資產之合約現金流僅為本金及利息付款(即僅有「基本貸款特徵」)為目的，則工具僅會於其後以攤銷成本計量。所有其他債務工具會透過損益按公平值計量。所有股本工具須於其後以公平值計量。股本工具持作貿易會透過損益按公平值計量。至於所有其他股本投資，可於首次確認時不可撤回地選擇透過其他全面收益(而非損益)確認未變現及已變現公平值收益及虧損。概無公平值收益及虧損可轉回損益，亦會逐一選擇股本工具。股息會以損益呈列，惟其須為投資回報。本集團將於二零一三年一月一日起採納香港財務報告準則第9號。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

(iii) Amendments to or new Standards that are not effective in 2009 and have not been early adopted by the Group (Continued)

- The Group is in the process of making an assessment of the impact of the following new Standards, amendments to Standards and interpretations to existing Standards upon initial application. It is expected that these new Standards, amendments to Standards and interpretations to existing Standards are unlikely to have a significant impact on the Group's results of operations and financial position.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

會計政策變更及披露(續)

(iii) 於二零零九年尚未生效且本集團並未採納之準則修訂或新準則(續)

- 本集團現正評估該等新準則、準則修訂及對現有準則之詮釋於首次應用後之影響。預期該等新準則、準則修訂及對現有準則之詮釋應該不會對本集團之經營業績及財務狀況產生重大影響。

		Effective for annual periods beginning on or after 於下列日期或之後開始之年度期間生效
HKAS 24 (Revised) 香港會計準則第24號(經修訂)	Related party disclosures 關聯方之披露	1 January 2011 二零一一年一月一日
HKAS 32 (Amendment) 香港會計準則第32號(修訂本)	Classification of rights issue 供股之分類	1 February 2010 二零一零年二月一日
HKAS 39 (Amendment) 香港會計準則第39號(修訂本)	Eligible hedge items 合資格對沖項目	1 July 2009 二零零九年七月一日
HKFRS 1 (Amendment) 香港財務報告準則第1號 (修訂本)	Presentation of financial statements (additional exemptions for first time adopters) 財務報表之呈列(首次應用之額外豁免)	1 January 2010 二零一零年一月一日
HKFRS 2 (Amendment) 香港財務報告準則第2號 (修訂本)	Group cash-settled share-based payment transaction 集團以股份為基礎及以現金結算之交易	1 January 2010 二零一零年一月一日
HK(IFRIC)-Int 14 香港(國際財務報告詮釋委員會)－詮釋第14號	Prepayments of a minimum funding requirement 最低資金要求之預付款	1 January 2011 二零一一年一月一日
HK(IFRIC)-Int 17 香港(國際財務報告詮釋委員會)－詮釋第17號	Distribution of non-cash assets to owners 向擁有人分派非現金資產	1 July 2009 二零零九年七月一日
HK(IFRIC)-Int 19 香港(國際財務報告詮釋委員會)－詮釋第19號	Extinguishing financial liabilities with equity instruments 以權益工具抵銷金融負債	1 July 2010 二零一零年七月一日

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policy and disclosures (Continued)

(iv) HKICPA's improvements to HKFRS

Amendment to HKFRS 5 as part of the HKICPA's first annual improvements project to HKFRS has been published in October 2008 and HKICPA's second annual improvements project to HKFRS have been published in May 2009. These improvements to HKFRS have introduced certain amendments to those standards set out below. These amendments are not effective in 2009 and have not been early adopted. The Group is assessing the impact of these amendments. The Group will apply these amendments from 1 January 2010.

- HKAS 1 (Amendment) "Presentation of financial statements"
- HKAS 7 "statement of cash flows"
- HKAS 17 "Leases"
- HKAS 18 "Revenue"
- HKAS 36 "Impairment of assets"
- HKAS 38 "Intangible assets"
- HKAS 39 "Financial instruments: Recognition and measurement"
- HKFRS 2 "share-based payment"
- HKFRS 5 "Non-current assets held for sale and discontinued operations"
- HKFRS 8 "Operating segments"
- HK(IFRIC)-Int 9 "Reassessment of embedded derivatives"
- HK(IFRIC)-Int 16 "Hedges of a net investment in a foreign operation"
- HK(IFRIC)-Int 4 "Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases"

2. 重要會計政策摘要(續)

2.1 編製基準(續)

會計政策變更及披露(續)

(iv) 香港會計師公會對香港財務報告準則作出的改善

作為香港會計公會對香港財務報告準則作出的第一批年度改善項目的香港財務報告準則第5號(修訂本)已於二零零八年十月頒佈，而香港會計師公會對香港財務報告準則作出的第二批年度改善項目已於二零零九年五月頒佈。該等修訂於二零零九年尚未生效及並未被提早採納。本集團正評估該等修訂的影響。本集團將自二零一零年一月一日起應用該等修訂。

- 香港會計準則第1號(修訂本)「財務報表呈列」
- 香港會計準則第7號「現金流量報表」
- 香港會計準則第17號「租賃」
- 香港會計準則第18號「收益」
- 香港會計準則第36號「資產減值」
- 香港會計準則第38號「無形資產」
- 香港會計準則第39號「金融工具：確認及計量」
- 香港財務報告準則第2號「以股份為基礎的付款」
- 香港財務報告準則第5號「持作銷售非流動資產及已終止業務」
- 香港財務報告準則第8號「經營分部」
- 香港(國際財務報告詮釋委員會)－詮釋第9號「重新評估嵌入式衍生工具」
- 香港(國際財務報告詮釋委員會)－詮釋第16號「對沖於一間外國公司的淨投資」
- 香港(國際財務報告詮釋委員會)－詮釋第4號「租賃－釐定香港土地租賃的租賃年期」

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation

(a) Subsidiaries

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

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

2. 重要會計政策摘要(續)

2.2 綜合賬目

(a) 附屬公司

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

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

集團內公司之間的交易、交易的結餘及未實現收益予以對銷。未實現虧損亦予以對銷。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(a) Subsidiaries (Continued)

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(b) Associates

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

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

2. 重要會計政策摘要(續)

2.2 綜合賬目(續)

(a) 附屬公司(續)

附屬公司的會計政策已按需要作出改變，以確保與本集團採用的政策符合一致。

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

(b) 聯營公司

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Consolidation (Continued)

(b) Associates (Continued)

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

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Committee of Executive Directors of the Company that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

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

2. 重要會計政策摘要(續)

2.2 綜合賬目(續)

(b) 聯營公司(續)

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

2.3 分類報告

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。負責分配資源及評估經營分部表現之主要經營決策者已確定為作出策略決策之本公司之執行董事委員會。

2.4 外幣換算

(a) 功能及呈報貨幣

本集團旗下每個實體之財務報表所包括之項目，均以該實體之主要營運地區之貨幣(「功能貨幣」)計算。本綜合財務報表乃以人民幣呈報，人民幣為本公司功能貨幣及本集團呈報貨幣。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation (Continued)

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within 'finance (costs)/income – net'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other losses – net'.

(c) Group companies

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

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

2. 重要會計政策摘要(續)

2.4 外幣換算(續)

(b) 交易及結餘

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

有關借貸之匯兌收益及虧損於綜合損益表中「財務(費用)／收入－淨額」一項中呈列。所有其他匯兌收益及虧損於綜合損益表中「其他虧損－淨額」中呈列。

(c) 集團公司

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Foreign currency translation (Continued)

(c) Group companies (Continued)

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

2.5 Property, plant and equipment

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

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

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

2. 重要會計政策摘要(續)

2.4 外幣換算(續)

(c) 集團公司(續)

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

2.5 物業、廠房及設備

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Property, plant and equipment (Continued)

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other losses – net' in the consolidated income statement.

When revalued assets are sold, the amounts included in revaluation reserve are transferred to retained earnings.

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

2. 重要會計政策摘要(續)

2.5 物業、廠房及設備(續)

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

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

本集團在每個申請期間重檢資產的剩餘價值及可用年限，並已按適當情況作出調整。

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

出售之盈利及虧損是按出售所得款項與有關資產賬面值之差額而釐定，並於綜合損益表中「其他虧損－淨額」中確認。

重估資產售後，重估儲備內的金額轉移至保留盈利。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Land use rights

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

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

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

Impairment testing of the investments in subsidiaries or associates is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or associate in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. 重要會計政策摘要(續)

2.6 土地使用權

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

2.7 附屬公司及聯營公司的投資及非金融資產減值

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

當於投資之附屬公司或聯營公司收回的股息大於附屬公司或聯營公司於股息宣派期間之全面收入總額，或者當獨立財務報表中投資之賬面值超過綜合財務報表中被投資企業淨資產(含商譽)的賬面值時，需對該等投資進行減值測試。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Derivative financial instruments

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

2.9 Government grants/subsidies

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

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

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

2.10 Inventories

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

2. 重要會計政策摘要(續)

2.8 衍生金融工具

衍生工具最初於訂立衍生工具合約當日按公平值確認，其後按公平值重新計量。確認所得盈虧方法，取決於衍生工具是否界定為對沖工具及倘屬對沖工具，則取決於被對沖項目性質。本集團持有之衍生工具並不符合對沖會計所指的衍生工具，並透過損益以公平值列賬。任何不符合對沖會計的衍生工具的公平值變動，會即時於損益賬中其他虧損一淨額確認。

2.9 政府補助／補貼

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

與資產有關之政府補助乃於扣減補助以得出資產賬面值後在資產負債表呈列。

有關搬遷賠償之政府補助／補貼遞延處理，並於搬遷進行之期間在損益賬中確認。

2.10 存貨

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

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

2.12 Cash and cash equivalents

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

2.13 Share capital

Ordinary shares are classified as equity.

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

2. 重要會計政策摘要(續)

2.11 應收貿易款項及其他應收賬款

應收貿易帳款為在日常業務過程中就售出商品或所提供服務應收客戶之款項。倘應收貿易帳款及其他應收帳款預期可於一年或之內收款(或倘時間更長，則在業務正常營運周期)，則分類為流動資產。倘未能於一年或之內收款，則以非流動資產呈列。

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

2.12 現金及現金等值物

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

2.13 股本

普通股分類列為股權。

與發行新股或購股權直接有關的增量成本，列入股權作為所得款項的減值。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2.15 Borrowings

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

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

2.16 Current and deferred income tax

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

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

2. 重要會計政策摘要(續)

2.14 應付貿易款項

應付貿易帳款為在日常業務過程中自供應商收購商品或服務之付款責任。倘應付賬款可於一年或之內到期(或倘時間更長，則在業務正常營運周期)，則分類為流動負債。倘並非於一年或之內到期，則以非流動負債呈列。

應付貿易款項最初按公平值確認，其後以實際利率法按攤銷成本計量。

2.15 借貸

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

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

2.16 即期及遞延所得稅

期內稅項開支包括即期及遞延稅項。稅項在損益賬中確認，除非其涉及其他綜合收入表或直接在本中確認之項目。在此情況下，稅項分別在其他綜合收入表或股本中確認。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Current and deferred income tax (Continued)

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

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

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

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

2.17 Employee benefits

(a) Employee leave entitlements

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

2. 重要會計政策摘要(續)

2.16 即期及遞延所得稅(續)

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

遞延所得稅資產只會未來應課稅溢利有可能用作抵銷暫時差異時才會確認。

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

遞延所得稅資產及負債僅可在即期稅項資產與即期稅項負債有合法權利互相抵銷及遞延所得稅相關於同一稅務機關向同一應課稅實體或不同應課稅實體徵收所得稅(有關實體擬按淨額基準支付有關結餘)時，方可互相抵銷。

2.17 僱員福利

(a) 僱員所享有假期

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Employee benefits (Continued)

(b) Pension obligations

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

(c) Share-based compensation

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

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

(d) Bonus plan

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

2. 重要會計政策摘要(續)

2.17 僱員福利(續)

(b) 退休金承擔

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

(c) 以股份作補償

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

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

(d) 花紅計劃

本集團於合約規定或由過往做法產生推定責任時就花紅確認撥備。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.18 Provisions

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

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

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

2.19 Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2. 重要會計政策摘要(續)

2.18 撥備

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

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

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

2.19 收益確認

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

當收益的數額能夠可靠計量、未來經濟利益有可能流入有關實體，而本集團每項活動均符合具體條件時(如下文所述)，本集團便會將收益確認。本集團會根據其往績並考慮客戶類別、交易種類和每項安排的特點作出估計。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Revenue recognition (Continued)

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

2.20 Borrowing costs

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

2.21 Financial guarantees

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

2. 重要會計政策摘要(續)

2.19 收益確認(續)

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

2.20 借貸成本

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

2.21 財務擔保

財務擔保合約是指合約持有人可因某特定債務人未能根據債務工具條款在到期日作出支付產生損失而可向合約發行人要求作出補償之合約。此等財務擔保提供予銀行、金融機構和其他團體，以擔保子公司或聯營向他們取得的抵押貸款、透支及其他銀行融資。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Financial guarantees (Continued)

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the company.

2.22 Operating leases (as the lessee)

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

2.23 Dividend distribution

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

2. 重要會計政策摘要(續)

2.21 財務擔保(續)

財務擔保在財務報表中初始按提供擔保日期的公平值確認。由於全部擔保乃按公平原則協定及經協定的溢價價值相當於擔保責任的價值，於簽署時，財務擔保公平值為零。日後溢價的應收款項並無確認。初始確認後，本公司在該等擔保的負債按初始數額減根據香港會計準則18確認的費用攤銷，與需要結算該擔保數額的最佳估計兩者的較高者計量。此等估計根據類似交易和過往損失的經驗釐定，並附以管理層的判斷。賺取的費用收益以直線法按擔保年期確認。有關擔保的任何負債增加在綜合收益表內列賬。

如與子公司或聯營的貸款或其他應收款有關的擔保是以免償方式提供，公允價值入賬為出資並確認為本公司財務報表的部份投資成本。

2.22 經營租約(作為承租人)

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

2.23 股息分派

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, cash flow and fair value interest rate risk, credit risk and liquidity risk.

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

(a) Foreign exchange risk

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

At 31 December 2009, if RMB had weakened/strengthened by 0.1% (2008: 6.4%) against USD with all other variable held constant, post-tax profit for the year would have been RMB895,000 (2008: RMB58,316,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of USD-denominated pledged bank deposits, cash and cash equivalents, trade and bill receivables, trade and bill payables and borrowings.

3. 財務風險管理

3.1 財務風險因素

本集團的業務面對多種財務風險：外匯風險、現金流及公平值利率風險、信貸風險及流動資金風險。

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

(a) 外匯風險

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

於二零零九年十二月三十一日，倘人民幣兌美元的匯率貶值／升值0.1%（二零零八年：6.4%），而所有其他可變因素維持不變，則年內稅後溢利將會減少／增加人民幣895,000元（二零零八年：人民幣58,316,000元），主要由於匯兌以美元列示的現金及現金等值物、應收貿易及票據款項、應付貿易及票據款項以及借貸產生的外匯虧損／收益。

3. FINANCIAL RISK MANAGEMENT*(Continued)***3.1 Financial risk factors (Continued)**

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

The Group's interest-rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. As at 31 December 2009, approximately 43% (2008: 7%) of the Group's borrowings were at fixed rates and the remaining were at floating rates.

The Group manages certain of its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. As at 31 December 2009, the Group converted borrowings of RMB30,727,000 (2008: RMB57,411,000) from floating rate to fixed rate through interest rate swap (Note 18).

As at 31 December 2009, if interest rates on USD-denominated borrowings had been 1.04 percentage-points lower/higher with all other variables held constant, post-tax profit for the year would have been RMB5,068,000 (2008: RMB7,651,000) higher/lower, mainly as a result of lower/higher interest expense on floating rate borrowings.

3. 財務風險管理(續)**3.1 財務風險因素(續)**

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

本集團的利率風險來自借貸。按浮息計息的借貸令本集團面對現金流量利率風險，而以人民幣列示並按定息計息的借貸則令本集團面對公平值利率風險。於二零零九年十二月三十一日，本集團約43%(二零零八年：7%)之借貸為定息，其餘為浮息。

本集團透過浮息與定息利率掉期而管理其若干現金流利率風險。利率掉期之經濟影響為將借貸由浮息轉為定息。於二零零九年十二月三十一日，本集團將人民幣30,727,000元(二零零八年：人民幣57,411,000元)透過利率掉期由浮息轉為定息(附註18)。

於二零零九年十二月三十一日，倘以美元列示的借貸利率下跌/上升1.04個百分點，而所有其他可變因素維持不變，年內稅後溢利將增加/減少人民幣5,068,000元(二零零八年：人民幣7,651,000元)，主要由於浮息借貸的利息開支減少/增加。

3. FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(c) Credit risk

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

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

To lower the Group's exposure to credit risk, the Group may request 5% deposits from certain of their customers before delivery of goods. In addition, most of the sales in Vietnam are covered by letters of credit issued by banks. As at 31 December 2009, 81% (2008: 82%) of the trade and bill receivables are covered by letters of credit issued by banks.

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

(d) Liquidity risk

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

3. 財務風險管理(續)

3.1 財務風險因素(續)

(c) 信貸風險

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

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

為降低本集團之信貸風險，本集團可能在交付貨品前要求若干客戶提供5%之按金。另外，大部份於越南之銷售均由銀行發出之信用狀涵蓋。於二零零九年十二月三十一日，81%(二零零八年：82%)之應收貿易及票據款項由銀行發出之信用狀涵蓋。

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

(d) 流動資金風險

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

3. FINANCIAL RISK MANAGEMENT

(Continued)

3.1 Financial risk factors (Continued)

(d) Liquidity risk (Continued)

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

		Less than 1 year 少於一年 RMB'000 人民幣千元	Between 1 and 2 years 一年至兩年 RMB'000 人民幣千元	Between 2 and 5 years 兩年至五年 RMB'000 人民幣千元
Group	本集團			
At 31 December 2009	於二零零九年 十二月三十一日			
Borrowings	借貸	707,869	48,715	227,870
Interest payable on borrowings	借貸應付利息	30,227	14,551	9,385
Derivative financial instruments	衍生金融工具	305	-	-
Trade and bill payables	應付貿易及票據款項	510,602	-	-
Other payables	其他應付款項	222,951	-	-
		1,471,954	63,266	237,255
At 31 December 2008	於二零零八年 十二月三十一日			
Borrowings	借貸	522,607	289,807	264,460
Interest payable on borrowings	借貸應付利息	33,521	17,423	2,854
Derivative financial instruments	衍生金融工具	7,915	-	-
Trade and bill payables	應付貿易及票據款項	631,068	-	-
Other payables	其他應付款項	172,237	-	-
		1,367,348	307,230	267,314
Company	本公司			
At 31 December 2009	於二零零九年 十二月三十一日			
Borrowings	借貸	262,672	-	170,705
Interest payable on borrowings	借貸應付利息	13,856	11,523	7,586
Derivative financial instruments	衍生金融工具	305	-	-
Due to subsidiaries	應付附屬公司款項	266,521	-	-
Other payables	其他應付款項	83,948	-	-
		627,302	11,523	178,291
At 31 December 2008	於二零零八年 十二月三十一日			
Borrowings	借貸	189,234	215,077	167,300
Interest payable on borrowings	借貸應付利息	19,391	10,517	-
Due to subsidiaries	應付附屬公司款項	128,511	-	-
Other payables	其他應付款項	84,599	-	-
		421,735	225,594	167,300

3. 財務風險管理(續)

3.1 財務風險因素(續)

(d) 流動資金風險(續)

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

3. FINANCIAL RISK MANAGEMENT

(Continued)

3.2 Capital risk management

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

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

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

The gearing ratios are as follows:

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Total borrowings	借貸總額	984,454	1,076,874
Less: pledged bank deposits and cash and cash equivalents (Note 13)	減：已抵押銀行存款及現金及現金等值物(附註13)	(407,902)	(334,582)
Net debt	債務淨額	576,552	742,292
Total equity	權益總額	1,486,665	1,228,382
Net gearing ratio	淨資產負債比率	39%	60%

The decrease in gearing ratio during 2009 was a result of the repayment of borrowings, the increase in total equity from 2009's profit and the cash balances generated from operations.

3. 財務風險管理(續)

3.2 資金風險管理

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

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

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

資產負債比率如下：

因償還借款、二零零九年的溢利令股東權益總額增加，以及來自營運之現金結存，二零零九年資產負債比率相應減少。

3. FINANCIAL RISK MANAGEMENT

(Continued)

3.3 Fair value estimation

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- 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).

As at 31 December 2009, the Group held interest rate swap contract and this derivative financial instrument is classified under level 2. The fair value of interest rate swap contract is calculated as the present value of the estimated future cash flows based on observable yield curves.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

3. 財務風險管理(續)

3.3 公平值估計

自二零零九年一月一日起，本集團就於資產負債表按公平值計量之金融工具採納香港財務報告準則第7號之修訂，此項修訂要求採用下列公平值計量機制對公平值計量分級作出披露：

- 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，資產或負債之可觀察直接(如價格)或間接(如源自價格者)輸入資料(第二級)。
- 並非根據可觀察市場數據(如不可觀察輸入資料)釐定之資產或負債輸入資料(第三級)。

於二零零九年十二月三十一日，本集團持有利率掉期合約，此衍生金融工具分類為第二級。利率掉期合約之公平值乃基於可觀察收益率曲線並按估計日後現金流量的現值計量。

4. 關鍵會計估計及判斷

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

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

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

4.2 Net realisable value of inventories

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

4.3 Impairment of trade, bill and other receivables

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

4. 關鍵會計估計及判斷(續)

4.1 物業、廠房及設備之估計可使用年期及剩餘價值

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

4.2 存貨之可變現淨值

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

4.3 應收貿易及票據款項以及其他應收賬款減值

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS *(Continued)*

4.4 Provisions for social funds

The Group's management determines the provision for social funds in Mainland China based on the employee's basic salary (subject to a cap) at rates as stipulated by the relevant municipal governments. The ultimate payable amount might be different from management estimate.

4.5 Income taxes and deferred income tax

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

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

4. 關鍵會計估計及判斷 *(續)*

4.4 社會基金供款

本集團管理層乃基於僱員基本薪金釐定中國內地社會基金供款(訂有上限)，比率由有關市政府規定。最終應付款項或與管理層估計有所差異。

4.5 所得稅及遞延所得稅

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

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

5. SEGMENTAL INFORMATION

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 and other territories.

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

5. 分類資料

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、坯布及面料之營業額表現。業務以地區基準(包括中國大陸、越南及其他地區)作進一步評估。

執行董事委員會根據收益及經營利潤評估經營分部之業績。

For the year ended 31 December 2009
截至二零零九年十二月三十一日止年度

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

5. SEGMENTAL INFORMATION (Continued)

The segment information for the year ended 31 December 2009 is as follows:

5. 分類資料(續)

截至二零零九年十二月三十一日止年度之分類資料如下：

		Yarn 紗線			Grey fabrics 坯布	Garment fabrics 面料	Total 總額
		Mainland China 中國大陸	Vietnam 越南	Other territories 其他地區	Mainland China 中國大陸	Mainland China 中國大陸	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
Total revenue	總收益	3,150,612	1,161,548	721,100	770,874	120,053	5,924,187
Inter-segment revenue	分類間收益	(306,949)	(822,293)	(706,509)	-	-	(1,835,751)
Revenue (from external customers)	收益(來自外部客戶)	2,843,663	339,255	14,591	770,874	120,053	4,088,436
Segment results	分類業績	182,970	159,077	(8,734)	20,469	15,897	369,679
Unallocated expenses	未分配費用						(6,983)
Operating results	經營業績						362,696
Finance income	財務收入						3,985
Finance costs	財務費用						(49,136)
Share of profit of an associate	分佔聯營公司虧損						286
Income tax expense	所得稅開支						(32,266)
Profit for the year	年內溢利						285,565
Depreciation and amortisation	折舊及攤銷	(58,960)	(40,876)	(283)	(19,944)	(3,050)	(123,113)

5. SEGMENTAL INFORMATION (Continued)

The segment information for the year ended 31 December 2008 is as follows:

5. 分類資料(續)

截至二零零八年十二月三十一日止年度之分類資料如下：

		Yarn 紗線			Grey fabrics 坯布	Garment fabrics 面料	Total 總額
		Mainland China 中國大陸	Vietnam 越南	Other territories 其他地區	Mainland China 中國大陸	Mainland China 中國大陸	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
Total revenue	總收益	2,741,423	546,293	684,792	909,775	128,895	5,011,178
Inter-segment revenue	分類間收益	(222,315)	(387,308)	(663,914)	-	-	(1,273,537)
Revenue (from external customers)	收益 (來自外部客戶)	2,519,108	158,985	20,878	909,775	128,895	3,737,641
Segment results	分類業績	216,518	33,355	(14,251)	22,484	14,359	272,465
Unallocated expenses	未分配費用						(7,686)
Operating results	經營業績						264,779
Finance income	財務收入						3,947
Finance costs	財務費用						(3,392)
Share of profit of an associate	分佔聯營公司虧損						(16,966)
Income tax expense	所得稅開支						(34,175)
Profit for the year	年內溢利						214,193
Depreciation and amortisation	折舊及攤銷	(53,493)	(17,443)	(245)	(21,993)	(3,140)	(96,314)

For the year ended 31 December 2009
截至二零零九年十二月三十一日止年度

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

5. SEGMENTAL INFORMATION (Continued)

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

		Yarn 紗線				Grey fabrics 坯布	Garment fabrics 面料	Total 總額
		Mainland China 中國大陸	Vietnam 越南	Other territories 其他地區	Sub-total 小計	Mainland China 中國大陸	Mainland China 中國大陸	
		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	1,738,945	972,994	35,502	2,747,441	451,783	96,281	3,295,505
Unallocated assets	未分配資產							2,197
Total assets of the Group	本集團總資產							3,297,702
Total segment liabilities	分類總負債				(1,238,149)	(111,267)	(14,940)	(1,364,356)
Unallocated liabilities	未分配負債							(446,681)
Total liabilities of the Group	本集團總負債							(1,811,037)
Capital expenditure	資本開支	67,486	57,141	447	125,074	7,765	1,891	134,730

5. 分類資料(續)

於二零零九年十二月三十一日之分類資產及負債如下：

The segment assets and liabilities as at 31 December 2008 are as follows:

於二零零八年十二月三十一日之分類資產及負債如下：

		Yarn 紗線				Grey fabrics 坯布	Garment fabrics 面料	Total 總額
		Mainland China 中國大陸	Vietnam 越南	Other territories 其他地區	Sub-total 小計	Mainland China 中國大陸	Mainland China 中國大陸	
		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	1,712,808	827,432	44,818	2,585,058	523,899	84,533	3,193,490
Unallocated assets	未分配資產							5,702
Total assets of the Group	本集團總資產							3,199,192
Total segment liabilities	分類總負債				(1,259,911)	(120,454)	(7,850)	(1,388,215)
Unallocated liabilities	未分配負債							(582,595)
Total liabilities of the Group	本集團總負債							(1,970,810)
Capital expenditure	資本開支	103,259	303,389	19	406,667	8,562	724	415,953

6. LAND USE RIGHTS – GROUP

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

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Leases of between 10 to 50 years	10至50年的租賃		
– In Mainland China	– 於中國大陸	134,029	95,672
– In Vietnam	– 於越南	20,454	20,810
		154,483	116,482

As at 31 December 2009, land use rights with a net book amount of RMB10,897,000 (2008: Nil) was pledged as collateral of the Group's bank borrowings (Note 17).

於二零零九年十二月三十一日，賬面淨值人民幣10,897,000元(二零零八年：人民幣零元)的土地使用權已抵押作本集團銀行借貸的抵押品(附註17)。

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Opening amount	年初	116,482	104,622
Additions	添置	40,546	25,818
Disposals	出售	–	(12,175)
Amortisation	攤銷	(2,545)	(1,783)
Closing amount	年終	154,483	116,482
Cost	成本	162,461	121,915
Accumulated amortisation	累計攤銷	(7,978)	(5,433)
Net book amount	賬面淨值	154,483	116,482

Amortisation was included in cost of sales.

攤銷已計入銷售成本。

As at 31 December 2009, land use rights of RMB10,082,000 (2008: RMB10,082,000) consisted of cost of RMB59,269,000 (2008: RMB59,269,000), less related government grant of RMB49,187,000 (2008: RMB49,187,000) which was deducted from the acquisition cost. The accumulated amortisation of these land use rights was RMB1,268,000 as at 31 December 2009 (2008: RMB1,067,000).

於二零零九年十二月三十一日，土地使用權價值為人民幣10,082,000元(二零零八年：人民幣10,082,000元)，為成本人民幣59,269,000元(二零零八年：人民幣59,269,000元)減去從收購成本中扣減的相關政府補助人民幣49,187,000元(二零零八年：人民幣49,187,000元)。於二零零九年十二月三十一日，該等土地使用權之累計攤銷為人民幣1,268,000元(二零零八年：人民幣1,067,000元)。

7. PROPERTY, PLANT AND EQUIPMENT – GROUP AND COMPANY

Group

7. 物業、廠房及設備 – 本集團及本公司

本集團

		Buildings 樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及設備 RMB'000 人民幣千元	Furniture and fixtures 傢俬及裝置 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Con- struction in-progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2008	於二零零八年 一月一日						
Cost or valuation	成本或估值	315,421	888,054	11,749	11,409	184,779	1,411,412
Accumulated depreciation	累計折舊	(23,628)	(191,406)	(5,070)	(3,765)	–	(223,869)
Net book amount	賬面淨值	291,793	696,648	6,679	7,644	184,779	1,187,543
Year ended 31 December 2008	截至二零零八年 十二月三十一日 止年度						
Opening net book amount	年初賬面淨值	291,793	696,648	6,679	7,644	184,779	1,187,543
Additions	添置	8,148	2,552	3,442	209	375,784	390,135
Transfer	轉讓	78,818	53,073	–	–	(131,891)	–
Disposals	出售	(5,223)	(10,013)	(258)	(442)	–	(15,936)
Depreciation	折舊	(14,175)	(76,362)	(2,210)	(1,784)	–	(94,531)
Closing net book amount	年終賬面淨值	359,361	665,898	7,653	5,627	428,672	1,467,211
At 31 December 2008	於二零零八年 十二月三十一日						
Cost or valuation	成本或估值	395,380	932,108	14,852	10,666	428,672	1,781,678
Accumulated depreciation	累計折舊	(36,019)	(266,210)	(7,199)	(5,039)	–	(314,467)
Net book amount	賬面淨值	359,361	665,898	7,653	5,627	428,672	1,467,211
Year ended 31 December 2009	截至二零零九年 十二月三十一日 止年度						
Opening net book amount	年初賬面淨值	359,361	665,898	7,653	5,627	428,672	1,467,211
Additions	添置	7,146	2,575	1,410	2,167	80,886	94,184
Transfer	轉讓	102,608	336,621	–	–	(439,229)	–
Disposals	出售	(512)	(4,586)	(20)	(164)	–	(5,282)
Depreciation	折舊	(17,417)	(98,386)	(2,471)	(2,294)	–	(120,568)
Closing net book amount	年終賬面淨值	451,186	902,122	6,572	5,336	70,329	1,435,545
At 31 December 2009	於二零零九年 十二月三十一日						
Cost or valuation	成本或估值	504,559	1,258,722	16,102	11,968	70,329	1,861,680
Accumulated depreciation	累計折舊	(53,373)	(356,600)	(9,530)	(6,632)	–	(426,135)
Net book amount	賬面淨值	451,186	902,122	6,572	5,336	70,329	1,435,545

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

The Group's interests in buildings at their net book values are analysed as follows:

7. 物業、廠房及設備—本集團及本公司(續)

本集團在樓宇之權益按賬面淨值計算分析如下：

	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Buildings in Mainland China, located on leases of between 10 to 50 years	313,958	310,438
Buildings in Vietnam, located on leases of between 10 to 50 years	137,228	48,923
	451,186	359,361

Buildings with net book amount of RMB257,236,000 (2008: RMB273,284,000) were stated at open market value at 31 December 2007, based on a valuation performed by DTZ Debenham Tie Leung Limited, an independent firm of qualified valuers. The revaluation surplus, net of applicable deferred income tax liabilities, was credited to revaluation reserve in equity (Note 16).

根據獨立合資格估值公司戴德梁行有限公司進行的估值，賬面淨值為人民幣257,236,000元(二零零八年：人民幣273,284,000元)的樓宇以於二零零七年十二月三十一日的公開市值列賬。重估盈餘扣除適用的遞延所得稅負債，計入股本內的重估儲備(附註16)。

During the year ended 31 December 2009, depreciation of RMB109,869,000 (2008: RMB83,925,000) was included in cost of sales, RMB93,000 (2008: RMB88,000) was included in selling and distribution costs and RMB10,606,000 (2008: RMB10,518,000) was included in general and administrative expenses.

於截至二零零九年十二月三十一日止年度，人民幣109,869,000元(二零零八年：人民幣83,925,000元)的折舊開支已於銷售成本中支銷，人民幣93,000元(二零零八年：人民幣88,000元)的折舊開支已於銷售及分銷開支中支銷及人民幣10,606,000元(二零零八年：人民幣10,518,000元)的折舊開支已於一般及行政開支中支銷。

During the year ended 31 December 2009, finance cost of RMB1,631,000 (2008: RMB6,275,000) was capitalised as part of property, plant and equipment at a rate of 6.1% (2008: 6.1%) per annum (Note 26).

於截至二零零九年十二月三十一日止年度，財務費用人民幣1,631,000元(二零零八年：人民幣6,275,000元)已資本化為物業、廠房及設備之部份，按年度資本化率為6.1%(二零零八年：6.1%)(附註26)。

As at 31 December 2009, property, plant and equipment of approximately RMB435,021,000 (2008: RMB311,700,000) were pledged as collateral of the Group's bank borrowings (Note 17).

於二零零九年十二月三十一日的物業、廠房及設備約人民幣435,021,000元(二零零八年：人民幣311,700,000元)已抵押為本集團銀行貸款的抵押品(附註17)。

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

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

7. 物業、廠房及設備 – 本集團及本公司(續)

倘樓宇以歷史成本法列賬，金額將如下：

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Cost	成本	443,767	334,588
Accumulated depreciation	累計折舊	(38,266)	(26,255)
Net book amount	賬面淨值	405,501	308,333

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

以上資產的成本或估值分析如下：

		Buildings 樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及設備 RMB'000 人民幣千元	Furniture and fixtures 傢俬及裝置 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Con- struction in-progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 31 December 2009	於二零零九年 十二月三十一日						
At cost	按成本	196,720	1,258,722	16,102	11,968	70,329	1,553,841
At valuation – 31 December 2007	按估值 – 於二零零七年 十二月三十一日	307,839	-	-	-	-	307,839
		504,559	1,258,722	16,102	11,968	70,329	1,861,680
At 31 December 2008	於二零零八年 十二月三十一日						
At cost	按成本	86,966	932,108	14,852	10,666	428,672	1,473,264
At valuation – 31 December 2007	按估值 – 於二零零七年 十二月三十一日	308,414	-	-	-	-	308,414
		395,380	932,108	14,852	10,666	428,672	1,781,678

Lease rental expense of RMB11,903,000 (2008: RMB12,751,000), relating to the lease of buildings and machinery, was included in cost of sales (Note 24).

有關租賃樓宇及機器的租金開支人民幣11,903,000元(二零零八年：人民幣12,751,000元)已計入銷售成本(附註24)。

7. PROPERTY, PLANT AND EQUIPMENT – GROUP AND COMPANY (Continued) **7. 物業、廠房及設備 – 本集團及本公司(續)**
Company 本公司

		Furniture and fixtures 傢俬及裝置 RMB'000 人民幣千元
At 1 January 2008	於二零零八年一月一日	
Cost	成本	1,149
Accumulated depreciation	累計折舊	(599)
Net book amount	賬面淨值	550
Year ended 31 December 2008	截至二零零八年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	550
Depreciation	折舊	(165)
Net book amount	賬面淨值	385
At 31 December 2008	於二零零八年十二月三十一日	
Cost	成本	1,149
Accumulated depreciation	累計折舊	(764)
Net book amount	賬面淨值	385
Year ended 31 December 2009	截至二零零九年十二月三十一日止年度	
Opening net book amount	年初賬面淨值	385
Depreciation	折舊	(212)
Net book amount	賬面淨值	173
At 31 December 2009	於二零零九年十二月三十一日	
Cost	成本	1,149
Accumulated depreciation	累計折舊	(976)
Net book amount	賬面淨值	173

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

8. 於附屬公司的投資及應收／應付附屬公司款項—本公司

		Company 本公司	
		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Unlisted shares, at cost	按成本投資非上市股份	246,989	246,989
Due from subsidiaries – non-current portion (Note(a))	應收附屬公司款項 – 非即期部份 (附註(a))	376,978	613,950
		623,967	860,939
Due from subsidiaries – current portion (Note(b))	應收附屬公司款項 – 即期部份(附註(b))	643,663	408,326
Due to subsidiaries (Note(b))	應付附屬公司款項 (附註(b))	266,521	128,511

Notes:

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

附註：

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

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

本公司主要附屬公司詳情載於附註35。

9. INVESTMENT IN AN ASSOCIATE – GROUP

9. 於聯營公司投資—本集團

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Share of net assets of unlisted associate (Note (a))	分佔非上市聯營公司 資產淨值(附註(a))	34,667	34,381
Goodwill (Note (b))	商譽(附註(b))	191	191
		34,858	34,572

9. INVESTMENT IN AN ASSOCIATE – GROUP (Continued)

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

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Opening amount	年初	34,381	43,608
Capital contribution	注資	–	7,739
Share of profit/(loss)	分佔溢利/(虧損)	286	(16,966)
Closing amount	年終	34,667	34,381

(b) Goodwill

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

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

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

9. 於聯營公司投資 – 本集團(續)

(a) 本集團應佔資產淨值變動如下：

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Opening amount	年初	34,381	43,608
Capital contribution	注資	–	7,739
Share of profit/(loss)	分佔溢利/(虧損)	286	(16,966)
Closing amount	年終	34,667	34,381

(b) 商譽

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

(c) 非上市聯營公司詳細資料如下：

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

9. INVESTMENT IN AN ASSOCIATE – GROUP (Continued)

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

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Revenue	收入	87,726	155,993
Profit/(Loss) for the year	年度溢利/(虧損)	286	(16,966)
Non-current assets	非流動資產	101,166	105,799
Current assets	流動資產	32,163	36,663
Current liabilities	流動負債	(63,367)	(56,042)
Non-current liabilities	非流動負債	(35,295)	(52,039)
		34,667	34,381

9. 於聯營公司投資—本集團(續)

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

10. INVENTORIES – GROUP

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Raw materials	原材料	451,541	397,946
Work-in-progress	在製品	48,632	47,070
Finished goods	製成品	214,482	245,010
		714,655	690,026

10. 存貨—本集團

The cost of inventories recognised as expense and included in cost of sales amounted to RMB3,496,569,000 (2008: 3,271,863,000).

In 2009, the Group reversed an inventory obsolescence provision of RMB9,393,000 (2008: additional provision of RMB6,843,000) (Note 24). This amount has been included in cost of sales.

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

確認為費用且列入銷售成本的存貨成本為人民幣3,496,569,000元(二零零八年：人民幣3,271,863,000元)。

於二零零九年，本集團就陳舊存貨錄得額外撥備人民幣9,393,000元(二零零八年：額外撥備人民幣6,843,000元)(附註24)。此金額已包括在銷售成本內。

於二零零八年十二月三十一日，人民幣47,752,000元浮動抵押的存貨用作本集團若干銀行借貸的擔保(附註17)。

11. TRADE AND BILL RECEIVABLES – GROUP

11. 應收貿易及票據款項 – 本集團

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Trade receivables	應收貿易款項	178,082	85,354
Less: provision for impairment	減：減值撥備	(2,936)	(7,230)
Bill receivables	應收票據款項	175,146 260,319	78,124 385,989
		435,465	464,113

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

應收貿易及票據款項的公平值接近其賬面值。

As at 31 December 2009, bill receivables of approximately RMB4,100,000 (2008: RMB81,821,000) was pledged as collateral for issuance of letter of credits.

於二零零九年十二月三十一日，應收票據款項約人民幣4,100,000元(二零零八年：人民幣81,821,000元)已作抵押，作為發出信用証之抵押品。

The Group generally grants credit terms of less than 90 days to its customers in Mainland China and 120 days to its customers in other countries. The ageing analysis of the trade and bill receivables by invoice date is as follows:

本集團授予其中國大陸客戶的信貸期一般為90日內，而授予其他國家客戶的信貸期為120日內。應收貿易及票據款項的賬齡分析如下：

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
0 to 30 days	0日至30日	229,247	281,255
31 to 90 days	31日至90日	119,999	107,647
91 to 180 days	91日至180日	85,516	75,692
181 days to 1 year	181日至1年	1,027	1,551
Over 1 year	1年以上	2,612	5,198
Less: provision for impairment	減：減值撥備	438,401 (2,936)	471,343 (7,230)
Trade and bill receivables – net	應收貿易及票據款項 — 淨額	435,465	464,113

11. TRADE AND BILL RECEIVABLES – GROUP (Continued)

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

Trade receivables that are less than 90 days in Mainland China and 120 days in other countries are generally not considered impaired, which amounted to RMB174,639,000 as at 31 December 2009 (2008: RMB78,035,000). As at 31 December 2009, trade receivables aged by more than 90 days in Mainland China or 120 days of RMB507,000 (2008: RMB89,000) in other countries are considered not to be impaired. These relate to a number of customers for whom there is no recent history of default. All these trade receivables are aged within 91 days to 180 days.

As at 31 December 2009, trade receivables of RMB2,936,000 (2008: RMB7,230,000) were impaired and had been fully provided for. These receivables relate to a number of customers, including customers in unexpected difficult economic situations. The ageing of these receivables is as follows:

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
91 to 180 days	91日至180日	197	1,381
181 days to 1 year	181日至1年	127	651
Over 1 year	1年以上	2,612	5,198
		2,936	7,230

Trade and bill receivables are denominated in the following currencies:

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
RMB	人民幣	317,041	458,960
United States dollars	美元	121,360	12,383
		438,401	471,343

11. 應收貿易及票據款項 – 本集團 (續)

由於本集團擁有大批客戶，故應收貿易及票據款項無集中的信貸風險。

於中國大陸逾期不足90及於其他國家不足120日之應收貿易款項一般不視為已減值，於二零零九年十二月三十一日的金額為人民幣174,639,000元(二零零八年：人民幣78,035,000元)。於二零零九年十二月三十一日，未被視為已減值之中國大陸逾期90日以上及其他國家逾期120日以上應收貿易款項為人民幣507,000元(二零零八年：人民幣89,000元)。該等結欠涉及最近並無拖欠記錄之多名客戶。所有該等應收貿易款項之賬齡均為91至180日。

於二零零九年十二月三十一日，應收貿易款項人民幣2,936,000元(二零零八年：人民幣7,230,000元)已減值並已作全面撥備。該等應收款項涉及多名客戶。該等應收款項之賬齡如下：

以下列貨幣列示的應收貿易及票據款項如下：

11. TRADE AND BILL RECEIVABLES – GROUP (Continued)

Movements of the provision for impairment of trade receivables are as follows:

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
At 1 January	於一月一日	7,230	4,618
Provision reversed when the related receivables were collected	相關應收款項收回時撥回撥備	(4,294)	(356)
Provision for receivable impairment	應收款項減值撥備	-	2,968
At 31 December	於十二月三十一日	2,936	7,230

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

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

11. 應收貿易及票據款項 – 本集團 (續)

應收貿易款項減值撥備變動如下：

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

於本報告日期，本集團面對的最大信貸風險為應收貿易及票據款項公平值。

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

		Group 本集團		Company 本公司	
		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Prepayments for purchase of raw materials	購買原材料的預付款項	93,144	69,418	-	-
Deposit for acquisition of land use right	收購土地使用權之按金	-	11,000	-	-
Staff advances	員工墊款	870	752	5	93
Value-added tax recoverable	應退增值稅	13,748	169	-	-
Prepaid expenses	預付開支	165	645	-	-
Deposits	按金	2,995	1,062	-	-
Other receivables	其他應收款項	1,271	4,305	-	-
		112,193	87,351	5	93

12. 預付款項、按金及其他應收賬款 – 本集團及本公司

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – GROUP AND COMPANY (Continued)

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

As at 31 December 2008, included in prepayments for purchase of raw materials were amount due from an associate of RMB4,122,000 (Note 34).

12. 預付款項、按金及其他應收賬款 – 本集團及本公司(續)

預付款項、按金及其他應收款項的公平值接近其賬面值。

於二零零八年十二月三十一日，計入原材料採購之預付款項中應收聯營公司款項，達人民幣4,122,000元(附註34)。

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

13. 已抵押銀行存款及現金及現金等值物 – 本集團及本公司

		Group 本集團		Company 本公司	
		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Pledged bank deposits	已抵押銀行存款	15,899	21,570	–	–
Cash at bank and in hand	銀行及手頭現金	392,003	313,012	1,087	3,568
		407,902	334,582	1,087	3,568

As at 31 December 2009, the weighted average effective interest rate on pledged bank deposits and other deposits was 0.4% (2008: 0.4%) per annum. The pledged bank deposits have maturities of 75 days at inception (2008: 75 days).

於二零零九年十二月三十一日，已抵押銀行存款及其他存款之加權平均有效利率為每年0.4%(二零零八年：0.4%)。已抵押銀行存款之存款期為訂立日期起計75日(二零零八年：75日)。

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

已抵押銀行存款及現金及現金等值物的計值貨幣如下：

		Group 本集團		Company 本公司	
		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
RMB	人民幣	279,086	261,794	–	–
United States dollars	美元	122,470	70,413	930	3,330
Hong Kong dollars	港元	2,346	1,054	157	238
Vietnam Dong	越南盾	3,957	1,196	–	–
Others	其他	43	125	–	–
		407,902	334,582	1,087	3,568

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

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

13. 已抵押銀行存款及現金及現金等值物 – 本集團及本公司 (續)

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

14. SHARE CAPITAL – GROUP AND COMPANY

14. 股本 – 本集團及本公司

		Ordinary shares of HK\$0.1 each 每股面值0.1港元的普通股		
		Number of shares 股份數目		
		'000 千股	HK\$'000 千港元	RMB'000 人民幣千元
Authorised:	法定：			
At 31 December 2008 and 2009	於二零零八年及二零零九年十二月三十一日	4,000,000	400,000	
Issued and fully paid:	已發行及繳足：			
At 1 January 2008	於二零零八年一月一日	883,855	88,386	93,990
Issue of shares upon exercise of share options under Pre-IPO Share Option Scheme	於首次公開發售前購股權計劃下行使購股權後發行股份	826	83	74
At 31 December 2008	於二零零八年十二月三十一日	884,681	88,469	94,064
At 1 January 2009 and 31 December 2009	於二零零九年一月一日及二零零九年十二月三十一日	884,681	88,469	94,064

15. SHARE OPTIONS – GROUP AND COMPANY

Post-IPO Share Option Scheme

Pursuant to a shareholders' resolution passed on 21 November 2004, the Company adopted a share option scheme ("the Share Option Scheme"), which will remain in force for a period of 10 years up to November 2014. Under the Share Option Scheme, the Company's directors may, at their sole discretion, grant to any employee, director, supplier of goods or services, customer, person or entity that provides research, development or other technological support to the Group, shareholder and adviser or consultant of the Group to subscribe for shares in the Company at a price of not less than the higher of (i) the closing price of shares as stated in the daily quotation sheet of the Stock Exchange on the date of the offer of grant; or (ii) the average closing price of shares as stated in the daily quotation sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the share. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option. The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group from time to time must not in aggregate exceed 30% of the share capital of the Company in issued from time to time. At 31 December 2009, no options had been granted under this Share Option Scheme (2008: Nil).

15. 購股權 – 本集團及本公司

首次公開發售後購股權計劃

根據於二零零四年十一月二十一日通過之股東決議案，本公司已批准採納一項購股權計劃（「購股權計劃」），於截至二零一四年十一月止十年期間將仍屬有效。根據購股權計劃，本公司董事可全權酌情向任何僱員、董事、貨品或服務供應商、客戶、為本集團提供研究、發展或其他技術支援的個人或實體、股東及本集團顧問或諮詢人授出購股權，以認購本公司股份，惟價格不低於下列較高者，(i)於授出要約日期在聯交所每日報價表所列出的股份收市價；或(ii)於緊接授出要約日期前五個交易日的聯交所每日報價表所列出的股份平均收市價；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尚未行使購股權獲行使時最高可予發行的股份數目合計不得超過本公司不時已發行股本的30%。於二零零九年十二月三十一日，概無購股權根據購股權計劃授出（二零零八年：無）。

16. RESERVES – GROUP AND COMPANY 16. 儲備 – 本集團及本公司

		Group 本集團						
		Share premium RMB'000 人民幣千元	Capital reserve ⁽ⁱ⁾ RMB'000 人民幣千元	Statutory reserves ⁽ⁱⁱ⁾ RMB'000 人民幣千元	Re- valuation reserve RMB'000 人民幣千元	Trans- lation reserve RMB'000 人民幣千元	Retained earnings RMB'000 人民幣千元	Total 小計 RMB'000 人民幣千元
At 1 January 2008	於二零零八年一月一日	188,781	162,041	111,171	34,254	(7,688)	493,202	981,761
Issue of shares upon exercise of share options	於行使購股權後 發行股份	437	-	-	-	-	-	437
Transfer to statutory reserves	轉撥至法定儲備	-	-	23,377	-	-	(23,377)	-
Transfer from revaluation reserve to retained earnings	轉撥重估儲備至 保留盈利	-	-	-	(2,662)	-	2,662	-
- gross	- 毛額	-	-	-	(2,662)	-	2,662	-
- deferred income tax (Note 19)	- 遞延所得稅 (附註19)	-	-	-	723	-	(723)	-
Profit for the year	年度溢利	189,218	162,041	134,548	32,315	(7,688)	471,764	982,198
Dividend paid	已付股息	-	-	-	-	-	(62,073)	(62,073)
Balance at 31 December 2008	於二零零八年十二月 三十一日的結餘	189,218	162,041	134,548	32,315	(7,688)	623,884	1,134,318
At 1 January 2009	於二零零九年一月一日	189,218	162,041	134,548	32,315	(7,688)	623,884	1,134,318
Transfer to statutory reserves	轉撥至法定儲備	-	-	21,155	-	-	(21,155)	-
Transfer from revaluation reserve to retained earnings	轉撥重估儲備至 保留盈利	-	-	-	(2,662)	-	2,662	-
- gross	- 毛額	-	-	-	(2,662)	-	2,662	-
- deferred income tax (Note 19)	- 遞延所得稅 (附註19)	-	-	-	787	-	(787)	-
Profit for the year	年度溢利	189,218	162,041	155,703	30,440	(7,688)	604,604	1,134,318
Dividend paid	已付股息	-	-	-	-	-	(27,282)	(27,282)
At 31 December 2009	於二零零九年 十二月三十一日	189,218	162,041	155,703	30,440	(7,688)	862,887	1,392,601

16. RESERVES – GROUP AND COMPANY
(Continued)

16. 儲備 – 本集團及本公司 (續)

		Company 本公司			
		Share premium 股份溢價 RMB'000 人民幣千元	Capital reserve ⁽ⁱ⁾ 資本儲備 ⁽ⁱ⁾ RMB'000 人民幣千元	Retained earnings 保留盈利 RMB'000 人民幣千元	Total 小計 RMB'000 人民幣千元
At 1 January 2008	於二零零八年一月一日	188,781	172,319	87,723	448,823
Issue of shares upon exercise of share options	於行使購股權後 發行股份	437	–	–	437
Profit for the year	年度溢利	–	–	6,490	6,490
Dividend paid	已付利息	–	–	(62,073)	(62,073)
At 31 December 2008	於二零零八年 十二月三十一日	189,218	172,319	32,140	393,677
At 1 January 2009	於二零零九年一月一日	189,218	172,319	32,140	393,677
Profit for the year	年度溢利	–	–	23,228	23,228
Dividend paid	已付利息	–	–	(27,282)	(27,282)
At 31 December 2009	於二零零九年 十二月三十一日	189,218	172,319	28,086	389,623

Notes:

附註:

- (i) Capital reserve represents the difference between the amount of share capital issued and the net asset value of the subsidiaries acquired under a Group reorganisaton in 2004.
- (ii) As stipulated by regulations in Mainland China, the Company's subsidiaries established and operated in Mainland China are required to appropriate a portion of their after-tax profit (after offsetting prior years' losses) to statutory reserves, at rates determined by their respective boards of directors. Such transfer is not required when the amount of the statutory reserve reaches 50% of the corresponding subsidiaries' registered capital.

- (i) 資本儲備指發行股本數額與於二零零四年集團重組下收購附屬公司的資產淨值的差額。
- (ii) 根據中國大陸頒佈之規例，本公司在中國大陸成立及營運之附屬公司須按其各自董事會所釐訂之比例，提撥一部份除稅後溢利(經抵銷過往年度虧損)至法定儲備。倘法定儲備的金額已達相關附屬公司註冊資本的50%，則無需作出此撥款。

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

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

17. BORROWINGS – GROUP AND COMPANY

17. 借貸—本集團及本公司

		Group 本集團		Company 本公司	
		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Current	流動				
Secured bank borrowings (Note (a))	有抵押銀行貸款 (附註(a))	75,099	88,460	—	—
Other bank borrowings (Note (b))	其他銀行貸款 (附註(b))	370,098	244,913	—	—
Unsecured bank borrowings (Note (c))	無抵押銀行貸款 (附註(c))	262,672	189,234	262,672	189,234
		707,869	522,607	262,672	189,234
Non-current	非流動				
Secured bank borrowings (Note (a))	有抵押銀行貸款 (附註(a))	97,603	113,050	—	—
Other bank borrowings (Note (b))	其他銀行貸款 (附註(b))	8,277	58,840	—	—
Unsecured bank borrowings (Note (c))	無抵押銀行貸款 (附註(c))	—	215,077	—	215,077
Notes payable (Note (d))	應付債券款項 (附註(d))	170,705	167,300	170,705	167,300
		276,585	554,267	170,705	382,377
Total borrowings	借貸總額	984,454	1,076,874	433,377	571,611

Notes:

(a) Bank borrowings of RMB172,702,000 (2008: RMB201,510,000) were secured by the followings:

- (i) pledge of the Group's property, plant and equipment with a net book amount of approximately RMB435,021,000 as at 31 December 2009 (2008: RMB311,700,000) (Note 7);
- (ii) pledge of the Group's land use rights with a net book amount of RMB10,897,000 (2008: nil) (Note 6); and
- (iii) floating charges over the Group's inventories with a net book amount of nil as at 31 December 2009 (2008: RMB47,752,000) (Note 10);

附註：

(a) 人民幣172,702,000元(二零零八年：人民幣201,510,000元)的銀行貸款以下列項目作擔保：

- (i) 本集團於二零零九年十二月三十一日抵押的物業、廠房及設備的賬面淨值約為人民幣435,021,000元(二零零八年：人民幣311,700,000元)(附註7)；
- (ii) 本集團抵押的土地使用權的賬面淨值為人民幣10,897,000元(二零零八年：人民幣零元)(附註6)；及
- (iii) 本集團於二零零九年十二月三十一日浮動抵押的存貨賬面淨值約為人民幣零元(二零零八年：人民幣47,752,000元)(附註10)；

17. BORROWINGS – GROUP AND COMPANY (Continued)

Notes: (Continued)

- (b) Other bank borrowings were secured by cross corporate guarantees provided by certain subsidiaries totalling of RMB378,375,000 as at 31 December 2009 (2008: RMB303,753,000).
- (c) Mr. Hong Tianzhu, chairman and an executive director, has undertaken to maintain at least 30% equity interest in the Company unless otherwise agreed by the relevant bank in respect of the provision of unsecured non-current bank borrowings.
- (d) As at 31 December 2009, notes payable represents US\$25 million (2008: US\$25 million) guaranteed notes, maturing in 2012. The notes payable bear interest (i) at fixed rate of 6.8% per annum from July 2007 to June 2008, (ii) at various rates based a formula making reference to Deutsche Bank Municipal Forward Rate Bias Index from July 2008 to June 2009, and (iii) at fixed rate of 6.8% per annum from July 2009.

17. 借貸—本集團及本公司(續)

附註：(續)

- (b) 其他銀行貸款是若干附屬公司互相提供公司擔保，於二零零九年十二月三十一日的總額為人民幣378,375,000元(二零零八年：人民幣303,753,000元)。
- (c) 主席兼執行董事洪天祝先生已承諾，除非得提供無抵押非即期銀行貸款的有關銀行同意，否則最少維持持有本公司股本權益30%。
- (d) 於二零零九年十二月三十一日，應付債券款項指於二零一二年到期的25,000,000美元(二零零八年25,000,000美元)的擔保票據。應付債券款項計息(i)由二零零七年七月至二零零八年六月按定息6.8%計算；(ii)由二零零八年七月至二零零九年六月，以參考德意志銀行的美國市政債券遠期利率偏差指數的浮息計算制定的方案為基礎計算；(iii)自二零零九年七月按定息6.8%計算。

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

借貸的賬面值按以下貨幣計值：

		Group 本集團		Company 本公司	
		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
RMB	人民幣	347,500	226,000	—	—
United States dollars	美元	621,151	850,874	433,377	571,611
Hong Kong dollars	港元	10,390	—	—	—
Vietnam Dong	越南盾	5,413	—	—	—
		984,454	1,076,874	433,377	571,611

The weighted average effective interest rates per annum at year end are as follows:

於結算日加權平均實際(年)利率如下：

		2009 二零零九年				2008 二零零八年	
		USD 美元	RMB 人民幣	HKD 港元	VND 越南盾	USD 美元	RMB 人民幣
Bank borrowings	銀行借貸	3.1%	5.2%	1.5%	6.5%	5.5%	6.6%
Notes payable	應付債券款項	6.8%	—	—	—	3.8%	—

17. BORROWINGS – GROUP AND COMPANY (Continued)

At 31 December 2009, the Group's borrowings were repayable as follows:

17. 借貸—本集團及本公司(續)

於二零零九年十二月三十一日，本集團貸款的到期日如下：

		Group 本集團		Company 本公司	
		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Within 1 year	1年之內	707,869	522,607	262,672	189,234
Between 1 and 2 years	1至2年	48,715	289,807	–	215,077
Between 2 and 5 years	2至5年	227,870	264,460	170,705	167,300
		984,454	1,076,874	433,377	571,611

The fair values of current borrowings approximately their carrying amounts, as the impact of discounting is not significant.

由於折現之影響微不足道，流動借貸之公平值約相等於其賬面值。

As at 31 December 2009, the fair values of the non-current borrowings and notes payable approximate its carrying amounts and the fair values were determined based on estimated cash flows discounted using the effective interest rates of 4.6% (2008: 5.5%) and 6.8% (2008:3.8%), respectively.

於二零零九年十二月三十一日，非流動借貸及應付債券款項接近其賬面值且該等公平值分別根據利用實際利率4.6% (二零零八年：5.5%)及6.8%(二零零八年：3.8%)貼現之估計現金流而計算。

In respect of the Group's borrowings totalling of RMB433,377,000 (2008: RMB571,611,000), the Group has to comply with certain restrictive financial covenants, including, among others the following:

就本集團合共人民幣433,377,000元(二零零八年：人民幣571,611,000)之借貸而言，本集團須遵守若干限制性財務契約，包括(其中包括)下列各項：

- | | |
|---|---|
| (i) maintain a multiple of consolidated earnings before income tax (EBIT), as defined by banks, to consolidated interest expense of at least 2 times (2008: 4 times); | (i) 維持綜合除所得稅前盈利(EBIT)(由銀行釐定)比率為綜合利息開支之最少2倍(二零零八年：4倍)； |
| (ii) maintain total equity of more than RMB1,000,000,000 (2008: RMB1,000,000,000); | (ii) 維持超過人民幣1,000,000,000元(二零零八年：人民幣1,000,000,000元)之股東權益總額； |
| (iii) maintain total borrowings of less than 3.8 times (2008: 3 times) of earnings before income tax, depreciation and amortisation (EBITDA), as defined by banks, and such total borrowings have to be less than the total equity; | (iii) 維持借貸總額少於除所得稅、折舊及攤銷前盈利(EBITDA)(由銀行釐定)之3.8倍(二零零八年：3倍)，借貸總額必須少於權益總額。 |
| (iv) maintain free cash balance of at least RMB200,000,000 (2008: N/A); and | (iv) 維持自由現金結餘最少人民幣200,000,000元(二零零八年：不適用)；及 |
| (v) maintain total borrowings of less than RMB1,150,000,000 (2008: N/A). | (v) 維持借貸總額少於人民幣1,150,000,000元(二零零八年：不適用)。 |

17. BORROWINGS – GROUP AND COMPANY (Continued)

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

The Group has undrawn floating rates borrowing facilities of approximately RMB172,036,000 (2008: 20,000,000) which will be expired within one year. The facilities expiring within one year are annual facilities subject to review at various dates during 2010.

17. 借貸—本集團及本公司(續)

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

本集團未動用浮動借貸融資約人民幣172,036,000元(二零零八年：人民幣20,000,000元)將於一年內到期。於一年內到期之融資須於二零一零年不同日期作審閱。

18. DERIVATIVE FINANCIAL INSTRUMENTS – GROUP

18. 衍生金融工具—本集團

		Group 本集團		Company 本公司	
		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Interest rate swap contract (Note (a))	利率掉期合約 (附註(a))	305	—	305	—
Interest rate swap and forward foreign exchange contract (Note (b))	利率掉期及遠期 外匯合約 (附註(b))	—	7,915	—	—
		305	7,915	305	—

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負債。

(a) The notional principal amount of the outstanding interest rate swap contract at 31 December 2009 was RMB30,727,000 (2008: nil).

(a) 於二零零九年十二月三十一日，未結算利率掉期合約之名義本金額為人民幣30,727,000元(二零零八年：人民幣零元)。

At 31 December 2009, the fixed interest rate was 1.86% (2008: nil) and the floating rate was with reference to London InterBank Offered Rate (“LIBOR”).

於二零零九年十二月三十一日，固定利率為1.86%(二零零八年：無)，而浮動息率乃參考倫敦銀行同業拆息(「倫敦銀行同業拆息」)。

(b) The notional principal amounts of the outstanding interest rate swap and forward foreign exchange contracts at 31 December 2009 were nil (2008: RMB57,411,000).

(b) 於二零零九年十二月三十一日，未結算利率掉期及外匯合約之名義本金額為人民幣零元(二零零八年：人民幣57,411,000元)。

At 31 December 2008, the fixed interest rate was 3.98% and the forward USD/RMB exchange rate was 7.917, and the floating rate was with reference to LIBOR.

於二零零八年十二月三十一日，固定利率為3.98%，而遠期美元／人民幣匯率為7.917，浮動息率乃參考倫敦銀行同業拆息。

19. DEFERRED INCOME TAX – GROUP

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority. The analysis of deferred tax assets and deferred tax liabilities is as follows:

19. 遞延所得稅 – 本集團

當有法定可執行權力將現有稅項資產與現有稅務負債抵銷，且遞延所得稅資產和負債涉及由同一稅務機關遞延稅項資產及遞延稅項負債之分析如下：

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Deferred tax assets:	遞延稅項資產：		
– Deferred tax assets to be recovered after more than 12 months	– 超過12個月後收回之遞延稅項資產	52	146
– Deferred tax assets to be recovered within 12 months	– 在12個月內收回之遞延稅項資產	2,549	4,709
		2,601	4,855
Deferred tax liabilities:	遞延稅項負債：		
– Deferred tax liabilities to be recovered after more than 12 months	– 超過12個月後收回之遞延稅項負債	(16,349)	(9,568)
– Deferred tax liabilities to be recovered within 12 months	– 在12個月內收回之遞延稅項負債	(7,788)	(10,605)
		(24,137)	(20,173)

19. DEFERRED INCOME TAX – GROUP

(Continued)

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred income tax assets:

		Tax losses 稅務虧損 RMB'000 人民幣千元	Temporary differences in respect of provisions and accruals 有關撥備及應計項目之暫時差異 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2008	於二零零八年一月一日	670	2,937	3,607
(Charge)/Credit to the consolidated income statement	於綜合損益表(扣除)/計入	(131)	1,379	1,248
At 31 December 2008 and 1 January 2009	於二零零八年十二月三十一日及二零零九年一月一日	539	4,316	4,855
Charge to the consolidated income statement	於綜合損益表扣除	(490)	(1,764)	(2,254)
At 31 December 2009	於二零零九年十二月三十一日	49	2,552	2,601

19. 遞延所得稅 – 本集團(續)

於年內遞延稅項資產及負債變動如下：

遞延所得稅資產：

Deferred income tax liabilities:

遞延所得稅負債：

		Revaluation of buildings 樓宇重估 RMB'000 人民幣千元	Withholding tax relating to unremitted earnings of subsidiaries 有關附屬公司未匯付盈利的預扣稅 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2008	於二零零八年一月一日	11,078	–	11,078
Reversal relating to additional depreciation	有關額外折舊之撥回	(723)	–	(723)
Withholding tax relating to unremitted earnings of subsidiaries	有關附屬公司未匯付盈利的預扣稅	–	9,818	9,818
At 31 December 2008 and 1 January 2009	於二零零八年十二月三十一日及二零零九年一月一日	10,355	9,818	20,173
Reversal relating to additional depreciation	有關額外折舊之撥回	(787)	–	(787)
Withholding tax relating to unremitted earnings of subsidiaries	有關附屬公司未匯付盈利的預扣稅	–	4,751	4,751
At 31 December 2009	於二零零九年十二月三十一日	9,568	14,569	24,137

19. DEFERRED INCOME TAX – GROUP

(Continued)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2009, the Group did not recognise deferred income tax assets of RMB71,000 (2008: nil) in respect of losses amounting to RMB282,000 (2008: nil) that can be carried forward against future taxable income.

Deferred income tax of RMB787,000 (2008: RMB723,000) was transferred from other reserves (Note 16) to retained earnings. This represents deferred tax on the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings.

19. 遞延所得稅 – 本集團 (續)

遞延所得稅資產乃就結轉之稅項虧損確認，惟以有可能透過日後之應課稅溢利變現有有關稅項利益為限。於二零零九年十二月三十一日，本集團並無就將來可沖抵應納稅收入的人民幣282,000元(二零零八年：人民幣零元)虧損確認遞延所得稅資產人民幣71,000元(二零零八年：人民幣零元)。

人民幣787,000元(二零零八年：人民幣723,000元)的遞延所得稅乃由其他儲備(附註16)轉撥至保留盈利。此代表樓宇的實際折舊與根據樓宇的歷史成本計算的相同折舊之間的差額的遞延稅項。

20. TRADE AND BILL PAYABLES – GROUP

20. 應付貿易及票據款項 – 本集團

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Trade payables	應付貿易款項	479,972	537,927
Bill payables	應付票據款項	30,630	93,141
		510,602	631,068

As at 31 December 2009, included in the trade payables was amount due to an associate of RMB2,010,000 (2008: RMB8,161,000) (Note 34).

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

於二零零九年十二月三十一日，列入應付貿易款項為人民幣2,010,000元(二零零八年：人民幣8,161,000元)的應付聯營公司款項(附註34)。

應付貿易及票據款項(包括應付一間貿易聯營公司之款項)的賬齡分析如下：

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
0 to 90 days	0日至90日	326,513	205,966
91 to 180 days	91至180日	180,288	211,575
181 days to 1 year	181日至1年	1,324	208,952
Over 1 year	一年以上	2,477	4,575
		510,602	631,068

20. TRADE AND BILL PAYABLES – GROUP (Continued)

Trade and bill payables are denominated in the following currencies:

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
RMB	人民幣	171,170	232,458
United States dollars	美元	330,700	389,026
Vietnam Dong	越南盾	8,732	9,584
		510,602	631,068

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

應付貿易及票據款項之公平值與其賬面價值相若。

21. ACCRUALS AND OTHER PAYABLES – GROUP AND COMPANY

21. 預提費用及其他應付賬款 – 本集團及本公司

		Group 本集團		Company 本公司	
		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Accrued wages and salaries	應計工資及薪酬	40,371	34,263	26	–
Interest payable	應付利息	6,591	4,447	6,157	3,867
Accrual of operating expenses	應計經營開支	19,419	20,262	1,031	849
Deposits from customers	客戶按金	45,655	34,352	–	–
Other deposits	其他按金	2,913	3,951	–	–
Payables for purchase of property, plant and equipment	購置物業、廠房及設備應付賬款	104,653	100,508	77,791	80,732
Other payables	其他應付賬款	54,317	21,513	–	–
Tax payables other than Mainland China enterprise income tax	中國大陸企業所得稅除外之應付稅項	8,822	7,466	–	–
		282,741	226,762	85,005	85,448

22. REVENUE

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

22. 收益

本集團主要業務為製造及銷售紗線、坯布及面料，已確認的收入／營業額指扣除增值稅後的貨品銷售。

23. OTHER INCOME AND OTHER LOSSES, NET **23. 其他收入及其他虧損收益，淨額**

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Other income	其他收入		
Subsidy income (Note)	補貼收入(附註)	15,077	33,149
Government grants relating to the relocation of a subsidiary	有關重置一間附屬公司之政府補助	2,624	18,370
Consulting income	顧問收入	-	11,691
Re-investment incentives based on income tax paid	以已付所得稅為基礎之重新投資優惠	983	2,946
Compensation from insurance company	保險公司賠償	1,986	-
Total other income	其他收益總額	20,670	66,156
Other losses – net	其他虧損 – 淨額		
Derivative financial liability at fair value through profit or loss:	按公平值透過損益列賬之衍生財務負債：		
– Unrealised loss	– 未實現虧損	(305)	(7,915)
– Realised loss	– 已實現虧損	(1,605)	(6,991)
Net foreign exchange (losses)/gains (Note 28)	外匯(虧損)/收益淨額(附註28)	(1,481)	5,001
Others	其他	2,290	5,074
Total other losses – net	其他虧損總額 – 淨額	(1,101)	(4,831)

Note: Subsidy income mainly related to incentives for development in Xuzhou, Mainland China and grants provided by municipal governments based on the amounts of value added tax and income tax paid.

附註： 補貼收入主要與於中國大陸徐州發展所獲得的優惠及市政府根據已付增值稅及所得稅金額授出之津貼有關。

24. EXPENSES BY NATURE

24. 開支(按性質分類)

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Changes in inventories of finished goods and work in progress	製成品及在製品存貨變動	28,966	(59,399)
Raw materials and consumables used	耗用原材料及消耗品	2,877,017	2,823,298
Employment costs (Note 25)	僱員成本(附註25)	313,160	302,138
Depreciation and amortisation (Notes 6 and 7)	折舊及攤銷(附註6及7)	123,113	96,314
Loss on disposal of property, plant and equipment and land use rights	出售物業、廠房及設備及土地使用權虧損	2,714	2,194
Office expense	辦公開支	20,239	20,731
Utilities	動力及燃料	226,147	193,437
Transportation	運輸	90,114	67,387
Auditor's remuneration	核數師酬金	4,097	3,586
Lease rental expense of buildings and machinery	樓宇及機器租金開支	11,903	12,751
(Reversal of)/Provision for impairment of trade receivables (Note 11)	應收貿易款項減值(撥回)/撥備(附註11)	(4,294)	2,612
(Reversal of)/Provision for inventory obsolescence (Note 10)	陳舊存貨(撥回)/撥備(附註10)	(9,393)	6,843
Other expenses	其他開支	61,526	62,295
Total cost of sales, selling and distribution costs and general and administrative expenses	銷售成本、銷售及分銷開支以及一般及行政開支總額	3,745,309	3,534,187

25. EMPLOYMENT COSTS

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Wages, salaries and bonuses	工資、薪酬及花紅	277,209	267,853
Pension costs – defined contribution plans (Note (a))	退休成本—界定供款計劃(附註(a))	19,957	17,156
Other welfare benefits (Note (b))	其他福利(附註(b))	10,249	8,134
Other employment benefits	其他僱員福利	5,745	8,995
		313,160	302,138

25. EMPLOYMENT COSTS (Continued)

Notes:

(a) Pension – defined contribution plans

As stipulated by rules and regulations in Mainland China, the Group has participated in state-sponsored defined contribution retirement plans for its employees in Mainland China. The Group and the eligible employees are required to contribute 12% to 22% and 7% to 8%, respectively, of the employees' basic salary (subject to a cap) at rates as stipulated by the relevant municipal governments. The Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees. During the year ended 31 December 2009, the Group contributed approximately RMB19,881,000 (2008: RMB17,080,000) to the aforesaid state-sponsored retirement plans.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its Hong Kong employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident fund legislation, and both the Group and the employees' contributions are subject to a cap of HK\$1,000 per month. During the year ended 31 December 2009, the Group contributed approximately RMB76,000 (2008: RMB76,000) to the MPF Scheme.

(b) Other welfare benefits

All of the Group's employees in Mainland China and Vietnam participate in employee social security plans, including medical, housing and other welfare benefits, organised and administered by governmental authorities. During the year ended 31 December 2009, the Group contributed approximately RMB10,249,000 (2008: RMB8,134,000) to these plans.

25. 員工成本

附註：

(a) 退休—界定供款計劃

根據中國大陸規則及法規規定，本集團已為中國大陸僱員參與國家資助的定額供款退休計劃，本集團及合資格僱員須分別就僱員基本薪金的12%至22%及7%至8%作出供款（訂有上限），比率由有關市政府規定。除此項年度供款外，本集團對其任何實際退休金支出或退休後福利則毋須再作任何承擔，退休僱員的所有退休金支出概由國家資助退休計劃承擔。於截至二零零九年十二月三十一日止年度，本集團向上述國家資助退休計劃分別供款約人民幣19,881,000元（二零零八年：人民幣17,080,000元）。

本集團已安排香港僱員參加強制性公積金計劃（「強積金計劃」），屬於由獨立信託人管理的界定供款計劃。於強積金計劃，本集團及其香港僱員兩者每月均會按強積金法例所界定的僱員收入5%向計劃供款。本集團及僱員供款設有每月1,000港元的上限。於截至二零零九年十二月三十一日止年度，本集團向強積金計劃供款約人民幣76,000元（二零零八年：人民幣76,000元）。

(b) 其他福利

本集團於中國大陸及越南的所有僱員均參與僱員社會保障計劃，該計劃包括由政府機構籌劃及監控的醫療、房屋及其他福利。截至二零零九年十二月三十一日止年度，本集團就上述計劃供款約人民幣10,249,000元（二零零八年：人民幣8,134,000元）。

25. EMPLOYMENT COSTS (Continued)

Notes: (Continued)

- (c) **Directors' and senior management's emoluments**
The remuneration of each director of the Company for the year ended 31 December 2009 is set out below:

Name of Director	董事姓名	Fees 袍金 RMB'000 人民幣千元	Salaries 薪金 RMB'000 人民幣千元	Dis- cretionary bonuses 酌情花紅 RMB'000 人民幣千元	Other benefits ⁽ⁱ⁾ 其他福利 ⁽ⁱ⁾ RMB'000 人民幣千元	Employer's contribution to pension scheme 僱主退休 計劃供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive directors 執行董事							
Hong Tianzhu	洪天祝	-	-	-	983	18	1,001
Zhu Yongxiang	朱永祥	-	591	2,154	12	18	2,775
Gong Zhao	龔照	-	277	436	12	18	743
Tang Daoping	湯道平	-	296	1,608	12	18	1,934
Independent non-executive directors 獨立非執行董事							
Ting Leung Huel, Stephen	丁良輝	170	-	-	-	-	170
Cheng Longdi	程隆楝	73	-	-	-	-	73
Zhu Lanfen	朱蘭芬	73	-	-	-	-	73
		316	1,164	4,198	1,019	72	6,769

The remuneration of each director of the Company for the year ended 31 December 2008 is set out below:

截至二零零八年十二月三十一日止年度
應付予每位董事的酬金如下：

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

25. EMPLOYMENT COSTS (Continued)

Notes: (Continued)

(c) Directors' and senior management's emoluments

Note:

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

None of the directors waived any emoluments during the year ended 31 December 2009 (2008: Nil).

(d) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2008: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2008: one) individual is as follows:

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Basic salaries and allowances	基本薪金及津貼	161	505
Bonuses	花紅	545	42
Pension cost	退休金		
– Defined contribution plan	– 界定供款計劃	11	11
		717	558

- (e) During the year ended 31 December 2009, no emoluments were paid by the Company to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2008: Nil).

25. 員工成本(續)

附註：(續)

(c) 董事及高級管理層酬金(續)

附註：

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

於截至二零零九年十二月三十一日止年度並無董事放棄收取任何酬金(二零零八年：無)。

(d) 五位最高薪酬人士

於本年度，本集團五位薪酬最高人士其中四位(二零零八年：四位)為董事，其酬金已於上文呈列的分析內反映。應付予餘下一位(二零零八年：一位)人士之酬金如下：

- (e) 截至二零零九年十二月三十一日，本公司並無向任何董事或五名最高薪人士支付任何酬金，作為加入或於加入本集團時之獎勵或作為離職補償(二零零八年：無)。

26. FINANCE INCOME AND COSTS

26. 財務收入及開支

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Interest expense	利息開支		
– bank borrowings wholly repayable within five years	– 須於五年內悉數償還的銀行貸款	52,243	64,306
Less: amount capitalised in property, plant and equipment (Note 7)	減：物業、廠房及設備資本化金額(附註7)	(1,631)	(6,275)
		50,612	58,031
Exchange gain on financing activities (Note 28)	融資活動所得匯兌收益(附註28)	(1,476)	(54,639)
Finance costs	財務開支	49,136	3,392
Finance income	財務收入		
– interest income on bank deposits	– 銀行存款利息收入	(3,985)	(3,947)
Net finance costs/(income) – net	財務開支/(收入)淨額	45,151	(555)

27. INCOME TAX EXPENSE

27. 所得稅開支

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

於綜合損益表扣除的所得稅金額如下：

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Mainland China enterprise income tax	中國大陸企業所得稅		
– Current	– 即期	26,210	27,823
– Overprovision in prior years	– 過往年度超額撥備	(162)	(1,495)
Deferred income tax (Note 19)	遞延所得稅(附註19)	6,218	7,847
		32,266	34,175

27. INCOME TAX EXPENSE (Continued)

(i) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profit arising in or derived from Hong Kong during the year (2008: Nil).

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

Subsidiaries established in Mainland China are subject to EIT at rates ranging from 20% to 25% during the year (2008: 18% to 25%).

Except for Texhong (China) Investment Co., Ltd., all other subsidiaries established in Mainland China, being wholly foreign owned enterprises, have obtained approvals from the relevant Mainland China Tax Bureau for their entitlement of exemption from EIT for the first two years and 50% reduction in EIT for the next three years, commencing from the earlier of first profitable year after offsetting all unexpired tax losses carried forward from the previous years or 1 January 2008, in accordance with the relevant tax rules and regulations applicable to foreign investment enterprises in Mainland China.

(iii) Vietnam income tax

The subsidiary established in Vietnam is subject to income tax rate of 10% (2008: 10%). As approved by the relevant Tax Bureau in Vietnam, the subsidiary established in Vietnam is entitled to four years' exemption from income taxes followed by nine years of a 50% tax reduction, commencing from the first profitable year after offsetting the losses carried forward from the previous years. The Group is exempted from Vietnam income tax during the year (2008: nil) as year 2008 is the first profit making year after offsetting prior years' losses.

27. 所得稅開支(續)

(i) 香港利得稅

由於本集團於年內並無在香港產生任何應課稅溢利，故並無就香港利得稅作出撥備(二零零八年：零)。

(ii) 中國大陸企業所得稅(「企業所得稅」)

於中國大陸成立的附屬公司於本年度須按20%至25%(二零零八年：18%至25%)之稅率繳付企業所得稅。

除天虹(中國)投資有限公司外，本公司於中國大陸成立的所有其他附屬公司均為外商獨資企業，已根據適用於中國大陸外資企業的有關稅項規則及規定，取得有關中國大陸稅務局之批准，有權於抵銷所有過往年度結轉的所有未到期稅項虧損後首個獲利年度或二零零八年一月一日起(以較早者為準)，免繳企業所得稅兩年，其後三年則獲稅率減半優惠。

(iii) 越南所得稅

於越南成立的附屬公司須按10%(二零零八年：10%)之稅率繳付所得稅。於越南成立的附屬公司已獲越南的相關稅務局批准，有權於抵銷所有過往年度結轉的虧損後首個獲利年度起，免繳所得稅四年，其後九年則獲稅率減半優惠。由於二零零八年為越南附屬公司抵銷過往年度結轉的虧損後首個獲利年度，故本集團於本年度獲免繳越南所得稅(二零零八年：零)。

27. INCOME TAX EXPENSE (Continued)

(iv) Other income tax

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

The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from payment of British Virgin Islands income tax.

The subsidiary established in Macao is subject to income tax rate of 9% (2008: 9%). No provision for Macao profits tax has been made as the Group had no assessable profit arising in or derived from Macao during the year (2008: Nil).

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities, as follows:

27. 所得稅開支(續)

(iv) 其他所得稅

本公司根據開曼群島公司法於開曼群島註冊成立為獲豁免有限公司，因此獲免繳開曼群島所得稅。

本公司於英屬處女群島成立之附屬公司乃根據商業公司法註冊成立或重新註冊或視作重新註冊，因此獲免繳英屬處女群島所得稅。

於澳門成立之附屬公司須按9%(二零零八年：9%)之稅率繳付所得稅。由於本集團於本年度概無在澳門或從澳門賺取應課稅溢利，故概無就澳門利得稅作出撥備(二零零八年：零)。

本集團除所得稅前溢利的稅款與根據適用於綜合實體溢利的加權平均稅率計算之理論金額不同，差異如下：

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Profit before income tax, after excluding share of profit/(loss) of an associate	除所得稅前溢利 (經扣除應佔聯營 公司溢利/(虧損))	317,545	265,334
Tax calculated at domestic tax rates applicable to profits of the respective subsidiaries	按適用於相關附屬 公司之溢利之當地稅率 計算之稅項	62,835	68,840
Effect of tax exemption/reduction	稅項豁免/減免之影響	(30,996)	(34,944)
Expenses not deductible for tax purposes	不可扣稅開支	518	2,091
Tax losses for which no deferred income tax asset was recognised	未經確認遞延所得稅 資產之稅項虧損	71	-
Utilisation of previously unrecognised tax losses	動用過往未確認 稅項虧損	-	(317)
Overprovision in prior years	過往年度超額撥備	(162)	(1,495)
		32,266	34,175

27. INCOME TAX EXPENSE (Continued)

(iv) Other income tax (Continued)

The weighted average applicable tax rate was 20% (2008: 26%). The decrease in tax rate was due to the increase of profit from Vietnam, which is subject to a lower income tax rate.

During the year ended 31 December 2009, the Group has shared the income tax of its associate company with the amount of nil (2008: Nil).

27. 所得稅開支(續)

(iv) 其他所得稅(續)

適用的加權平均稅率為20%(二零零八年：26%)。由於越南的溢利增加但其所得稅率較低所致。

截至二零零九年十二月三十一日止年度，本集團並無分其聯營公司所得稅(二零零八年：人民幣零元)。

28. NET FOREIGN EXCHANGE (LOSSES)/ GAINS

The exchange differences (charged)/credited to the consolidated income statement are included as follows:

28. 外匯(虧損)/收益淨額

於損益表(扣除)/計入之兌換差額包括以下項目：

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Other losses – net (Note 23)	其他虧損—淨額 (附註23)	(1,481)	5,001
Finance costs (Note 26)	財務費用(附註26)	1,476	54,639
		(5)	59,640

29. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately RMB23,228,000 (2008: RMB6,490,000).

29. 本公司股權持有人應佔溢利

本公司股權持有人應佔溢利約人民幣23,228,000元(二零零八年：人民幣6,490,000元)已計入本公司財務報表內。

30. EARNING PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2009 二零零九年	2008 二零零八年
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)	285,565	214,193
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	884,425
Basic earnings per share (RMB per share) 每股基本盈利(每股人民幣元)	0.32	0.24

(b) Diluted

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

30. 每股盈利

(a) 基本

每股基本盈利以本公司股權持有人應佔溢利除以年內已發行普通股的加權平均數計算。

(b) 攤薄

由於並無可攤薄的普通股，故並無呈列每股攤薄盈利。

31. DIVIDENDS

A final dividend in respect of the year ended 31 December 2009 of HKD0.075 per share, amounting to HKD66,351,000 (equivalent about RMB58,369,000), is to be proposal for shareholders' approval at the upcoming Annual General Meeting. The dividend payable has not been included in the consolidated financial statements.

31. 股息

截至二零零九年十二月三十一日止年度的末期股息為每股0.075港元，共計66,351,000港元(相當於約人民幣58,369,000元)，將於即將召開的股東週年大會上被股東批准通過。應付股息尚未列入綜合財務報表。

	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Interim dividend paid of HKD0.035 (2008: nil) per ordinary share 每股普通股已付中期股息0.035港元(二零零八年：無)	27,282	—
Proposed final dividend of HKD0.075 (2008: nil) per ordinary share 建議每股普通股0.075港元末期股息(二零零八年：無)	58,369	—
	85,651	—

32. CASH GENERATED FROM OPERATIONS

32. 營運所產生的現金

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Profit before income tax	除所得稅前溢利	317,831	248,368
Adjustments for:	調整各項目：		
– Amortisation	– 攤銷	2,545	1,783
– Depreciation	– 折舊	120,568	94,531
– Share of (profit)/loss from an associate	– 分佔聯營公司(溢利)/虧損	(286)	16,966
– Loss on disposal of property, plant and equipment and land use rights (note)	– 銷售物業、廠房及設備以及土地使用權虧損(附註)	2,714	2,194
– Finance (income)/costs – net	– 財務(收入)/費用 – 淨額	45,151	(555)
– Fair value loss on derivative financial instruments	– 衍生金融工具公平值虧損	305	7,915
– Realised fair value change on financial instruments	– 金融工具已實現公平值變動	(7,915)	–
Changes in working capital (excluding the effects of exchange differences on consolidation):	營運資金變動(綜合賬目之匯兌差額的影響除外)：		
– Inventories	– 存貨	(24,629)	(38,127)
– Trade and bill receivables	– 應收貿易及票據款項	28,648	(99,281)
– Prepayments, deposits and other receivables	– 預付款項、訂金及其他應收款項	(24,842)	(8,911)
– Trade and bill payables	– 應付貿易及票據款項	(120,466)	163,566
– Accruals and other payables	– 預提費用及其他應付賬款	49,690	7,729
Cash generated from operations	營運所得現金	389,314	396,178

Note:

附註：

In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment and land use rights comprise:

於綜合現金流量表，銷售物業、廠房及設備及土地使用權的所得款項包括：

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Net book amount (Notes 6 and 7)	賬面淨值(附註6及7)	5,282	28,111
Loss on disposal of property, plant and equipment and land use rights	銷售物業、廠房及設備以及土地使用權虧損	(2,714)	(2,194)
Proceeds from disposal of property, plant and equipment and land use rights	銷售物業、廠房及設備以及土地使用權的所得款項	2,568	25,917

33. COMMITMENTS

(a) Capital commitments

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

	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Property, plant and equipment Contracted but not provided for	225,331	22,804
Land use rights Authorised but not contracted for	-	20,000
Total capital commitments	225,331	42,804

(b) Lease commitments

The Group leases various land, offices and warehouses under non-cancellable operating lease agreements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
No later than 1 year	4,324	4,995
Later than 1 year and no later than 5 years	7,983	8,858
Later than 5 years	73,402	75,276
	85,709	89,129
Representing:		
Land use right	83,303	85,708
Property, plant and equipment	2,406	3,421
	85,709	89,129

33. 承擔

(a) 資本承擔：

於結算日的資本開支(但未產生)為如下：

(b) 租賃承擔

本集團根據不可撤銷經營租賃協議而租賃不同的土地、辦公室及倉庫。

根據不可撤銷經營租賃之未來最低租賃款項總額如下：

34. RELATED-PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

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

Name of related party 關聯方名稱	Relationship with the Group 與本集團的關係
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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 with its related party, as follows:

34. 與關聯方的交易

倘其中一方能直接或間接控制另一方或在財務及營運決定方面對另一方行使重大影響力，則被視為關聯方。倘彼等受共同控制，亦被視為關聯方。

本集團與關聯方的交易如下：

本集團與其關聯方進行下列重大交易如下：

(a) Sales of goods

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Sales of goods:	銷售貨品：		
– Nantong Textile Group Co., Ltd.	– 南通紡織控股集團紡織染有限公司	1,834	12,582

(a) 銷售貨品

(b) Purchases of goods

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Purchases of goods	購買貨品		
– Nantong Textile Group Co., Ltd.	– 南通紡織控股集團紡織染有限公司	33,092	14,099

(b) 採購貨品

34. RELATED-PARTY TRANSACTIONS

(Continued)

(b) Purchases of goods (Continued)

In the opinion of the Company's directors and the Group's management, the above related party transactions were carried out in the ordinary course of business, and in accordance with the terms of the underlying agreements and/or the invoices issued by the respective parties.

(c) Balance with related parties

The Group had the following significant balances with related party:

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Prepayments for purchase of raw materials to a related party (Note 12) – Nantong Textile Group Co., Ltd.	應付關聯方的原材料採購預付款 (附註12) – 南通紡織控股集團 紡織染有限公司	–	4,122
Trade payable to a related party (Note 20) – Nantong Textile Group Co., Ltd.	應付關聯方的貿易款項 (附註20) – 南通紡織控股集團 紡織染有限公司	2,010	8,161

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

與關聯方的結餘為無抵押、免息及須於一年內償還。

(d) Key management compensation

(d) 主要管理層薪酬

		2009 二零零九年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元
Salaries, wages and bonuses	薪金、工資及花紅	7,412	5,106
Pension cost – defined contribution plan	退休金成本 – 界定供款計劃	123	123
Other benefits	其他福利	1,028	942
		8,563	6,171

34. 與關聯方的交易 (續)

(b) 採購貨品 (續)

本公司董事及本集團的管理層認為上述與關聯方的交易乃於日常業務過程並且根據相關協議的條款及／或由有關各方發出的發票進行。

(c) 關聯方的結餘

本集團與關聯方的重大結餘如下：

35. PARTICULARS OF SUBSIDIARIES

The following is a list of the principal subsidiaries, which are unlisted, at 31 December 2009:

35. 附屬公司資料

以下表列於二零零九年十二月三十一日的重大非上市附屬公司：

Name 名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及 法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或繳入的 股本詳情	Interest 佔股
Directly held— 直接持有—				
Texhong Textile Holdings Limited 天虹紡織控股有限公司	British Virgin Islands 26 May 2004 limited liability company 英屬處女群島 二零零四年五月二十六日 有限責任公司	Investment holding in British Virgin Islands 於英屬處女群島 投資控股	100 ordinary shares of USD1 each 100股每股 1美元普通股	100%
Texhong Textile Investment Limited 天虹紡織投資有限公司	British Virgin Islands 9 December 2004 limited liability company 英屬處女群島 二零零四年十二月九日 有限責任公司	Investment holding in British Virgin Islands 於英屬處女群島 投資控股	1 ordinary share of USD1 1股每股 1美元普通股	100%
Sunray International Holdings Limited 新銳國際控股有限公司	British Virgin Islands 21 January 2005 limited liability company 英屬處女群島 二零零五年一月二十一日 有限責任公司	Investment holding in British Virgin Islands 於英屬處女群島 投資控股	1 ordinary share of USD1 1股每股 1美元普通股	100%
Texhong Vietnam Investment Limited 天虹越南投資有限公司	British Virgin Islands, 6 September 2006 limited liability company 英屬處女群島 二零零六年九月六日 有限責任公司	Investment holding in British Virgin Islands 於英屬處女群島 投資控股	USD50,000 50,000美元	100%

35. PARTICULARS OF SUBSIDIARIES (Continued)

35. 附屬公司資料(續)

Name 名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及 法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或繳入的 股本詳情	Interest 佔股
Indirectly held– 間接持有–				
Texhong Textile (Taizhou) Co., Ltd.	Tai Zhou, Mainland China, 20 October 1997, limited liability company	Manufacturing and sales of yarns and grey fabrics in Mainland China	USD193,750	100%
天虹紡織(泰州)有限公司	中國泰州 一九九七年十月二十日 有限責任公司	於中國大陸製造及 銷售紗線及坯布	193,750美元	100%
Texhong Textile (Suining) Co., Ltd.	Xuzhou, Mainland China, 26 June 1998, limited liability company	Manufacturing and sales of yarns, grey fabrics, dyed cloth and dress in Mainland China	USD187,500	100%
天虹紡織(睢寧)有限公司	中國徐州 一九九八年六月二十六日 有限責任公司	於中國大陸製造及 銷售紗線、坯布、 染布及服裝	187,500美元	100%
Taizhou Texhong Weaving Co., Ltd.	Taizhou, Mainland China, 15 January 2000, limited liability company	Manufacturing and sales of industrial-use textile products and top-grade blended- spinning in Mainland China	USD2,625,000	100%
泰州天虹織造有限公司	中國泰州 二零零零年一月十五日 有限責任公司	於中國大陸製造及 銷售工業用紡織品 高級坯布及混紗線	2,625,000美元	100%
Zhejiang Texhong Textile Co., Ltd.	Jinhua, Mainland China, 18 May 2000 limited liability company	Manufacturing and sales of industrial – use textile products, top-grade grey fabrics and blended-spinning in Mainland China	USD6,350,000	100%
浙江天虹紡織有限公司	中國金華 二零零零年五月十八日 有限責任公司	於中國大陸製造及 銷售工業用紡織品、 高級坯布及混紗線	6,350,000美元	100%

35. PARTICULARS OF SUBSIDIARIES (Continued)

35. 附屬公司資料(續)

Name 名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及 法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或繳入的 股本詳情	Interest 佔股
Indirectly held— 間接持有—				
Jiangsu Century Texhong Textile Co., Ltd.	Xuzhou, Mainland China, 6 June 2010 limited liability company	Manufacturing and sales of yarns, grey fabrics, dyed cloth and dress; processing of cotton in Mainland China	USD10,200,000	100%
江蘇世紀天虹紡織有限公司	中國徐州 二零一零年六月六日 有限責任公司	於中國大陸製造及 銷售紗線、坯布、 染布及服裝；棉花加工	10,200,000美元	100%
Taizhou Century Texhong Textile Co., Ltd.	Taizhou, Mainland China, 23 April 2002 limited liability company	Manufacturing and sales of industrial-use textile products and top-grade blended- spinning in Mainland China	USD13,000,000	100%
泰州世紀天虹紡織有限公司	中國泰州 二零零二年四月二十三日 有限責任公司	於中國大陸製造及銷售 工業用紡織品及高級 混紗線	13,000,000美元	100%
Nantong Century Texhong Textile Co., Ltd.	Nantong, Mainland China, 7 June 2002 limited liability company	Manufacturing and sales of yarns, grey fabrics and dyed fabrics in Mainland China	USD3,850,000	100%
南通世紀天虹紡織有限公司	中國南通 二零零二年六月七日 有限責任公司	於中國大陸製造及銷售 紗線、坯布及染布	3,850,000美元	100%
Xuzhou Century Texhong Textile Co., Ltd.	Xuzhou, Mainland China, 13 January 2003, limited liability company	Manufacturing and sales of top-grade yarns and cloth spinning in Mainland China	USD625,000	100%
徐州世紀天虹紡織有限公司	中國徐州 二零零三年一月十三日 有限責任公司	於中國大陸製造及銷售 高級紗線及布料紗線	625,000美元	100%
Xuzhou Texhong Yinfeng Textile Co., Ltd.	Xuzhou, Mainland China, 12 May 2004 limited liability company	Manufacturing and sales of yarns, grey fabrics, cloth and dyed fabrics in Mainland China	USD4,200,000	100%
徐州天虹銀豐紡織有限公司	中國徐州 二零零四年五月十二日 有限責任公司	於中國大陸製造及銷售 紗線、坯布、布料及 染布	4,200,000美元	100%

35. PARTICULARS OF SUBSIDIARIES (Continued)

35. 附屬公司資料(續)

Name 名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及 法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或繳入的 股本詳情	Interest 佔股
Indirectly held- 間接持有-				
Nantong Texhong Yinhai Industrial Co., Ltd.	Nantong, Mainland China, 20 May 2004 limited liability company	Manufacturing and sales of garment, textile knitting products and yarns in Mainland China	USD3,500,000	100%
南通天虹銀海實業有限公司	中國南通 二零零四年五月二十日 有限責任公司	於中國大陸製造及銷售 成衣、紡織與織造產品 及紗線	3,500,000美元	100%
Xuzhou Texhong Times Textile Co., Ltd.	Xuzhou, Mainland China, 29 December 2004, limited liability company	Manufacturing and sales of top-grade yarns, thread, grey fabrics, textile knitting products, and garments in Mainland China	USD15,000,000	100%
徐州天虹時代紡織有限公司	中國徐州 二零零四年十二月二十九日 有限責任公司	於中國大陸製造及銷售 高級紗線、線、坯布、 紡織與織造產品及成衣	15,000,000美元	100%
Texhong (China) Investment Co., Ltd.	Shanghai, Mainland China, 21 June 2005 limited liability company	Investment holding and trading of textile products in Mainland China	USD30,000,000	100%
天虹(中國)投資有限公司	中國上海 二零零五年六月二十一日 有限責任公司	投資控股及於中國大陸 買賣紡織產品	30,000,000美元	100%
Xuzhou Texhong Yinlian Textile Co., Ltd.	Xuzhou, Mainland China, 30 March 2006 limited liability company	Manufacturing top-grade yarns, thread, grey fabrics, dresses, in Mainland China	USD12,500,000	100%
徐州天虹銀聯紡織有限公司	中國徐州 二零零六年三月三十日 有限責任公司	於中國大陸製造高級 紗線、線、坯布及服裝	12,500,000美元	100%
Taizhou Texhong Yintai Textile Co., Ltd.	Taizhou, Mainland China, 26 May 2006 limited liability company	Manufacturing top-grade garment and special textile for construction in Mainland China	USD6,500,000	100%
泰州天虹銀泰紡織有限公司	中國泰州 二零零六年五月二十六日 有限責任公司	於中國大陸製造高級成衣 及特別紡織品 以用於建築	6,500,000美元	100%

35. PARTICULARS OF SUBSIDIARIES (Continued)

35. 附屬公司資料(續)

Name 名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及 法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或繳入的 股本詳情	Interest 佔股
Indirectly held— 間接持有—				
Sunray Macao Commercial Offshore Limited.	Macao, 19 December 2005 limited liability company	Trading in Macao	MOP\$100,000	100%
新睿澳門離岸商業服務 有限公司	澳門 二零零五年十二月十九日 有限責任公司	於澳門貿易	100,000澳門幣	100%
Texhong Textile (Hong Kong) Limited.	Hong Kong, 11 May 2006 limited liability company	Investment holding in Hong Kong	10,000 ordinary share of HKD1	100%
天虹紡織(香港)有限公司	香港 二零零六年五月十一日 有限責任公司	於香港進行投資控股	10,000股 每股1港元普通股	100%
Changzhou Texhong Textile Co., Ltd.	Changzhou, Mainland China 1 January 1979 limited liability company	Manufacturing and sales of textile, decoration and garment in Mainland China	RMB32,145,000	100%
常州天虹紡織有限公司	中國常州 一九七九年一月一日 有限責任公司	於中國大陸製造及 銷售紡織品、飾品 及成衣	人民幣32,145,000元	100%
Sunray Trading (Hong Kong) Limited	Hong Kong, 16 February 2005 limited liability company	Trading, investment and corporate services in Hong Kong	10,000 ordinary shares of HKD1	100%
新銳貿易(香港)有限公司	香港 二零零五年二月十六日 有限責任公司	於香港進行貿易、 投資及提供企業服務	10,000股 每股1港元普通股	100%
Texhong Vietnam Textile Joint Stock Company (formerly known as Texhong (Vietnam) Textile Limited)	Vietnam, 24 October 2006 limited liability company	Manufacturing of yarn in Vietnam	USD16,000,000	100%
天虹(越南)紡織股份 有限公司(前稱天虹 (越南)紡織有限公司)	越南 二零零六年十月二十四日 有限責任公司	於越南製造紗線	16,000,000美元	100%

35. PARTICULARS OF SUBSIDIARIES (Continued)

35. 附屬公司資料(續)

Name 名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及 法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或繳入的 股本詳情	Interest 佔股
Indirectly held— 間接持有—				
Texhong Textile Nantong Ltd. 天虹紡織南通有限公司	British Virgin Islands, 14 March 2007 limited liability company 英屬處女群島 二零零七年三月十四日 有限責任公司	Investment holding in British Virgin Islands 於英屬處女群島 進行投資控股	USD50,000 50,000美元	100% 100%
Texhong Textile Nantong Investment Limited 天虹紡織南通投資 有限公司	Hong Kong, 6 November 2007 limited liability company 香港 二零零七年十一月六日 有限責任公司	Investment holding in Hong Kong 於香港進行投資控股	HKD100 100港元	100% 100%
Texhong Textile (Hong Kong) Holdings Limited 天虹紡織(香港)控股 有限公司	Hong Kong, 24 October 2007 limited liability company 香港 二零零七年十月二十四日 有限責任公司	Investment holding in Hong Kong 於香港進行投資控股	HKD100 100港元	100% 100%
TVN (Hong Kong) Limited	Hong Kong, 4 December 2007 limited liability company	Investment holding in Hong Kong	HK10,000	100%
TVN (Hong Kong) Limited	香港 二零零七年十二月四日 有限責任公司	於香港進行投資控股	10,000港元	100%
Shanghai Texhong Trading Co., Ltd. 上海特斯虹貿易有限公司	Shanghai, Mainland China, 11 August 2008 limited liability company 中國上海 二零零八年八月十一日 有限責任公司	Trading of textile products in Mainland China 在中國大陸進行 紡織品貿易	USD500,000 500,000美元	100% 100%
Shanghai Hongrun Textile Co., Ltd. 上海虹潤貿易有限公司	Shanghai, Mainland China, 7 January 2009 limited liability company 中國上海 二零零九年一月七日 有限責任公司	Trading of textile products in Mainland China 在中國大陸進行 紡織品貿易	RMB5,000,000 人民幣5,000,000元	100% 100%

35. PARTICULARS OF SUBSIDIARIES

(Continued)

Texhong (China) Investment Co., Ltd. is a wholly foreign owned investment holding company incorporated in Mainland China. All other subsidiaries established in Mainland China are wholly owned foreign enterprises incorporated in Mainland China.

None of the subsidiaries had any loan capital in issue at any time during year ended 31 December 2009 (2008: None).

The English names of the certain subsidiaries represent the best effort by the Group's management to translate their Chinese names, as they do not have official English names.

35. 附屬公司資料(續)

天虹(中國)投資有限公司為於中國大陸註冊成立之全外資投資控股公司。所有其他在中國大陸成立之附屬公司為在中國大陸註冊成立之全外資企業。

截至二零零九年十二月三十一日止年度內任何時間，概無附屬公司擁有任何已發行借貸股本(二零零八年：無)。

若干附屬公司並無正式英文名稱，其英文名稱為本集團管理層盡最大努力將其中名稱翻譯為英文之版本。