

## GLOSSARY OF TECHNICAL TERMS

*This glossary contains explanations of certain terms used in this prospectus in connection with the Group and its business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.*

“carded yarn”	yarn produced from fibres only treated with carding process which cleans the fibres and turns them into sliver
“CC Index”	<p>Chinese Cotton Price Index established in June 2002</p> <p>The CC Index is calculated from the prices at which cotton is offered to the final consumers, i.e. mills. Average delivered mill offering prices of Type 129, 229, 329, 328, 429 and 527 are calculated for each grade in each province. Using the ratio of the spinning production of each province (calculated by reference to data of the previous season published by the National Bureau of Statistics of China) against the national total as a weighting factor, a national, weighted-average price is obtained for each type. Finally, the Type 329 weighted-average price is converted to a 328 value based on a 1% value difference. This value, along with the 328 weighted average price, is averaged to produce the CC Index. The quotations are intended to reflect the competitive level of offering prices, not the level at which business has been arranged</p> <p>The CC Index is monitored by China Cotton Association and published every working day before 9 a.m. on the websites of China Cotton Association (<a href="http://www.china-cotton.org">http://www.china-cotton.org</a>) and Beijing Cotton Outlook (<a href="http://www.cottonchina.org">http://www.cottonchina.org</a>)</p>
“combed yarn”	higher quality yarn with excellent strength, fineness and uniformity produced from an additional process called combing which further straightens the cotton fibres and removes shorter fibres
“compact spinning”	a ring spinning system equipped with a condenser unit that uses air pressure to produce yarn in more compact manner and with more consistency in width and diameter. The primary advantage of the compact spinning system is reduction in the hairiness of yarn as compared to traditional ring spinning system so that the quality of yarn is improved for subsequent use
“Cotlook A index” or “Cotlook A (Far East) Index”	an index to measure the world price of cotton. It is the average of the cheapest five quotations from a selection of principal upland cotton traded internationally. The index is constructed and published daily by Cotlook Limited, a private information dissemination company based in Liverpool, the United Kingdom

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As from 1 August 2004, the geographical basis of the quotations used in the A Index is the FAR EAST. The destinations taken into consideration include all of the major recipient ports for which no significant freight surcharges exist (including Bangkok, Laemchabang, Jakarta, Hong Kong, Penang, Kelang, Singapore, Busan, principal Japanese and Chinese ports, Manila, Tainan, Keelung, Semarang, Surabaya). Minor freight differences for other destinations are taken into account. The terms quoted are Cost and Freight, Letter of Credit at sight, including 1% agent's commission and notional profit

“cotton fabric”	cloth which is made from cotton yarns woven together
“cotton fibre”	soft fibre obtained from the boll of cotton plant
“cotton yarn”	a long and continuous length of interlocked fibres used in knitting and weaving which is produced from lint cotton after the spinning process. As used in this prospectus, yarn includes cotton yarn and synthetic yarn
“GB”	GuoBiao (國標), a collective term for the mandatory national standard character encodings of China; a GB for a particular application usually corresponds to a relevant international standard in the same application
“GB/T398-2008”	GBs for quality of original-coloured cotton yarn products
“GB/T406-2008”	GBs for quality of original-coloured cotton fabric products
“grey fabric”	an unprocessed (undyed) form of cotton fabric produced from a loom or knitting machine
“ICAC”	International Cotton Advisory Committee, which is an association of approximately 41 cotton producing, consuming and trading countries
“ISO”	International Organisation for Standardisation, a worldwide federation of national standards bodies from all over the world
“ISO 9001”	the international standards of quality management and quality assurance formulated by ISO Technical Committee 176 (ISO/TC 176) in 1987, the version adopted by the Group: ISO9001:2008 was released in November 2008
“ISO 10012:2003”	the international standards of measurement management system formulated by ISO Technical Committee 176 (ISO/TC176) in 2003

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“knotless yarn”	cotton yarn made by two or more yarn threads twisted or rubbed together without knots
“loom”	a machine for weaving fabric by interlacing a series of vertical and parallel threads with a series of horizontal and parallel threads
“metric ton”	a unit of weight measurement equivalent to 2,204.6 pounds
“ring spinning”	a spinning method that use tension and draft rollers to align the fibres for yarn formation
“rotor spinning”	a spinning method that an open end system is used for fibres reassembly and tie in by rotation of the open end of yarn
“shuttle”	a boat-shaped device, usually made of wood with a metal tip, that inserts the yarn during weaving process
“shuttleless loom”	a loom that use device other than a shuttle for yarn insertion
“sliver”	an untwisted strand rope of textile fibre produced by a carding or combing machine and ready for drawing, roving, or spinning
“spindle”	a long thin rod used in spinning and holding the spun thread on a wheel or machine
“spinning”	the process of drawing and twisting fibres together to produce yarn and thread
”spinning machine”	a type of machine used to convert fibers into yarns. The traditional and commonly-used spinning system in cotton textile industry is ring-spinning. Other spinning systems used include jet spinning and compact spinning
“Uster Standards”	benchmarks commonly used as the basis for the trading of textile products at assured levels of quality across global markets, and set out in the USTER <sup>®</sup> STATISTICS as published by Uster Technologies AG. The benchmarks cover the entire textile production process, from the raw textile fibre, such as cotton, to the final finished fabric
“warp”	the set of yarn strands run lengthwisely in a piece of cloth
“weaving”	the method or process of interlacing two sets of yarns of similar materials at right angles to each other to form a woven fabric
“weft”	the set of yarn strands run crosswisely in a piece of cloth

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“winding machine”

a type of machine used to combine two or more cotton yarn threads into a single thread of cotton yarn and also for further processing and shaping to make cotton yarn more shiny and even. Cotton yarn after processing by a winding machine becomes a finished product

”yarn count”

thickness of a yarn which is based on the relation between length and weight of the yarn and can be represented by the number of fixed lengths of yarn per standard weight