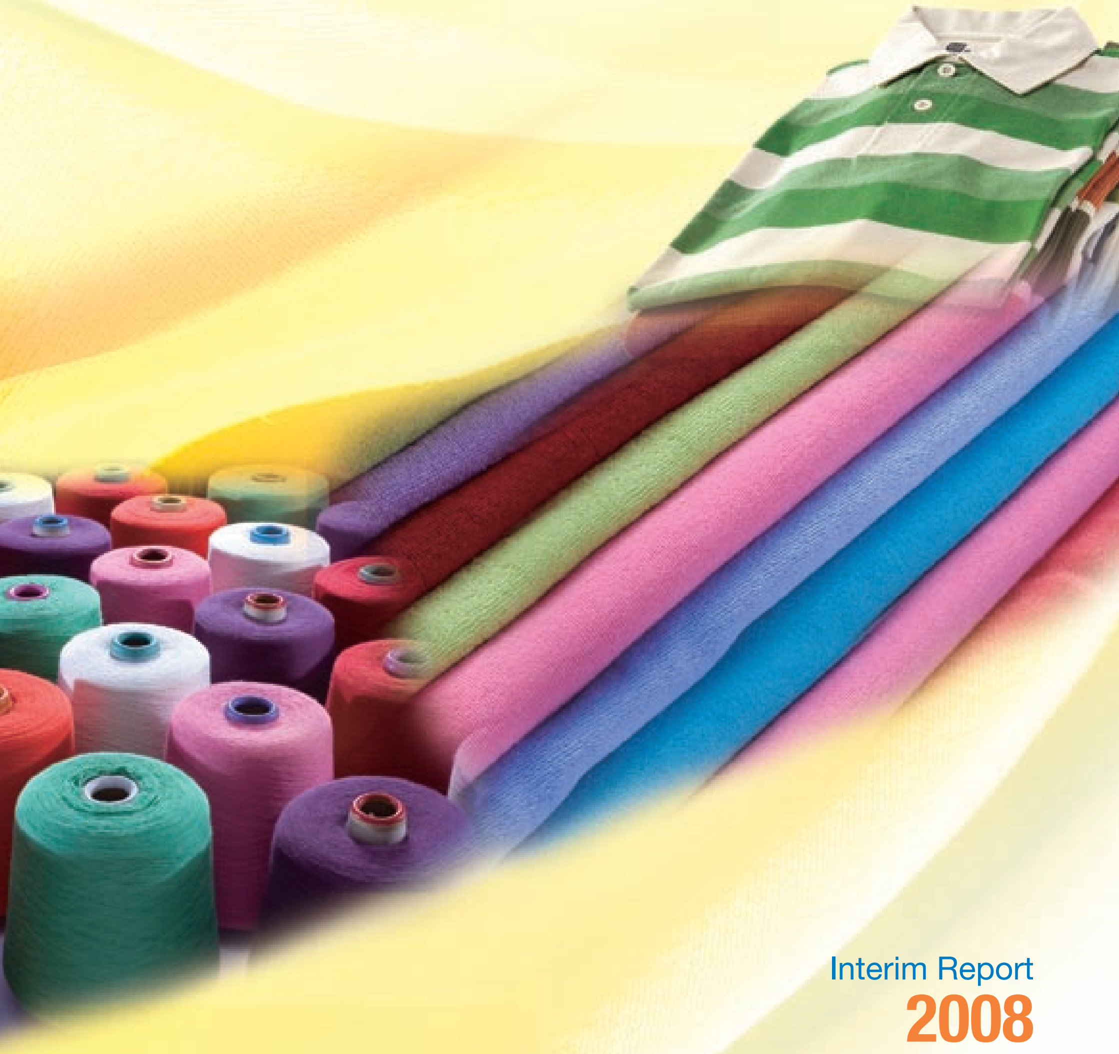
KAM HING INTERNATIONAL HOLDINGS LIMITED
錦興國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2307



Interim Report 2008

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CORPORATE INFORMATION

Board of Directors

Executive Directors

Mr. Tai Chin Chun *(Chairman)*
Mr. Tai Chin Wen *(Chief Executive Officer)*
Ms. Cheung So Wan
Ms. Wong Siu Yuk
Mr. Chong Chau Lam

Independent Non-Executive Directors

Mr. Chan Yuk Tong, Jimmy
Ms. Chu Hak Ha, Mimi
Mr. Chan Chung Yuen, Lawrence

Audit Committee

Mr. Chan Yuk Tong, Jimmy *(Chairman)*
Ms. Chu Hak Ha, Mimi
Mr. Chan Chung Yuen, Lawrence

Company Secretary

Mr. Wong Wai Kong, Elmen

Auditors

Ernst & Young
Certified Public Accountants

Company Website

www.kamhingintl.com

Registered Office

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

Head Office and Principal Place of Business

Units 1-9, 8th Floor
Lucida Industrial Building
43-47 Wang Lung Street
Tsuen Wan
New Territories
Hong Kong

Principal Share Registrar and Transfer Office in Cayman Islands

Bank of Bermuda (Cayman) Limited
PO Box 513 GT, Strathvale House
North Church Street
George Town, Grand Cayman
Cayman Islands
British West Indies

Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Stock Code

The Stock Exchange of Hong Kong Limited: 2307
CUSIP Reference Number: G5213T101

KEY HIGHLIGHTS

The board (the "Board") of directors (the "Directors") of Kam Hing International Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2008 (the "Period"). The interim results for the period are unaudited, and have been reviewed by the audit committee of the Company.

Comparing with the six months ended 30 June 2007,

– Revenue for the Period increased by approximately 7.6% to approximately HK$1,151.8 million; and

– Gross profit for the Period increased by approximately 6.2% to approximately HK$236.0 million.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of the Company, I am pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2008.

For the six months ended 30 June 2008, the Group's revenue increased by approximately 7.6% to HK$1,151.8 million (2007: HK$1,070.5 million) when compared to that for the corresponding period in 2007. Gross profit for the period increased by approximately 6.2% to approximately HK$236.0 million (2007: HK$222.2 million). Net profit attributable to shareholders decreased by approximately 19.5% to HK$51.3 million (2007: HK$63.7 million), which was mainly due to the booking of share options benefit of HK$8.7 million in accordance with the Hong Kong Financial Reporting Standard for the share option issued in November 2007 as well as the increase in operating cost in the PRC factory.

The first half of the year 2008 was challenging for the textile industry. The industry was affected by a number of factors including the slowdown of the global economy, the appreciation of Renminbi, as well as the rise in production cost. During the period under review, the Group recorded continuous improvement in operation efficiency. However, the effect was offset by the increase in raw material costs, labour cost, energy cost and appreciation of Renminbi. Thanks to the Group's new research and development centre established in July 2007 and the effort of the Group's marketing team so that the Group was able to maintain a growth in revenue of 7.6% compared with the same period last year by developing new fabrics and introducing a number of new customers as well as maintaining the growth of the existing customers. The Group was managed to maintain a gross profit margin of around 20.5%, which was similar to 20.8% recorded for the same period last year.

Facing the challenging operating environment, the Group implemented corresponding measures to broaden its customer base, improve the operation efficiency and reduce cost. The Group established a marketing subsidiary in Korea in May 2008 to secure a stronger position and capture a larger share in the Korean market. The Group entered into a joint venture agreement to establish a yarn spinning factory with an independent third party in Hubei province, the PRC, in April 2008. The joint venture will be held beneficially as to 25% by the Group and as to 75% by the other independent third party, and the Group agreed to contribute a sum of approximately RMB32.5 million to the joint venture. The joint venture agreed to supply its entire cotton yarn products to the Group. By this arrangement, the Group will be able to stabilize its raw material supply and achieve cost-savings. In addition, the Group's new fabric factory in Enping, Guangdong, the PRC, will commence operation in the fourth quarter of 2008 and is expected to bring a 30% increase to the Group's overall production capacity, equivalent to an additional annual capacity of about 36 million pound of fabric. The setup of new fabric factory will lower the outsourcing proportion of fabric manufacturing to save cost of production as well as to provide flexibility on production of different kinds of products to meet the demand from the prevailing customers.

We believe that the market will have less competition in future in light of the recent industry consolidation resulting from the slowdown of the global economy and increase in production cost as well as the tight environmental control by the PRC Government, which will benefit the Group's development in the long run. By further strengthening the garment operation and stabilizing the raw material supply, the establishment of the new marketing subsidiary in Korea as well as the commencement of operation of the new fabric factory in Enping, Guangdong, the PRC, we believe that the Group will be able to maintain its competitive strengths and sustain its growth in the future.

Finally, on behalf of the Board, I would like to express my sincere gratitude to the shareholders, investors and business partners for their continuous support and dedication and to the staff for their devotion.

Tai Chin Chun
Chairman

Hong Kong, 16 September 2008

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Result

The Group recorded unaudited revenue of approximately HK$1,151.8 million for the six months ended 30 June 2008 comprising sales of fabrics, dyed yarn and garment products, representing an overall growth of approximately 7.6% over the same period last year. The growth in revenue was attributable to the expansion of sales network by exploring the new markets and growth of orders from the existing customers as well as the rise in orders from new garment business.

The gross profit for the six months ended 30 June 2008 was approximately HK$236.0 million, representing an increase of approximately 6.2% compared with the same period last year. The gross profit margin was approximately 20.5% for the six months ended 30 June 2008, representing a decrease of approximately 0.3 percentage points over the gross profit margin of approximately 20.8% for the same period last year. The decrease in gross profit margin was mainly due to the increase in operating cost including remuneration, energy and raw materials, together with RMB appreciation.

Unaudited net profit attributable to shareholders for the six months ended 30 June 2008 was approximately HK$51.3 million, representing a decrease of approximately 19.5% compared period with the same period previous year. The net profit margin for the six months ended 30 June 2008 was approximately 4.4%, representing a decrease by approximately 1.5 percentage points from the corresponding period of approximately 5.9% last year. Administrative and selling expenses increased by approximately 28.5%, which was mainly attributable to the booking of share option benefits of HK$8.7 million derived from the share option issued in November 2007, increase in staff salary and welfare expenses of the workers in the PRC, expansion of garment operation by addition of a new garment factory in Madagascar in mid-2007 as well as Renminbi appreciation. Finance expenses reduced by 23.2% to HK$17.4 million from HK$22.7 million in the same period last year as a result of decrease in market borrowing rate.

Business Review

1. *Manufacture and sale of finished knitted fabrics, dyed yarn and garment products*

   The principal operation of the Group is the manufacture and sale of finished knitted fabrics, dyed yarn and garment products. During the period, revenue amounted to approximately HK$1,151.8 million, representing a growth of approximately 7.6% over the same period last year. Revenue for garment sales during the period increased by 238.7% to HK$144.3 million from HK$42.6 million for the same period last year.

2. Geographical analysis of the Group's revenue

During the period, customers from Singapore, Hong Kong, the PRC, Taiwan, the USA and other areas accounted for approximately 41.9%, 14.5%, 8.8%, 11.9%, 11.8% and 11.1% of the Group's total revenue respectively. Sales to Taiwan increased by approximately 60.8%, as a result of enhancement of customer services in the region. Sales to the USA increased by approximately 230.9%, mainly attributable to the introduction of new customers for the garment business.

3. Active expansion in overseas markets

In view of a slowdown in the global economy, the Group has actively expanded its business in other potential overseas markets with higher profit margin. Some new buyers in PRC, Korea and Europe already placed order to the Group.

Business Outlook

As one of the steps to broaden the customer base and to enhance competitiveness in the international market, the Group established a marketing subsidiary in Korea in May 2008.

Cotton yarn is the Group's major raw material and its cost has taken up over 50% of the Group's turnover. In order to maintain a stable supply and superior quality of cotton yarn, the Group entered into a joint venture agreement to establish a yarn spinning factory with an independent third party in Hubei province, the PRC, in April 2008. The joint venture will be held beneficially as to 25% by the Group and as to 75% by the other independent third party, and the Group agreed to contribute a sum of approximately RMB32.5 million to the joint venture. With the spinning function, the Group further realizes vertical integration and the production lead-time and amount of inventory are reduced. This agreement also enhances the efficiency of the Group's production chain and adds another competitive edge to the Group's business.

At the same time, the Group will unceasingly invest resources to enhance the production volume. The new Enping factory in the PRC, which will commence operation in the forth quarter of 2008, will provide additional production capacity to support the continuous expansion of the market. It is expected the production efficiency will be improved and revenue will be increased in the future due to the growth in orders from the existing customers as well as new customers.

Financial Review

Liquidity, financial resources and capital structure

As at 30 June 2008, the Group had net current assets of HK$141.6 million (31 December 2007: HK$271.9 million). The Group constantly reviews its financial position and maintain a healthy financial position by financing its operations from internally generated resources and long-term bank loans. As at 30 June 2008, the Group had cash and cash equivalents of HK$93.7 million (31 December 2007: HK$113.2 million). The current ratio of the Group was 1.1 times (31 December 2007: 1.4 times).

The total bank and other borrowings of the Group as at 30 June 2008 were HK$1,018.4 million (31 December 2007: HK$782.1 million), netting off the cash and cash equivalents of HK$93.7 million (31 December 2007: HK$113.2 million), the Group's gearing ratio was approximately 58.3% (31 December 2007: 50.5%). Increase in gearing ratio was mainly due to seasonal factor for increase in working capital requirement.

As at 30 June 2008 the Group's long-term loans were HK$340.8 million (31 December 2007: HK$414.9 million), comprising term loans from banks of HK$332.3 million (31 December 2007: HK$402.1 million) and long-term finance lease payable of HK$8.5 million (31 December 2007: HK$12.8 million). The decrease in long-term loan was mainly due to the shift in non-current portion of the term loans to current liability as well as the repayment of the finance lease.

Exposure to fluctuation in foreign exchange and interest rate

Approximately 76.7% (six months ended 30 June 2007: 74.2%) of the Group's sales were denominated in US dollars. The remaining sales were denominated in Hong Kong dollars and Renminbi. The majority of the Group's cost of sales was denominated in US dollars, Hong Kong dollars and Renminbi. The Group was therefore exposed to foreign exchange risk arising from currency exposures, primarily with respect to US dollars and Renminbi. Renminbi appreciated against other currencies continuously during the period under review. The management closely monitors the foreign exchange movements and determines the appropriate hedging activities when necessary. Exchange rates of the other currencies were relatively stable throughout the period under review.

The Group's borrowings were mainly maintained as floating rate basis. Attention will be paid to the interest rate movements. Hedging instruments will be employed when necessary to hedge against unanticipated interest rate volatilities.

Charge on the Group's assets

As at 30 June 2008, certain items of property, plant and equipment of the Group with an aggregate net book value of approximately HK$81.2 million (31 December 2007: HK$94.8 million) were under finance leases.

Capital expenditure

During the period, the Group invested approximately HK$159.3 million (six months ended 30 June 2007: HK$102.6 million) in non-current assets, of which approximately 80.7% (six months ended 30 June 2007: 73.1%) was used for the purchase of plant and machinery, approximately 16.5% (six months ended 30 June 2007: 15.9%) was used for the purchase and construction of new factory premises, and the remaining was used for the purchase of other property, plant and equipment, as well as prepaid land lease payments.

As at 30 June 2008, the Group had capital commitments of approximately HK$19.7 million (31 December 2007: HK$44.0 million) and HK$57.9 million (31 December 2007: HK$85.5 million) in respect of plant and equipment and construction in progress respectively. As mentioned above, the Group will be able to fulfill its capital commitments when they fall due.

Contingent liabilities

As at 30 June 2008, the Group also had bills discounted with recourse of approximately HK$16.7 million (31 December 2007: HK$39.2 million) which are supported by letters of credit. The Group had a contingent liability in respect of possible future long service payments to employees with a maximum possible amount of approximately HK$1.6 million (31 December 2007: HK$1.5 million).

Material Acquisition and Disposal of Subsidiaries and Associated Companies

There was no material acquisition or disposal of subsidiaries and associated companies by the Group during the period.

Human Resources

As at 30 June 2008, the total number of employees of the Group was approximately 4,550 (31 December 2007: 4,150) in the PRC, 5,200 (31 December 2007: 4,680) in Madagascar, Africa, 150 (31 December 2007: 140) in Hong Kong, Macau, Singapore and Korea. Salaries of employees are maintained at competitive levels while bonuses are granted on a discretionary basis. The Group also participates in various defined contribution plans and insurance schemes in compliance with its statutory obligations under the laws and regulations of various locations worldwide.

Interim Dividend

The Board has resolved not to declare any interim dividend for the period (six months ended 30 June 2007: Nil).

Disclosures Pursuant to Rules 13.21 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")

In accordance with the requirements of Rule 13.21 of the Listing Rules, disclosure is required in respect of the loan agreement of a subsidiary of the Company, which contains covenants requiring performance obligations of the controlling shareholders of the Company. Pursuant to a loan agreement dated 13 April 2007 entered into between the Company as Guarantor, a wholly-owned subsidiary of the Company as the borrower and a syndicate of banks as the lenders for a four-year term loan facility of HK$440 million, an event of default would arise if (a) Mr. Tai Chin Chun and Mr. Tai Chin Wen, the ultimate controlling shareholder and substantial shareholder, respectively, cease to collectively and beneficially (either directly or indirectly) own 51% of the voting share capital in the Company; or (b) any member of the Group or its management, business or operations is not or ceases to be controlled by both of Mr. Tai Chin Chun and Mr. Tai Chin Wen.

Upon the occurrence of an event of default, the lenders may declare that all or part of the loan outstanding together with accrued interest and all other amounts accrued be immediately due and payable; and/or the facility under the loan agreement shall immediately be cancelled.

OTHER INFORMATION

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2008, the interests and short positions of the Directors in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

Name of director	*Notes*	Capacity and nature of interest	Number of shares	Approximate percentage of the Company's issued share capital
Mr. Tai Chin Chun	1	Through controlled corporation	382,600,000	59.36%
Mr. Tai Chin Wen	2	Through controlled corporation	96,000,000	14.89%
Ms. Cheung So Wan	3	Through spouse	382,600,000	59.36%
Ms. Wong Siu Yuk	4	Through spouse	96,000,000	14.89%
Mr. Chong Chau Lam		Directly beneficially owned	300,000	0.05%
Mr. Chan Chung Yuen, Lawrence		Through spouse	1,100,000	0.17%

Long positions in share options of the Company:

Name of director	Number of options directly beneficially owned
Mr. Tai Chin Chun	3,000,000
Mr. Tai Chin Wen	2,000,000
Ms. Cheung So Wan	1,000,000
Ms. Wong Siu Yuk	1,000,000
	7,000,000

Long positions in shares of an associated corporation:

Name of director	Name of associated corporation	Relationship with the Company	Share	Number of shares	Capacity and nature of interest	Percentage of the associated corporation's issued share capital
Mr. Tai Chin Chun	Exceed Standard Limited ("Exceed Standard")	Ultimate holding company	Ordinary share	1 share of US$1	Directly beneficially owned	100%

Notes:

1. The shares are held by Exceed Standard, a company incorporated in the British Virgin Islands (the "BVI") and beneficially owned by Mr. Tai Chin Chun, the chairman and an executive Director. Mr. Tai Chin Chun is the younger brother of Mr. Tai Chin Wen and Ms. Cheung So Wan is the spouse of Mr. Tai Chin Chun.

2. The shares are held by Power Strategy Limited ("Power Strategy"), a company incorporated in the BVI and beneficially owned by Mr. Tai Chin Wen.

3. Ms. Cheung So Wan is deemed to be interested in these shares through the interest of her spouse, Mr. Tai Chin Chun under the SFO.

4. Ms. Wong Siu Yuk is deemed to be interested in these shares through the interest of her spouse, Mr. Tai Chin Wen under the SFO.

Save as disclosed above, as at 30 June 2008, none of the Directors had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in the section "Directors' interests and short positions in shares and underlying shares" above and in the section "Share option scheme" below, at no time during the Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Share Option Scheme

Pursuant to the Company's share option scheme, the following share options were outstanding as at 30 June 2008:

Name or category of participant	Number of share options: At 1 January 2008	Exercised during the period	At 30 June 2008	Date of grant (Note 1)	Exercise period	Exercise price (Note 2)	Price of Company's shares at grant date (Note 3)
Directors							
Tai Chin Chun	3,000,000	–	3,000,000	6 October 2004	6 October 2005 to 5 October 2014	HK$1.28	HK$1.24
Tai Chin Wen	2,000,000	–	2,000,000	6 October 2004	6 October 2005 to 5 October 2014	HK$1.28	HK$1.24
Cheung So Wan	1,000,000	–	1,000,000	6 October 2004	6 October 2005 to 5 October 2014	HK$1.28	HK$1.24
Wong Siu Yuk	1,000,000	–	1,000,000	6 October 2004	6 October 2005 to 5 October 2014	HK$1.28	HK$1.24
Subtotal	7,000,000	–	7,000,000				
Non-director employees							
In aggregate	9,787,000	(435,000)	9,352,000	6 October 2004	6 October 2005 to 5 October 2014	HK$1.28	HK$1.24
	39,950,000	–	39,950,000	2 November 2007	2 November 2008 to 1 February 2009	HK$2.47	HK$2.34
	49,737,000	(435,000)	49,302,000				
Others							
In aggregate	540,000	(20,000)	520,000	6 October 2004	6 October 2005 to 5 October 2014	HK$1.28	HK$1.24
	2,500,000	–	2,500,000	2 November 2007	2 November 2008 to 1 February 2009	HK$2.47	HK$2.34
	3,040,000	(20,000)	3,020,000				
Total	59,777,000	(455,000)	59,322,000				

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

2. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

3. The weighted average closing price of the Company's shares immediately before the exercise dates of the share options was HK$2.46. The closing price of the Company's shares immediately before the date on which the options were granted was HK$2.34.

Substantial Shareholders' and Other Persons' Interests in Shares and Underlying Shares

As at 30 June 2008, the following interests of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name	**Capacity and nature of interest** *(Note)*	**Number of ordinary share held**	**Percentage of the Company's issued share capital**
Exceed Standard	Directly beneficially owned	382,600,000	59.36%
Power Strategy	Directly beneficially owned	96,000,000	14.89%

Note: The relationship between Exceed Standard and Mr. Tai Chin Chun, as well as that between Power Strategy and Mr. Tai Chin Wen are disclosed under the section "Directors' Interests and Short Positions in Shares and Underlying Shares" above.

Saved as disclosed above, as at 30 June 2008, to the best knowledge of the Directors, there was no person, other than the Directors whose interests are set out under the sections "Directors' Interests and Short Positions in Shares and Underlying Shares" and "Share Option Scheme" above, had an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register pursuant to Section 336 of the SFO.

Purchase, Redemption or Sale of Listed Securities of the Company

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

Code on Corporate Governance Practices

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2008.

Remuneration Committee and Nomination Committee

The remuneration committee currently comprises three independent non-executive Directors, namely Ms. Chu Hak Ha, Mimi (Chairman), Mr. Chan Yuk Tong, Jimmy and Mr. Chan Chung Yuen, Lawrence and two executive Directors, namely Mr. Tai Chin Chun and Mr. Tai Chin Wen. Mr. Ku Shiu Kuen, Anthony resigned as a member of the remuneration committee on 1 July 2008. The remuneration committee is primarily responsible for reviewing and making recommendations to the Board on the remuneration packages of all executive directors and senior management to ensure that such remuneration is reasonable and not excessive.

The nomination committee currently comprises three independent non-executive Directors, namely Mr. Chan Chung Yuen, Lawrence (Chairman), Ms. Chu Hak Ha, Mimi and Mr. Chan Yuk Tong, Jimmy and two executive Directors, namely Mr. Tai Chin Chun and Mr. Tai Chin Wen. Mr. Chan Chung Yuen, Lawrence commenced to act the new chairman of the nomination committee with effect from 26 May 2008 and Mr. Ku Shiu Kuen, Anthony ceased to act as the Chairman of the nomination committee with effect from 26 May 2008 and resigned as a member of the nomination committee on 1 July 2008. The nomination committee is primarily responsible for reviewing and making recommendations to the Board on the selection of board members to ensure that suitable individuals are nominated for filling vacancies on the directorships.

Audit Committee

The audit committee currently comprises three independent non-executive Directors, namely Mr. Chan Yuk Tong, Jimmy (Chairman), Ms. Chu Hak Ha, Mimi and Mr. Chan Chung Yuen, Lawrence. Mr. Ku Shiu Kuen, Anthony resigned as a member of the audit committee on 1 July 2008. The audit committee has reviewed with the management the accounting principles and practices adopted by the Group, and discussed internal control and financial reporting matters including the review of the unaudited interim financial statements.

Model Code For Securities Transactions By Directors

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code and its code of conduct regarding Directors securities transaction for the six months ended 30 June 2008.

Approval of the Unaudited Interim Financial Statements

The audit committee has discussed with management the accounting policies adopted by the Group and reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2008 before recommending them to the Board for approval. The unaudited interim financial statements were approved and authorised for issue by the Board on 16 September 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2008

	Notes	**Six months ended 30 June 2008 HK$'000 (Unaudited)**	Six months ended 30 June 2007 HK$'000 (Unaudited)
REVENUE	3	**1,151,796**	1,070,513
Cost of sales		**(915,757)**	(848,266)
Gross profit		**236,039**	222,247
Other income	3	**7,175**	9,367
Selling and distribution costs		**(53,966)**	(53,512)
Administrative expenses		**(118,571)**	(80,711)
Other operating income/(expenses), net		**372**	(3,822)
Finance costs		**(17,406)**	(22,655)
PROFIT BEFORE TAX	4	**53,643**	70,914
Tax	5	**(3,380)**	(7,307)
PROFIT FOR THE PERIOD		**50,263**	63,607
Attributable to:			
Ordinary equity holders of the Company		**51,256**	63,667
Minority interests		**(993)**	(60)
		50,263	63,607
Interim dividend	6	**Nil**	Nil
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic	7	**8.0 cents**	9.9 cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

	Notes	**30 June 2008 HK$'000 (Unaudited)**	31 December 2007 HK$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**1,256,276**	1,043,504
Prepaid land lease payments		**64,230**	58,380
Intangible assets		**2,812**	2,105
Total non-current assets		**1,323,318**	1,103,989
CURRENT ASSETS			
Inventories		**735,646**	491,150
Accounts and bills receivable	9	**538,873**	296,300
Prepayments, deposits and other receivables		**62,786**	28,374
Equity investments at fair value through profit or loss		**464**	703
Derivative financial instruments		**3,740**	6,913
Due from a minority shareholder		**83**	101
Pledged deposits		**8,823**	12,887
Cash and cash equivalents		**93,663**	113,182
Total current assets		**1,444,078**	949,610
CURRENT LIABILITIES			
Accounts and bills payable	10	**523,715**	232,280
Accrued liabilities and other payables		**83,658**	60,131
Derivative financial instruments		**3,292**	4,842
Tax payable		**14,162**	13,280
Bank advances for discounted bills	9	**115,023**	39,025
Interest-bearing bank and other borrowings		**562,615**	328,116
Total current liabilities		**1,302,465**	677,674
NET CURRENT ASSETS		**141,613**	271,936
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,464,931**	1,375,925
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**340,794**	414,946
Deferred tax liabilities		**752**	712
Total non-current liabilities		**341,546**	415,658
Net assets		**1,123,385**	960,267
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		**64,458**	64,413
Reserves		**1,033,385**	850,881
Proposed final dividend		**–**	27,698
		1,097,843	942,992
Minority interests		**25,542**	17,275
Total equity		**1,123,385**	960,267

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2008

	Attributable to ordinary equity holders of the Company										
	Issued capital HK$'000	Share premium account HK$'000	Share Option reserve HK$'000	Capital reserve HK$'000	Statutory surplus reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Proposed final dividend HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2007 (Audited)	64,000	122,429	5,300	104,804	23,204	40,004	413,077	25,600	798,418	317	798,735
Profit for the period	–	–	–	–	–	–	63,667	–	63,667	(60)	63,607
Contribution from minority shareholders	–	–	–	–	–	–	–	–	–	6,950	6,950
2006 final dividend	–	–	–	–	–	–	–	(25,600)	(25,600)	–	(25,600)
Transfer to statutory surplus reserve	–	–	–	–	2,961	–	(2,961)	–	–	–	–
At 30 June 2007 (Unaudited)	64,000	122,429	5,300	104,804	26,165	40,004	473,783	–	836,485	7,207	843,692
At 1 January 2008 (Audited)	64,413	128,237	6,833	104,804	27,803	92,034	491,170	27,698	942,992	17,275	960,267
Exchange realignment	–	–	–	–	–	122,011	–	–	122,011	2,361	124,372
Total Income and expense for the period recognised directly in equity	–	–	–	–	–	122,011	–	–	122,011	2,361	124,372
Profit for the period	–	–	–	–	–	–	51,256	–	51,256	(993)	50,263
Total Income and expense for the period	–	–	–	–	–	122,011	51,256	–	173,267	1,368	174,635
Contribution from minority shareholders	–	–	–	–	–	–	–	–	–	6,899	6,899
2007 final dividend	–	–	–	–	–	–	–	(27,698)	(27,698)	–	(27,698)
Issue of shares	45	537	–	–	–	–	–	–	582	–	582
Transfer to share premium account upon exercise of share options	–	103	(103)	–	–	–	–	–	–	–	–
Equity-settle share option arrangement	–	–	8,700	–	–	–	–	–	8,700	–	8,700
Transfer to statutory surplus reserve	–	–	–	–	1,343	–	(1,343)	–	–	–	–
At 30 June 2008 (Unaudited)	**64,458**	**128,877**	**15,430**	**104,804**	**29,146**	**214,045**	**541,083**	**–**	**1,097,843**	**25,542**	**1,123,385**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the period ended 30 June 2008

	Six months ended 30 June 2008 ***HK$'000*** **(Unaudited)**	Six months ended 30 June 2007 *HK$'000* (Unaudited)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	**(7,111)**	(108,138)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(147,010)**	(93,267)
NET CASH INFLOW FROM FINANCING ACTIVITIES	**132,637**	163,371
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(21,484)**	(38,034)
Cash and cash equivalents at beginning of period	**113,182**	193,076
Effect of foreign exchange rate changes, net	**1,965**	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**93,663**	155,042
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**93,663**	155,042

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and with the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") . These condensed consolidated financial statements are unaudited but have been reviewed by the Company's audit committee.

The basis of preparation and accounting policies adopted in preparing these condensed consolidated financial statements are consistent with those adopted in the preparation of the Group's annual financial statements for the year ended 31 December 2007 except for the adoption of the following amendment mandatory for periods beginning on or after 1 January 2008:

HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group has assessed the impact of the adoption of the above new and revised HKFRSs and concluded that there was no significant impact on the Group's results and financial position.

The Group has not early applied the following new and revised HKFRSs relevant to the Group's financial statements, that have been issued but not yet effective in the period covered by these interim financial statements:

HKFRS 2 Amendment	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
Amendments to HKFRS 7	Financial Instruments: Disclosures Puttable financial instruments and obligations arising on liquidation
Amendments to HKAS 1 (Revised)	Presentation of Financial Statements Puttable financial instruments and obligations arising on liquidation
Amendments to HKAS 32	Financial Instruments: Presentation – Puttable financial instruments and obligations arising on liquidation
Amendments to HKAS 39	Financial Instruments: Recognition and Measurement – Puttable financial instruments and obligations arising on liquidation
HK(IFRIC)-Int 13	Customer Loyalty Programmes
Amendments to (HKIFRIC)-Int 2	Members Shares in Co-operative Entities and Similar Instruments

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

The Group expects that the adoption of the pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

2. SEGMENT INFORMATION

The Group's primary format for reporting segment information is geographical segments (based on location of customers).

A geographical segment analysis of the Group's financial results for the period ended 30 June 2008, with comparative figures for the period ended 30 June 2007, is summarized below:

(i) Geographical segments based on the location of customers

	Singapore *HK$'000*	Hong Kong *HK$'000*	Taiwan *HK$'000*	PRC *HK$'000*	USA *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Six months ended 30 June 2008 (Unaudited)							
Segment revenue:							
Sales to external customers	482,382	166,797	137,481	101,566	136,125	127,445	1,151,796
Other income	619	730	1	165	8	119	1,642
Total	483,001	167,527	137,482	101,731	136,133	127,564	1,153,438
Segment results	91,009	33,418	26,878	20,013	25,825	24,793	221,936
Interest and other unallocated income							5,533
Unallocated expenses							(156,420)
Finance costs							(17,406)
Profit before tax							53,643
Tax							(3,380)
Profit for the period							50,263

2. SEGMENT INFORMATION (continued)

(i) Geographical segments based on the location of customers (continued)

	Singapore *HK$'000*	Hong Kong *HK$'000*	Taiwan *HK$'000*	PRC *HK$'000*	USA *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Six months ended 30 June 2007 (Unaudited)							
Segment revenue:							
Sales to external customers	525,520	158,403	85,483	115,580	41,136	144,391	1,070,513
Other income	1,441	2,010	2	158	15	53	3,679
Total	526,961	160,413	85,485	115,738	41,151	144,444	1,074,192
Segment results	92,091	30,388	15,316	20,864	7,384	25,922	191,965
Interest and other unallocated income							5,688
Unallocated expenses							(104,084)
Finance costs							(22,655)
Profit before tax							70,914
Tax							(7,307)
Profit for the period							63,607

(ii) Geographical segments based on the location of assets

	Singapore *HK$'000*	Hong Kong *HK$'000*	PRC *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Segment assets					
As at 30 June 2008 (Unaudited)	**517**	**518,988**	**2,146,003**	**101,888**	**2,767,396**
As at 31 December 2007 (Audited)	152	308,769	1,658,652	86,026	2,053,599
Capital expenditure					
Six months ended 30 June 2008 (Unaudited)	**47**	**2,686**	**155,051**	**1,528**	**159,312**
Six months ended 30 June 2007 (Unaudited)	22	207	91,169	11,190	102,588

3. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and services provided by the Group. All significant intra-group transactions have been eliminated on consolidation.

An analysis of the revenue and other income is as follows:

	Six months ended 30 June 2008 *HK$'000* **(Unaudited)**	Six months ended 30 June 2007 *HK$'000* (Unaudited)
Revenue		
Production and sale of knitted fabric, dyed yarn and garment products and provision of related subcontracting services	**1,151,796**	1,070,513
Other income		
Fee income from freight handling services	**1,642**	3,679
Bank interest income	**355**	552
Gross rental income	**265**	301
Others	**4,913**	4,835
	7,175	9,367
	1,158,971	1,079,880

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June 2008	Six months ended 30 June 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold and services provided	**915,757**	812,748
Research and development costs	**3,291**	2,056
Depreciation of items of property, plant and equipment	**61,037**	39,509
Amortisation of intangible assets	**190**	–
Amortisation of prepaid land lease payments	**701**	583
Employee benefits expense (including directors remuneration):		
Wages and salaries	**103,318**	76,325
Equity-settled share option exercise	**8,700**	–
Pension scheme contributions	**4,635**	2,048
	116,653	78,373
Minimum lease payments under operating leases in respect of land and buildings	**1,050**	1,159
(Gains)/Losses on disposal of items of property, plant and equipment	**(347)**	321
Fair value losses, net		
Equity Investment at fair value through profit or loss – held for trading	**239**	377
Derivative financial instruments – transactions not qualified for hedges	**827**	–
Impairment of accounts receivable	**784**	–
Write back of impairment allowance for accounts receivable	**(285)**	(112)
Foreign exchange (gains)/losses, net	**(1,833)**	381

5. TAX

	Six months ended 30 June 2008	Six months ended 30 June 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax – Hong Kong		
Charge for the period	**1,931**	4,325
Current tax – Elsewhere		
Charge for the period	**2,627**	2,941
Overprovision in respect of prior periods	**(1,218)**	–
Deferred tax charged	**40**	41
Total tax charge for the period	**3,380**	7,307

Profits tax in Hong Kong is calculated at 16.5% (six months ended 30 June 2007: 17.5%) on the estimated assessable profits for the Period. Tax in elsewhere is calculated at tax rates prevailing in the respective jurisdictions.

6. DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 June 2007: Nil).

7. EARNINGS PER SHARE

The calculation of basic earnings per share amounts is based on the profit for the Period attributable to ordinary equity holders of the Company of HK$51,256,000 (six months ended 30 June 2007: HK$63,667,000) and the weighted average of 644,475,000 (six months ended 30 June 2007: 640,000,000) ordinary shares deemed to have been in issue during the Period.

Diluted earnings per share amounts for the period ended 30 June 2008 and 2007 has not been disclosed, as the share options outstanding during these Periods had an anti-dilutive effect on the basic earnings per share for these Periods.

8. PROPERTY, PLANT AND EQUIPMENT

The changes in the net book value of property, plant and equipment for the six months ended 30 June 2008 are analysed as follows:

	HK$'000
At 1 January 2008 (Audited)	1,043,504
Additions/Transfers	158,654
Disposals	(197)
Depreciation	(61,037)
Exchange realignment	115,352
At 30 June 2008 (Unaudited)	1,256,276

As at 30 June 2008, the Group did not obtain title certificates in respect of four factory buildings with net book value of approximately HK$3.7 million (31 December 2007: HK$3.7 million). The aforesaid buildings and structures accounted for less than 1% of the Group's total property, plant and equipment. Mr. Tai Chin Chun and Mr. Tai Chin Wen, directors of the Company, together with two major shareholders of the Company (beneficially owned by Mr. Tai Chin Chun and Mr. Tai Chin Wen, respectively), have given joint and several indemnities in favour of the Group in respect of the aforementioned buildings/structures (note 13(b)).

9. ACCOUNTS AND BILLS RECEIVABLE

The Group's trading term with its customers are generally on credit with terms of up to 60 days and are non-interest bearing (except for certain well-established customers having strong financial strength, good repayment history and credit worthiness, where the credit terms are extended to 120 days). Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts and bills receivable relate to a large number of diversified customers, there is no significant concentration of credit risk.

9. ACCOUNTS AND BILLS RECEIVABLE (continued)

An aged analysis of the Group's accounts and bills receivable as at the balance sheet date, based on the invoice date and net of provisions, is as follows:

	30 June 2008	31 December 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**247,752**	131,612
31 to 60 days	**187,461**	91,302
61 to 90 days	**72,290**	49,244
Over 90 days	**31,370**	24,142
	538,873	296,300

The carrying amounts of the Group's accounts and bills receivable approximate to their fair values.

Included in the above accounts and bills receivable as at 30 June 2008, HK$115,023,000 (31 December 2007: HK$39,025,000) was discounted to banks in exchange for cash and included as "Bank advances for discounted bills" on the face of the consolidated balance sheet.

10. ACCOUNTS AND BILLS PAYABLE

An aged analysis of the Group's accounts and bills payable as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2008	31 December 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 90 days	**430,640**	191,024
91 to 180 days	**92,964**	39,152
181 to 365 days	**111**	2,016
Over 365 days	**–**	88
	523,715	232,280

The accounts and bills payable are non-interest-bearing and are normally settled on an average credit period of 90-120 days. The carrying amounts of the Group's accounts and bills payable approximate to their fair values.

11. CONTINGENT LIABILITIES

(a) At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	30 June 2008	31 December 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Discounted bills with recourse supported by letters of credit	**16,682**	39,179

(b) The Group had a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK$1,573,000 (31 December 2007: HK$1,504,000) as at 30 June 2008. The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

12. COMMITMENTS

The Group had the following commitments as at the balance sheet date:

Capital commitments

	30 June 2008	31 December 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted but not provided for:		
Purchases of machinery	**19,684**	44,071
Construction in progress	**57,856**	85,472
	77,540	129,543

13. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the period:

	Six months ended 30 June 2008 ***HK$'000*** **(Unaudited)**	Six months ended 30 June 2007 *HK$'000* (Unaudited)
Rental expenses on office premises and a staff quarter paid to Mr. Tai Chin Chun and Mr. Tai Chin Wen	**186**	136

The Group entered into tenancy agreements with Mr. Tai Chin Chun and Mr. Tai Chin Wen, Directors of the Company, for the rental of office premises and a staff quarter at monthly rentals of totaling HK$31,000 for terms of two years, based on the prevailing market rentals.

(b) Each of Mr. Tai Chin Chun and Mr. Tai Chin Wen, Director of the Company, together with two major shareholders of the Company (beneficially owned by Mr. Tai Chin Chun and Mr. Tai Chin Wen, respectively), have given joint and several indemnities in favour of the Group in respect of certain buildings/structures of the Group as detailed in note 8 of the financial statements.

(c) Compensation of key management personnel of the Group:

	Six months ended 30 June 2008 ***HK$'000*** **(Unaudited)**	Six months ended 30 June 2007 *HK$'000* (Unaudited)
Short-term employee benefits	**6,082**	5,693
Post-employment benefits	**48**	42
	6,130	5,735

14. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the Board on 16 September 2008.