

DIRECTORS, SENIOR MANAGEMENT AND STAFF

DIRECTORS

Executive Directors

Mr. Hong Tianzhu (洪天祝), 36, is an executive Director, chairman and chief executive officer of the Group. He is the founder of the Group. He is responsible for the overall business development strategy of the Group. Mr. Hong has over 16 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. Zhu Yongxiang (朱永祥), 38, 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. Tang Daoping (湯道平), 39, is an executive Director and vice president of the Group. He is responsible for the purchase and logistics functions of the Group. Mr. Tang is also director and general manager of Texhong Suining, Jiangsu Century Texhong, Xuzhou Century Texhong 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 23 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 (龔照), 50, is an executive Director and vice president of the Group. He is responsible for the Group's product development. Mr. Gong is also director and general manager of Texhong Jinhua, Zhejiang Texhong and Zhejiang Century Texhong. Mr. Gong has over 25 years of experience in the textile industry. Prior to joining the Group in 1998 as a vice general manager, Mr. Gong has 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.

Independent non-executive Directors

Ms. Zhu Lanfen (朱蘭芬), 62, studied in 華東紡織工學院 (Huadong Textile Industry School) in textile. Ms. Zhu has over 39 years of experience in the textile industry. Ms. Zhu is currently 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 (程隆棣), 45, 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 (assistant manager of the key laboratory of Textile

DIRECTORS, SENIOR MANAGEMENT AND STAFF

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 Weaving Industry Research Centre (formally 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), FTIHK, FHKIoD, aged 51, 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, eForce Holdings Limited, MARCO-LINK International Holdings Limited, Oriental Metals (Holdings) Company 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 30 September 2004, Mr. Ting was an independent non-executive director of REXCAPITAL International Holdings Limited, a listed company in Hong Kong.

Directors' remuneration

Each of Mr. Hong, Mr. Zhu Yongxiang, Mr. Tang Daoping and Mr. Gong Zhao, being all the executive Directors, has entered into a service contract with the Company for an initial term of 3 years commencing from 21 November 2004, and will continue thereafter for successive terms of one year until terminated by not less than three months' notice in writing served by either party on the other. Details of the terms of the service contracts are set out in the paragraph headed "Particulars of Directors' service contracts" in the section headed "Further information about the Directors, management and staff" in Appendix VII to this prospectus.

The current basic annual salaries of the Directors are as follows:

Name	Annual salary (HK\$)
Mr. Hong	960,000
Mr. Zhu Yongxiang	720,000
Mr. Tang Daoping	360,000
Mr. Gong Zhao	360,000

During the year ended 31 December 2003, the aggregate emoluments paid by the Group to the Directors were approximately RMB324,000. Under the arrangements currently in force, the aggregate emoluments payable by the Group to the Directors for the year ending 31 December 2004 are estimated to be approximately HK\$329,000 (equivalent to approximately RMB349,000).

DIRECTORS, SENIOR MANAGEMENT AND STAFF

The independent non-executive Directors have been 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. The Company intends to pay a director's fee of HK\$48,000 per annum to each of Ms. Zhu Lanfen and Professor Cheng Longdi and HK\$144,000 per annum to Mr. Ting Leung Huel, Stephen. Save for directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as aforesaid, none of the Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

SENIOR MANAGEMENT

Mr. Sha Tao, 39, vice president of the Group. He is also director and general manager 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 18 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, 41, is a vice president of the Group and the general manager of the grey fabrics sales department of the Group. Mr. Hu graduated from 無錫職業大學 (Wuxi professional University) in textile in 1984. Mr. Hu has over 18 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. Yin Jianhua, 43, is a vice president of the Group and the general manager of the yarn sales department of the Group. Mr. Yin has over 22 years of experience in the textile industry. He was an vice general manager of 江蘇銀宇三聯集團 (Jiangsu Yinyu Sanlian Group) prior to joining the Group in 2002.

Mr. Zhang Chuanmin, 35, is manager of the financial management department of the Group. Mr. Zhang graduated from The Central University of Finance and Economics with a bachelor's degree in Economics and Management in 1991. Mr. Zhang has over 10 years of financial management experience. He worked in 徐州市財政局外經科 (Economic and Trade Division of Xuzhou Financial Department) prior to joining the Group in 2001.

Mr. Qiu Ming, 47, is director and general manager of Nantong Century Texhong. Mr. Qiu has over 22 years of experience in the textile industry. He was a technology and sale management staff in Nantong No. 2 Cotton Textile Factory prior to joining the Group in 2000.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

Mr. Yang Jiabao, 45, is director and general manager of Texhong Textile Taizhou. Mr. Yang has over 24 years of experience in the textile industry. He was a factory manager of 泰州第二織布廠 (Taizhou No. 2 Weaving mill) prior to joining the Group in 2000.

Ms. Hu Jianhua, 42, is director and general manager of Nantong Texhong Yin Hai. Ms. Hu has over 24 years of experience in the textile industry. She was the general manager of Nantong Shuanghong prior to joining the Group in 2004.

Ms. Lu Xiaoyan, 33, import and export manager of the Group. Ms. Lu obtained a bachelor's degree in 江蘇農學院 (Jiangsu Agricultural College) majoring in soil and plant nutrition in 1993. Ms. Lu has over 11 years of experience in the textile industry. She has been honoured as the "Advance Worker" by the Nantong Economic and Trade Commission in 1996. She joined the Group in 1998.

Mr. Hui Tsz Wai, 31, is the chief financial officer, qualified accountant and company secretary of the Group. Mr. Hui 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. Prior to joining the Group in 2004, Mr. Hui was a senior manager of Deloitte Touche Tohmatsu. He spent almost 9 years in Deloitte Touche Tohmatsu. He joined the Group in 2004. He is the qualified accountant of the Group pursuant to Rule 3.24 of the Listing Rules.

REMUNERATION COMMITTEE

The Company established a remuneration committee on 21 November 2004 with written terms of reference in compliance with the code provisions of the Code on Corporate Governance Practices issued by the Stock Exchange in November 2004, which will become effective from 1 January 2005. The primary duties of the remuneration committee are to formulate and make recommendation to the Board on the Group's policy and structure for all remuneration of the Directors and senior management of the Group.

The remuneration committee currently has four members, namely Mr. Hong, Ms. Zhu Lanfen, Mr. Cheng Longdi and Mr. Ting Leung Huel, Stephen. Mr. Ting Leung Huel, Stephen is the chairman of the remuneration committee.

AUDIT COMMITTEE

The Company established an audit committee on 21 November 2004 with written terms of reference in compliance with the code provisions of the Code on Corporate Governance Practices issued by the Stock Exchange in November 2004, which will become effective from 1 January 2005. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group and to provide comments and advice to the Board.

DIRECTORS, SENIOR MANAGEMENT AND STAFF

The audit committee has three members, namely Ms. Zhu Lanfen, Mr. Cheng Longdi and Mr. Ting Leung Huel, Stephen being independent non-executive Directors. Mr. Ting Leung Huel, Stephen is the chairman of the audit committee.

EMPLOYEES

As at the Latest Practicable Date, the Group had 6,392 full-time employees. The breakdown of employees by function is as follows:

Functions	Number of employees
General management and administration	359
Production and procurement	5,815
Product development	23
Finance and accounting	36
Sales and marketing	47
Quality control	112
Total	<u>6,392</u>

The employees breakdown by geographical locations as at the Latest Practicable Date is as follows:

Geographical locations	Number of employees
Xuzhou City, Jiangsu Province	3,447
Taizhou City, Jiangsu Province	1,125
Nantong City, Jiangsu Province	1,307
Jinhua City, Zhejiang Province	441
Wuxi City, Jiangsu Province	56
Shanghai Municipality	16
Total	<u>6,392</u>

Except for the new recruitments of employees to satisfy the Group's business expansion, the number and the allocations of the Group's employees did not change materially in the last financial year.

Relationship with employees

In response to complaints lodged by some of the employees of Texhong Textile Taizhou, 泰州市海陵區勞動局 (Labour and Social Security Bureau of Hailing District, Taizhou City) issued a letter (勞動監察限期改正指令書) on 11 March 2004 to Texhong Textile Taizhou alleging that it had breached the applicable labour law and regulations on the ground that the overtime work undertaken by the employees in Texhong Textile Taizhou had exceeded the statutory limit. The PRC legal advisers to the Company have advised that Texhong Textile Taizhou may be subject to a statutory fine of RMB100 for every hour of overtime work undertaken by each of Texhong Textile Taizhou's employees that had exceeded the statutory prescribed limit. The Directors estimate that the total potential fine

DIRECTORS, SENIOR MANAGEMENT AND STAFF

that may be imposed on Texhong Textile Taizhou would not be more than RMB300,000 if the relevant authority decided to take administrative action. Each of Mr. Hong, Hong Kong Tin Hong and New Green Group Limited has, pursuant to a deed of indemnity more particularly referred to in paragraph 16 of Appendix VII to this prospectus, undertaken to indemnify the Group on a joint and several basis in respect of all claims, damages, losses, costs, expenses, actions and proceedings arising out of such breach of the applicable PRC laws and regulations.

The Directors advised that these incidents took place as new machineries were installed by Texhong Textile Taizhou in around March 2004, In order to meet the production requirements of some of its customers' orders at the relevant time, certain workers of Texhong Textile Taizhou had worked over the statutory prescribed over time limit. The Directors confirm that they will ensure that similar incidents will not occur in future by recruiting additional part time workforce whenever necessary to meet customers' orders or by transferring all or part of an order to the Group's other production facilities.

Save as disclosed above, the Group maintains a good working relationship with the employees. The Group not experienced any disruption to its operations due to labour disputes nor has it experienced any difficulties in the recruitment and retention of suitable employees.

Benefit schemes

The employees of the Company's subsidiaries in the PRC are members of a state-managed social welfare scheme operated by the local government of the PRC. Under the scheme, the Group provides retirement, medical, employment injury, unemployment and maternity benefits to its employees in the PRC in accordance with the relevant PRC rules and regulations. The Group is required to contribute a specified percentage of their payroll costs to the social welfare scheme to fund the benefits. The only obligation of the Group with respect to the social welfare scheme is to make the specified contributions.

Share option scheme

The Company has adopted the Pre-IPO Share Option Scheme and conditionally adopted the Share Option Scheme whereby certain selected classes of participants (including without limitation directors and employees of the Group and its subsidiaries) may be granted options to subscribe for Shares. The principal terms of the Pre-IPO Share Options Scheme and the Share Option Scheme are set out in the paragraph headed "Other information" in the section headed "Share Option Schemes" in Appendix VII to this prospectus.

Under the Pre-IPO Share Option Scheme, options have been granted to each of Messrs. Zhang Chuanmin, Sha Tao, Hu Zhiping and Yin Jianhua (all being senior management of the Group) for the subscription of 1,200,000 Shares, 1,158,000 Shares, 1,158,000 Shares and 826,000 Shares, respectively, each at a price of HK\$0.69 per Share. Details of these options are set out in the paragraph headed "Share Option Schemes" in Appendix VII to this prospectus. These options were granted to the grantees under the Pre-IPO Share Option Scheme in recognition of their respective contribution to the growth and development of the Group and the listing of the Shares on the Main Board.