



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

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 2678

INTERIM REPORT 2006
二 零 零 六 年 中 期 報 告

TEXHONG TEXTILE GROUP LIMITED

天虹紡織集團有限公司

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Corporate Information

公司資料

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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)
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)
FTIHK FHKIoD
朱蘭芬女士
程隆棣教授

REMUNERATION COMMITTEE

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

薪酬委員會

丁良輝先生
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洪天祝先生
朱蘭芬女士
程隆棣教授

COMPANY SECRETARY AND QUALIFIED ACCOUNTANT

Mr. Shu Wa Tung, Laurence

公司秘書及合資格會計師

舒華東先生

AUTHORISED REPRESENTATIVES

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Mr. Shu Wa Tung, Laurence

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REGISTERED OFFICE

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British West Indies

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Century Yard, Cricket Square
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George Town, Grand Cayman
British West Indies

PRINCIPAL BANKERS

ABN AMRO Bank N.V. Shanghai Branch
Citibank N.A. Shanghai Branch
Industrial and Commercial Bank of China
China Construction Bank
Bank of Communications

AUDITORS

PricewaterhouseCoopers

LEGAL ADVISORS AS TO HONG KONG LAW

Chiu & Partners

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Bank (Cayman) Limited
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George Town, Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Wanchai
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INVESTOR AND MEDIA RELATIONS

iPR Ogilvy Ltd.

WEBSITE

www.texhong.com

STOCK CODE

2678

主要往來銀行

荷蘭銀行有限公司上海分行
美國花旗銀行有限公司上海分行
中國工商銀行
中國建設銀行
中國交通銀行

核數師

羅兵咸永道會計師事務所

法律顧問 (香港法律)

趙不渝•馬國強律師事務所

主要股份過戶登記處

Butterfield Bank (Cayman) Limited
Butterfield House, 68 Fort Street
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George Town, Grand Cayman
Cayman Islands

香港股份過戶登記處

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香港
灣仔
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投資者及傳媒關係

iPR Ogilvy Ltd.

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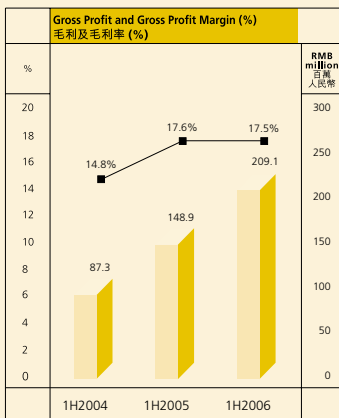
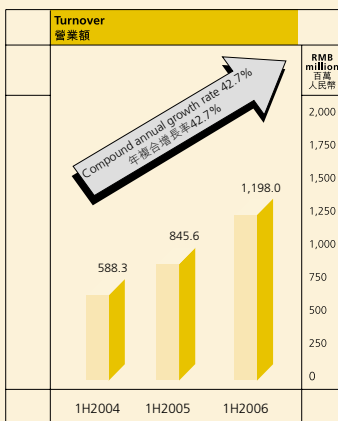
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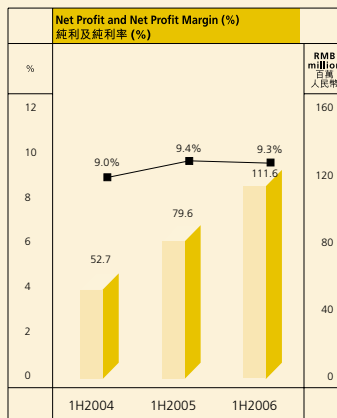
Financial Highlights

財務摘要

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■ Gross profit margin 毛利率
 ■ Gross profit 毛利



■ Net profit margin 純利率
 ■ Net profit 純利

Condensed Consolidated Balance Sheet

簡明綜合資產負債表

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			30 June 2006 Unaudited 於二零零六年 六月三十日 未經審核 RMB'000 人民幣千元	31 December 2005 Audited 於二零零五年 十二月三十一日 經審核 RMB'000 人民幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	3	634,792	598,315
Land use rights	土地使用權	4	55,494	56,098
Deferred income tax assets	遞延所得稅資產		2,132	3,428
Total non-current assets	非流動資產總值		692,418	657,841
Current assets	流動資產			
Inventories	存貨		344,535	266,662
Trade and bills receivables	應收貿易及票據款項	5	224,455	162,190
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	6	135,919	46,245
Pledged bank deposits	已抵押銀行存款		163,081	8,858
Cash and cash equivalents	現金及現金等值物		268,477	259,972
Total current assets	流動資產總值		1,136,437	743,927
Current liabilities	流動負債			
Trade and bills payables	應付貿易及票據款項	7	340,934	167,269
Accruals and other payables	應計費用及其他應付賬款	8	101,454	110,491
Borrowings	借貸	9	439,165	278,805
Current income tax liabilities	當期所得稅負債		13,147	4,232
Total current liabilities	流動負債總額		894,700	560,797

			30 June 2006 Unaudited 於二零零六年 六月三十日 未經審核 RMB'000 人民幣千元	31 December 2005 Audited 於二零零五年 十二月三十一日 經審核 RMB'000 人民幣千元
Net current assets	流動資產淨值		241,737	183,130
Total assets less current liabilities	總資產減 流動負債		934,155	840,971
Non-current liabilities	非流動負債			
Borrowings	借貸	9	113,001	72,913
Deferred income tax liabilities	遞延所得稅負債		11,480	11,744
Total non-current liabilities	非流動負債總額		124,481	84,657
Net assets	資產淨值		809,674	756,314
Equity	股東權益			
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	10	92,842	92,842
Reserves	儲備		716,832	663,472
Total Equity	股東權益總額		809,674	756,314

Condensed Consolidated Income Statement

簡明綜合損益表

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		Unaudited		
		Six months ended 30 June		
		未經審核		
		截至六月三十日止六個月		
		2006	2005	
		二零零六年	二零零五年	
		RMB'000	RMB'000	
		人民幣千元	人民幣千元	
		Note		
		附註		
Sales	銷售額	11	1,198,004	845,623
Cost of goods sold	銷貨成本	12	(988,871)	(696,744)
Gross profit	毛利		209,133	148,879
Other gains	其他收入	11	23,962	3,934
Selling and marketing costs	銷售及市場推廣開支	12	(32,392)	(19,773)
General and administrative expenses	一般及行政開支	12	(51,719)	(35,654)
Operating profit	經營溢利		148,984	97,386
Finance costs	財務費用	13	(17,109)	(8,179)
Profit before income tax	除所得稅前溢利		131,875	89,207
Income tax expense	所得稅開支	14	(20,237)	(9,560)
Profit for the period, attributable to equity holders of the Company	本公司股權持有人應佔期內溢利		111,638	79,647
Earnings per share for profit attributable to the equity holders of the Company, expressed in RMB per share	本公司股權持有人應佔溢利的每股盈利 (每股人民幣)			
– Basic	– 基本	15	RMB人民幣0.128元	RMB人民幣0.091元
– Diluted	– 攤薄		RMB人民幣0.128元	RMB人民幣0.091元
Dividends	股息	16	26,929	–

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

		Unaudited 未經審核			
		Share capital 股本	Other reserves 其他儲備	Retained earnings 保留溢利	Total 總計
		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
	Note 附註				
Balance at 1 January 2005	於二零零五年一月一日的結餘	92,842	408,607	74,222	575,671
Profit for the period	期間溢利	-	-	79,647	79,647
Total recognised income for the six months ended 30 June 2005	截至二零零五年六月三十日止六個月已確認收入總額	-	-	79,647	79,647
Employee share option scheme	僱員購股權計劃				
- value of employee services	一僱員服務價值	-	1,935	-	1,935
Transfer to statutory reserves	轉撥至法定儲備	-	2,174	(2,174)	-
Balance at 30 June 2005	於二零零五年六月三十日的結餘	92,842	412,716	151,695	657,253
Balance at 1 January 2006	於二零零六年一月一日的結餘	92,842	427,509	235,963	756,314
Profit for the period	期間溢利	-	-	111,638	111,638
Total recognised income for the six months ended 30 June 2006	截至二零零六年六月三十日止六個月已確認收入總額	-	-	111,638	111,638
Dividends in respect of the year ended 31 December 2005	截至二零零五年十二月三十一日止年度之股息	16	-	(58,278)	(58,278)
Transfer of revaluation reserves to retained earnings	重估儲備轉撥至保留溢利				
- gross	一毛額	-	(1,203)	1,203	-
- deferred income tax	一遞延所得稅	-	264	(264)	-
Balance at 30 June 2006	於二零零六年六月三十日的結餘	92,842	426,570	290,262	809,674

Condensed Consolidated Cash Flow Statement

簡明綜合現金流量表

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		Unaudited	
		Six months ended 30 June	
		未經審核	
		截至六月三十日止六個月	
		2006	2005
		二零零六年	二零零五年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cash flows from operating activities – net	經營業務之現金流量淨額	89,445	(30,879)
Cash flows from investing activities	投資業務之現金流量		
– purchases of property, plant and equipment	– 購置物業、廠房及設備	(69,579)	(60,248)
– proceeds on disposal of property, plant and equipment	– 出售物業、廠房及設備所得款項	662	488
Cash flows from investing activities – net	投資業務之現金流量淨額	(68,917)	(59,760)
Cash flows from financing activities	融資業務之現金流量		
– dividends paid	– 已付股息	(58,278)	(25,000)
– new bank loans	– 新增銀行貸款	434,457	72,968
– repayment of borrowings	– 償還借貸	(234,009)	–
– increase in pledged bank deposits	– 已抵押銀行存款增加	(154,223)	(61,196)
Cash flows from financing activities – net	融資業務之現金流量淨額	(12,053)	(13,228)
Net increase/(decrease) in cash and cash equivalents	現金及現金等值物增加／(減少)淨額	8,475	(103,867)
Cash and cash equivalents at 1 January	於一月一日之現金及現金等值物	259,972	247,245
Cash and cash equivalents at 30 June	於六月三十日之現金及現金等值物	268,447	143,378

Notes to Condensed Consolidated Financial Information

10 簡明綜合財務資料附註

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Texhong Textile Group Limited (“the Company”) and its subsidiaries (together “the Group”) is principally engaged in the manufacturing and sales of yarns, grey fabrics and dyed fabrics.

The Company was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company’s shares have been listed on the main board of The Stock Exchange of Hong Kong Limited (“Stock Exchange”) since 9 December 2004.

The condensed consolidated interim financial information was approved for issue by the Board on 17 August 2006.

This condensed consolidated interim financial information for the six months ended 30 June 2006 has been prepared in accordance with Hong Kong Accounting Standard 34, ‘Interim financial reporting’. The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2005.

2. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 31 December 2005.

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31 December 2006.

1. 一般資料及編製基準

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、坯布及染色布料。

本公司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獲豁免有限公司。本公司股份自二零零四年十二月九日起在香港聯合交易所有限公司(「聯交所」)主板上市。

簡明綜合中期財務資料於二零零六年八月十七日經董事會批准刊發。

截至二零零六年六月三十日止六個月之簡明綜合中期財務資料乃按香港會計準則第34號「中期財務報告」編製。務請與截至二零零五年十二月三十一日止年度之財務報表一併閱讀中期簡明財務報告。

2. 會計政策

所採納會計政策與截至二零零五年十二月三十一日止年度之財務報表一致。

下列新準則與準則修訂及詮釋須於截至二零零六年十二月三十一日止財政年度強制應用。

Amendment to HKAS 19, "Actuarial gains and losses, group plans and disclosures", effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;

Amendment to HKAS 39, Amendment to "The fair value option", effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;

Amendment to HKAS 21, Amendment "Net investment in a foreign operation", effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;

Amendment to HKAS 39, Amendment "Cash flow hedge accounting of forecast intragroup transactions", effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group;

Amendment to HKAS 39 and HKFRS 4, Amendment "Financial guarantee contracts", effective for annual periods beginning on or after 1 January 2006. This amendment does not have significant impact to the Group;

HKFRS 6, "Exploration for and evaluation of mineral resources", effective for annual periods beginning on or after 1 January 2006. This standard is not relevant for the Group;

香港會計準則第19號之修訂「精算損益、集團計劃及披露」於二零零六年一月一日或以後開始之年度期間生效。是項修訂不適用於本集團；

香港會計準則第39號之修訂「選擇以公平值入賬」於二零零六年一月一日或以後開始之年度期間生效。是項修訂不適用於本集團；

香港會計準則第21號之修訂「於海外業務之投資淨額」於二零零六年一月一日或以後開始之年度期間生效。是項修訂不適用於本集團；

香港會計準則第39號之修訂「預測集團內公司間交易之現金流量對沖會計處理」於二零零六年一月一日或以後開始之年度期間生效。是項修訂不適用於本集團；

香港會計準則第39號及香港財務申報準則第4號之修訂「財務擔保合約」於二零零六年一月一日或以後開始之年度期間生效。是項修訂並無對本集團構成重大影響；

香港財務申報準則第6號「礦產資源勘探及評估」於二零零六年一月一日或以後開始之年度期間生效。是項準則不適用於本集團；

HK(IFRIC)-Int 4, “Determining whether an arrangement contains a lease”, effective for annual periods beginning on or after 1 January 2006. The Group has reviewed its contracts. Some of them are required to be accounted for as leases in accordance with HKAS 17, “Leases”. However, these leases are operating leases, and their reclassification has had no impact on the expense recognised in respect of them;

HK(IFRIC)-Int 5, “Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds”, effective for annual periods beginning on or after 1 January 2006. This interpretation is not relevant for the Group; and

HK(IFRIC)-Int 6, “Liabilities arising from participating in a specific market – waste electrical and electronic equipment”, effective for annual periods beginning on or after 1 December 2005. This interpretation is not relevant for the Group.

The following new standards, amendments to standards and interpretations have been issued but are not yet effective for 2006 and have not been early adopted:

HK(IFRIC)-Int 7, “Applying the Restatement Approach under HKFRS 29”, effective for annual periods beginning on or after 1 March 2006. Management do not expect the interpretation to be relevant for the Group;

HK(IFRIC)-Int 8, “Scope of IFRS/HKFRS 2”, effective for annual periods beginning on or after 1 May 2006. Management is currently assessing the impact of HK(IFRIC) – Int 8 on the Group’s operations;

香港（國際財務申報詮釋委員會）－詮釋第4號「釐定安排是否包括租賃」於二零零六年一月一日或以後開始之年度期間生效。本集團已審閱其合約，部分須根據香港會計準則第17號「租賃」列作租賃。然而，此等租賃為經營租賃，而有關重新分類並無對就此等租賃確認之開支構成影響；

香港（國際財務申報詮釋委員會）－詮釋第5號「終止運作、復原及環境修復基金產生權益之權利」於二零零六年一月一日或以後開始之年度期間生效。是項詮釋不適用於本集團；及

香港（國際財務申報詮釋委員會）－詮釋第6號「參與特定市場產生之負債－廢棄電力及電子設備」於二零零五年十二月一日或以後開始之年度期間生效。是項詮釋不適用於本集團。

下列新準則與準則修訂及詮釋已頒佈但於二零零六年尚未生效，且並無提早採納：

香港（國際財務申報詮釋委員會）－詮釋第7號「應用香港財務申報準則第29號之重列法」於二零零六年三月一日或以後開始之年度期間生效。管理層預期是項詮釋不適用於本集團；

香港（國際財務申報詮釋委員會）－詮釋第8號「國際財務申報準則／香港財務申報準則第2號之範圍」於二零零六年五月一日或以後開始之年度期間生效。管理層現正評估香港（國際財務申報詮釋委員會）－詮釋第8號對本集團業務之影響；

HK(IFRIC)-Int 9, "Reassessment of Embedded Derivatives", effective for annual periods beginning on or after 1 June 2006. Management believes that this interpretation should not have a significant impact on the reassessment of embedded derivatives as the Group already assess if embedded derivative should be separated using principles consistent with HK(IFRIC)-Int 9; and

HKFRS 7, "Financial instruments: Disclosures", effective for annual periods beginning on or after 1 January 2007. HKAS 1, "Amendments to capital disclosures", effective for annual periods beginning on or after 1 January 2007. The Group assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. The Group will apply HKFRS 7 and the amendment to HKAS 1 from annual periods beginning 1 January 2007.

香港（國際財務申報詮釋委員會）－詮釋第9號「重新評估內含衍生工具」於二零零六年六月一日或以後開始之年度期間生效。管理層相信，由於本集團已評估內含衍生工具是否須以與香港（國際財務申報詮釋委員會）－詮釋第9號貫徹一致之原則分開處理，故是項詮釋應不會對重新評估內含衍生工具構成重大影響；及

香港財務申報準則第7號「金融工具：披露」於二零零七年一月一日或以後開始之年度期間生效。香港會計準則第1號「股本披露的修訂」於二零零七年一月一日或以後開始之年度期間生效。本集團已評估香港財務申報準則第7號及香港會計準則第1號之修訂之影響，結論為主要額外披露事項為將就香港會計準則第1號之修訂所規定對市場風險及股本披露之敏感度分析。本集團將自二零零七年一月一日開始之年度期間起應用香港財務申報準則第7號及香港會計準則第1號之修訂。

3. PROPERTY, PLANT AND EQUIPMENT

3. 物業、廠房及設備

**Property, plant
and equipment**
物業、廠房及設備
RMB'000
人民幣千元

Six months ended 30 June 2005	截至二零零五年 六月三十日止六個月	
Opening net book amount as at 1 January 2005	於二零零五年一月一日 期初賬面淨值	352,843
Additions	添置	69,968
Disposals	出售	(345)
Depreciation (Note 12)	折舊 (附註12)	(17,600)
		<hr/>
Closing net book amount as at 30 June 2005	於二零零五年六月三十日 期末賬面淨值	404,866
		<hr/>
Six months ended 30 June 2006	截至二零零六年六月三十日 止六個月	
Opening net book amount as at 1 January 2006	於二零零六年一月一日 期初賬面淨值	598,315
Additions	添置	62,200
Disposals	出售	(648)
Depreciation (Note 12)	折舊 (附註12)	(25,075)
		<hr/>
Closing net book amount as at 30 June 2006	於二零零六年六月三十日 期末賬面淨值	634,792
		<hr/>

4. LAND USE RIGHTS

4. 土地使用權

		Land use rights
		土地使用權
		RMB'000
		人民幣千元
Six months ended 30 June 2005	截至二零零五年 六月三十日止六個月	
Opening net book amount as at 1 January 2005	於二零零五年一月一日 期初賬面淨值	44,969
Amortisation (Note 12)	攤銷 (附註12)	(259)
		<hr/>
Closing net book amount as at 30 June 2005	於二零零五年六月三十日 期末賬面淨值	44,710
		<hr/>
Six months ended 30 June 2006	截至二零零六年六月三十日 止六個月	
Opening net book amount as at 1 January 2006	於二零零六年一月一日 期初賬面淨值	56,098
Amortisation (Note 12)	攤銷 (附註12)	(604)
		<hr/>
Closing net book amount as at 30 June 2006	於二零零六年六月三十日 期末賬面淨值	55,494
		<hr/>

5. TRADE AND BILLS RECEIVABLES

5. 應收貿易及票據款項

		30 June 2006	31 December 2005
		二零零六年 六月三十日	二零零五年 十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade receivables	應收貿易款項	124,103	127,677
Bills receivable	應收票據款項	103,629	37,790
		<hr/>	<hr/>
		227,732	165,467
Less: Provision for impairment of receivables	減：應收賬款 減值撥備	(3,277)	(3,277)
		<hr/>	<hr/>
		224,455	162,190
		<hr/>	<hr/>

The credit terms granted by the Group to its customers are generally within 90 days. The ageing analysis of the trade and bills receivables was as follows:

0 to 30 days	0至30日
31 to 90 days	31至90日
91 to 180 days	91至180日
181 days to 1 year	181日至1年
Over 1 year	1年以上

本集團授予其客戶的信貸期一般為90日內。應收貿易及票據款項的賬齡分析如下：

30 June 2006 二零零六年 六月三十日 RMB'000 人民幣千元	31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元
174,599	123,522
41,898	29,041
1,685	6,533
4,912	2,307
4,638	4,064
227,732	165,467

6. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Deposits for purchases of raw materials	購買原材料之按金
Deposits for acquisition of a subsidiary (Note 20a)	收購一家附屬公司之按金 (附註20a)
Staff advances and loans	員工墊款及債項
Other receivables	其他應收賬款
VAT recoverable	應退增值稅
Prepayments	預付款項
Deposits	按金

6. 預付款項、按金及其他應收賬款

30 June 2006 二零零六年 六月三十日 RMB'000 人民幣千元	31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元
97,955	40,957
26,000	-
2,875	1,770
1,367	303
999	111
5,026	2,590
1,697	514
135,919	46,245

7. TRADE AND BILLS PAYABLES

7. 應付貿易及票據款項

		30 June 2006 二零零六年 六月三十日 RMB'000 人民幣千元	31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元
Trade payables	應付貿易款項	176,490	164,269
Bills payable	應付票據款項	164,444	3,000
		340,934	167,269

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

應付貿易及票據款項的賬齡分析如下：

		30 June 2006 二零零六年 六月三十日 RMB'000 人民幣千元	31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元
0 to 90 days	0至90日	314,046	155,815
91 to 180 days	91至180日	20,422	6,884
181 days to 1 year	181日至1年	3,787	2,337
Over 1 year	1年以上	2,679	2,233
		340,934	167,269

8. ACCRUALS AND OTHER PAYABLES

8. 應計費用及其他應付賬款

		30 June 2006 二零零六年 六月三十日 RMB'000 人民幣千元	31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元
Accrued wages and salaries	應計工資及薪酬	13,601	14,550
Other accrued expenses	其他應計開支	10,276	11,165
Deposits from customers	客戶按金	13,271	9,893
Other deposits	其他按金	7,138	5,743
Payables for purchase of property, plant and equipment	購置物業、廠房及設備應付賬款	25,173	33,582
Payables for purchase of property, plant and equipment from liquidated state-owned companies	購置清盤國有企業物業、廠房及設備應付賬款	7,684	8,686
Other payables	其他應付賬款	17,296	20,118
Taxation payables other than enterprise income tax ("EIT")	應付稅項(企業所得稅除外)	7,015	6,754
		101,454	110,491

9. BORROWINGS

9. 借貸

		30 June 2006 二零零六年 六月三十日 RMB'000 人民幣千元	31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元
Current	即期		
– Unsecured bank loans	– 無抵押 銀行貸款	302,165	128,405
– Unsecured government loans	– 無抵押 政府貸款	–	11,500
		302,165	139,905
– Secured bank loans	– 有抵押 銀行貸款	137,000	138,900
		439,165	278,805
Non-current	非即期		
– Unsecured bank loans	– 無抵押 銀行貸款	113,001	72,913
		552,166	351,718

As at 30 June 2006, bank loans bore interest at rates ranging from 5.0% to 8.0% per annum (2005: 5.0% to 8.0%).

Certain bank loans were secured by pledge of the Group's inventories, land use rights and buildings and machinery and equipment with an aggregated net book amount of approximately RMB229,866,000 as at 30 June 2006 (31 December 2005: RMB173,088,000).

於二零零六年六月三十日，銀行貸款乃按年息率介乎5.0厘至8.0厘計算利息（二零零五年：5.0厘至8.0厘）。

於二零零六年六月三十日，若干銀行貸款乃由本集團賬面淨值總額約人民幣229,866,000元之存貨、土地使用權及樓宇、機器及設備作抵押（二零零五年十二月三十一日：人民幣173,088,000元）。

Movements in borrowings are analysed as follows:

借貸變動分析如下：

Six months ended 30 June 2005	截至二零零五年六月三十日 止六個月	RMB'000 人民幣千元
Opening amount as at 1 January 2005	於二零零五年一月一日 期初金額	227,932
New bank borrowings	新增銀行借貸	<u>72,968</u>
Closing amount as at 30 June 2005	於二零零五年六月三十日 期末金額	<u>300,900</u>
Six months ended 30 June 2006	截至二零零六年六月三十日 止六個月	
Opening amount as at 1 January 2006	於二零零六年一月一日 期初金額	351,718
New bank borrowings	新增銀行借貸	434,457
Repayments of borrowings	償還借貸	<u>(234,009)</u>
Closing amount as at 30 June 2006	於二零零六年六月三十日 期末金額	<u>552,166</u>

10. SHARE CAPITAL

10. 股本

	Ordinary shares of HK\$0.1 each 每股面值0.1港元的普通股	
	Number of shares 股份數目	
	'000 千股	RMB'000 人民幣千元
<i>Authorised:</i>	法定：	
At 31 December 2005 and 30 June 2006	於二零零五年 十二月三十一日 及二零零六年 六月三十日	<u>4,000,000</u> 425,881
<i>Issued and fully paid:</i>	已發行及繳足：	
At 31 December 2005 and 30 June 2006	於二零零五年 十二月三十一日 及二零零六年 六月三十日	<u>872,000</u> 92,842

11. REVENUE AND SEGMENT INFORMATION**(i) Revenue**

The Group is principally engaged in the manufacturing and sales of yarns, grey fabrics and dyed fabrics. Revenues recognised are as follows:

		Six months ended 30 June	
		截至六月三十日止六個月	
		2006	2005
		二零零六年	二零零五年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Sales	銷售額		
Sales of goods (exclude value-added tax)	貨品銷售(不 包括增值稅)	1,198,004	845,623
Other gains	其他收入		
Subsidy income	補貼收入	22,802	3,790
Interest income	利息收入	1,160	144
		23,962	3,934
		1,221,966	849,557

(ii) Segment information

The Group operated in one business segment – manufacturing and sale of yarns, grey fabrics and dyed fabrics. It operates principally in one geographical segment – Mainland China. Substantially all of the Group's assets and capital expenditure were located in Mainland China. Accordingly, no analysis of the segment information is presented.

11. 收益及分類資料**(i) 收益**

本集團主要業務為製造及銷售紗線、坯布及染色布料。已確認的收益如下：

Six months ended 30 June**截至六月三十日止六個月****2006****2005****二零零六年****二零零五年****RMB'000****RMB'000****人民幣千元****人民幣千元****(ii) 分類資料**

本集團經營單一業務分類 – 製造及銷售紗線、坯布及染色布料。本集團主要在單一地區 – 中國大陸經營業務。本集團大部分資產及資本開支均設置於中國大陸。因此，並無呈列分類資料分析。

12. EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and marketing costs and general and administrative expenses are analysed as follows:

Cost of inventories	存貨成本
Employment costs	僱員成本
Depreciation and amortisation (Note 3 and note 4)	折舊及攤銷 (附註3及 附註4)
Utilities	公共設施
Transportation	運輸
Consumables	消耗品
Subcontracting charges	分包開支
Auditors' remuneration	核數師酬金

12. 開支(按性質分類)

開支包括銷貨成本、銷售及市場推廣開支以及一般及行政開支，分析如下：

Six months ended 30 June

截至六月三十日止六個月

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
787,102	493,374
100,518	56,925
25,679	17,859
64,992	47,153
17,031	13,218
25,858	13,922
17,339	24,625
1,500	954

13. FINANCE COSTS

Interest on bank borrowings wholly repayable within five years	須於五年內悉數償還銀行借貸的利息
Other incidental borrowing costs	其他臨時借貸成本
Total borrowing costs incurred	產生借貸成本總額
Less: amount capitalised in property, plant and equipment	減：物業、廠房及設備資本化金額

13. 財務費用**Six months ended 30 June**

截至六月三十日止六個月

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
14,771	7,701
3,368	478
18,139	8,179
(1,030)	-
17,109	8,179

14. INCOME TAX EXPENSE

14. 所得稅開支

		Six months ended 30 June 截至六月三十日止六個月	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 <i>RMB'000</i> 人民幣千元
Current income tax	當期所得稅		
Mainland China enterprise income tax ("EIT")	中國大陸企業所得稅(「企業所得稅」)	19,205	9,694
Deferred income tax	遞延所得稅		
In respect of utilisation of tax losses carried forward	動用結轉稅項虧損	255	-
In respect of temporary differences	臨時差額	1,041	-
In respect of buildings revaluation	樓宇重估	(264)	(134)
		20,237	9,560

(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 six months ended 30 June 2006.

(i) 香港利得稅

由於本集團於截至二零零六年六月三十日止六個月並無在香港產生或賺取任何應課稅溢利，故並無就香港利得稅作出撥備。

(ii) Mainland China enterprise income tax ("EIT")

The subsidiaries established in Mainland China are subject to EIT at rates ranging from 15% to 33% during the period.

Except for Texhong (China) Investment Co., Ltd., an intermediate holding company within the Group whose applicable EIT rate is 15%, other subsidiaries are wholly foreign owned enterprises established in Mainland China, and 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 first profitable year after offsetting all unexpired tax losses carried forward from the previous years in accordance with the relevant tax rules and regulations applicable to foreign investment enterprises in Mainland China.

(iii) Overseas 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.

(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須於期內按稅率15%至33%繳納企業所得稅。

除本集團之中介控股公司天虹（中國）投資有限公司之適用企業所得稅稅率為15%外，其他附屬公司均為於中國大陸成立的外商獨資企業，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未到期稅項虧損後首個獲利年度起，免繳企業所得稅兩年，其後三年則獲稅率減半優惠。

(iii) 海外所得稅

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，本公司獲豁免繳納開曼群島所得稅。本公司於英屬處女群島成立的附屬公司按英屬處女群島國際商業公司法註冊成立，因此獲豁免繳納英屬處女群島所得稅。

15. EARNINGS PER SHARE**Basic**

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

Profit attributable to equity holders of the Company	本公司股權持有人應佔溢利
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數 (以千計)
Basic earnings per share (RMB per share)	每股基本盈利 (每股人民幣)

Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all share options. For share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

15. 每股盈利**基本**

每股基本盈利以本公司股權持有人應佔溢利除期內已發行普通股的加權平均數計算。

Six months ended 30 June
截至六月三十日止六個月

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
111,638	79,647
872,000	872,000
0.128	0.091

攤薄

每股攤薄盈利乃按調整已發行普通股股份的加權平均數計算，假設所有購股權已轉換。就購股權而言，將按未行使購股權所附的認購權的貨幣值為基準計算以釐定可以公平值（以本公司平均年度市場股價計算）收購的股份數目。按上述方法計出的股份數目與已發行股份數目（假設購股權已獲行使）作出比較。

		Six months ended 30 June 截至六月三十日止六個月	
		2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 <i>RMB'000</i> 人民幣千元
Profit attributable to equity holders of the Company	本公司股權持有人應佔溢利	111,638	79,647
Weighted average number of ordinary shares in issue (thousands)	已發行普通股加權平均數 (以千計)	872,000	872,000
Adjustments for share options (thousands)	調整購股權 (以千計)	1,737	1,737
Weighted average number of ordinary shares for diluted earnings per share (thousands)	用作計算每股攤薄盈利的普通股加權平均數 (以千計)	873,737	873,737
Diluted earnings per share (RMB per share)	每股攤薄盈利 (每股人民幣)	0.128	0.091

16. DIVIDENDS

A 2005 final dividend of HK\$0.065 per ordinary share, totaling HK\$56,680,000 (equivalent to RMB58,278,000) was paid in June 2006.

The Board has resolved to declare an interim dividend of HK\$0.03 per ordinary share, amounting to a total dividend of HK\$26,160,000 (equivalent to RMB26,929,000) in respect of the six months ended 30 June 2006 (2005: Nil).

16. 股息

本公司於二零零六年六月派付二零零五年末期股息每股普通股0.065港元，合共56,680,000港元（相當於人民幣58,278,000元）。

董事會已議決就截至二零零六年六月三十日止六個月派發中期股息每股普通股0.03港元，合共26,160,000港元（相當於人民幣26,929,000元）（二零零五年：無）。

17. CONTINGENCIES

The Group had contingent liabilities not provided for as follows:

Government grants obtained from the Management Committee of Taizhou Economic Development Zone (Note (i))	來自泰州經濟開發區管理委員會的政府補助金 (附註(i))
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The Directors of the Company and the management of the Group anticipate that no material liabilities will arise from the above contingencies.

Note –

- (i) During the year ended 31 December 2002, Taizhou Century Texhong Textile Co., Ltd., a wholly owned subsidiary, acquired a plot of land in Mainland China for RMB26,289,000 and paid RMB4,400,000, with the remaining balance of RMB21,889,000 covered by government grants. The Group has obtained a confirmation from the Management Committee of Taizhou Economic Development Zone, Jiangsu Province, that the amount of RMB21,889,000 represents grants to Taizhou Century Texhong Textile Co., Ltd. by the Management Committee of Taizhou Economic Development Zone, Jiangsu Province, and such an amount had been settled by the Management Committee of Taizhou Economic Development Zone, Jiangsu Province, with the relevant Land Resources Bureau of Taizhou City and the Group will not be responsible for the payment of such an amount. However, in case that the Management Committee of Taizhou Economic Development Zone, Jiangsu Province, is not the appropriate authority responsible for the settlement, the Group may be liable to pay the balance of the acquisition cost amounting to RMB21,889,000.

17. 或然負債

本集團未作撥備的或然負債如下：

30 June 2006 二零零六年 六月三十日 RMB'000 人民幣千元	31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元
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21,889

21,889

本公司董事及本集團的管理層預期上述或然事項不會產生重大負債。

附註 –

- (i) 於截至二零零二年十二月三十一日止年度，全資附屬公司泰州世紀天虹紡織有限公司以人民幣26,289,000元購入一幅位於中國大陸的土地，已支付人民幣4,400,000元，餘款人民幣21,889,000元以政府補助金支付。本集團已獲江蘇省泰州經濟開發區管理委員會確認，該人民幣21,889,000元為江蘇省泰州經濟開發區管理委員會給予泰州世紀天虹紡織有限公司的補助金，江蘇省泰州經濟開發區管理委員會已向泰州市土地資源管理局支付該筆款項，本集團將不用負責支付該筆款項。然而，倘江蘇省泰州經濟開發區管理委員會並非支付該筆款項的適當機構，則本集團或須支付收購成本的餘額人民幣21,889,000元。

18. COMMITMENTS**(a) Capital commitments**

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

Authorised, contracted but not provided for	已授權並訂約惟未撥備
– purchase of property, plant and equipment	– 購買物業、廠房及設備

18. 承擔**(a) 資本承擔**

於結算日但尚未產生的資本開支如下：

30 June	31 December
2006	2005
二零零六年	二零零五年
六月三十日	十二月三十一日
RMB'000	RMB'000
人民幣千元	人民幣千元

136,743

61,265

(b) Operating leases

The Group had future aggregate minimum lease payments under non-cancellable operating leases for land and buildings as follows:

Not later than one year	一年內
Later than one year and not later than five years	一年後至五年內

(b) 經營租賃

本集團根據不可撤銷土地及樓宇經營租賃於未來支付的最低租賃付款總額如下：

30 June	31 December
2006	2005
二零零六年	二零零五年
六月三十日	十二月三十一日
RMB'000	RMB'000
人民幣千元	人民幣千元

5,441

4,632

279

1,510

5,720

6,142

(c) Raw material purchase commitments**(c) 購買原材料之承擔**

	30 June 2006 二零零六年 六月三十日 RMB'000 人民幣千元	31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元
Authorised, contracted but not provided for – purchase of raw materials	已授權並訂約 惟未撥備 — 購買原材料	
	49,894	95,566

19. RELATED PARTY TRANSACTIONS

The Group is controlled by New Green Group Limited (incorporated in British Virgin Islands), which owns 45% of the Company's shares. The remaining 55% of the shares are widely held. The ultimate parent of the Group is Hong Tianzhu.

19. 與關聯方的交易

本集團由於英屬處女群島註冊成立並持有本公司45%股份之New Green Group Limited控制。餘下55%股份則由公眾人士持有。本集團之最終控制人為洪天祝。

- (a)** The Company's directors and the Group's management are of the view that the following companies/individuals are related parties of the Group:

- (a)** 本公司董事及本集團的管理層認為下列公司／人士為本集團的關聯方：

**Name of related party
關聯方名稱****Relationship with the Group
與本集團的關係**

Hong Tianzhu
洪天祝

Director
董事

New Green Group Limited

Shareholder
股東

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

Controlled by Hong Kong Tin Hong Industrial Limited, a company controlled by Hong Tianzhu, a director

天虹印染(無錫)有限公司

由香港天虹實業有限公司(董事洪天祝控制的公司)控制

Nantong Textile Group
Co., Ltd.

Associate company of Hong Kong Tin Hong Industrial Limited, a company controlled by Hong Tianzhu

南通紡織控股集團紡織染有限公司

香港天虹實業有限公司(洪天祝控制的公司)的聯營公司

(b) Sales/purchase of goods and services**(b) 銷售／購買產品及服務****Six months ended 30 June**
截至六月三十日止六個月

		2006	2005
		二零零六年	二零零五年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Nantong Textile Group Co., Ltd.	南通紡織控股集團紡織染有限公司		
– Purchase of goods	– 購買貨品	1,107	–
– Sales of goods	– 銷售貨品	4,688	–
Tianhong Printing and Dyeing (Wuxi) Co., Ltd.	天虹印染(無錫)有限公司		
– Purchase of goods	– 購買貨品	5,305	6,215
– Sales of goods	– 銷售貨品	4,552	8,512

(c) Key management compensation**(c) 主要管理層薪酬****Six months ended 30 June**
截至六月三十日止六個月

		2006	2005
		二零零六年	二零零五年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Wages, salaries and bonuses	工資、薪金及花紅	2,914	1,821
Pension costs (defined contribution plans)	退休金成本(界定供款計劃)	94	3
Share options granted to directors and employees	向董事及僱員授出購股權	–	1,935
		3,008	3,759

(d) Period-end balances arising from sales/purchases of goods/services**(d) 來自銷售／購買產品／服務的期末結餘**

	30 June 2006 二零零六年 六月三十日 RMB'000 人民幣千元	31 December 2005 二零零五年 十二月三十一日 RMB'000 人民幣千元
Receivables from related parties:		
Nantong Textile Group Co., Ltd.	4,543	-
Tianhong Printing and Dyeing (Wuxi) Co., Ltd.	4,846	5,304
	9,389	5,304
Payables to related parties:		
Tianhong Printing and Dyeing (Wuxi) Co., Ltd.	667	-
Deposits from customers:		
Nantong Textile Group Co., Ltd.	-	220
Tianhong Printing and Dyeing (Wuxi) Co., Ltd.	-	27
	-	247

These balances were unsecured, non-interest bearing, and with no fixed terms of repayment.

該等結餘為無抵押、免息及無固定還款期。

20. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

- (a) On 18 July 2006, Texhong (China) Investment Co., Ltd., a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Yihua Group Company and Changzhou Government to acquire the entire equity interest in Yizheng Chemical Fiber Changzhou Daming Company (“Yizheng Daming”) and the procurement of the repayment of the Debt by Yizheng Daming to Yihua Group Company of RMB98,577,901 (equivalent to approximately HK\$94,786,443).

Total consideration of RMB98,577,901 was divided into two parts:

- (1) RMB1 for the transfer of entire equity interest in Yizheng Daming; and
- (2) the procurement of the repayment of the Debt to Yihua Group Company on behalf of Yizheng Daming of RMB98,577,900.

As at 30 June 2006, RMB26,000,000 has been paid to Shanghai United Assets and Equity Exchange as deposit for the transaction. Such deposit will become part of the consideration upon the effective date of the Sale and Purchase Agreement.

The transaction has been completed by the date of this report.

20. 結算日後發生事項

- (a) 於二零零六年七月十八日，本公司全資附屬公司天虹(中國)投資有限公司與儀化集團公司及常州政府訂立買賣協議，以收購儀征化纖常州大明公司(「儀征大明」)全部股本權益及促使儀征大明向儀化集團公司償還債務人民幣98,577,901元(約相當於94,786,443港元)。

總代價為人民幣98,577,901元，分為兩部分支付：

- (1) 人民幣1元以轉讓儀征大明全部股本權益；及
- (2) 促使代表儀征大明向儀化集團公司償還債務人民幣98,577,900元。

於二零零六年六月三十日，已向上海聯合產權交易所支付人民幣26,000,000元作為交易之訂金。於買賣協議正式生效之日起，此訂金可轉作部分代價款項。

該交易已於此報告出版日期前完成。

(b) On 1 August 2006, Jiangsu Century Texhong Textile Co., Ltd., Taizhou Texhong Yintai Textile Co., Ltd., Xuzhou Texhong Times Textile Co., Ltd. and Texhong (China) Investment Co., Ltd., wholly-owned subsidiaries of the Company, entered into a facility agreement (the "Facility Agreement") with a syndicate of banks for a loan facility ("Facility") of up to the principal amount of US\$35,000,000. Purpose of the Facility is to re-finance the Group's existing indebtedness and financing the Group's capital expenditure and working capital requirements. The Facility is for a term of three years and is guaranteed by the Company and its two subsidiaries, namely Taizhou Century Texhong Textile Co., Ltd. and Xuzhou Texhong Yinfeng Textile Co., Ltd. Save for the guarantee, the Facility is unsecured. The amount of the Facility represents approximately 33.7% of the total amount of banking/credit facilities (including the Facility) presently available to the Group.

The Facility Agreement contains the usual cross default provisions and a further requirement that Mr. Hong Tianzhu shall remain the chairman of the Board and the Company's single largest shareholder. A breach of such requirement will constitute an event of default under the Facility Agreement, and as a result, the Facility is liable to be declared immediately due and payable. The occurrence of such circumstance may trigger the cross default provisions of other banking/credit facilities available to the Group and, as a possible consequence, these other facilities may also be declared to be immediately due and payable.

(b) 於二零零六年八月一日，本公司全資附屬公司江蘇世紀天虹紡織有限公司、泰州天虹銀泰紡織有限公司、徐州天虹時代紡織有限公司及天虹(中國)投資有限公司與銀團就本金金額最多35,000,000美元之貸款融資(「該項融資」)訂立融資協議(「融資協議」)。該項融資旨在為本集團現有債務提供再融資，並撥付本集團之資本開支及營運資金所需。該項融資為期三年，由本公司及其兩家附屬公司泰州世紀天虹紡織有限公司及徐州天虹銀豐紡織有限公司提供擔保。除有關擔保外，該項融資乃無抵押。該項融資之金額約相當於本集團目前可動用之銀行／信貸融資(包括該項融資)總額的33.7%。

融資協議載有一般交叉失責條文，另規定洪天祝先生須維持為董事會主席兼本公司單一最大股東。根據融資協議，違反該項規定將構成失責事項，該項融資因而須即時宣佈到期償還。發生該情況或會觸發本集團其他可動用銀行／信貸融資之交叉失責條文，該等其他融資因而或會即時宣佈到期償還。

INDUSTRY OVERVIEW

Following the signing of the textile agreement between the US and China governments on 8 November 2005, China textile industry has experienced a relatively stable market environment in the first half of 2006. According to the statistics from the General Administration of Customs of the PRC, for the period from January to June 2006, total exports of the PRC textile products and garments grew 24.5% from the corresponding period last year to USD64.0 billion.

The re-imposition of quota system has restricted the export growth rate of textile and garment products to the United States and the European Union, China textile enterprises paid more attention to the domestic market, especially with an expected GDP growth of more than 10% in the PRC in 2006.

Despite the increasing domestic demand in the PRC, textile enterprises are likely to face challenges in the second half of 2006. The rise in oil price will result in increase in raw material and production costs of textile products. In addition, competition from other emerging textile industry in developing countries such as India and Pakistan is likely to pose further pressure to PRC textile manufacturers. In view of the challenges ahead, textile enterprises will have to increase the added value of their textile products through enhancing technology innovation according to the "Eleventh Five-year" plan set out by the PRC government in early 2006. In addition, PRC textile industry will expedite the consolidation process of the fragmented textile enterprises in order to enhance their production efficiency and benefit further from economies of scale. Together with the government's support to the PRC textile industry, such as adjusting the textile trade policies and reducing the pressure of rising energy price through increase in the energy production capacity, it is believed that the PRC textile industry will continue to grow in a healthy manner in the second half of 2006.

行業概覽

繼中美政府於二零零五年十一月八日簽訂紡織貿易協議後，中國紡織行業於二零零六年上半年的市場環境相對穩定。根據中國海關總署的報告指出，於二零零六年一月至六月份期間，中國紡織品及成衣出口總值達到640億美元，較去年同期增長24.5%。

重新實施的配額制度限制了紡織及成衣產品出口至美國及歐盟之銷售增長。特別是預期二零零六年上半年之中國國民生產總值增長達10%以上，因此中國紡織企業更專注於國內市場。

二零零六年下半年，儘管中國國內市場的需求殷切，但是紡織企業仍將面對挑戰，油價上漲將會導致紡織品原材料及生產成本增加。此外，來自印度和巴基斯坦等發展中國家與新興紡織工業之競爭也將對中國紡織製造商進一步構成壓力。面對未來的挑戰，紡織企業將根據中國政府二零零六年年初推出的「十一五」規劃，透過提升技術創新，來增加高附加值的紡織產品；同時，中國紡織業也將加快紡織企業之整合，以提高生產效率和擴大經濟規模效益，加上政府對中國紡織業的支持，例如調整紡織貿易政策及透過提高能源產品產能以緩解能源價格上漲之壓力。因此從整體上看，業內人士認為二零零六年下半年中國紡織業將朝著健康態勢不斷成長。

BUSINESS REVIEW

We are pleased to report another record high half-year results of the Group for the six months ended 30 June 2006. During the period under review, the Group's turnover increased by 41.7% from corresponding period last year to RMB1,198.0 million. Profit attributable to shareholders increased by 40.2% from corresponding period last year to RMB111.6 million. Earnings per share for the half year were RMB0.128, compared to RMB0.091 for the corresponding period last year. The Board has resolved to declare an interim dividend of 3 HK cents per share for the six months ended 30 June 2006.

The Group, well positioned as the upstream supplier of high value-added core-spun cotton textile products in China, was benefited from the increasing demand of high quality textile products from domestic market and has achieved a substantial increase in sales volume of the Group's core products (spandex stretch yarn and grey fabrics) for the six months ended 30 June 2006:

Sales Volume
銷售量

		Six months ended 30 June 截至六月三十日止六個月		
		2006 二零零六年	2005 二零零五年	Growth 增幅
Spandex Stretch Yarn (ton)	氨綸彈力紗線 (噸)	26,823	16,247	65.1%
Spandex Stretch Grey Fabrics (million meters)	氨綸彈力坯布 (百萬米)	31.8	25.8	23.3%

The Group's yarn and grey fabrics were sold to over 17 provinces and cities in the PRC, including Jiangsu Province, Zhejiang Province, Guangdong Province, Shandong Province, Shanghai and other provinces. While garment fabrics was exported to numerous countries such as Europe, North America, South Korea, Hong Kong, Bangladesh, etc.. As shown in above table, the Group's sales of spandex stretch yarn and grey fabrics in the PRC market have achieved another record high half-year results in terms of volume.

業務回顧

我們欣然報告本集團於截至二零零六年六月三十日止六個月之半年度業績再創新高。於回顧期內，本集團之營業額較去年同期上升41.7%至人民幣1,198,000,000元。股東應佔溢利較去年同期增加40.2%至人民幣111,600,000元。二零零年上半年之每股盈利為人民幣0.128元，而去年同期則為人民幣0.091元。董事會議決就截至二零零六年六月三十日止六個月宣派中期股息每股股息3港仙。

本集團作為中國上游高附加值棉包芯紡織品供應商，受惠於國內市場對優質紡織品不斷增加之需求，帶動本集團核心產品氨綸彈力紗線及坯布之銷售量於截至二零零六年六月三十日止六個月亦大幅增加：

本集團生產之紗線及坯布銷售至中國超過17個省市，包括江蘇省、浙江省、廣東省、山東省、上海市及其他省份。成衣布料則出口至歐洲、北美洲、南韓、香港、孟加拉國等多個國家。誠如上表所示，就銷量而言，本集團於中國市場之氨綸彈力紗線及坯布銷售額再創半年度業績之新高。

The Group's new production base with 100,000 spindles in Suining County, Xuzhou, Jiangsu Province has commenced commercialised production in the first quarter of 2006 and achieved high utilization rate of over 95%. To cope with the increasing demand of the Group's core-spun yarn and fabric products, the Group has been keeping on looking for low cost acquisition opportunities in the PRC. In July 2006, the Group has acquired a state-owned textile factory from Yizheng Group and Changzhou Municipal Government. Currently, the Group has 11 production bases, spanning across Xuzhou, Taizhou, Changzhou and Nantong and Jinhua of Zhejiang Province with approximately 470,000 spindles and more than 1,100 shuttless looms, representing an increase of 16.8% and 14.4% in production capacity of yarn and fabrics respectively, as compared to the Group's production capacity at the beginning of 2006.

The Group continued to implement its product differentiation strategy in 2006 with innovative new core-spun cotton textile products including spandex stretch and other quality elastic yarn and grey fabrics. Co-operation with Dow Chemical (China) Investment Co., Ltd. has benefited the Group in developing more high-end textile products and gaining market recognition as a leading core-spun textile manufacturer in the PRC.

Furthermore, the Group has further strengthened its sales and marketing efforts during the period under review. The Group believe that Texhong (China) Investment Co., Ltd., its regional headquarter in Shanghai, has successfully established an international-standard operating platform and will be formally launched to the market, to act as the sales window of the Group's core-spun yarn and fabric products in the PRC, in the fourth quarter of 2006 after obtaining all necessary governmental approvals. The Directors believe that the streamlined sales platform will further enhance the Group's market recognition through a more focused sales efforts on quality customers.

本集團於江蘇省徐州市睢寧縣配備100,000個紗錠的新生產基地已於二零零六年第一季開始投入商品化生產工作，使用率迅速高達95%以上。為迎合市場對本集團棉包芯紗線及紡織品日趨殷切之需求，本集團一直於中國物色低成本收購機會。於二零零六年七月，本集團向儀化集團公司及常州市政府收購一家國有紡織廠房。目前，本集團共有11個生產基地，遍佈江蘇省徐州、泰州、常州、南通及浙江省金華，配備約470,000個紗錠及超過1,100台無梭織機，與本集團於二零零六年初之產能比較，紗線及坯布之產能分別增加16.8%及14.4%。

本集團於二零零六年繼續推行差異化產品策略，生產創新的棉包芯紡織品（包括氨綸彈力及其他優質彈力紗線及坯布）。與陶氏化學（中國）投資有限公司之合作有助本集團開發出更多高端紡織品，並取得中國棉包芯紡織製造商翹楚之市場地位。

此外，於回顧期內，本集團進一步加強其銷售及市場推廣工作。本集團相信，其位於上海總部的天虹（中國）投資有限公司已成功建立國際水準的營運平台，並將於二零零六年第四季取得一切必需政府批文後，正式成為本集團中國市場銷售棉包芯紗線及坯布的門戶。董事相信，精簡後之銷售平台將有助本集團更專注於向優質客戶銷售，並進一步提升市場地位。

OUTLOOK

Looking ahead, it is expected that the PRC textile industry will face several challenges including the rise in oil prices, potential appreciation in Renminbi and macroeconomic control measures posted by the Central Government of the PRC. Such development will further restrict the rooms of expansion for small to medium scale textile enterprises as they are unlikely to have sufficient funding for expansion under the tightening monetary policy of the local Chinese banks. The Group, leveraging on its status as a company whose shares are listed on the main board of the Stock Exchange, has the advantage of access to foreign funding sources including capital market and foreign banks. On 1 August 2006, the Group has entered into the Facility Agreement for the Facility of up to US\$35 million with six foreign banks. Part of the Facility obtained will be applied to repay certain secured short-term bank loans with local Chinese banks. This will enable the Group to reduce its interest expenses and to ensure a more healthy debt structure and enhancing its financial position. The remaining balance of the loan will be mainly applied to fund future business expansion and acquisition of assets.

China will remain as the Group's core market and it is expected that sales in the PRC will increase substantially due to the rapid growth in consumption power. Being one of the top 20 cotton textile manufacturers in the PRC with high competitiveness, and a leading enterprise of spandex stretch yarn, the Group is confident that, in 2006, its market position will be further enhanced in line with its active expansion. Looking ahead into the second half of 2006, the Group expects the current growth on sales of spandex stretch textile products will sustain. Thus, the Group will continue to expand its upstream yarn production capacity in order to gain extra market share in the core-spun yarn market in the PRC and benefit further from economies of scale, and, in the long run, achieve sustainable growth in both turnover and profit in the coming years.

展望

展望未來，預期中國紡織行業將面對不同挑戰，包括油價上升、人民幣升值潛力及中國中央政府實施宏觀經濟調控措施。有關發展將進一步限制中小型紡織企業擴展之空間，此乃由於中國本土銀行收緊貨幣政策，中小型紡織企業難以取得充裕資金作擴充之用。憑藉股份於聯交所主板上市之優勢，本集團有機會取得股本市場及海外銀行等來源資金。於二零零六年八月一日，本集團與六家海外銀行就該項融資最多35,000,000美元訂立融資協議。該項融資的部分資金將用作償還由中國國內銀行授出之有抵押的短期銀行貸款。此舉有助本集團減少利息開支，從而確保債務架構更為穩健，並改善其財務狀況。貸款餘額將主要用作撥付集團未來擴充業務及收購資產所需。

中國將仍為本集團核心市場，預期國內紡織品銷售額將隨著消費力迅速提升而大幅增加。作為中國二十強高競爭力棉紡織製造商之一，且為氨綸彈力紗線之領先企業，本集團有信心，於二零零六年，隨著本集團積極擴充，其市場地位將進一步提升。本集團預期氨綸彈力紡織品於二零零六年下半年之銷售增長將會持續。因此，本集團將繼續擴充其上游紗線產能，並於中國棉包芯紗線市場獲取額外市場份額，以進一步受惠於規模經濟效益，長遠而言，營業額及溢利於未來可達致更顯著增長。

In respect of the export business of its garment fabrics, the Group has gradually expanded its export sales team in Hong Kong. Together with the export sales team in Shanghai, the Group's export sales and marketing capability was substantially enhanced and will support its long term goal in garment fabrics business. In view of the possible international textile trading disputes, the Group will keep a close eye on the latest development of the garment manufacturers and the export markets of garment fabrics, and at the same time, explore other market opportunities, such as establishing sales offices and production bases in ASEAN countries, tapping into the garment markets in Asia and building strategic partnership with European textile enterprises. Texhong is committed to becoming a leading vertically integrated manufacturer of high value-added core-spun cotton textile in the international textile market.

FINANCIAL REVIEW

Liquidity and financial resources

As at 30 June 2006, the Group's bank and cash balances (including pledged bank deposits) amounted to RMB431.5 million (As at 31 December 2005: RMB268.8 million).

As a result of business expansion in the period under review, the Group's inventories and trade and bills receivables increased substantially by RMB77.8 million and RMB62.3 million to RMB344.5 million and RMB224.5 million respectively (As at 31 December 2005: RMB266.7 million and RMB162.2 million). The inventory turnover days and trade receivable turnover days remained at approximately 56 days and 29 days respectively.

To cater for the expansion of its production capacity and its business expansion, the Group's bank borrowings increased by RMB200.5 million to RMB552.2 million (As at 31 December 2005: RMB351.7 million).

就成衣布料之出口業務而言，本集團已逐步擴充其香港海外銷售隊伍，連同上海銷售隊伍，本集團之出口銷售及市場推廣實力已大幅提升，並將支持其實現成衣布料業務之長遠目標。鑑於國際紡織貿易可能出現的磨擦，本集團將密切留意成衣製造商及成衣布料出口市場之最新發展，同時物色機會於東盟國家設立銷售辦事處及建立生產基地，以直接進入亞洲之成衣市場，並與歐洲紡織企業建立策略夥伴關係。天虹矢志成為國際紡織市場縱向整合高附加值棉芯紡織品製造商之翹楚。

財務回顧

流動資金及財務資源

於二零零六年六月三十日，本集團之銀行及現金結餘（包括已抵押銀行存款）為人民幣431,500,000元（於二零零五年十二月三十一日：人民幣268,800,000元）。

隨著業務於回顧期內擴充，本集團的存貨和應收貿易及票據款項分別大幅增加增加人民幣77,800,000元和人民幣62,300,000元至人民幣344,500,000元及人民幣224,500,000元（於二零零五年十二月三十一日：人民幣266,700,000元及人民幣162,200,000元）。存貨周轉日數及應收賬款周轉日數分別維持在56日和29日左右。

為配合產能提升以及擴充業務所需，本集團的銀行借貸增加人民幣200,500,000元至人民幣552,200,000元（於二零零五年十二月三十一日：人民幣351,700,000元）。

As at 30 June 2006, the Group's financial ratios were as follows:

於二零零六年六月三十日，本集團之財務比率如下：

		30 June 2006	31 December 2005
		二零零六年 六月三十日	二零零五年 十二月三十一日
Current ratio	流動比率	1.27	1.33
Debt to equity ratio ¹	負債權益比率 ¹	0.68	0.47
Net debt to equity ratio ²	負債淨額權益比率 ²	0.15	0.11

¹ Total borrowings divided by total equity

¹ 總借貸除總權益

² Total borrowings net of cash and cash equivalents divided by total equity

² 總借貸減現金及現金等值物除總權益

Foreign exchange risk

Majority of the Group's sales, purchases are denominated in RMB and US\$. Since the Group's bank borrowings are also denominated in RMB and US\$ and the Group has retained surplus funds in both currencies, such foreign exchange exposure is immaterial and could be effectively monitored.

外匯風險

本集團大部分銷售及採購均以人民幣及美元計值。由於本集團之銀行借貸亦以人民幣及美元計值，且本集團亦以此兩種貨幣保留盈餘資金，故外匯風險並不重大，且獲有效控制。

For the foreign exchange risk arising from transactions denominated in other currencies, the Group managed to reduce such risk by entering into foreign exchange forward contracts. In June 2006, the Group entered into a forward contract to buy Euro against Renminbi for purchase of machineries at a forward rate of 10.05, with a total amount of RMB37.6 million; the forward contract will expire in September 2006.

就以其他貨幣計值之交易所產生外匯風險而言，本集團透過訂立外匯遠期合約減低有關風險。於二零零六年六月，本集團訂立按遠期匯率10.05歐羅兌人民幣之遠期合約以購置機器；總金額為人民幣37,600,000元，遠期合約將於二零零六年九月到期。

Capital expenditure

For the six months ended 30 June 2006, the capital expenditure of the Group amounted to approximately RMB62.2 million (For the six months ended 30 June 2005: RMB70.0 million) which was mainly utilized for the acquisition of property, plant and equipment.

資本開支

截至二零零六年六月三十日止六個月，本集團的資本開支約人民幣62,200,000元（截至二零零五年六月三十日止六個月：人民幣70,000,000元），主要用作購置物業、廠房及設備。

Pledge of assets

As at 30 June 2006, the Group's inventories, land use rights and buildings and machinery and equipment with an aggregated net book amount of approximately RMB229.9 million were pledged to secure general banking facilities of the Group.

Contingent liabilities

As at 30 June 2006, the Group had contingent liabilities of RMB21.9 million (as at 31 December 2005: RMB21.9 million). Such amount represented government grants obtained from the Management Committee of Taizhou Economic Development Zone in connection with the Group's purchase of a piece of land in Taizhou, Jiangsu Province, the PRC.

Human resources

As at 30 June 2006, the Group had 10,912 full-time staff (As at 31 December 2005: 10,015). New employees were recruited to cater for the Group's business expansion during the period under review. 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 employees and team building, as the Group's success is dependent on the contributions of all functional divisions comprising of skilled and motivated staff.

Dividend policy

The Board intends to maintain a long term, stable dividend payout ratio, providing shareholders with an equitable return. The Board has resolved to declare an interim dividend of 3 HK cents per share in respect of the six months ended 30 June 2006 to shareholders whose names appeared on the register of members on 22 September 2006.

資產抵押

於二零零六年六月三十日，本集團已抵押總賬面淨值約人民幣229,900,000元的若干存貨、土地使用權及樓宇、機器及設備，以獲取本集團的一般銀行融資。

或然負債

於二零零六年六月三十日，本集團的或然負債為人民幣21,900,000元（於二零零五年十二月三十一日：人民幣21,900,000元）。該金額乃關於本集團購買一幅位於中國江蘇省泰州的土地而獲泰州經濟開發區管理委員會發放的政府撥款。

人力資源

於二零零六年六月三十日，本集團有全職員工10,912名（於二零零五年十二月三十一日：10,015名）。回顧期內增聘僱員以配合本集團之業務擴充。本集團向其員工提供具競爭力之酬金計劃。此外，合資格員工亦可按個人及本集團之表現而獲授酌情花紅及購股權。本集團致力於機構內建立學習及分享文化。由於本集團之成就有賴各運作部門之熟練積極員工之努力，故本集團尤其著重個別員工的培訓及發展以及培養團隊精神。

股息政策

董事會擬維持長遠而穩定的派息比率，務求給予股東合理回報。董事會議決就截至二零零六年六月三十日止六個月向於二零零六年九月二十二日名列股東名冊之股東宣派中期股息每股3港仙。

USE OF PROCEEDS

The net proceeds from the issue of the Company's new shares ("Shares", each a "Share") in December 2004 amounted to approximately RMB194.0 million. As at 30 June 2006, a total of approximately RMB178.3 million had been applied as follows:

- as to approximately RMB155.0 million for the expansion of the Group's yarn production operations;
- as to approximately RMB19.4 million for the general working capital of the Group;
- as to approximately RMB2.1 million for enhancing the Group's product development capability;
- as to approximately RMB1.8 million for the design and installation of management information system.

The remaining balance of approximately RMB15.7 million was placed as deposits with banks in Hong Kong and the PRC, and will be used for the installation of a management information system.

集資金額用途

本公司於二零零四年十二月公開發售新股，所得款項淨額約為人民幣194,000,000元。截至二零零六年六月三十日，合共約人民幣178,300,000元已撥作下列用途：

- 約人民幣155,000,000元用作擴充本集團的紗線生產業務；
- 約人民幣19,400,000元用於本集團之一般營運資金；
- 約人民幣2,100,000元用於提升本集團之產品開發能力；
- 約人民幣1,800,000元用於設計及安裝管理資訊系統。

餘額約人民幣15,700,000元則存放於香港及中國的銀行作為存款，並將用作安裝管理資訊系統。

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the period under review, 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.

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 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 issue as at the date of the shareholders' approval.

購買、出售及贖回本公司之上市證券

於回顧期內，本公司或其任何附屬公司並無購買、出售及贖回本公司任何上市證券。

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及酬謝。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透過合營企業、業務聯盟或其他業務安排對本集團之發展曾經或可能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。

購股權計劃自採納日期後十年內有效。

於購股權計劃及本集團所採納其他購股權計劃項下全部授出之購股權倘獲行使而可予配發及發行之股份總數，不得超過於上市日期已發行股份之10%（「一般計劃上限」）。本公司可於股東大會獲得股東批准下重訂該一般計劃上限，惟每次有關重訂不得超過於獲股東通過之日已發行股份之10%。

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.

於購股權計劃及本集團所採納其他購股權計劃項下所有發行在外而尚未行使之購股權倘獲行使而可予發行之股份數目不得超過本公司不時已發行股份之30%。

除獲得本公司股東批准外，根據購股權計劃及本集團任何其他購股權計劃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）獲行使而已發行及可予發行之股份總數，不得超過當時本公司已發行股本之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港元之象徵式代價。

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，並受購股權有關提早終止之條文限制）內隨時行使。除董事另有釐定並於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。

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 30 June 2006, no option was granted under the Share Option Scheme.

Another share option scheme (the "Pre-IPO Share Option Scheme") was adopted pursuant to a written resolution of all the then shareholders of the Company passed on 21 November 2004 for the primary purpose of recognising and rewarding the contribution of certain directors, senior management, employees, consultants and advisers of the Group to the growth and development of the Group and the listing of the Shares on the Stock Exchange.

The principal terms of the Pre-IPO Share Option Scheme are similar to the terms of the Share Option Scheme except that:

- (i) the classes of eligible participants are different from that of the Share Option Scheme;
- (ii) the General Scheme Limit, the Individual Limit and the restrictions on grant of options to a connected person do not apply;

根據購股權計劃，股份之認購價將由董事釐定，惟不得少於以下最高者：(i) 授出購股權要約日期（須為營業日）在聯交所每日報價表所示股份之收市價；(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所示股份之平均收市價；及(iii) 股份之面值。

於二零零六年六月三十日，概無根據購股權計劃授出購股權。

另一購股權計劃（「首次公開發售前購股權計劃」）於二零零四年十一月二十一日獲本公司當時全體股東通過書面決議案採納，主要就若干董事、高級管理層、僱員、本集團之專業顧問或顧問對本集團之成長及發展以及協助股份在聯交所上市所作貢獻予以表揚及酬謝。

首次公開發售前購股權計劃之主要條款與購股權計劃之條款相似，惟下列條款除外：

- (i) 合資格參與者級別與購股權計劃者不同；
- (ii) 向關連人士授出購股權之一般計劃限額、個別限額及限制並不適用；

- (iii) the rules of the Pre-IPO Share Option Scheme were adopted unconditionally but the exercise of any option is conditional on the Stock Exchange granting listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of options granted under the Pre-IPO Share Option Scheme on or before 30 days after the date of the prospectus of the Company dated 30 November 2004, failing which such options granted and the Pre-IPO Share Option Scheme shall forthwith lapse; and
- (iv) the Directors may only grant options under the Pre-IPO Share Option at any time with a period commencing from 21 November 2004 and ending at 9:00 a.m. on the Listing Date.
- (iii) 首次公開發售前購股權計劃之規則獲無條件採納，惟任何購股權之行使須待本公司於二零零四年十一月三十日之招股章程刊發當日或三十日前根據首次公開發售前購股權計劃之授出購股權獲行使而將予發行之股份獲批准在聯交所上市及買賣後方可作實，否則該等已授出購股權及首次公開發售前購股權計劃將即時失效；及
- (iv) 董事僅可自二零零四年十一月二十一日起至上市日期上午九時正止期間內隨時根據首次公開發售前購股權計劃授出購股權。

As at 30 June 2006, the number of Shares in respect of which options had been granted and remained outstanding under the Pre-IPO Share Option Scheme was 4,342,000, representing approximately 0.498% of the Shares in issue at that date.

於二零零六年六月三十日，根據首次公開發售前購股權計劃已授出及尚未行使購股權而可予發行之股份數目為4,342,000股股份，相當於該日期已發行股份約0.498%。

Details of the outstanding share options as at 30 June 2006 which have been granted under the Pre-IPO Share Option Scheme are as follows:

於二零零六年六月三十日根據首次公開發售前購股權計劃授出而尚未行使之購股權之詳情如下：

	Date of grant 授出日期	Number of option shares 購股權數目		Exercise price 行使價 HK\$ 港元	Exercisable period 行使期限 (Note) (附註)
		Outstanding at 1 January 2006 於二零零六年一月一日尚未行使	Exercised during the period 期內行使		
Mr. Zhang Chuanmin 張傳民先生	21 November 2004 二零零四年十一月二十一日	1,200,000	-	0.69	three years commencing from and including the date falling six months after the Listing Date 三年 由上市日期起至滿六個月當日開始
Mr. Sha Tao 沙陶先生	21 November 2004 二零零四年十一月二十一日	1,158,000	-	0.69	three years commencing from and including the date falling six months after the Listing Date 三年 由上市日期起至滿六個月當日開始

Number of option shares
購股權數目

Date of grant 授出日期	Outstanding at 1 January 2006 於二零零六年 一月一日 尚未行使	Exercised during the period 期內行使	Outstanding at 30 June 2006 於二零零六年 六月三十日 尚未行使	Exercise price 行使價 HK\$ 港元	Exercisable period 行使期限 (Note) (附註)
Mr. Hu Zhiping 胡志平先生 21 November 2004 二零零四年 十一月二十一日	1,158,000	-	1,158,000	0.69	three years commencing from and including the date falling six months after the Listing Date 三年 由上市日期起至 滿六個月當日 開始
Mr. Yin Jianhua 尹建華先生 21 November 2004 二零零四年 十一月二十一日	826,000	-	826,000	0.69	three years commencing from and including the date falling six months after the Listing Date 三年 由上市日期起至 滿六個月當日 開始
Total 總數	4,342,000	-	4,342,000		

Note: During the first one year and the first two years of the exercise period, each grantee may not exercise his option exceeding one-third and two-thirds respectively of the total number of underlying Shares in respect of the options granted to him.

附註：於行使期的首年及首兩年，每名承購人分別不得行使購股權超過其所獲授購股權之相關股份總數的三分之一及三分之二。

The fair value of options determined using the Black-Scholes valuation model was RMB433,000. The significant inputs into the model were share price of HK\$0.69 per share at the grant date, exercise price shown above, standard deviation of expected share price returns of 30%, expected life of options of 0.5 years, expected dividend paid out rate of zero and annual risk-free interest rate of 2.88%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the year after the Group's IPO.

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

At 30 June 2006, 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 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:

於柏力克一舒爾斯定價模式計算的購股權公平值為人民幣433,000元。該模式的主要參數為：於授出日股價每股0.69港元、上述行使價、預期股價回報標準差30%、預期購股權年期0.5年、預期股息回報率零及每年零風險利率2.88%。預期股價回報標準差的波幅乃按本集團首次公開發售後一年的每日股價統計分析計算。

董事及行政總裁持有之本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉

於二零零六年六月三十日，董事及本公司行政總裁於本公司及其相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債權證中擁有已記錄於本公司根據證券及期貨條例第352條須予存置之登記冊內之權益及淡倉，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及淡倉（包括根據證券及期貨條例的該等條文被當作或視作擁有的權益及淡倉）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聯交所之權益及淡倉如下：

Number of Shares held
持有股份數目

Name of directors of the Company 本公司董事姓名	Name of Group member/ associated corporation 本集團成員／ 聯營法團名稱	Nature of interests 權益性質	Number of shares 股份數目	Percentage 百分比
Mr. Hong Tianzhu 洪天祝先生 ("Mr. Hong") (「洪先生」)	the Company 本公司	Interest of controlled corporation(s) 所控制法人的權益	555,900,000 (L) (Note 2) (附註2)	63.75%
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	248,520,000 (L) (Note 3) (附註3)	28.50%

Notes:

附註:

- | | |
|---|--|
| <p>1. The letter "L" denotes the person's long position in the Shares.</p> <p>2. Among these 555,900,000 Shares, as to 392,400,000 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 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 50.64% by Mr. Hong. Under the SFO, Mr. Hong is deemed to be interested in all the Shares held by New Green Group Limited and Trade Partner Investments Limited.</p> | <p>1. 「L」代表該人士於股份之好倉。</p> <p>2. 該 555,900,000 股股份中 392,400,000 股以 New Green Group Limited (其全部已發行股本由香港天虹實業有限公司實益擁有，洪先生實益擁有該公司 100% 權益) 名義及作為實益擁有人登記；163,500,000 股以 Trade Partner Investments Limited (洪先生實益擁有全部已發行股份的 50.64% 權益) 名義及作為實益擁有人登記。根據證券及期貨條例，洪先生被視為於 New Green Group Limited 及 Trade Partner Investments Limited 持有之所有股份佔有權益。</p> |
|---|--|

3. Among these 248,520,000 Shares, as to 85,020,000 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.
3. 該248,520,000股股份中85,020,000股以Wisdom Grace Investments Limited(其全部已發行股本由朱永祥先生實益擁有)名義及作為實益擁有人登記；163,500,000股以Trade Partner Investments Limited(朱永祥先生實益擁有全部已發行股份的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 THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

So far as the Directors are aware, as at 30 June 2006, 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:

主要股東持有之本公司股份、相關股份及債權證之權益及淡倉

就董事所知悉，於二零零六年六月三十日，於本公司股份或相關股份或債權證中擁有已記錄於本公司根據證券及期貨條例第336條須予存置之登記冊內之權益或淡倉的人士(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 substantial shareholder 主要股東姓名／名稱	Number of shares held 持有股份數目		Percentage 百分比
	Nature of interests 權益性質	Number of shares 股份數目	
New Green Group Limited	Beneficial owner 實益擁有人	392,400,000 (L) (Note 2) (附註2)	45%
Trade Partner Investments Limited	Beneficial owner 實益擁有人	163,500,000 (L) (Note 3) (附註3)	18.75%
Wisdom Grace Investments Limited	Beneficial owner 實益擁有人	85,020,000 (L) (Note 4) (附註4)	9.75%
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	392,400,000 (L) (Note 2) (附註2)	45%
Ms. Ke Luping 柯綠萍女士	Interest of spouse 配偶權益	555,900,000 (L) (Note 5) (附註5)	63.75%
Ms. Zhao Ziyang 趙志揚女士	Interest of spouse 配偶權益	248,520,000 (L) (Note 6) (附註6)	28.50%
Mr. Cheah Cheng Hye 謝清海先生	Interest of controlled corporation(s) 所控制法人的權益	46,644,000 (Note 7) (附註7)	5.35%
Value Partners Limited	Investment manager 投資經理	46,644,000 (Note 7) (附註7)	5.35%
Consolidated Press Holdings Limited	Beneficial owner 實益擁有人	43,624,000	5%

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. These 392,400,000 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. Under the SFO, each of Hong Kong Tin Hong Industrial Limited and Mr. Hong is deemed to be interested in all the Shares held by New Green Group Limited.
3. These 163,500,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 50.64% by Mr. Hong, 41.36% by Mr. Zhu Yongxiang, 2.24%, 1.68%, 1.68%, 1.68%, 0.36% and 0.36% by Mr. Sha Tao, Mr. Tang Daoping, Mr. Gong Zhao, Mr. Hu Zhiping, Mr. Yin Jianhua and Mr. Zhang Chuanmin. Under the SFO, each of Mr. Hong and Mr. Zhu Yongxiang is deemed to be interested in all the Shares held by Trade Partner Investments Limited.
4. These 85,020,000 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.

附註:

1. 「L」代表該人士於股份之好倉。
2. 該392,400,000股股份以New Green Group Limited(其全部已發行股本由香港天虹實業有限公司實益擁有,洪先生實益擁有後者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先生均被視為於New Green Group Limited持有之所有股份佔有權益。
3. 該163,500,000股股份以Trade Partner Investments Limited(其全部已發行股本由洪先生、朱永祥先生、沙陶先生、湯道平先生、龔照先生、胡志平先生、尹建華先生及張傳民先生分別實益擁有50.64%、41.36%、2.24%、1.68%、1.68%、1.68%、0.36%及0.36%)名義及作為實益擁有人登記。根據證券及期貨條例,洪先生及朱永祥先生分別被視為於Trade Partner Investments Limited持有之所有股份佔有權益。
4. 該85,020,000股股份以Wisdom Grace Investments Limited(其全部已發行股本由朱永祥先生實益擁有)名義及作為實益擁有人登記。根據證券及期貨條例,朱永祥先生被視為於Wisdom Grace Investments Limited持有之所有股份佔有權益。

5. Ms. Ke Luping is the spouse of Mr. Hong. Under the SFO, Ms. Ke Luping is taken to be interested in the same number of Shares in which Mr. Hong are interested.
6. Ms. Zhao Ziyang is the spouse of Mr. Zhu Yongxiang. Under the SFO, Ms. Zhao Ziyang is taken to be interested in the same number of Shares in which Mr. Zhu Yongxiang are interested.
7. Based on the disclosure of interest forms filed by Mr. Cheah Cheng Hye and Value Partners Limited on 7 March 2006, these 46,644,000 Shares are registered in the name of Value Partners Limited, which is controlled by Mr. Cheah Cheng Hye. Under the SFO, Mr. Cheah Cheng Hye is deemed to be interested in all the Shares held by Value Partners Limited.
5. 柯綠萍女士為洪先生之配偶。根據證券及期貨條例，柯綠萍女士被視為於洪先生佔有權益相同數目之股份佔有權益。
6. 趙志揚女士為朱永祥先生之配偶。根據證券及期貨條例，趙志揚女士被視為於朱永祥先生佔有權益相同數目之股份佔有權益。
7. 根據謝清海先生及Value Partners Limited於二零零六年三月七日提交之權益披露申報表，該46,644,000股股份乃以Value Partners Limited之名義登記，該公司由謝清海先生控制。根據證券及期貨條例，謝清海先生被視為於Value Partners Limited所持所有股份佔有權益。

CORPORATE GOVERNANCE

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

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

企業管治

本集團一直致力維持高水平企業管治，以開明和開放的理念維護本集團的發展及保障股東們的權益。

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

CODE A.2.1

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

CODE A.4.2 (LAST SENTENCE)

Code A.4.2 (last sentence) stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In order to ensure full compliance with Code A.4.2, a special resolution was passed to amend the relevant provisions of the Articles at the annual general meeting of the Company held on 18 May 2006, so that every Director is subject to retirement by rotation at least once every three years.

守則A.2.1

守則A.2.1規定主席與行政總裁的角色應有區分，並不應由一人同時兼任。洪先生為本公司的主席兼行政總裁。董事會認為此架構不會影響董事會與本公司管理層兩者之間權力和職權的平衡。董事會由極具經驗和才幹的成員組成，並定期每三個月開會，以商討影響本公司運作的事項。透過董事會的運作，足以確保權力和職權得到平衡。董事會相信此架構有助於建立穩健而一致的領導權，使本集團能夠迅速及有效地作出及實施各項決定。董事會對洪先生充滿信心，相信委任彼出任主席兼行政總裁之職，有利於本公司的業務發展。

守則A.4.2 (最後一句)

守則A.4.2 (最後一句)規定每名董事(包括按指定任期委任的董事)應最少每三年輪流退任一次。

為確保完全符合守則A.4.2，在二零零六年五月十八日舉行的本公司股東週年大會上，已通過一項特別決議案，以修訂細則有關條文，致使每名董事須最少每三年輪流退任一次。

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

The audit committee has discussed with management and reviewed the unaudited consolidated accounts for the six months ended 30 June 2006.

董事進行證券交易的標準守則

本公司已採納一套條款之嚴格程度不遜於《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》」）所載有關董事證券交易規定準則的行為守則。經本公司特別查詢後，全體董事確認彼等在報告期內一直遵守《標準守則》所載規定準則及有關董事證券交易的行為守則。

審核委員會

本公司已成立審核委員會，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。

審核委員會已與管理層商討及審閱截至二零零六年六月三十日止六個月之未經審核綜合賬目。

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 Mr. Hong. 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.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 18 September 2006 to 22 September 2006, both days inclusive, during which period no transfer of shares can be registered. To qualify for the interim dividend of 3 HK cents per Share (which will be payable on or about 28 September 2006), shareholders must ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:00 p.m. on 15 September 2006.

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

Hong Kong, 17 August 2006

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、程隆棟先生及主席兼執行董事洪先生組成。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董事及高級管理層所有酬金政策及結構，並向董事會提供意見及推薦建議。

暫停辦理股東登記手續

本公司將於二零零六年九月十八日至二零零六年九月二十二日（包括首尾兩日）暫停辦理股東登記手續，期間不會登記任何股份轉讓。為符合資格獲取將於二零零六年九月二十八日或前後派付之中期股息每股3港仙，股東必須確保所有過戶文件連同有關股票最遲於二零零六年九月十五日下午四時正前送交本公司之股份過戶登記處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712至1716室。

承董事會命
天虹紡織集團有限公司
主席
洪天祝

香港，二零零六年八月十七日