



GOLDEN SHIELD
Holdings - Industrial - Limited

金盾控股(實業)有限公司 Golden Shield Holdings (Industrial) Limited

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立的有限公司)
Stock Code 股份代號: 2123

2012

ANNUAL REPORT 年報



CONTENTS

目錄

02	Corporate Information	公司資料
05	Financial Highlights	財務摘要
06	Chairman's Statement	主席報告
08	Biographical Information of Directors and Senior Management	董事及高級管理層履歷資料
15	Management Discussion and Analysis	管理層討論及分析
32	Report of the Directors	董事會報告
42	Corporate Governance Report	企業管治報告
50	Independent Auditor's Report	獨立核數師報告
52	Consolidated Statement of Comprehensive Income	綜合全面收益表
53	Consolidated Statement of Financial Position	綜合財務狀況報表
54	Consolidated Statement of Changes in Equity	綜合權益變動表
55	Consolidated Statement of Cash Flows	綜合現金流量表
57	Notes to the Consolidated Financial Statements	綜合財務報表附註

CORPORATE INFORMATION

公司資料

Board of Directors

Executive Directors:

Mr. Chen Binghui (*Chairman*)
Mr. Chen Zhifeng
Mr. Wu Shoumin
Mr. Qiu Jianfa (Re-designated as executive Director from non-executive Directors on 25 March 2013)

Non-executive Director:

Mr. Lin Shuqing (Deceased on 4 March 2013)

Independent non-executive Directors:

Mr. Kwong Kwan Tong
Ms. Xue Fang
Ms. Tong Jinzhi (Appointed on 3 December 2012)
Mr. Yang Guohao (Resigned on 3 December 2012)

Audit Committee

Mr. Kwong Kwan Tong (*Chairman*)
Ms. Xue Fang
Ms. Tong Jinzhi (Appointed on 3 December 2012)
Mr. Yang Guohao (Resigned on 3 December 2012)

Remuneration Committee

Ms. Tong Jinzhi (Chairwoman and appointed on 3 December 2012)
Mr. Yang Guohao (Resigned on 3 December 2012)
Mr. Kwong Kwan Tong
Ms. Xue Fang

Nomination Committee

Ms. Xue Fang (*Chairwoman*)
Mr. Kwong Kwan Tong
Ms. Tong Jinzhi (Appointed on 3 December 2012)
Mr. Yang Guohao (Resigned on 3 December 2012)

董事會

執行董事：

陳秉輝先生(主席)
陳志峰先生
吳守民先生
邱建法先生(於二零一三年三月二十五日
由非執行董事調任為執行董事)

非執行董事：

林樹青先生(於二零一三年三月四日身故)

獨立非執行董事：

鄭焜堂先生
薛芳女士
童錦治女士(於二零一二年十二月三日獲委任)
楊國豪先生(於二零一二年十二月三日辭任)

審核委員會

鄭焜堂先生(主席)
薛芳女士
童錦治女士(於二零一二年十二月三日獲委任)
楊國豪先生(於二零一二年十二月三日辭任)

薪酬委員會

童錦治女士(主席·於二零一二年
十二月三日獲委任)
楊國豪先生(於二零一二年十二月三日辭任)
鄭焜堂先生
薛芳女士

提名委員會

薛芳女士(主席)
鄭焜堂先生
童錦治女士(於二零一二年十二月三日獲委任)
楊國豪先生(於二零一二年十二月三日辭任)

CORPORATE INFORMATION (CONTINUED) 公司資料(續)

Company Secretary

Mr. Chan Cho Chak, *CPA (Practising), FCCA*
(Resigned on 1 June 2012)
Mr. Yao Yan Ping Francis, *CPA (Practising), FCCA*
(Resigned on 1 March 2013)
Mr. Loo Koon Tung James, *HKICPA, CPA (Aust)*
(Appointed on 1 March 2013)

Authorised Representatives

Mr. Chen Binghui
Mr. Loo Koon Tung, James

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business in Hong Kong

Unit 1003, 10th Floor
No. 69 Jervois Street
Hong Kong

Head Office in the PRC

Wenyi Road
Jing Yang County
Xianyang City
Shaanxi Province
PRC

Legal Advisers to the Company

As to Hong Kong Law
Angela Ho & Associates

As to Bermuda Law
Conyers Dill & Pearman

As to PRC Law
Dacheng Law Offices

聯席公司秘書

陳祖澤先生, *CPA (Practising), FCCA*
(於二零一二年六月一日辭任)
姚恩平先生, *CPA (Practising), FCCA*
(於二零一三年三月一日辭任)
盧貫東先生, 香港會計師公會註冊會計師,
澳洲註冊會計師(於二零一三年
三月一日獲委任)

法定代表

陳秉輝先生
盧貫東先生

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

香港主要營業地點

香港
蘇杭街69號
10樓1003室

中國總辦事處

中國
陝西省
咸陽市
涇陽縣
文藝路

本公司法律顧問

有關香港法例
何文琪律師事務所

有關百慕達法例
Conyers Dill & Pearman

有關中國法例
大成律師事務所

CORPORATE INFORMATION (CONTINUED)

公司資料(續)

Auditor

Martin C.K. Pong & Company

核數師

龐志鈞會計師行

Compliance Adviser

Tanrich Capital Limited

合規顧問

敦沛融資有限公司

Hong Kong Share Registrar

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

香港證券登記處

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

Principal Banker

Standard Chartered Bank (Hong Kong) Limited

主要往來銀行

渣打銀行(香港)有限公司

Stock Code

2123

股份代號

2123

Company Website

www.goldenshield.com.cn
www.goldenshield.com.hk

公司網址

www.goldenshield.com.cn
www.goldenshield.com.hk

FINANCIAL HIGHLIGHTS

財務摘要

- Revenue decreased by approximately 23.8% to approximately RMB755.0 million for the year ended 31 December 2012 from approximately RMB991.0 million for the year ended 31 December 2011.
- Gross profit decreased by approximately 35.6% to approximately RMB112.3 million for the year ended 31 December 2012 from approximately RMB174.4 million for the year ended 31 December 2011.
- Net profit margin decreased to approximately 5.4% for the year ended 31 December 2012 from approximately 10.1% for the year ended 31 December 2011 whereas profit attributable to owners of the Company decreased by approximately 59.7% to approximately RMB40.6 million for the year ended 31 December 2012 from approximately RMB100.6 million for the year ended 31 December 2011.
- Basic earnings per share is approximately RMB4.31 cents for the year ended 31 December 2012, of which its calculation is based on the weighted average number of ordinary shares of 941,900,000.
- The Board does not recommend the payment of a final dividend for the financial year ended 31 December 2012 (2011: nil).
- 收益由截至二零一一年十二月三十一日止年度約人民幣991,000,000元減少約23.8%至截至二零一二年十二月三十一日止年度約人民幣755,000,000元。
- 毛利率由截至二零一一年十二月三十一日止年度約人民幣174,400,000元下降約35.6%至截至二零一二年十二月三十一日止年度約人民幣112,300,000元。
- 純利率由截至二零一一年十二月三十一日止年度之約10.1%下降至截至二零一二年十二月三十一日止年度之約5.4%，而本公司擁有人應佔溢利由截至二零一一年十二月三十一日止年度之約人民幣100,600,000元減少約59.7%至截至二零一二年十二月三十一日止年度之約人民幣40,600,000元。
- 截至二零一二年十二月三十一日止年度之每股基本盈利約為人民幣4.31分，乃根據941,900,000股普通股之加權平均數計算。
- 董事不建議派付截至二零一二年十二月三十一日止財政年度之末期股息(二零一一年：無)。

CHAIRMAN'S STATEMENT

主席報告

The board of Directors (the "Board") of **Golden Shield Holdings (Industrial) Limited** ("Golden Shield" or "the Company") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries ("the Group") for the 12 months ended 31 December 2012.

The 2012 was a very challenging year. The textile industry in China was significantly affected by the Eurozone indebtedness and US fiscal cliff. The recovery pace of global economic still slow and the market shockwave undermined customers' sentiment. As a result, 2012 has been proved a difficult year for the industry.

With the market demand shift to higher quality products, the demand for various middle and high-end textile products and apparel is expected to grow along with domestic consumption trend. To maintain competitiveness of the Group, we have shifted the product mix to cater for the consumption trend. We also continue to diversify the production bases where it can better service our customers by providing various range of high quality products.

During 2012, the demand for combed cotton yarn products remain strong. We devoted substantial time and effort in calibration and trial run of the Yinhe production plant, the production facilities for premium combed yarn products. Our production capacity for the combed yarn product is increased substantially, and as the demand for the high quality product remain strong, the full potential and the economic benefit has not yet been realized by the Group in 2012.

As the customers' demand for better quality of life and better textile products continue to grow, the Group will continue to streamline its operation by focusing on the cotton yarn business, particular on the combed yarn products. We expect this is the right strategy for the Group as it can meet with domestic consumption trend.

We will continue to reduce operating costs and improve production efficiency. The Group will strive to gain a bigger market share by focusing on high quality products. With stable cotton price and huge consumption in domestic market, the textile industry will prudently optimistic in future. Looking ahead, the management believes that the Group can benefit from the market which will be stabilized at a lower operating level.

金盾控股(實業)有限公司(「金盾」或「本公司」)董事會(「董事會」)欣然提呈本公司連同其附屬公司(「本集團」)截至二零一二年十二月三十一日止十二個月之經審核綜合全年業績報告。

二零一二年是充滿挑戰的一年。中國紡織行業受歐元區債務及美國財政懸崖的嚴重影響。全球經濟復甦仍然步履維艱，市場衝擊令消費氣氛受損。因此，二零一二年為本行業歷經艱難的一年。

隨著市場需求向高質素產品的轉變，各種中高端紡織品及服裝需求預期將會順應國內消費趨勢而增加。本集團將重點改變產品組合以迎合消費趨勢，藉以維持其競爭力。本集團亦繼續實施生產基地多元化戰略，以提供各種優質產品，從而更好地服務客戶。

二零一二年，精梳棉紗產品的需求依然強勁。本集團為銀河生產廠的一種優質精梳棉紗生產設施之校準及試營運投入大量時間及精力。由於本集團大幅提高了精梳棉紗產品的產能，而高質素產品的需求依然強勁，本集團於二零一二年尚未完全發揮其潛力及經濟利益。

由於客戶對優質生活和優質紡織產品的需求持續增加，本集團將透過專注於棉紗業務尤其是精梳棉紗產品，繼續精簡其業務運營。預期此舉為本集團之正確策略，以迎合國內消費趨勢。

本集團將繼續減少營運成本及提高生產效率。本集團將致力透過專注於高質素產品以獲取更大市場份額。鑑於棉花價格趨於穩定及內需市場龐大，紡織行業未來之前景審慎而樂觀。展望未來，管理層相信，市場將漸趨穩定在較低的運營水平，本集團料能從中獲利。

CHAIRMAN'S STATEMENT (CONTINUED)

主席報告(續)

On behalf of the Board and the management, I would like to especially thank the management team and the entire staff for their efforts and contributions and also extend my sincere gratitude to the shareholders, investors, customers, suppliers and business partners for their unfailing support.

本人謹代表董事會及管理層衷心感謝管理團隊及全體員工於年內努力不懈，全心全意為本集團作出貢獻。同時在此謹向各股東、投資者、客戶、供應商及業務夥伴的鼎力支持致以衷心謝意。

Executive Director and Chairman
Mr. Chen Binghui

執行董事兼主席
陳秉輝先生

25 March 2013

二零一三年三月二十五日

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷資料

Executive Directors

Mr. Chen Binghui (陳秉輝), aged 48, is the Chairman, executive Director and the managing director of the Company. He is responsible for the Group's general management, corporate development and strategic planning of the day to day operation of the Group. Mr. Chen graduated from Fujian Agriculture University (福建農業大學) (now known as Fujian Agriculture and Forestry University (福建農林大學)) with a bachelor degree in agricultural economics and management in 1989 and also holds a master degree in economics awarded by The School of Economics at Xiamen University (廈門大學經濟學院) in 2003. Prior to joining the Group in 2001, he worked in Shishi branch of Agricultural Bank of China (中國農業銀行石獅市支行) from 1989 to 1996 as supervisor. Between 1996 and 2001, Mr. Chen worked for Shishi City Hong Ji Trading and Development Company Limited (石獅市宏基貿易聯合發展有限公司), a privately-owned company engaged in textile, clothing, footwear and leather product trading, as a general manager responsible for its corporate planning and daily operations. Mr. Chen has been the chairman of Jing Yang Golden Shield since its establishment in 2001 and has approximately 11 years of experience in the cotton textile industry. Since 2007 and 2009, he has been a deputy to the People's Congress of Jing Yang County (涇陽縣人大代表) and Xian Yang City (咸陽市人大代表) respectively. In February 2011, Mr. Chen was awarded as one of the 2010 Outstanding Entrepreneurs in Xian Yang City (優秀民營企業家) by the People's Government of Xian Yang City.

Mr. Chen is one of the shareholders of Shaanxi Golden Shield Textile Co., Ltd., a People's Republic of China ("PRC") domestic enterprise which is owned as to 90% and 10% by him and Mr. Lin respectively. For further details of Shaanxi Golden Shield, please refer to the section headed "History and Corporate Structure" and the paragraph headed "Leased properties" in the section headed "Business" in the prospectus of the Company dated 28 June 2011 (the "Prospectus").

執行董事

陳秉輝先生，48歲，本公司主席、執行董事兼董事總經理。彼負責本集團之日常管理、企業發展及本集團日常營運的策略規劃。於一九八九年，陳先生畢業於福建農業大學(現稱為福建農林大學)並取得農業經濟及管理學士學位，並於二零零三年獲廈門大學經濟學院頒授經濟學碩士學位。於二零零一年加盟本集團前，彼曾於一九八九年至一九九六年出任中國農業銀行石獅市支行的主管。於一九九六年至二零零一年間，陳先生於一間從事紡織、衣服、鞋類及皮產品貿易的私人公司石獅市宏基貿易聯合發展有限公司任職總經理，負責企業規劃及日常運作。陳先生自涇陽金盾於二零零一年成立時已為其主席，並於棉紡織行業擁有約十一年經驗。自二零零七年及二零零九年起，彼分別擔任涇陽縣人大代表及咸陽市人大代表。於二零一一年二月，陳先生榮獲咸陽市人民政府頒授二零一零年咸陽市優秀民營企業家之一的稱號。

陳先生為陝西金盾紡織有限公司(一間彼與林先生分別擁有90%及10%權益的中華人民共和國(「中國」)內資企業)的股東之一。有關陝西金盾的詳細資料，請參閱本公司日期為二零一一年六月二十八日的招股章程(「招股章程」)「歷史及公司架構」一節，以及「業務」一節「租賃物業」一段。

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理層履歷資料(續)

Mr. Chen Zhifeng (陳志峰), aged 47, is an executive Director and a deputy vice general manager of Jing Yang Golden Shield responsible for its general management. Mr. Chen graduated from Shaanxi Xian Yang Textile Vocational Institute (陝西咸陽紡織工業學校) (now known as Shaanxi Polytechnic Institute (陝西工業職業技術學院)) majoring in cotton textile manufacturing in 1986 and also received a bachelor degree in economics and management from the School of Distance Learning at China Communist Party Institute (中共中央黨校函授學院) in 2000 and master degree in economics and management from the Shaanxi Province Communist Party Institute (陝西省委黨校) in 2005. He has over 23 years of experience in the cotton textile industry and worked for a number of state-owned cotton textile manufacturing enterprises, including Jing Yang Spinning Mill from 1986 to 1991, in various capacities including technician, engineer and general manager, and 13th Weaving Mill, a then state-owned textile enterprise in Shaanxi Province, from 2000 to 2005 in capacities of factory manager (廠長) and committee member of Communist Party of China (黨委委員). He also served as a supervisor of yarn division (紡紗車間主任), head of export and import department (進出口部長) and deputy chief engineer (副總工程師) from 1991 to 2000 in Northwest No. 2 Cotton Group Co., Ltd (西北二棉集團有限公司), a company engaged in the manufacturing and sales of cotton textile products. Mr. Chen joined the Group in November 2009.

Mr. Wu Shoumin (吳守民), aged 62, is an executive Director and the financial controller of the Group responsible for the Group's financial control and tax matters. Mr Wu has approximately 41 years of experience in tax, finance and accounting. He joined Jing Yang Spinning Mill, a state-owned textile enterprise in Shaanxi Province, as an account clerk in 1969 and promoted to accounting supervisor in 1988. After the Group's acquisition of the production facilities of Jing Yang Spinning Mill in 2001, he joined the Group and was appointed as financial controller of Jing Yang Golden Shield in May 2002.

Mr. Qiu Jianfa (邱建法), aged 42, was a non-executive Director of the Company until he was re-designated as an executive Director on 25 March 2013. He is the founder of the Group responsible for its overall strategic direction development. Mr. Qiu graduated from Jin Jiang County Vocational School (晉江縣職業學校) (now known as Fujian Jin Jiang Vocational School (福建省晉江職業中專學校)) majoring in finance and accounting in 1991. He had worked in Shishi Rural Credit Cooperatives (石獅市農村信用合作社聯合社) (now known as Fujian Shishi Rural Cooperative Bank (福建石獅農村合作銀行)) as accountant from 1994 to 2004 and a privately-owned clothing manufacturing company, Shishi City Hongjiahao Textile Company Limited (石獅市鴻杰濠服飾織造有限公司), as vice general manager from 2004 to 2007. Since 2007, he has been working in a privately-owned property development and management company, Dalin City Fengyu Property Development Limited (大連市豐裕房地產開發有限公司), as a project development manager responsible for property project planning and execution. After the establishment of Jing Yang Golden Shield in 2001, he has engaged in cotton textile business and has been the general manager of Jing Yang Golden Shield since then.

陳志峰先生，47歲，涇陽金盾之執行董事兼常務副總經理，負責日常管理。陳先生於一九八六年畢業於陝西咸陽紡織工業學校(現稱陝西工業職業技術學院)，主修棉紡織生產，並於二零零零年及二零零五年自中共中央黨校函授學院及陝西省委黨校分別取得經濟及管理系學士及經濟及管理碩士學位。彼於棉紡織行業擁有超過二十三年經驗及自一九八六年至一九九一年於多間國有棉紡織生產企業(包括涇陽縣棉紡織廠)工作，任職多個崗位，包括技術員，工程師及總經理，以及自二零零零年至二零零五年間於當時陝西省的國有紡織企業第十三棉紡織廠任職廠長及黨委委員。彼曾於一九九一年至二零零零年間於西北二棉集團有限公司(一間從事生產及銷售棉紡織產品的公司)出任紡紗車間主任、進出口部長以及副總工程師。陳先生於二零零九年十一月加盟本集團。

吳守民先生，62歲，本集團之執行董事兼財務總監，負責本集團之財務控制及稅務事項。吳先生於稅務、金融及會計方面擁有約四十一年經驗。彼於一九六九年加入陝西省國有紡織企業涇陽縣棉紡織廠為會計員並於一九八八年晉升為會計主管。於二零零一年本集團收購涇陽縣棉紡織廠之生產設施後，吳先生於二零零二年五月加盟本集團並獲委任為涇陽金盾之財務總監。

邱建法先生，42歲，本公司非執行董事，直至二零一三年三月二十五日獲調任為執行董事。彼為本集團之創始人，負責其整體策略方向發展。於一九九一年，邱先生畢業於晉江縣職業學校(現稱福建省晉江職業中專學校)，主修金融及會計。彼曾於一九九四年至二零零四年出任石獅市農村信用合作社聯合社(現稱福建石獅農村合作銀行)的會計師及由二零零四年至二零零七年出任一間私人成衣生產公司石獅市鴻杰濠服飾織造有限公司的副總經理。自二零零七年起，彼於一間私人房地產開發及管理公司大連市豐裕房地產開發有限公司任職項目開發經理，負責策劃及執行房地產項目。於二零零一年成立涇陽金盾後，彼從事棉紡織業務，並自此擔任涇陽金盾總經理。

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理層履歷資料(續)

Non-executive Director

Mr. Lin Shuqing (林樹青), aged 41, a non-executive Director, is responsible for the strategic development and supervision of the Group. Mr. Lin graduated from Fujian Institute of Financial Administrators (福建金融管理幹部學院) (now known as Fujian Jiangxia College (福建江廈學院)) majoring in finance in 1999. He had worked for Shishi City Qiao Lian Logistics Company Limited (石獅市僑聯物流有限責任公司), a PRC travel agency company, as financial manager, from 1991 to 2000 and Shishi City Xin Cheng Chemicals Trading Company Limited (石獅市信成化工工貿有限公司), a PRC chemicals and textile wholesaler, as sales manager, from 2001 to 2003. He passed away on 4 March 2013. Prior to his passing away, he worked in Shishi City Xin Yi Chemicals Trading Company Limited (石獅市信義化工工貿有限公司), a PRC chemicals and textile trading company as the authorised representative and general manager since 2004. He joined the Group in 2001 and had approximately 11 years of experience in the cotton textile industry. Mr. Lin was also a shareholder of Shaanxi Golden Shield, a PRC domestic enterprise which was jointly controlled by him and Mr. Chen.

Independent Non-Executive Directors

Mr. Kwong Kwan Tong (龔焜堂), aged 47, is an independent non-executive Director. He is a fellow member of the Association of Chartered Certified Accountants, and an associate member of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants. Mr. Kwong has over 25 years of experience in accounting, auditing and financial control through his various employment with different companies in Hong Kong and the PRC. During the tenure in his career, he was an independent non-executive director, chairman of audit committee, member of remuneration and nomination committee of China Investment Fund Company Limited (a company listed on the Stock Exchange with stock code 612) from 2008 to 2010. He is currently an independent non-executive director of Qunxing Paper Holdings Company Limited (a company listed on the Stock Exchange with stock code 3868) and the financial controller and company secretary of Weichai Power Co., Ltd. (a company listed on the Stock Exchange with stock code 2338 and Shenzhen Stock Exchange). Mr. Kwong joined the Group in 2010.

非執行董事

林樹青先生，41歲，非執行董事，負責本集團策略發展及監督。林先生於一九九九年畢業於福建金融管理幹部學院(現稱福建江廈學院)，主修金融。於一九九一年至二零零零年，彼於一間中國旅遊代理公司石獅市僑聯物流有限責任公司任職財務經理，且自二零零一年至二零零三年於一間中國化學及紡織批發商石獅市信成化工工貿有限公司任職銷售經理。彼於二零一三年三月四日身故。於身故前，彼於一間中國化學及紡織貿易公司石獅市信義化工工貿有限公司工作，自二零零四年開始出任授權代表及總經理。彼於二零零一年加盟本集團，並於棉紡織行業擁有約十一年經驗。林先生亦為陝西金盾(一間由彼及陳先生共同控制的中國內資企業)的股東。

獨立非執行董事

龔焜堂先生，47歲，獨立非執行董事。彼為英國特許公認會計師公會資深會員、香港會計師公會會員及英國特許管理會計師公會會員。龔先生透過受僱於香港及中國多間不同公司，於會計、核數及財務管理方面積逾二十五年經驗。彼曾於二零零八年至二零一零年任職中國投資基金有限公司(聯交所上市公司，股份代號為612)之獨立非執行董事、審核委員會主席、薪酬及提名委員會成員。彼現為群星紙業控股有限公司(聯交所上市公司，股份代號為3868)之獨立非執行董事，並為濰柴動力股份有限公司(股份代號為2338之聯交所以及深圳證券交易所之上市公司)之財務總監及公司秘書。龔先生於二零一零年加盟本集團。

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理層履歷資料(續)

Ms. Xue Fang (薛芳), aged 49, is an independent non-executive Director. Ms. Xue graduated at Shaanxi Province Finance and Economic Institute (陝西省財經學校) (now known as Shaanxi Province Technical Institute of Finance and Economics (陝西財經職業技術學院)) majoring in corporate accounting in 1987 and received her bachelor degree in law from Xi'an Political Institute (西安政治學院) in 2005. She has more than 20 years of experience in accounting and financial control matters with the finance department of state-owned Shaanxi Steel Factory (陝西鋼廠) from 1987 to 1994, subsequently merged with Shaanxi Province Military Food Supplies and Procurement Centre (陝西省軍糧採購供應站) since 1994. She has served as its assistant accountant since 1993. Ms. Xue joined the Group in 2010.

Mr. Yang Guohao (楊國豪), aged 49, is an independent non-executive Director. He graduated from Dalian Maritime College (大連海運學院) (now known as Dalian Maritime University (大連海事大學)), with a bachelor degree in electrical engineering for shipbuilding in 1984 and obtained his master degree in electrical engineering for shipbuilding from Marine Engineering College (海軍工程學院) (now known as China People's Liberation Army Marine Engineering University (中國人民解放軍海軍工程大學)) in 1989. Mr. Yang has extensive teaching and research experience in maritime engineering discipline and was a vice president and committee member of Communist Party at Jimei University (集美大學) in Fujian Province until December 2010. Currently, he is the full time secretary of Communist Party Committee at Xiamen University of Technology (廈門理工學院). He resigned on 3 December 2012.

Ms. Tong Jinzhi (童錦治), aged 49, was graduated from Xiamen University with a Bachelor Degree and a Master Degree in Finance in 1984 and 1987 respectively. Ms. Tong was also awarded a Doctor Degree in Finance by Xiamen University in 1997. Ms. Tong started teaching at Xiamen University in the PRC since 1987 and is currently a professor, PhD supervisor and head of department of Public Economics of Xiamen University. Ms. Tong joined the Group in December 2012.

薛芳女士，49歲，獨立非執行董事。薛女士於一九八七年自陝西省財經學校(現稱陝西財經職業技術學院)畢業，主修企業會計，並於二零零五年自西安政治學院取得法律學士學位。彼於會計及財務監控方面積逾二十年經驗，由一九八七年至一九九四年於國有的陝西鋼廠(及後於一九九四年與陝西省軍糧採購供應站合併)的財務部工作。彼自一九九三年出任助理會計師。薛女士於二零一零年加盟本集團。

楊國豪先生，49歲，獨立非執行董事。彼於一九八四年畢業於大連海運學院(現稱大連海事大學)並取得電氣工程造船學士學位，以及於一九八九年自海軍工程學院(現稱中國人民解放軍海軍工程大學)取得電氣工程造船碩士學位。楊先生擁有豐富的海事工程教學及研究經驗，並為福建省集美大學副校長及共產黨委員會常務委員直至二零一零年十二月。目前，彼為廈門理工學院全職黨委書記。彼於二零一二年十二月三日辭任。

童錦治女士，49歲，畢業於廈門大學，分別於一九八四年及一九八七年取得金融學士學位及碩士學位。童女士亦於一九九七年獲廈門大學頒授金融博士學位。童女士自一九八七年起於中國廈門大學任教，目前為廈門大學財政系教授、博士生導師及系主任。童女士於二零一二年十二月加盟本集團。

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理層履歷資料(續)

Senior Management

Mr. Dang Ming (黨明), aged 48, is the director of operations of Jing Yang Golden Shield responsible for the management and supervision of its sale and purchase department since 2010. Mr. Dang graduated from Shaanxi Xian Yang Textile Vocational Institute (陝西咸陽紡織工業學校) (now known as Shaanxi Polytechnic Institute (陝西工業職業技術學院)) majoring in mechanical engineering in 1983 and obtained a bachelor degree in management engineering through distance learning from Xi'an Electronic Engineering and Technology University (西安電子科技大學) in 1989. He has over 15 years of experience in the cotton textile industry and began his career with 13th Weaving Mill, a then state-owned textile enterprise in Shaanxi Province. He was appointed as a deputy factory manager of 13th Weaving Mill in 2003. After the acquisition of the production facilities of 13th Weaving Mill by the Group, Mr. Dang joined the Group and was appointed as vice general manager of Jing Yang Golden Shield in 2009.

Mr. Xu Xiaoniu (許小牛), aged 47, is the director of production of Jing Yang Golden Shield responsible for the supervision of operations and technical aspects of all of its production plants since 2010. Mr. Xu has over 16 years of experience in the cotton textile industry. He joined Jing Yang Spinning Mill as a technician in 1985 after he obtained a bachelor degree in Light Industry Mechanical Engineering from Northwest Light Industry Institute (西北輕工業學院) (now known as Shaanxi University of Science and Technology (陝西科技大學)) in the same year. After the acquisition of production facilities of Jing Yang Spinning Mill by the Group, Mr. Xu joined the Group in 2001 and was appointed as an assistant to the chairman since 2002.

Mr. He Baomin (何保民), aged 51, is the vice general manager of Jing Yang Golden Shield responsible for the supervision and production management of Yongle Production Plant since 2009. He graduated from Shaanxi Xian Yang Textile Vocational Institute (陝西咸陽紡織工業學校) (now known as Shaanxi Polytechnic Institute (陝西工業職業技術學院)) majoring in cotton textile manufacturing in 1983 and also received a bachelor degree in corporate management through distance learning from Northwest Light Industry Institute (西北輕工業學院) (now known as Shaanxi University of Science and Technology (陝西科技大學)) in 1989. Mr. He has over 18 years of experience in the cotton textile industry. Prior to joining the Group in 2009, he worked as a production manager in Northwest No. 7 Weaving Plant (西北第七棉紡廠), currently known as Xian Yang China Resources Textile Co., Ltd (咸陽華潤紡織有限公司) from 1983 to 2004 and served as the general manager of Yong Sing Textile Company Limited (永勝紡織有限公司) from 2004 to 2007.

高級管理層

黨明先生，48歲，自二零一零年起為涇陽金盾之營運總監，負責管理及監督其銷售及採購部門。黨先生於一九八三年自陝西咸陽紡織工業學校(現稱陝西工業職業技術學院)畢業，主修機械工程，並於一九八九年透過遙距課程於西安電子科技大學取得管理工程學士學位。彼於棉紡織業方面擁有超過十五年經驗，並於陝西省當時之國有紡織企業第十三棉紡織廠開展其事業。彼於二零零三年獲委任為第十三棉紡織廠工廠副廠長。於本集團收購第十三棉紡織廠之生產設施後，黨先生加盟本集團並於二零零九年獲委任為涇陽金盾副總經理。

許小牛先生，47歲，自二零一零年起為涇陽金盾之生產總監，負責監督其所有生產點的營運及技術事宜。許先生於棉紡織業方面擁有超過十六年經驗。彼於一九八五年自西北輕工業學院(現稱陝西科技大學)畢業並取得輕工業機械工程學士學位後，於同年加入涇陽縣棉紡織廠為技術員。於本集團收購涇陽縣棉紡織廠之生產設施後，許先生於二零零一年加盟本集團並自二零零二年獲委任為主席助理。

何保民先生，51歲，自二零零九年起為涇陽金盾之副總經理，負責永樂生產廠的監督及生產管理。彼於一九八三年畢業於陝西咸陽紡織工業學校(現稱陝西工業職業技術學院)，主修棉紡織生產，並於一九八九年透過遙距課程於西北輕工業學院(現稱陝西科技大學)取得企業管理學士學位。何先生於棉紡織業方面擁有超過十八年經驗。於二零零九年加盟本集團前，彼由一九八三年至二零零四年於西北第七棉紡廠(現稱咸陽華潤紡織有限公司)任職生產經理，並由二零零四年至二零零七年出任永勝紡織有限公司總經理。

BIOGRAPHICAL INFORMATION OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

董事及高級管理層履歷資料(續)

Mr. Xing Jigang (邢繼剛), aged 48, is the vice general manager of Jing Yang Golden Shield responsible for the supervision and production management of Guang Hua Production Plant since 2009. Mr. Xing obtained a bachelor degree in cotton textile engineering from Northwest Textile Engineering Institute (西北紡織工學院) (now known as Xi'an Polytechnic University (西安工程大學)) in 1987. He has over 12 years of experience in the cotton textile industry. Prior to joining the Group in 2008, Mr. Xing worked in various positions (including deputy factory manager) in 13th Weaving Mill from 1987 to 2003 and served as a general manager in Dong Run Textile Company Limited (東潤紡織有限公司) from 2005 to 2008.

Mr. Wang Wentao (王文濤), aged 46, is the vice general manager of Jing Yang Golden Shield responsible for the supervision and production management of Dali Production Plant since 2009. Mr. Wang received a bachelor degree in cotton textile engineering from Northwest Textile Engineering Institute (西北紡織工學院) (now known as Xi'an Polytechnic University (西安工程大學)) in 1989. He has over 16 years of experience in the cotton textile industry and joined the Group in 2005 and appointed as vice general manager in charge of Dali Production Plant after the acquisition of production facilities of 13th Weaving Mill by the Group in 2008. Prior to joining the Group, Mr. Wang worked as the head of production technology department and deputy factory manager for Shaanxi Province Textile Supply and Sales Factory (陝西省供銷紡織廠) from 1993 to 1999, as deputy factory manager of Xinjiang Manasi County Long Xing Cotton Spinning Mill (新疆瑪納斯縣隆興棉紡織廠) from 1999 to 2003, as factory manager for Shandong Linyi Ramie Textile Company Limited (山東臨沂苧麻紡織有限公司) from 2004 to 2005.

Mr. Yao Wen (姚文), aged 42, is the vice general manager of Jing Yang Golden Shield responsible for the supervision and production management of Jing Yang Production Plant since 2009. Mr. Yao has over 21 years of experience in the cotton textile industry. He graduated from Shaanxi Xian Yang Textile Vocational Institute (陝西咸陽紡織工業學校) (now known as Shaanxi Polytechnic Institute (陝西工業職業技術學院)) in 1989 and was awarded a bachelor degree in mechanical engineering by Shaanxi Province Higher Education Self-Learning Examination Board (陝西省高等教育自學考試委員會) of the Xi'an Jiaotong University (西安交通大學) in 1991. He worked as a technician and production manager in Jing Yang Spinning Mill, a then state-owned textile enterprise in Shaanxi Province, since 1989. After the acquisition of the production facilities of Jing Yang Spinning Mill by the Group, Mr. Yao joined the Group in 2001.

邢繼剛先生，48歲，自二零零九年起為涇陽金盾之副總經理，負責光華生產點的監督及生產管理。邢先生於一九八七年自西北紡織工學院(現稱西安工程大學)取得棉紡織工程學士學位。彼於棉紡織業方面擁有超過十二年經驗，於二零零八年加盟本集團前，邢先生自一九八七年至二零零三年於第十三棉紡織廠出任多個職位(包括副廠長)，並由二零零五年至二零零八年於東潤紡織有限公司出任總經理。

王文濤先生，46歲，自二零零九年起為涇陽金盾之副總經理，負責大荔生產點之監督及生產管理。王先生於一九八九年自西北紡織工學院(現稱西安工程大學)取得棉紡織工程學士學位。彼於棉紡織業方面擁有超過十六年經驗。彼於二零零五年加盟本集團，並於本集團在二零零八年收購第十三棉紡織廠之生產設施後獲委任為副總經理，負責大荔生產點。於加盟本集團前，王先生由一九九三年至一九九九年於陝西省供銷紡織廠任職生產技術部主任及副廠長，由一九九九年至二零零三年於新疆瑪納斯縣隆興棉紡織廠任職副廠長，及由二零零四年至二零零五年於山東臨沂苧麻紡織有限公司出任廠長。

姚文先生，42歲，自二零零九年起為涇陽金盾之副總經理，負責涇陽生產點之監督及生產管理。姚先生於棉紡織業方面擁有超過二十一年經驗。彼於一九八九年自陝西咸陽紡織工業學校(現稱陝西工業職業技術學院)畢業，並於一九九一年獲西安交通大學陝西省高等教育自學考試委員會頒授機械工程學士學位。彼自一九八九年於當時陝西省的國有紡織企業涇陽縣棉紡織廠任職技術員及生產經理。於本集團收購涇陽縣棉紡織廠之生產設施後，姚先生於二零零一年加盟本集團。

**BIOGRAPHICAL INFORMATION OF
DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)****董事及高級管理層履歷資料(續)**

Mr. Wang Lixin (王立新), aged 43, head of corporate development of the Company. Mr. Wang graduated from Xiamen University with a Bachelor Degree in Finance in 1991. Mr. Wang was also awarded a Master Degree in Finance by Dongbei University of Finance and Economics in 2000. He has over 15 years of experience in finance and management. Prior to joining the Group in 2012, Mr. Wang has been a principal consultant in Xiamen Tiancheng Foundation Investment Company (廈門天成基業投資管理有限公司) since 2006. Between the period from 2002 to 2005, Mr. Wang was a manager in the office of secretary to the chairman of Guangdong Kelon Electrical Holdings Company Limited 廣東科龍電器股份有限公司 (now known as Hisense Kelon Electrical Holdings Company Limited 海信科龍電器股份有限公司) (Stock Code: 00921). Mr. Wang was a general manager in Shandong Yantai Haolaifu Department Store (山東煙台好來福百貨公司) between the period from 1996 to 2001. He worked as a finance administrator in Shandong Yantai Jinli Property Company* (山東煙台金力房地產公司) from 1991 to 1996. He joined the Group in 2012.

Mr. Loo Koon Tung James (盧貫東), aged 40, is the Company Secretary of the Company. Mr. Loo has over 16 years of experience in the field of auditing and accounting. Mr. Loo is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and the CPA (Aust.). Mr. Loo holds a Bachelor of Commerce degree from the University of Sydney and a Master of Business Administration degree from the Open University of Hong Kong. He joined the Company in 2013.

王立新先生，43歲，本公司企業發展部主任。王先生於一九九一年畢業於廈門大學，取得金融學士學位。王先生亦於二零零零年獲東北財經大學頒授金融學碩士學位。彼擁有逾十五年金融及管理經驗。於二零一二年加盟本集團前，王先生於二零零六年至今為廈門天成基業投資管理有限公司的首席顧問。於二零零二年至二零零五年期間，王先生為廣東科龍電器股份有限公司(現稱海信科龍電器股份有限公司)(股份代號：00921)的董事長秘書辦公室經理。自一九九六年至二零零一年，王先生為山東煙台好來福百貨公司的總經理。彼於一九九一年至一九九六年出任山東煙台金力房地產公司的財務管理人員。彼於二零一二年加盟本集團。

盧貫東先生，40歲，本公司之公司秘書。盧先生於審計及會計領域積逾十六年經驗。盧先生為香港會計師公會註冊會計師及澳洲註冊會計師。盧先生持有悉尼大學商業學士學位及香港公開大學商業管理碩士學位。彼於二零一三年加盟本公司。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Industry review

The continuing financial difficulties in Europe and fiscal uncertainty in the United States of America undermined the global economic recovery. During 2012, the demand from overseas market still weak. According to the China Customs, it recorded RMB254.9 billion total export of textile and apparel products in 2012, representing a growth of 2.8%. However, the 2012 growth rate is significantly lower than the 2011, it demonstrated that the international market was still sluggish.

According to the National Bureau of Statistics of China, the total retail sales of consumer goods by companies with over RMB20 million annual revenue in PRC recorded approximately RMB20,716.7 billion, representing a growth of 14.3% when compare to 2011, in which of textile and apparel sector amounted to RMB977.8 billion, representing of 18% growth rate. Although the domestic market also experienced a slower pace of growth, the figure can illustrate the importance of the domestic consumption in the textile and apparel sector.

Business review

The Group is one of the key cotton textile suppliers in north-western China offering various types of cotton yarn and grey fabrics to customers spread across 12 provinces and municipalities in the southern and eastern regions of PRC. By business segments, the cotton yarn business, grey fabrics business, and sales of lint cotton accounted for approximately 70.4%, 8.7% and 20.9% respectively of the Group's total turnover. For the year ended 31 December 2012, the total sales volume of the Group's cotton yarns and grey fabric were 19,780 tonnes and 13,613 kilometers respectively.

Cotton yarn business

In 2012, turnover of the cotton yarn business decreased by approximately 23.8% to approximately RMB531.5 million (2011: RMB697.4 million), accounting for approximately 70.4% (2011: 70.4%) of the Group's total turnover.

All the Group's cotton yarn products are pure cotton yarn products and can be generally classified into carded yarns and combed yarns. In general, the selling price of cotton yarns increase with the fineness and combed yarns have a higher selling prices and stable profit margin than carded yarns, as combed yarns are more even, compact and smoother.

市場回顧

歐洲財政陰霾揮之不去及美國財政存在不確定因素，削弱了全球經濟的復甦力度。於二零一二年，海外市場需求仍然疲弱。據中國海關統計，二零一二年紡織品及服裝產品出口總額為人民幣254,900,000,000元，增長2.8%。然而，二零一二年的增長率顯著低於二零一一年，表明國際市場仍然低迷。

根據中國國家統計局，於中國的年度收益逾人民幣20,000,000元的公司錄得約人民幣20,716,700,000,000元的消費品總零售銷量，較二零一一年增長14.3%，而其中紡織品及服裝行業的零售銷量達人民幣977,800,000,000元，佔增長率的18%。儘管國內市場增長步伐亦已放緩，該數字可表明國內消費對紡織品及服裝行業的重要性。

業務回顧

本集團為中國西北地區的主要棉紡織品供應商之一，向客戶供應各種棉紗及坯布，行銷華南和華東地區十二個省市。按業務分部分析，棉紗業務、坯布業務及皮棉銷售分別佔本集團總營業額約70.4%、8.7%及20.9%。於截至二零一二年十二月三十一日止年度，本集團的棉紗及坯布年度總銷量分別為19,780噸及13,613千米。

棉紗業務

於二零一二年，棉紗業務營業額減少約23.8%至約人民幣531,500,000元（二零一一年：人民幣697,400,000元），佔本集團總營業額約70.4%（二零一一年：70.4%）。

本集團的所有棉紗產品均為純棉紗產品，一般可分為普梳棉紗及精梳棉紗。通常，棉紗的售價隨細度而增加，而相比普梳棉紗，精梳棉紗因其更均勻、結構更緊湊且更順滑而售價較高，利潤率較穩定。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

As the customers demand have shifted to high quality cotton yarn such as combed cotton yarn products, the decline in the cotton yarn business was mainly due to decrease in sales of carded cotton yarn products. To enhance the product mix and sustain the profit margin, the Group has been focusing its business in combed cotton yarn business which is less affected by the market.

Grey fabric business

The Group has been focusing on shifting its product mix by reducing the grey fabric output. In 2012, turnover of the grey fabric business amounted to RMB65.5 million, representing a decrease of 50% when compare to 2011. The decrease of the grey fabric business was mainly due to the decrease in average selling price and the market demand for the products.

The Group will continue to provide various grey fabric models but will adjust the proportion of its business according to the changes of market demands.

Lint cotton trading business

The revenue from lint cotton trading business decreased 2.8% to approximately RMB158 million when compared to 2011. The decrease in revenue from lint cotton trading business is mainly due to the decrease in average selling price while the demand for the products still remain stable for the year.

Financial Review

Revenue

The following is an analysis of the revenue by major product categories during the years:

由於客戶需求已轉移至精梳棉紗產品等高品质棉紗，棉紗業務需求下降主要由於普梳棉紗產品之銷量減少。為增加產品品種及保持利潤率，本集團一直專注擴大受市場影響較小的精梳棉紗業務發展。

坯布業務

本集團一直透過減少坯布產量，重點轉移其產品組合。於二零一二年，坯布業務營業額達人民幣65,500,000元，較二零一一年減少50%。坯布業務減少主要由於該產品的平均售價及市場需求下降。

本集團將繼續提供各種坯布產品，惟未來將根據市場需求的變化來調整此業務的比重。

皮棉買賣業務

皮棉買賣業務收益較二零一一年減少2.8%至約人民幣158,000,000元。皮棉買賣業務收益減少主要由於平均售價下降，而年內市場對該產品的需求仍維持穩定。

財務回顧

收益

下表為於有關年度主要產品類別之收益分析：

		For the year ended 31 December			
		二零一二年		二零一一年	
		RMB'000	%	RMB'000	%
		人民幣千元	%	人民幣千元	%
Cotton yarn	棉紗	531,530	70.4	697,379	70.4
Grey fabric	坯布	65,515	8.7	130,954	13.2
Sales of lint cotton	皮棉銷售	157,997	20.9	162,621	16.4
		755,042	100.0	990,954	100.0

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Cotton yarn products

Set out below is an analysis of revenue by major cotton yarn categories offered by the Group during the years:

棉紗產品

下表載列本集團於有關年度按提供之主要棉紗類別分類之收益分析：

Product category 產品類別		Count No. 支數		For the year ended 31 December 截至十二月三十一日止年度			
				2012 二零一二年		2011 二零一一年	
				RMB'000 人民幣千元	%	RMB'000 人民幣千元	%
A. Carded yarns	普梳棉紗						
Medium-count yarns	中支紗	19 to 28	19支至28支	26,111	4.9	36,796	5.3
Fine-count yarns	細支紗	29 to 58	29支至58支	246,554	46.4	393,644	56.4
High-count yarns	高支紗	60 or above	60支或以上	50,494	9.5	128,875	18.5
Sub-total	小計			323,159	60.8	559,315	80.2
B. Combed yarns	精梳棉紗						
Fine-count yarns	細支紗	29 to 58	29支至58支	208,371	39.2	138,064	19.8
Sub-total	小計			208,371	39.2	138,064	19.8
Total	總計			531,530	100.0	697,379	100.0

Grey fabric product

Set out below is an analysis of revenue of the Group's grey fabric product offered during the years:

坯布產品

下表載列本集團於有關年度所供應之坯布產品之收益分析：

Product category 產品類別		Tex No. 紡織線數目		For the year ended 31 December 截至十二月三十一日止年度			
				2012 二零一二年		2011 二零一一年	
				RMB'000 人民幣千元	%	RMB'000 人民幣千元	%
Fine-count fabrics	細支布料	11 to 20	11條至20條	65,515	100.0	130,954	100.0
Total	總計			65,515	100.0	130,954	100.0

Remark:

備註：

(1) Fine-count fabric 11 to 20 tex (29 count to 55 count)

(1) 細支布料由11條至20條紡織線(29支至55支)織成

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Sales volume and average selling price

銷量及平均售價

The following table sets out the sales volume and the average selling prices by major product categories offered by the Group during the years:

下表載列於有關年度本集團所供應之主要產品類別之銷量及平均售價：

For the year ended 31 December					
截至十二月三十一日止年度					
2012			2011		
二零一二年			二零一一年		
Total Sales Volume	Average Selling Price (Note)	Average Selling Price	Total Sales Volume	Average Selling Price (Note)	Average Selling Price
總銷量	(附註)	平均售價	總銷量	(附註)	平均售價
(tonnes/kilometres)	RMB	人民幣	(tonnes/kilometres)	RMB	人民幣
(噸/千米)	人民幣	人民幣	(噸/千米)	人民幣	人民幣
Cotton yarn (tonnes)	棉紗(噸)	19,780	26,872	22,819	30,561
Grey fabric (kilometres)	坯布(千米)	13,613	4.8	25,597	5.1
Sales of lint cotton (tonnes)	皮棉銷售(噸)	9,395	16,817	9,361	17,372

Note: Average selling prices represent the turnover for the year divided by the total sales volume for the year and are expressed in RMB/tonne for cotton yarn and lint cotton and RMB/metre for grey fabric.

附註：平均售價為年度營業額除以年度之總銷量，就棉紗及皮棉而言為人民幣/噸及就坯布而言為人民幣/米。

Cotton yarn products

棉紗產品

Set out below are analysis of sales volume and the average selling prices by major cotton yarn categories offered by the Group during the years:

下表載列本集團於有關年度所供應之主要棉紗類別分類之銷量及平均售價分析：

For the year ended 31 December							
截至十二月三十一日止年度							
Product category		Count No.		2012		2011	
產品類別		支數		二零一二年		二零一一年	
				tonnes	%	tonnes	%
				噸	%	噸	%
A. Carded yarns	普梳棉紗						
Medium-count yarns	中支紗	19 to 28	19支至28支	1,200	6.1	1,435	6.3
Fine-count yarns	細支紗	29 to 58	29支至58支	10,086	51.0	13,576	59.5
High-count yarns	高支紗	60 or above	60支或以上	1,710	8.6	3,844	16.8
Sub-total	小計			12,996	65.7	18,855	82.6
B. Combed yarns	精梳棉紗						
Fine-count yarns	細支紗	29 to 58	29支至58支	6,784	34.3	3,964	17.4
Sub-total	小計			6,784	34.3	3,964	17.4
Total	總計			19,780	100.0	22,819	100.0

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Product category 產品類別	Count No. 支數	For the year ended 31 December 截至十二月三十一日止年度			
		2012 二零一二年 RMB/tonnes 人民幣/噸		2011 二零一一年 RMB/tonnes 人民幣/噸	
A. Carded yarns 普梳棉紗					
Medium-count yarns 中支紗	19 to 28 19支至28支			21,759	25,642
Fine-count yarns 細支紗	29 to 58 29支至58支			24,445	28,995
High-count yarns 高支紗	60 or above 60支或以上			29,529	33,526
Average price of carded yarns 普梳棉紗之平均價格				24,866	29,665
B. Combed yarns 精梳棉紗					
Fine-count yarns 細支紗	29 to 58 29支至58支			30,715	34,829
Average price of combed yarns 精梳棉紗之平均價格				30,715	34,829
Average price of cotton yarns 棉紗之平均價格				26,872	30,561

Grey fabric product

Set out below are analysis of sales volume and the average selling prices of the Group's grey fabric product offered during the years:

坯布產品

下表載列本集團於有關年度所供應之坯布產品之銷量及平均售價分析：

Product category 產品類別	Tex No. 紡織線數目	For the year ended 31 December 截至十二月三十一日止年度			
		2012 二零一二年 Kilometres 千米		2011 二零一一年 Kilometres 千米	
				%	%
Fine-count fabrics 細支布料	11 to 20 11條至20條	13,613	100.0	25,597	100.0
Total 總計		13,613	100.0	25,597	100.0

Product category 產品類別	Tex No. 紡織線數目	For the year ended 31 December 截至十二月三十一日止年度			
		2012 二零一二年 RMB/metre 人民幣/米		2011 二零一一年 RMB/metre 人民幣/米	
Fine-count fabrics 細支布料	11 to 20 11條至20條			4.8	5.1
Average price of grey fabrics 坯布之平均價格				4.8	5.1

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Cotton yarn products

The cotton yarn products remain as the major source of revenue for the Group. The sales of cotton yarn products recorded approximately RMB531.5 millions, representing 70.4% of total sales (2011: 70.4%) for the year ended 31 December 2012.

The revenue derived from the sales of carded cotton yarns decreased by approximately 42.2% to approximately RMB323.2 million (2011: RMB559.3 million) for the year ended 31 December 2012. Such decrease was caused by tough business environment and the customers' demand has shifted to high quality cotton yarn such as combed cotton yarn products.

Nevertheless, the combed cotton yarn products recorded a revenue of approximately RMB208.4 million, representing an increase of 50.9% over 2011. As customers are looking for better textiles products, we expect the combed cotton yarn business will continue to be our key source of revenue in future.

Grey fabric products

The revenue derived from the sales of grey fabric decreased by approximately 50.0% to approximately RMB65.5 million for the year ended 31 December 2012 from approximately RMB131.0 million for the year ended 31 December 2011. Such decrease was attributed to the drop of the sales volume of grey fabrics from approximately 25,597 kilometres to approximately 13,613 kilometres as a result of continuous shift in production mix between cotton yarn and grey fabrics.

Lint cotton trading

In view of the relatively stable cotton price environment, the Group commenced lint cotton trading business last year and the revenue contribution from sales of lint cotton amounted to approximately RMB158.0 million, representing approximately 20.9% of the Group's total revenue for the year.

棉紗產品

棉紗產品仍然是本集團收益之主要來源。棉紗產品錄得銷售額約人民幣531,500,000元，佔截至二零一二年十二月三十一日止年度總銷售額之70.4% (二零一一年：70.4%)。

截至二零一二年十二月三十一日止年度，普梳棉紗銷售所產生之收益減少約42.2%至約人民幣323,200,000元 (二零一一年：人民幣559,300,000元)。有關減少乃因營商環境困難以及客戶之需求轉向精梳棉紗產品等質素較高之棉紗所致。

然而，精梳棉紗產品錄得收益約人民幣208,400,000元，較二零一一年上升50.9%。由於客戶對紡織產品之品質要求日漸提高，預期日後精梳棉紗業務將繼續為本集團之主要收益來源。

坯布產品

坯布銷售所產生之收益由截至二零一一年十二月三十一日止年度之約人民幣131,000,000元減少至截至二零一二年十二月三十一日止年度之約人民幣65,500,000元，減少幅度約為50.0%。該減少乃由於棉紗與坯布的生產比例不斷變動，導致坯布銷量由約25,597千米減少至約13,613千米。

皮棉買賣

鑒於棉花價格相對穩定的環境，本集團於上一年度開始皮棉買賣業務，皮棉銷量帶來的收益貢獻約為人民幣158,000,000元，佔本集團年內總收益約20.9%。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Cost of sales

The cost of sales is mainly represented by lint cotton costs, direct labour costs and production overheads including depreciation and electricity cost. The following table sets out a breakdown of the Group's cost of sales by cost of production during the years:

銷售成本

銷售成本主要為皮棉成本、直接勞工成本及間接生產支出(包括折舊及電力成本)。下表載列本集團於有關年度按生產成本劃分之銷售成本明細：

		For the year ended 31 December			
		2012		2011	
		二零一二年		二零一一年	
		RMB'000	%	RMB'000	%
		人民幣千元	%	人民幣千元	%
Cost components	成本組合				
Lint cotton	皮棉	520,284	80.9	678,769	83.1
Subcontracting fee	外包費用	—	0.0	17,601	2.2
Labour cost	勞工成本	47,335	7.4	53,486	6.6
Electricity	電力	30,959	4.8	37,123	4.6
Rental	租金	24,000	3.7	—	0.0
Depreciation	折舊	8,778	1.4	8,665	1.0
Other	其他	9,393	1.5	11,991	1.4
Total production cost	總生產成本	640,749	99.7	807,635	98.9
Finished goods movement	製成品變動	1,983	0.3	8,920	1.1
Cost of sales	銷售成本	642,732	100.0	816,555	100.0

Lint cotton cost is primary significant to the Group, accounting for approximately 80.9% and 83.1% of the Group's overall cost of sales for the years ended 31 December 2012 and 2011 respectively. All lint cotton was purchased from independent suppliers during the years.

皮棉成本佔本集團銷售成本的最主要部分，於截至二零一二年及二零一一年十二月三十一日止年度，分別佔本集團總銷售成本約80.9%及83.1%。於該兩個年度內，所有皮棉亦從獨立供應商採購。

The cost of sales decreased by approximately 21.3% to RMB642.7 million for the year ended 31 December 2012 from approximately RMB816.6 million for the year ended 31 December 2011. This was due to a decrement in consumption of lint cotton as a result of (i) decrease in the production volume of cotton yarns and (ii) decrease in lint cotton average purchase price by approximately 10.7% over the corresponding period in 2011.

於截至二零一二年十二月三十一日止年度內之銷售成本約為人民幣642,700,000元，較截至二零一一年十二月三十一日止年度約人民幣816,600,000元減少約21.3%。此乃由於皮棉消耗量縮減所致，原因是(i)棉紗之生產量減少及(ii)皮棉之平均採購價格較二零一一年同期下降約10.7%。

However, the rental charges of RMB24 million for Yinhe production plant ("Yinhe Production Plant") was recorded for the year ended 31 December 2012. As disclosed in the announcement dated 7 February 2013, we entered into an asset acquisition agreement to acquire the leased production facilities in the Yinhe Production Plant (the "Leased Production Facilities"). It is expected that such rental fee will decrease in future.

然而，於截至二零一二年十二月三十一日止年度，銀河生產廠(「銀河生產廠」)錄得租金支出人民幣24,000,000元。如日期為二零一三年二月七日之公佈所披露，本集團訂立一項資產收購協議，以收購銀河生產廠之租賃生產設施(「租賃生產設施」)。預期日後有關租金將會下降。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Gross profit and gross profit margin

毛利及毛利率

Set out below is an analysis of the Group's gross profit and gross profit margin during the years:

下表載列本集團於有關年度之毛利及毛利率分析：

		For the year ended 31 December 截至十二月三十一日止年度			
		2012 二零一二年		2011 二零一一年	
		Gross profit	Gross profit margin	Gross profit	Gross profit margin
		毛利	毛利率	毛利	毛利率
		RMB'000	%	RMB'000	%
		人民幣千元	%	人民幣千元	%
Cotton yarn	棉紗	85,900	16.2	131,507	18.9
Grey fabric	坯布	13,971	21.3	29,617	22.6
Sales of lint cotton	皮棉銷售	12,439	7.9	13,275	8.1
		112,310	14.9	174,399	17.6

Cotton yarn products

棉紗產品

Set out below is an analysis of gross profit and gross profit margin by major cotton yarn categories offered by the Group during the years:

下表載列本集團於有關年度所提供之主要棉紗類別分類之毛利及毛利率分析：

		For the year ended 31 December 截至十二月三十一日止年度			
		2012 二零一二年		2011 二零一一年	
		Gross profit	Gross profit margin	Gross profit	Gross profit margin
		毛利	毛利率	毛利	毛利率
		RMB'000	%	RMB'000	%
		人民幣千元	%	人民幣千元	%
Product category	生產類別				
A. Carded yarns	A. 普梳棉紗				
Medium-count yarns	中支紗	4,315	16.5	6,511	18.3
Fine-count yarns	細支紗	42,415	17.2	73,391	19.3
High-count yarns	高支紗	7,759	15.4	20,922	16.8
Sub-total	小計	54,489	16.9	100,824	18.7
B. Combed yarns	B. 精梳棉紗				
Fine-count yarns	細支紗	31,411	15.1	30,683	23.0
Sub-total	小計	31,411	15.1	30,683	23.0
Total	總計	85,900	16.2	131,507	18.9

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Grey fabric product

Set out below is an analysis of gross profit and gross profit margin of the Group's grey fabric product offered during the years:

坯布產品

下表載列本集團於有關年度所供應之坯布產品之毛利及毛利率分析：

For the year ended 31 December
截至十二月三十一日止年度

		2012 二零一二年		2011 二零一一年	
		Gross		Gross	
		Gross profit	profit margin	Gross profit	profit margin
		毛利	毛利率	毛利	毛利率
		RMB'000	%	RMB'000	%
		人民幣千元	%	人民幣千元	%
Fine-count fabrics	細支布料	13,971	21.3	29,617	22.6
		13,971	21.3	29,617	22.6

For the year ended 31 December 2012, the overall gross profit was approximately RMB112.3 million, representing a decrease of approximately 35.6% from the year ended 31 December 2011 whereas the overall gross profit margin in 2012 was approximately 14.9%, representing a decrease of approximately 2.7 percentage points from approximately 17.6% in the corresponding period in 2011. The decrease in overall gross profit margin was mainly caused by decrease in gross profit margin of cotton yarn products.

於截至二零一二年十二月三十一日止年度，整體毛利約為人民幣112,300,000元，較截至二零一一年十二月三十一日止年度減少約35.6%，而二零一二年之整體毛利率則約14.9%，較二零一一年同期約17.6%下降約2.7個百分點。整體毛利率下跌主要是由於棉紗產品之毛利率下降所致。

Cotton yarn products

The gross profit for the sales of cotton yarns for the year ended 31 December 2012 was approximately RMB85.9 million, representing a decrease of approximately 34.7% from approximately RMB131.5 million for the year ended 31 December 2011. The gross profit margin of cotton yarns decreased by approximately 2.7 percentage points to 16.2% for the year ended 31 December 2012 from approximately 18.9% for the corresponding period in 2011.

棉紗產品

截至二零一二年十二月三十一日止年度，棉紗銷售之毛利由截至二零一一年十二月三十一日止年度約人民幣131,500,000元減少約34.7%至約人民幣85,900,000元。截至二零一二年十二月三十一日止年度，棉紗之毛利率由二零一一年同期約18.9%下降約2.7個百分點至16.2%。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

The decrease in gross profit margin of cotton yarn products was primarily caused by (i) the rental payment of RMB24.0 million for the Yinhe Production Plant being recorded in 31 December 2012; and (ii) a relatively low utilisation rate in such production plant due to substantial time and effort devoted in calibration and trial run in first half of 2012. The Group entered into the Acquisition to acquire the Leased Production Facilities on 7 February 2013. On the financial aspect, the Acquisition will enable the Group to achieve immediate production cost saving when compare to existing lease terms. If the acquisition costs of the Leased Production Facilities were depreciated in accordance with the Group's accounting policy, it is estimated the annual depreciation and amortization charge would be RMB12 million. The cost of operating the Leased Production Facilities following the Acquisition will be lower as compared to the current annual rental payment of RMB24 million. Hence, the gross profit margin is expected to improve.

Grey fabric products

The gross profit for the sales of grey fabrics for the year ended 31 December 2012 was approximately RMB14.0 million, representing a decrease of approximately 52.8% from approximately RMB29.6 million for the year ended 31 December 2011.

The gross profit margin for the sales of grey fabrics for the year ended 31 December 2012 was approximately 21.3%, representing a slight decrease of approximately 1.3 percentage points from approximately 22.6% for the year ended 31 December 2011.

The directors of the Company (the "Directors") considered that the declined in demand for the Group's grey fabric models was due to the increase in supply of higher density grey fabric products by other manufacturers in market. With automated weaving equipment, other manufacturers are able to introduce more grey fabric products with warp-weft density over 100 yarns per inch in the market. However, the Group is only able to produce grey fabric products with warp-weft density below 100 yarns per inch. The competition from these higher density products lead to the decrease in both demand and prices of the Group's grey fabric products.

Lint cotton trading

The gross profit and gross profit margin from lint cotton trading activities were approximately RMB12.4 million and 7.9% respectively for the year ended 31 December 2012.

棉紗產品之毛利率下降主要乃由於(i)銀河生產廠於二零一二年十二月三十一日錄得之人民幣24,000,000元租金付款；及(ii)由於在二零一二年上半年大部分時間及努力在調較及測試該生產廠房運行，因此該生產廠房之使用率相對較低所致。本集團於二零一三年二月七日訂立收購事項以收購租賃生產設施。財務方面，與現有租賃條款相比，收購事項將使本公司得以即時節省生產成本。倘若根據本集團之會計政策就租賃生產設施之收購成本計提折舊，估計年度折舊及攤銷費用將為人民幣12,000,000元。與目前年度租金付款人民幣24,000,000元相比，於進行收購事項後租賃生產設施之運行成本將較低。因此毛利率預期將會提升。

坯布產品

截至二零一二年十二月三十一日止年度，銷售坯布之毛利約為人民幣14,000,000元，較截至二零一一年十二月三十一日止年度約人民幣29,600,000元減少約52.8%。

截至二零一二年十二月三十一日止年度，銷售坯布之毛利率約為21.3%，較截至二零一一年十二月三十一日止年度約22.6%輕微下降約1.3個百分點。

本公司董事(「董事」)認為市場上對本集團坯布式樣的需求減少，是由於市場上其他生產商的高密度坯布產品的供應增加所致。其他生產商擁有自動化的紡織設施，故能夠於市場上引入經編密度每吋超過100紗的坯布產品。然而，本集團僅能夠製造經編密度每吋少於100紗的坯布產品。該等較高密度產品的競爭則導致本集團坯布產品的需求及價格下跌。

皮棉買賣

於截至二零一二年十二月三十一日止年度，皮棉買賣活動的毛利及毛利率分別為約人民幣12,400,000元及7.9%。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Other income

Other income comprises interest income, sale of scraps and other sundry income.

Other income decreased by approximately 13.8% to approximately RMB3.1 million for the year ended 31 December 2012 from approximately RMB3.6 million for the year ended 31 December 2011. The decrease was mainly due to the decrease in gain on disposal of property, plant and equipment.

Distribution costs

Distribution costs comprise mainly freights and loading charges, salary and social insurance contributions for sales personnel.

Distribution costs decreased by approximately 10.4% to approximately RMB10.0 million for the year ended 31 December 2012 from approximately RMB11.1 million for the year ended 31 December 2011. The decrease was due to the decrease in sales volume of cotton yarn products.

Administrative expenses

Administrative expenses comprise mainly salary expenses, social insurance contributions, professional fees, entertainment expenses, utilities charges and other sundry items.

Administrative expenses decreased by approximately 1.2% to approximately RMB25.0 million for the year ended 31 December 2012 from approximately RMB25.3 million for the year ended 31 December 2011. The decrease was primarily due to effective control on the administrative expenses.

Finance costs

Finance costs consist of interest on borrowings for purchase of lint cotton and interest on guaranteed senior notes. Finance costs increased by approximately 7.6 times to approximately RMB22.8 million for the year ended 31 December 2012 from approximately RMB3.0 million for the year ended 31 December 2011. The increase in finance cost was due to the increase of bank loans and other borrowing which in aggregated amount from approximately RMB199.0 million for the year ended 31 December 2011 to approximately RMB260.9 million for the year ended 31 December 2012.

其他收入

其他收入包括利息收入、銷售廢料以及其他雜項收入。

截至二零一二年十二月三十一日止年度，其他收入由截至二零一一年十二月三十一日止年度約人民幣3,600,000元減少約13.8%至約人民幣3,100,000元。此減少主要由於出售物業、廠房及設備收益減少所致。

分銷成本

分銷成本主要包括運輸及裝卸費用，以及銷售人員的薪金和社會保障基金供款。

截至二零一二年十二月三十一日止年度，分銷成本由截至二零一一年十二月三十一日止年度約人民幣11,100,000元減少約10.4%至約人民幣10,000,000元。此減少乃由於棉紗產品銷量下降所致。

行政開支

行政開支主要包括薪酬開支、社會保障基金供款、專業費用、應酬開支、水電費用及其他雜項開支。

截至二零一二年十二月三十一日止年度，行政開支由截至二零一一年十二月三十一日止年度約人民幣25,300,000元減少約1.2%至約人民幣25,000,000元。有關跌幅主要由於有效控制行政開支所致。

融資成本

融資成本包括購買皮棉之借款利息及擔保優先票據之利息。截至二零一二年十二月三十一日止年度，融資成本由截至二零一一年十二月三十一日止年度約人民幣3,000,000元增加約7.6倍至約人民幣22,800,000元。融資成本增加乃由於銀行貸款及其他借款合共由截至二零一一年十二月三十一日止年度約人民幣199,000,000元增加至截至二零一二年十二月三十一日止年度之約人民幣260,900,000元所致。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Income tax expense

Income tax expenses decreased by approximately 55.0% to approximately RMB17.1 million for the year ended 31 December 2012 from approximately RMB38.0 million for the year ended 31 December 2011. The decrease was mainly due to a decrease in the taxable income for the year ended 31 December 2012.

Profit for the Year

As a result of the foregoing, the profit for the year ended 31 December 2012 decreased by approximately 59.7% to approximately RMB40.6 million from approximately RMB100.6 million for the year ended 31 December 2011. Due to combined effect of a decline in sales volume and gross profit margin of carded cotton yarn products, the decline of production of grey fabric products as well as the increase in finance costs as mentioned above, the net profit margin decreased to approximately 5.4% for the year ended 31 December 2012 as compared to approximately 10.1% for the year ended 31 December 2011.

Working capital management

The following table sets forth selected operating efficiency ratios for the Group:

所得稅開支

於截至二零一二年十二月三十一日止年度，所得稅開支由截至二零一一年十二月三十一日止年度約人民幣17,100,000元減少約55.0%至約人民幣38,000,000元。此減少主要由於截至二零一二年十二月三十一日止年度之應課稅收入減少所致。

年內溢利

由於之前所述，截至二零一二年十二月三十一日止年度之溢利由截至二零一一年十二月三十一日止年度約人民幣100,600,000元減少約59.7%至約人民幣40,600,000元。由於普梳棉紗產品之銷量及毛利率下降、坯布產品之產量下降及如上所述融資成本增加等綜合因素影響，於截至二零一二年十二月三十一日止年度，純利率由截至二零一一年十二月三十一日止年度約10.1%下降至約5.4%。

營運資金管理

下表載列本集團經選定經營效益比率：

		For the year ended 31 December 截至十二月三十一日止年度	
		2012 二零一二年	2011 二零一一年
Trade receivables turnover (days) ⁽¹⁾	應收貿易賬款週轉日數(日數) ⁽¹⁾	96.0	71.5
Trade payables turnover (days) ⁽²⁾	應付貿易賬款週轉日數(日數) ⁽²⁾	7.7	3.7
Inventory turnover (days) ⁽³⁾	存貨週轉日數(日數) ⁽³⁾	82.0	37.2

Notes:

- (1) Trade receivables turnover is calculated based on the average of the beginning and ending balance of trade receivables for a given year, divided by revenue during the given year and multiplied by 365 days.
- (2) Trade payables turnover is calculated based on the average of the beginning and ending balance of trade payables for a given year, divided by cost of sales during the given year and multiplied by 365 days.
- (3) Inventory turnover is calculated based on the average of the beginning and ending balance of inventory, net of impairment, for a given year, divided by cost of sales during the given year and multiplied by 365 days.

附註：

- (1) 應收貿易賬款週轉日數按該指定年度開始及結束之應收貿易賬款結餘之平均值除指定年度內收益再乘以365日計算。
- (2) 應付貿易賬款週轉日數按該指定年度開始及結束之應付貿易賬款結餘之平均值除指定年度內之銷售成本再乘以365日計算。
- (3) 存貨週轉日數按該指定年度開始及結束之存貨結餘之平均值(扣除減值)除指定年度內銷售成本再乘以365日(一年)計算。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Average trade receivables turnover increased to 96 days for the year ended 31 December 2012 from 71.5 days for the year ended 31 December 2011. The increase in trade receivables turnover rate was primarily due to the increase in proportion of lint cotton trading activities in the current year in which lint cotton customers generally request for a longer credit period.

Average trade payables turnover increased slightly to 7.7 days for the year ended 31 December 2012 from 3.7 days for the year ended 31 December 2011. The average trade payable turnover remains in single digit as the purchase of lint cotton from major suppliers, who generally required upfront prepayment.

Average inventory turnover increased to 82.0 days for the year ended 31 December 2012 from 37.2 days for the year ended 31 December 2011. The increase was primarily due to the increase in lint cotton inventories level at year end, resulting from the increase in purchases to support the Group's production and trading needs in the near future.

Liquidity and capital resources

The following table sets forth the liquidity and capital adequacy ratios for the years:

截至二零一二年十二月三十一日止年度，應收貿易賬款平均週轉日由截至二零一一年十二月三十一日止年度之71.5日增加至96日。應收貿易賬款週轉日比率上升主要是由於本年度皮棉買賣活動所佔比例增加所致，而皮棉客戶一般要求較長的信貸期。

截至二零一二年十二月三十一日止年度，應付貿易賬款平均週轉日數由截至二零一一年十二月三十一日止年度之3.7日輕微增加至7.7日。由於向通常需預先支付款項的主要供應商採購皮棉，因此應付貿易賬款平均週轉日數仍為單位數字。

截至二零一二年十二月三十一日止年度，存貨平均週轉日數由截至二零一一年十二月三十一日之37.2日增加至82.0日。有關週轉日數增加主要是由於本集團增加購買以支持本集團於短期內的生產及買賣需要，導致年末皮棉存貨增加所致。

流動資金及資本資源

下表載列各個年度之流動資金及資本充足比率：

		For the year ended 31 December 截至十二月三十一日止年度	
		2012 二零一二年	2011 二零一一年
Gearing ⁽¹⁾	資本負債比率 ⁽¹⁾	26.6%	22.9%
Debt-to-equity ⁽²⁾	負債權益比率 ⁽²⁾	38.9%	31.7%
Current ratio	流動比率	2.8 times 倍	3.1 times 倍

Notes:

- (1) Calculated as the total debts for the year, divided by total assets for the year and multiplied by 100%. Debts are defined to include current and non-current borrowings.
- (2) Calculated as the total debts for the year, divided by the equity for the year and multiplied by 100%. Debts are defined to include current and non-current borrowings. Equity is defined to include the minority interests.

附註：

- (1) 以年內總負債除年內總資產乘以100%計算。負債之定義包括流動及非流動借款。
- (2) 以年內總負債除年內權益乘以100%計算。負債之定義包括所有流動及非流動借款。權益之定義包括少數股東權益。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

The gearing ratio and the debt-to-equity ratio increased to 26.6% and 38.9% respectively for the year ended 31 December 2012 from 22.9% and 31.7% for the year ended 31 December 2011, respectively. The increased in the gearing ratio and debt-to-equity ratio were principally due to the increase in the borrowings.

The current ratio changed to 2.8 times for the year ended 31 December 2012.

Cash flow

截至二零一二年十二月三十一日止年度，資本負債比率及負債權益比率分別由截至二零一一年十二月三十一日止年度的22.9%及31.7%上升至26.6%及38.9%。資本負債比率及負債權益比率上升主要是由於借款增加所致。

截至二零一二年十二月三十一日止年度，流動比率變為2.8倍。

現金流量

		For the year ended 31 December	
		截至十二月三十一日止年度	
		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Net cash generated from/(used in) operating activities	經營活動產生/(所用)之現金淨額	207,836	(215,355)
Net cash used in investing activities	投資活動所用之現金淨額	(1,791)	(99,985)
Net cash generated from financing activities	融資活動產生之現金淨額	39,327	283,298
Cash and cash equivalents at 31 December	於十二月三十一日之現金及現金等價物	389,064	143,850

Net cash generated from operating activities for the year ended 31 December 2012 was approximately RMB207.8 million whereas net cash used in operating activities for the year ended 31 December 2011 was approximately RMB215.4 million. The increase in cash inflow from operating activities was due to (i) decrease in trade receivables, prepayments, deposits and other receivables; and (ii) increase in trade payables.

Net cash used in investing activities for the year ended 31 December 2012 was RMB1.8 million mainly including a decrease in pledged bank deposits of RMB92.4 million.

Net cash generated from financing activities for the year ended 31 December 2012 was RMB39.3 million, including mainly net proceed from other borrowing approximately RMB93.3 million for financing purchase of production facilities.

於截至二零一二年十二月三十一日止年度內之經營活動產生之現金淨額約為人民幣207,800,000元，而截至二零一一年十二月三十一日止年度之經營活動所用之現金淨額約為人民幣215,400,000元。經營活動產生之現金流入增加乃由於(i)應收貿易賬款、預付款項、按金及其他應收款項減少；及(ii)應付貿易賬款增加所致。

於截至二零一二年十二月三十一日止年度內，投資活動所用之現金淨額為人民幣1,800,000元，主要包括有抵押銀行存款減少人民幣92,400,000元。

於截至二零一二年十二月三十一日止年度內，融資活動產生之現金淨額為人民幣39,300,000元，主要包括為採購生產設施提供資金之其他借貸款淨額約人民幣93,300,000元。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Pledge of assets

Details of the assets pledged as at 31 December 2012 are set out in note 26 to the consolidated financial statements.

Contingent liabilities

As at 31 December 2012, the Group did not have any significant contingent liability.

Foreign currency exposure

The business operations of the Group's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Group's subsidiaries denominated in RMB. Some of the Group's cash and bank deposits, including proceeds from the Group's initial public offering, were denominated in Hong Kong dollars (HK\$) or United States dollars (US\$). Any significant exchange rate fluctuations of Hong Kong dollars or United States dollars against each entity's respective functional currency may have a financial impact to the Group.

As at 31 December 2012, the Directors considered the Group's foreign exchange risk to be insignificant. During the year, the Group did not use any financial instruments for hedging purposes.

Employees

As at 31 December 2012, the Group had a workforce of approximately 2,626 employees (2011: 2,662). During the year ended 31 December 2012, staff costs (including Directors' remuneration in the form of salaries and other allowances) was approximately RMB60.2 million (2011: RMB64.9 million)

The remuneration of the employees of the Group includes salaries, bonuses and other fringe benefits. The Group has different rates of remuneration for different employees to be determined based on their performance, experience, position and other factors in compliance with the relevant PRC laws and regulations.

資產抵押

於二零一二年十二月三十一日，資產抵押詳情載於綜合財務報表附註26。

或然負債

於二零一二年十二月三十一日，本集團並無任何重大或然負債。

外幣風險

本集團之附屬公司主要於中國經營業務，其收益及開支均以人民幣計值。本集團若干現金及銀行存款(包括本集團首次公開發售所得款項)以港元(「港元」)或美元(「美元」)計值。港元或美元兌各實體各自之功能貨幣之匯率出現任何重大波動，均可能會對本集團之財務產生影響。

於二零一二年十二月三十一日，董事認為，本集團面臨之匯兌風險甚微。年內，本集團並無使用任何金融工具作對沖用途。

僱員

於二零一二年十二月三十一日，本集團有約2,626名僱員(二零一一年：2,662名)。於截至二零一二年十二月三十一日止年度內，員工成本(包括董事以薪金及其他津貼之形式收取之酬金)約為人民幣60,200,000元(二零一一年：人民幣64,900,000元)。

本集團僱員之酬金包括薪金、花紅及其他附帶福利。本集團根據不同僱員之表現、經驗、職位及其他符合相關中國法例及規例之因素而給予彼等不同之薪酬。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Use of Net Proceeds from Listing

The Group has received approximately HK\$119.2 million net proceeds, after deducting underwriting fee and other related expenses, from the listing of the Company's shares during 2011. These proceeds were applied during the year ended 31 December 2012 in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 28 June 2011 (the "Prospectus"), as follows:

上市所得款項淨額的用途

於二零一一年期間，本集團自本公司股份於上市獲得已扣除包銷費用及其他相關費用約119,200,000港元的所得款項淨額。根據日期為二零一一年六月二十八日之本公司招股章程(「招股章程」)「未來計劃及所得款項用途」一節所載之建議用途，該等所得款項於截至二零一二年十二月三十一日止年度內運用如下：

		Net proceeds (HK\$ million) 所得款項淨額(百萬港元)		
		Available 可用	Utilised 已動用	Unutilised 未動用
Expansion of cotton yarn production facilities	擴展棉紗生產設施			
— Yongle Production Plant Phase II (as referred to in the Prospectus) expansion	— 永樂生產廠第二期(如招股章程所提述)擴展工程	66.6	—	66.6
Improvement of production efficiency and product quality by upgrading existing cotton yarn production facilities	透過升級現有棉紗生產設施提升生產效率及產品質素	28.6	10.0	18.6
Maintaining a stable level of lint cotton reserve	維持皮棉儲備於穩定水平	19.7	19.7	—
Expansion and diversification of product range	擴展及增加產品種類	4.3	—	4.3

The Group held the unutilised net proceeds in short-term deposits or time deposits with authorised financial institutions in the PRC as at 31 December 2012.

於二零一二年十二月三十一日，本集團將未動用所得款項淨額以短期存款或定期存款形式存於中國之認可財務機構。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析(續)

Business Outlook and Strategies

The Group will continue to streamline its operation by focusing on the cotton yarn business, particular on the combed yarn products. With the customers demand have been shifted to high quality products, it expects this is the right strategy for the Group as it can meet with domestic consumption trend.

The Group was informed by local government that the Jinghe New Town where the Yongle Production Plant locates is undergoing town planning process. As the management is unable to evaluate the influence on the Yongle Production Plant's expansion plan because of this town planning process, the Group will postpone the construction work of the expansion plan until the finalization of the said town planning process.

Operationally, with the completion of the Acquisition, the Directors expect the Group can enhance the competitiveness immediately by increase in proportion of Group's combed cotton yarn product output in the long run. Upon completion, we expect it can further enhance the economic benefit to the Group as we will have full autonomy to utilize our production resources. We believe the Yinhe Production Plant will help to enhance the Group's leadership in the industry in northwestern region in the PRC, increase our market share with better product mix and lead the Group's business to new heights.

業務前景及策略

本集團將透過專注於棉紗業務尤其是精梳棉紗產品，繼續精簡其業務運營。隨著客戶之需求轉向高質素產品，預期此舉因能迎合國內消費趨勢而為本集團之正確策略。

本集團獲當地政府通知，永樂生產廠所在之涇河新城現正進行城市規劃工作。由於管理層未能評估因該城市規劃工作為永樂生產廠之擴建計劃帶來之影響，為此，本集團將延遲擴建計劃之建設工程，直至上述城市規劃工作落實為止。

營運方面，隨著收購事項之完成，董事預期，本集團可藉增加本集團精梳棉紗產品的產量，從而可即時提升本集團之競爭力。於完成後，由於本集團將可全權自主利用其生產資源，故預期可進一步提升本集團的經濟利益。本集團相信，銀河生產廠將有助於提升本集團於中國西北地區的行業領先地位，以更佳的產品組合增加其市場份額，引領本集團業務蒸蒸日上。

REPORT OF THE DIRECTORS

董事會報告

The board of directors of the Company (the "Directors") (the "Board") has the pleasure in presenting the annual report of the Company and the audited consolidated financial statements for the year ended 31 December 2012.

Principal Activities

The principal activity of the Company is investment holding and the activities of its subsidiaries are set out in note 18 to the consolidated financial statements. There were no significant changes in the nature of Group's principal activities during the year ended 31 December 2012.

Results and Appropriations

A summary of the results, assets and liabilities of the Group for the year ended 31 December 2012 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 52 to 112.

The Board does not recommend the payment of any dividend for the year ended 31 December 2012.

本公司董事(「董事」)會(「董事會」)欣然提呈本公司年報及截至二零一二年十二月三十一日止年度的經審核綜合財務報表。

主要活動

本公司的主要活動為投資控股而其附屬公司的活動載於綜合財務報表附註18。本集團主要活動的性質於截至二零一二年十二月三十一日止年度並無重大變化。

業績及撥付

本集團截至二零一二年十二月三十一日止年度的業績、資產及負債概要及本集團於該日的財務狀況載於第52至112頁的綜合財務報表。

董事會並不建議就截至二零一二年十二月三十一日止年度支付任何股息。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

Summary Financial Information

財務資料概要

		2008	2009	2010	2011	2012
		二零零八年	二零零九年	二零一零年	二零一一年	二零一二年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Revenue	收益	458,904	544,340	709,948	990,954	755,042
Gross profit	毛利	114,294	152,907	156,020	174,399	112,310
Profit before income tax	除稅前溢利	101,069	131,168	130,571	138,565	57,656
Profit attributable to owners of the Company	本公司擁有人應佔溢利	75,960	98,857	97,417	100,567	40,558
Basic earnings per share (RMB Cents)	每股基本盈利(人民幣分)	10.08	13.12	12.93	11.95	4.31
		2008	2009	2010	2011	2012
		二零零八年	二零零九年	二零一零年	二零一一年	二零一二年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Non-current assets	非流動資產	61,808	105,690	112,291	115,613	113,998
Current assets	流動資產	260,697	317,954	359,606	754,784	865,377
Current liabilities	流動負債	114,904	117,186	51,128	242,850	309,294
Net assets	資產淨值	207,601	306,458	430,769	627,547	670,081

Major Customers and Suppliers

During the year ended 31 December 2012, the aggregate sales attributable to the Group's five largest customers accounted for 15.1% of the total sales for the year and the sales attributable to the largest customer included therein amounted to 3.3%. The aggregate purchases from the Group's five largest suppliers accounted for 38% of the total purchases for the year and purchases from the largest supplier included therein amounted to 8.9%.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any material beneficial interest in the Group's five largest customers and suppliers.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Company and the Group during the year are set out in note 16 to the consolidated financial statements.

主要客戶及供應商

截至二零一二年十二月三十一日止年度，本集團的五大客戶佔年度總銷售額的15.1%，而其中最大客戶的銷售額佔3.3%。向本集團五大供應商作出的總購買量佔年度總購買額的38%，而向其中最大供應商作出的購買量佔8.9%。

概無董事或彼等的聯繫人或任何股東(就董事深知，擁有本公司已發行股本5%以上的股東)於本集團的五大客戶及供應商擁有任何重大實益。

物業、廠房及設備

本公司及本集團的物業、廠房及設備於年內的變動詳情載於綜合財務報表附註16。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 29 to the consolidated financial statements.

Reserves

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2012 are set out in note 30 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

Distributable Reserves

As at 31 December 2012, the Company's reserves available for distribution to Shareholders, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda, amounted to nil (2011: nil). However, the Company's share premium account, in the amount of approximately RMB16,410 may be distributed in the form of fully paid bonus shares.

Directors

The Directors during the year ended 31 December 2012 and up to the date of this annual report were as follows:

Executive Directors:

Mr. Chen Binghui (*Chairman*) ("Mr. Chen")
Mr. Chen Zhifeng
Mr. Wu Shoumin
Mr. Qiu Jianfa ("Mr. Qiu") (Re-designated as executive Director from non-executive Director on 25 March 2013)

Non-executive Director:

Mr. Lin Shuqing (Deceased on 4 March 2013)

Independent non-executive Directors:

Mr. Kwong Kwan Tong
Ms. Xue Fang
Ms. Tong Jinzhi (Appointed on 3 December 2012)

股本

本公司股本於年內的變動詳情載於綜合財務報表附註29。

儲備

本公司及本集團的儲備於截至二零一二年十二月三十一日止年度的變動詳情分別載於綜合財務報表附註30及綜合權益變動表。

可供分派儲備

按百慕達一九八一年公司法條文之規定計算，於二零一二年十二月三十一日，本公司並無可供分派儲備(二零一一年：無)。然而，本公司金額約人民幣16,410元之股份溢價賬可以繳足紅股之形式分派。

董事

截至二零一二年十二月三十一日止年度及直至本年報日期的董事如下：

執行董事：

陳秉輝先生(主席)(「陳先生」)
陳志峰先生
吳守民先生
邱建法先生(「邱先生」)(於二零一三年三月二十五日由非執行董事調任為執行董事)

非執行董事：

林樹青先生(於二零一三年三月四日身故)

獨立非執行董事：

鄭焜堂先生
薛芳女士
董錦治女士(於二零一二年十二月三日獲委任)

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

Pursuant to bye-law 83(2) of the bye-laws of the Company, Ms. Tong Jinzhi shall retire from office as Director and, being eligible, offer herself for re-election at the forthcoming 2012 annual general meeting of the Company ("AGM").

In accordance with bye-laws 84(1) and (2) of the bye-laws of the Company, Mr. Wu Shoumin and Mr. Kwong Kwan Tong shall retire from office as Directors by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

At the forthcoming AGM, ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of Mr. Wu Shoumin as Director and Mr. Kwong Kwan Tong and Ms. Tong Jinzhi as independent non-executive Directors.

Board of Directors and Senior Management

Biographical information of the Directors and senior management of the Group are set out on pages 8 to 14 of this annual report.

Directors' Service Agreements and Appointments

Except for Mr. Qiu Jianfa, who has entered into a service agreement with the company for a term of three years from 25 March 2013, each of the executive Directors has entered into a service agreement with the Company for a term of three years from 14 July 2011.

Except for Ms. Tong Jinzhi, who has entered into a service agreement with the Company for a term of three years from 3 December 2012, each of the independent non-executive Directors has entered into a service agreement with the Company for a term of three years from 14 July 2011.

During the period when Mr. Qiu served as a non-executive Director namely, he entered into an appointment letter with the Company for a term of three years from 14 July 2011 and such letter was terminated by mutual consent on 25 March 2013.

None of the Directors, including those retired or to be elected at the forthcoming AGM, has a service agreement which is not determinable by the Group within one year without the payment of compensation (other than statutory compensation).

根據本公司細則第83(2)條，童錦治女士須輪值退任董事職務，並合資格且願意於本公司應屆二零一二年股東週年大會(「股東週年大會」)上重選連任。

根據本公司細則第84(1)及(2)條，吳守民先生及鄭焜堂先生須輪值退任董事職務，並合資格且願意於應屆股東週年大會上重選連任。

於應屆股東週年大會上，將向本公司股東提出有關建議重選吳守民先生為董事及鄭焜堂先生及童錦治女士為獨立非執行董事之普通決議案。

董事會及高級管理層

本集團董事及高級管理層的履歷資料載於本年報第8至14頁。

董事的服務協議及委任

除邱建法先生(其與本公司訂立服務協議，自二零一三年三月二十五日起計為期三年)外，各執行董事均與本公司訂立服務協議，自二零一一年七月十四日起計為期三年。

除童錦治女士(其與本公司訂立服務協議，自二零一二年十二月三日起計為期三年)外，各獨立非執行董事均與本公司訂立服務協議，自二零一一年七月十四日起計為期三年。

於邱先生出任非執行董事期間，彼已與本公司訂立委任函，自二零一一年七月十四日起計為期三年，而該委任函於二零一三年三月二十五日經雙方同意下予以終止。

概無任何董事(包括將於應屆股東週年大會退任或當選的董事)擁有本集團在不支付賠償(法定賠償除外)的情況下不可於一年內終止的服務協議。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

Emolument Policy

A Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

Remuneration of Directors and Five Individuals with Highest Emoluments

Details of the emoluments of the Directors and five individuals with highest emoluments are set out in note 11 and note 12 to the consolidated financial statements.

Directors and the Company's Chief Executive's Interests in Shares, Underlying Shares and Debentures

As at 31 December 2012, the interests or short position of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO") which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") (the "Model Code"), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in shares of the Company

Name of Director 董事名稱	Capacity 身份	Number of shares of the Company 本公司股份數目	Approximate percentage of shareholding 股權概約百分比 (%)
Mr. Qiu Jianfa ("Mr. Qiu") 邱建法先生 (「邱先生」)	Interest of controlled corporation (Note) 受控制法團權益(附註)	527,464,000	56.0
Mr. Chen Binghui ("Mr. Chen") 陳秉輝先生 (「陳先生」)	Interest of controlled corporation (Note) 受控制法團權益(附註)	527,464,000	56.0

薪酬政策

本公司已成立薪酬委員會，旨在考慮本集團的經營業績、個別表現及可比較的市場慣例後，檢討本集團的薪酬政策及本集團全體董事及高級管理層的薪酬結構。

董事及五位最高薪酬人士的薪酬

董事及五位最高薪酬人士酬金的詳情載於綜合財務報表附註11及12。

董事及本公司主要行政人員於股份、相關股份及債權證之權益

於二零一二年十二月三十一日，本公司董事或主要行政人員於本公司或其任何相聯法團（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、相關股份及債券證中擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之權益或淡倉（包括根據證券及期貨條例之有關條款被當作或視為由彼等擁有之權益），或根據證券及期貨條例第352條須記錄於該條文所規定之登記冊之權益或淡倉，或根據聯交所證券上市規則（「上市規則」）附錄十所載《上市發行人董事進行證券交易的標準守則》（「標準守則」）須予知會本公司及聯交所之權益或淡倉如下：

於本公司股份之好倉

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

Note: These shares were owned by Tong Fa Limited ("Tong Fa"), which is owned by Mr. Qiu and Mr. Chen as to 79% and 21% respectively. Mr. Qiu is the sole director of Tong Fa. So far as the Directors are aware, Tong Fa, Mr. Qiu and Mr. Chen collectively are entitled to exercise or control the exercise of 30% or more of the voting power at the general meetings of the Company and are therefore regarded as controlling shareholders of the Company under the Listing Rules.

附註：該等股份由通發有限公司(「通發」)擁有，而通發由邱先生及陳先生分別擁有79%及21%。邱先生為通發之唯一董事。就董事所知，通發、邱先生與陳先生共同有權行使或控制行使本公司股東大會上30%或以上投票權，故根據上市規則被視為本公司之控股股東。

Long position in shares of the associated corporation of the Company

於本公司相聯法團之股份之好倉

Name of Director	Name of associated corporation	Capacity	Number of shares of the associated corporation held	Approximate percentage of shareholding
董事名稱	相聯法團名稱	身份	相聯法團持有之股份數目	股權概約百分比 (%)
Mr. Qiu 邱先生	Tong Fa 通發	Beneficial owner 實益擁有人	79	79.0
Mr. Chen 陳先生	Tong Fa 通發	Beneficial owner 實益擁有人	21	21.0

Save as disclosed above, as at 31 December 2012, none of the Directors nor chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were taken or deemed to have under provisions of the SFO), or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

除上文所披露者外，於二零一二年十二月三十一日，概無本公司董事或主要行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)之股份、相關股份及債券證中擁有根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之權益或淡倉(包括根據證券及期貨條例之有關條款被當作或視為由彼等擁有之權益)，或根據證券及期貨條例第352條須記錄於該條文所規定之登記冊之權益或淡倉，或根據標準守則須予知會本公司及聯交所之權益或淡倉。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

Substantial Shareholders' interests in Shares and Underlying Shares

As at 31 December 2012 as far as is known to any Director or chief executive of the Company, the interests and short position of the substantial shareholders (other than a Director or chief executive of the Company) in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"), or which were recorded in the register required to be kept by the Company under section 336 of Part XV of the SFO were as follows:

Long position in shares of the Company

Name of Shareholder 董事名稱	Capacity 身份	Number of shares of the Company 本公司股份數目	Approximate percentage of shareholding 股權概約百分比 (%)
Tong Fa 通發	Beneficial owner 實益擁有人	527,464,000	56.0
Wealth Lake Investment Limited Wealth Lake Investment Limited	Beneficial owner (Note 1) 實益擁有人(附註1)	56,512,000	6.0
Mr. Cheung Yung 張勇先生	Interest of controlled corporation (Note 1) 受控制法團權益(附註1)	56,512,000	6.0
Central Huijin Investment Ltd 中央匯金投資有限責任公司	Interest of controlled corporation (Note 2) 受控制法團權益(附註2)	527,464,000	56.0
China Construction Bank Corporation 中國建設銀行股份有限公司	Interest of controlled corporation (Note 2) 受控制法團權益(附註2)	527,464,000	56.0

Notes:

- (1) These shares were owned by Wealth Lake Investment Limited, which is wholly owned by Mr. Cheung Yung.
- (2) Central Huijin Investment Ltd and China Construction Bank Corporation are the ultimate indirect holding company and indirect holding company respectively of Chance Talent Management Limited which is the chargee of 527,464,000 shares charged by Tong Fa as part of the consideration for issuance of senior secured notes of an aggregate principal amount of HK\$120 million as term loan facility by Chance Talent Management Limited to the Company on 16 October 2012.

主要股東於股份及相關股份之權益

於二零一二年十二月三十一日，就本公司任何董事或主要行政人員所知，根據香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部第2及第3分部之條文須向本公司披露，或記錄於根據證券及期貨條例第XV部第336條須由本公司存置之登記冊內之本公司股份及相關股份之主要股東(本公司董事或主要行政人員除外)之權益及淡倉如下：

本公司股份之好倉

附註：

- (1) 該等股份由張勇先生全資擁有之Wealth Lake Investment Limited擁有。
- (2) 中央匯金投資有限責任公司及中國建設銀行股份有限公司分別為Chance Talent Management Limited之最終間接控股公司及間接控股公司。Chance Talent Management Limited為通發所押記之527,464,000股股份之受押人，該等股份乃作為部分代價以供發行本金總額為120,000,000港元之優先有抵押票據，以作為Chance Talent Management Limited於二零一二年十月十六日向本公司授出之定期貸款融資。

REPORT OF THE DIRECTORS (CONTINUED) 董事會報告(續)

Final Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2012 (2011: nil) and there is no disclosure of the registers of members accordingly.

Directors' Interests in Contracts of Significance

No Director had a material interest in, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2012.

Directors' Rights to Acquire Shares or Debentures

During the year ended 31 December 2012, the Company did not grant any rights to any Directors, chief executive of the Company or their respective spouse or children under 18 to acquire beneficial interests by means of the acquisition of shares in, or debentures of, the Company, and none of the above persons have exercised the rights during the year. Further, none of the Company, its holding company or any of the subsidiaries of the Company was a party to any arrangements to enable the Directors to acquire the rights to acquire beneficial interests by means of the acquisition of shares in, or debentures of, any other body corporate.

Connected Transactions

There were no connected transactions or continuing connected transactions of the Company under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

Purchase, Sale and Redemption of the Company's Shares

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2012.

末期股息

董事會不建議派發截至二零一二年十二月三十一日止年度之末期股息(二零一一年:無),因此毋須披露股東名冊。

董事於重大合約中的權益

概無董事於對本集團業務屬重大的合約(本公司或其任何附屬公司於截至二零一二年十二月三十一日止年度內為該合約的訂約方)中直接或間接擁有任何重大權益。

董事認購股份或債權證的權利

於截至二零一二年十二月三十一日止年度內,本公司並無授予任何本公司董事、主要行政人員或彼等各自之配偶或18歲以下子女透過購買本公司股份或債券證而獲取實益權益;以上人士於年內概無行使有關權利。此外,本公司、其控股公司或其任何附屬公司並無參與任何安排,致令各董事透過購買於任何其他實體法團之股份或債券證獲得實益權益。

關連交易

根據上市規則第14A章,所有關連方交易均不構成本公司的關連交易或持續關連交易,而該等交易則須遵守上市規則的申報、公佈或獨立股東批准的規定。

購買、出售及贖回本公司股份

於截至二零一二年十二月三十一日止年度內,本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

Directors' Interest in a Competing Business

During the year ended 31 December 2012, the Directors were not aware of any business or interest of the Directors or any substantial shareholder (as defined under the Listing Rules) of the Company and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

Particulars of secured bank borrowing of the Group as at 31 December 2012 are set out in note 26 to the consolidated financial statements.

Retirement Benefit Schemes

Particulars of the retirement benefit schemes of the Group are set out in note 5 to the consolidated financial statements.

Confirmation of Independence

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent parties. The Company considers all of the independent non-executive Directors are independent.

Share Option Scheme

Up to 31 December 2012, the Company had not adopted any share option scheme or granted any option.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

董事於競爭性業務的權益

於截至二零一二年十二月三十一日止年度內，董事概不知悉董事或任何本公司主要股東(定義見上市規則)及彼等各自的聯繫人的任何業務或權益對本集團業務構成競爭或可能構成競爭或對本集團造成或可能造成任何其他利益衝突。

本集團於二零一二年十二月三十一日的有抵押銀行借款的詳情載於綜合財務報表附註26。

退休福利計劃

本集團退休福利計劃的詳情載於綜合財務報表附註5。

獨立性確認

本公司已收到各獨立非執行董事根據上市規則第3.13條所作的年度獨立性確認書，並認為全體獨立非執行董事均為獨立人士。本公司認為所有獨立非執行董事均屬獨立。

購股權計劃

截至二零一二年十二月三十一日，本公司概無採納任何購股權計劃或授出任何購股權。

公眾持股量的充足性

根據本公司可公開獲得的資料及就董事所知，於本年報日期，本公司已發行股本總額的至少25%由公眾人士持有。

REPORT OF THE DIRECTORS (CONTINUED)

董事會報告(續)

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws and the laws of Bermuda where the Company is incorporated, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Code on Corporate Governance Practices and Corporate Governance Code

The Board considered that the Company had during the year ended 31 December 2012 complied with the code provisions set out in the Code on Corporate Governance Practices as stipulated in Appendix 14 to the Listing Rules which was amended and renamed as Corporate Governance Code and Corporate Governance Report and came into effect on 1 April 2012.

The Group's compliance with the code provisions is set out in the Corporate Governance Report from page 42 to 49 of this annual report.

Auditor

Martin C.K. Pong & Company has acted as auditor of the Company for the year ended 31 December 2012.

Martin C.K. Pong & Company shall retire in the forthcoming AGM and, being eligible, will offer themselves for reappointment. A resolution for the re-appointment of Martin C.K. Pong & Company as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Mr. Chen Binghui

Executive Director and Chairman

Hong Kong, 25 March 2013

優先權

本公司細則及百慕達(本公司註冊成立所在地)法律項下並無提供優先權,令本公司可按現有股東股權比例發售新股份。

企業管治常規守則及企業管治守則

董事會認為,本公司於截至二零一二年十二月三十一日止年度內已遵守上市規則附錄十四所載企業管治常規守則(經修訂及更名為企業管治守則)及企業管治報告(於二零一二年四月一日起生效)的守則條文。

本集團遵守條文規定的詳情載於本年報企業管治報告第42至49頁。

核數師

龐志鈞會計師行已擔任本公司截至二零一二年十二月三十一日止年度的核數師。

龐志鈞會計師行將於應屆股東週年大會退任,並合資格及願意重獲聘任。重新聘任龐志鈞會計師行為本公司核數師的決議案將於應屆股東週年大會上提呈。

代表董事會主席

陳秉輝先生

執行董事兼主席

香港,二零一三年三月二十五日

CORPORATE GOVERNANCE REPORT

企業管治報告

Code on Corporate Governance Practices and Corporate Governance Code

On 1 April 2012, the Code on Corporate Governance Practices set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") (the "Former CG Code") was amended and renamed as Corporate Governance Code and Corporate Governance Report (the "New CG Code"). The Company has adopted the code provisions as stated in the New CG Code in substitution for and to the exclusion of the Former CG Code with effect from 1 April 2012. The Company has, throughout the year ended 31 December 2012, complied with the code provisions contained in both the Former CG Code and the New CG Code.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct governing Directors' securities transactions. The Company confirms that, having made specific enquiry of all the Directors, each of them has complied with the required standard as set out in the Model Code throughout the year ended 31 December 2012.

Board of Directors

As at 31 December 2012, the Board comprises three executive Directors, two non-executive Directors and three independent non-executive Directors as follows:

Executive Directors

Mr. Chen Binghui (*Chairman*)
Mr. Chen Zhifeng
Mr. Wu Shoumin
Mr. Qiu Jianfa (Re-designated as executive Director on 25 March 2013)

Non-executive Directors

Mr. Lin Shuqing (Deceased on 4 March 2013)

Independent non-executive Directors

Mr. Kwong Kwan Tong
Ms. Xue Fang
Ms. Tong Jinzhi (Appointed on 3 December 2012)
Mr. Yang Guohao (Resigned on 3 December 2012)

企業管治常規守則及企業管治守則

於二零一二年四月一日，香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十四所載之企業管治常規守則（「前企業管治守則」）已修訂及更名為企業管治守則及企業管治報告（「新企業管治守則」）。本公司已採納載於新企業管治守則所載之守則條文，以取代及排除前企業管治守則，自二零一二年四月一日起生效。本公司已於截至二零一二年十二月三十一日止年度內遵守前企業管治守則及新企業管治守則所載之守則條文。

董事進行證券交易之標準守則

本公司已採納上市規則附錄十所載標準守則，作為規管董事進行證券交易之行為守則。本公司確認，經向所有董事作出個別查詢後，彼等各自於截至二零一二年十二月三十一日止年度內一直遵守標準守則所載之規定標準。

董事會

於二零一二年十二月三十一日，董事會包括三名執行董事、兩名非執行董事及三名獨立非執行董事。董事會成員如下：

執行董事

陳秉輝先生（主席）
陳志峰先生
吳守民先生
邱建法先生（於二零一三年三月二十五日
由非執行董事調任為執行董事）

非執行董事

林樹青先生（於二零一三年三月四日身故）

獨立非執行董事

鄭焜堂先生
薛芳女士
董錦治女士（於二零一二年十二月三日獲委任）
楊國豪先生（於二零一二年十二月三日辭任）

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The biographical details of the Directors and the relationship among the members of the Board are set out in the “Biographical Information of Directors and Senior Management” on pages 8 to 14 of this annual report.

The Board is responsible for the overall strategic development of the Group. It also monitors the financial performance and internal control of the Group’s business operations. Executive Directors are responsible for running the Group and executing the strategies adopted by the Board. The Board delegates day-to-day activities to the management with department heads responsible for different aspects of the business. Management is required to present an annual budget and any proposal for major investments and changes in business strategies for the Board’s approval. The non-executive Directors serve the relevant function of bringing independent judgment on the development, performance and risk management of the Group through their contributions in board meetings. They are also serving on Audit Committee, Remuneration Committee and Nomination Committee.

During the year, the Board complies at all times with the requirement for the appointment of at least 3 independent non-executive Directors representing more than one third of the Board, which is in compliance with Rule 3.10(1) and Rule 3.10A of the Listing Rules. At least one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all the independent non-executive Directors to be independent.

Directors’ training is an ongoing process. All Directors are also encouraged to attend relevant training courses at the Company’s expense. All Directors are required to provide the Company with his or her training record on an annual basis.

董事會之成員各有所長，而每名董事對於本集團所從事業務均具備充分行業知識、豐富之企業及策略規劃經驗及／或專門技術。董事之履歷資料及董事會成員間關係於本年度報告第8至14頁所載「董事及高級管理層履歷資料」內披露。

董事會負責本集團之整體策略發展。其亦監督本集團業務營運之財務表現及內部監控。執行董事負責經營本集團並執行董事會所採納之策略。董事會將日常活動授權予管理層，其中部門主管負責業務之不同方面。管理層須提交年度預算及有關主要投資及改變業務策略之任何建議書，供董事會批准。非執行董事透過彼等於董事會會議上之貢獻，就本集團之發展、表現及風險管理作出獨立判斷之有關職能。彼等亦為審核委員會、薪酬委員會及提名委員會之成員。

於年內，董事會始終遵守委任至少三名獨立非執行董事的規定，即佔董事會人數的三分之一以上，符合上市規例第3.10(1)條及第3.10A條之規定。彼等至少一名擁有適當之專業資格，或擁有會計或相關財務管理資格。本公司已根據上市規則第3.13條收到每名獨立非執行董事每年須就其獨立性作出之確認。本公司認為全體獨立非執行董事確屬獨立人士。

董事之培訓會持續進行。本公司亦鼓勵全體董事參與相關培訓課程，費用由本公司負責。全體董事須每年向本公司提供彼等各自之培訓記錄。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

The Board normally has four scheduled meetings a year at quarterly interval and meets as and when required to discuss the overall business, development strategy, operations and financial reporting of the Company. The Directors can attend meetings in persons or through other means of electronic communication in accordance with the Company's bye-laws. Notice of at least 14 days is given of a regular Board meeting to allow all Directors an opportunity to attend. The following table shows the attendance of individual Directors at the meetings held during the year:

董事會通常每年安排四次例會，每季舉行一次，於討論本公司之整體業務、發展策略、運營及財務申報時進行會晤。董事可親自或透過本公司細則所容許之其他電子通訊方式出席會議。本公司將在定期董事會會議前最少14天，向所有董事發出通知，讓其有機會出席會議。下表載列個別董事年內出席會議之情況：

Mr. Chen Binghui	4/4	陳秉輝先生	4/4
Mr. Chen Zhifeng	4/4	陳志峰先生	4/4
Mr. Wu Shoumin	4/4	吳守民先生	4/4
Mr. Qiu Jianfa	3/4	邱建法先生	3/4
Mr. Lin Shuqing	3/4	林樹青先生	3/4
Mr. Kwong Kwan Tong	3/4	鄭焜堂先生	3/4
Ms. Xue Fang	3/4	薛芳女士	3/4
Ms. Tong Jinzhi (Appointed on 3 December 2012)	Not Applicable	童錦治女士(於二零一二年十二月三日獲委任)	不適用
Mr. Yang Guohao (Resigned on 3 December 2012)	3/4	楊國豪先生(於二零一二年十二月三日辭任)	3/4

Board papers are circulated at least 3 days before the Board meetings to enable the Directors to make informed decisions on matters to be raised at the Board meetings.

董事會文件於董事會會議舉行前最少三日向董事傳閱，以使董事能就將於董事會會議提出之事宜，作出知情決定。

In addition, the Company has maintained a procedure for the Directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company. Moreover, the Company Secretary prepares minutes and keeps records of matters discussed and decisions resolved at all Board meetings. The Company Secretary also keeps the minutes, which are open for inspection at any reasonable time on reasonable notice by any Director.

此外，本公司已訂立一套程序，讓董事在合適情況下，於履行其對本公司之職責時，尋求獨立專業意見，開支由本公司支付。另外，公司秘書亦為所有董事會會議上討論之事宜以及議決之決定，編製會議記錄並保存有關記錄。公司秘書亦保存會議記錄，並可於任何董事作出合理通知後，在任何合理時間供索閱。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

Appointment, Re-Election and Removal

Under the Code Provision A.4.1 of the Former Code and the New Code, all the non-executive Directors should be appointed for a specific term, subject to re-election. At present, each of the independent non-executive Directors has been appointed for a specific term of three years.

Bye-law 83(2) of the Company's bye-laws provides that the Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorisation by the shareholders of the Company in general meeting, as an addition to the existing Board but so that the number of Directors so appointed shall not exceed any maximum number determined from time to time by the shareholders in general meeting. Any Director so appointed by the board of Directors shall hold office only until the first general meeting of the shareholders after his/her appointment and be subject to re-election at that meeting. Ms. Tong Jinzhi was appointed by the Board on 3 December 2012. Therefore, pursuant to bye-Law 83(2) of the Company's bye-laws, Ms. Tong Jinzhi shall retire at the forthcoming 2012 annual general meeting of the Company ("AGM") and is eligible for re-election at such meeting.

According to the Company's bye-laws, one-third of the Directors are required to retire from office at each annual general meeting, provided that every Director shall be subject to retirement by rotation at least once in every three years. The Directors to retire every year shall be those appointed by the Board during the year and those who have been longest in office since their last re-election.

Each of Mr. Wu Shoumin and Mr. Kwong Kwan Tong shall retire from offices as Directors at the forthcoming AGM in accordance with bye-laws 84(1) and (2) of the bye-laws of the Company.

At the forthcoming, AGM, ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of Mr. Wu Shoumin as executive Director, Mr. Kwong Kwan Tong and Ms. Tong Jinzhi as independent non-executive Directors.

委任、重選及退任

根據前守則之守則條文A.4.1條及新守則，所有非執行董事之委任應有指定任期，並須接受重新選舉。目前，各獨立非執行董事以固定年期獲委任，為期三年。

本公司細則83(2)條規定，董事有權於不時及隨時委任任何人士出任董事，以填補董事會之臨時空缺，或經本公司股東於股東大會上授權於現屆董事會新增成員，惟就此獲委任之董事人數不得超過股東於股東大會上不時釐定之最高人數。任何就此獲董事會委任之董事，僅可任職至其獲委任後首次舉行之股東大會為止，屆時有關董事可於該大會上膺選連任。童錦治女士於二零一二年十二月三日獲董事會委任。因此，根據本公司細則83(2)條，童錦治女士將於應屆二零一二年股東週年大會(「股東週年大會」)上退任，並符合資格於大會上膺選連任。

根據本公司之細則，三分之一董事須於各股東週年大會退任，而各董事亦須每三年輪席退任一次。每年退任之董事須為董事會年內委任而且自最近重選以來任職最長之董事。

根據本公司細則第84(1)及(2)條，吳守民先生及鄭焜堂先生均會於應屆股東週年大會退任董事職務。

於應屆股東週年大會上，普通決議案將獲提呈予本公司股東，內容有關建議重選吳守民先生為執行董事以及重選鄭焜堂先生及童錦治女士為獨立非執行董事。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

Nomination of Directors

The Company established a nomination committee ("Nomination Committee") in March 2012 with written terms of reference in compliance with the New CG Code. The principal duties of the Nomination Committee are to identify individuals suitably qualified to become members of the Board and make recommendations to the Board on succession planning for the Directors. The Nomination Committee comprises three independent non-executive Directors, namely, Ms. Xue Fang, Mr. Kwong Kwan Tong and Ms. Tong Jinzhi. Pursuant to a resolution of the Board passed on 20 March 2012, Ms. Xue Fang has been appointed as the chairwoman of the Nomination Committee.

A meeting was held by the Nomination Committee with all members attended during the year ended 31 December 2012.

Remuneration Committee

The Company established its remuneration committee ("Remuneration Committee") in July 2011 and has formulated its written terms of reference. The written terms of reference of the Remuneration Committee were revised and adopted on 20 March 2012 in accordance with the New CG Code. The Remuneration Committee comprises all the members of independent non-executive Directors, namely, Ms. Tong Jinzhi (chairwoman of the Remuneration Committee), Mr. Kwong Kwan Tong and Ms. Xue Fang. The Remuneration Committee is responsible for reviewing and evaluating the remuneration packages of the Directors and senior management and making recommendations to the Board from time to time.

A meeting was held by the remuneration committee with all members attended during the year ended 31 December 2012.

董事之提名

本公司於二零一二年三月成立提名委員會(「提名委員會」)，其書面職權範圍符合之新企業管治守則之規定。提名委員會之主要職責為物色適合人選成為董事會成員，並就董事之繼任計劃向董事提出推薦意見。提名委員會由三名獨立非執行董事薛芳女士、鄺焜堂先生及童錦治女士組成。根據董事會於二零一二年三月二十日通過之決議案，薛芳女士已獲委任為提名委員會主席。

截至二零一二年十二月三十一日止年度，提名委員會已舉行一次會議，且所有成員均已出席會議。

薪酬委員會

本公司已於二零一一年七月成立其薪酬委員會(「薪酬委員會」)，並制訂其書面職權範圍。薪酬委員會之書面職權範圍已根據新企業管治守則於二零一二年三月二十日修訂及採納。薪酬委員會的所有成員均為獨立非執行董事，包括童錦治女士(薪酬委員會主席)、鄺焜堂先生及薛芳女士。薪酬委員會負責審閱和評估董事及高級管理層之薪酬組合和不時向董事會提供推薦意見。

截至二零一二年十二月三十一日止年度，薪酬委員會已舉行一次會議，且所有成員均已出席會議。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

Accountability and Audit

The Directors acknowledge their responsibility for the preparation of the financial statements of the Company for the year ended 31 December 2012. The Directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and those relevant statutory and regulatory requirements and applicable accounting standards are complied with. The Company believes in conducting itself in ways that deliver maximum sustainable value to the shareholders.

The auditors are responsible to form an independent opinion based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the shareholders of the Company. The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" in this annual report.

Auditor's Remuneration

For the year ended 31 December 2012, the remuneration paid to the auditor, Martin C.K. Pang to Company in respect of audit services amounted to HK\$1,300,000 and non-audit service assignment amounted to HK\$238,000.

Audit Committee

The Company established the Audit Committee in July 2011 and has formulated its written terms of reference, which may from time to time be modified, in accordance with the provisions set out in the Former CG Code. The Former CG Code was amended and renamed the New CG Code which came into effect on 1 April 2012. The written terms of reference of the Audit Committee were revised and adopted on 20 March 2012 in accordance with the New CG Code. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Kwong Kwan Tong (chairman of the Audit Committee), Ms. Tong Jinzhi and Ms. Xue Fang. The Audit Committee is accountable to the Board and the principal duties of the Audit Committee include the review and supervision of the Group's financial reporting system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditor of the Company.

責任及審核

董事得知其就編製本公司截至二零一二年十二月三十一日止年度財務報表之責任。董事有責任監督本公司財務報表之編製，確保有關財務報表真實公平地反映為本集團之業務狀況，遵守相關法定及監管規定以及適用會計準則之情況。本公司認為遵守各項規定可為股東帶來最大可持續價值。

核數師負責根據其審核工作之結果，就董事編製之財務報表作出獨立意見，並僅向本公司股東作出報告。本公司外部核數師有關彼等就財務報表之申報責任之聲明載於本年報「獨立核數師報告」。

核數師酬金

截至二零一二年十二月三十一日止年度，支付予核數師龐志鈞會計師行有關審核服務及非審核服務工作之酬金分別為1,300,000港元及238,000港元。

審核委員會

本公司已於二零一一年七月成立審核委員會，並根據前企業管治守則的條文制訂其書面職權範圍及不時作出修訂。前企業管治守則已修訂及改名為新企業管治守則，並於二零一二年四月一日生效。審核委員會之書面職權範圍已根據新企業管治守則於二零一二年三月二十日修訂及採納。審核委員會成員為三名獨立非執行董事，分別為鄭焜堂先生（審核委員會主席）、童錦治女士及薛芳女士。審核委員會須向董事會負責，而審核委員會的主要職責包括審閱和監察本集團的財務報告系統和內部監控程序、審閱本集團的財務資料和審閱與本公司外聘核數師之關係。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters, including the review of the audited consolidated results of the Group for the year ended 31 December 2012.

The following table shows the attendance of individual Directors at the meetings held during the year:

Mr. Kwong Kwan Tong	2/2
Ms. Xue Fang	2/2
Ms. Tong Jinzhi (Appointed on 3 December 2012)	Not Applicable
Mr. Yang Guohao (Resigned on 3 December 2012)	2/2

The Audit Committee reviews the interim and annual reports before submission to the Board. The audit committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual reports.

Company Secretary

The company secretary of the Company is Mr. Loo Koon Tung James. He has been informed of the requirement under Rule 3.29 of the Listing Rules and their compliance with such requirement for the year ended 31 December 2012 will be set out in the corporate governance report in the 2012 annual report of the Company

Investor Relations and Communication with Shareholders

The Board recognises the importance of maintaining a clear, timely and effective communication with the Shareholders and investors of the Company. The Board also recognises that effective communication with its investors is critical in establishing investor confidence and to attract new investors. Therefore, the Company is committed to maintaining a high degree of transparency to ensure the investors and shareholders of the Company will receive accurate, clear, comprehensive and timely information of the Group. The Company has established a range of communication channels between itself and its shareholders, and investors. These include the publication of annual and interim reports, notices, announcements and circulars, the Company's websites at www.goldenshield.com.cn and www.goldenshield.com.hk and meetings with investors and analysts.

審核委員會已與管理層審閱本集團所採納之會計原則及常規，並討論審核、內部監控及財務報告事宜，其中包括審閱本集團於截至二零一二年十二月三十一日止年度經審核綜合業績。

下表列示各董事於本年會議之出席率：

鄭焜堂先生	2/2
薛芳女士	2/2
童錦治女士(於二零一二年十二月三日獲委任)	不適用
楊國豪先生(於二零一二年十二月三日辭任)	2/2

審核委員會在中期及年度報告提呈董事會前負責有關審閱工作。審核委員會在審閱本公司之中期及年度報告方面不僅關注會計政策變動及慣例造成之影響，亦關注有關會計準則：上市規則及法律規定之合規情況。

公司秘書

本公司公司秘書為盧貫東先生。彼已獲通知有關上市規則第3.29條項下之規定，而截至二零一二年十二月三十一日止年度，彼等遵守有關規定之情況將載於本公司二零一二年年報之企業管治報告。

投資者關係及與股東之溝通

董事會瞭解到與股東及本公司投資者維持清晰、適時及有效溝通之重要性。董事會亦認為與其投資者之有效溝通在建立投資者信心及吸引新投資者方面甚為重要。因此，本公司承諾維持高透明度，以確保本公司投資者及股東將收取本集團正確、清晰、全面及適時之資料。本公司已就其與股東及投資者之間設立多個溝通渠道。當中包括發佈年度及中期報告、通告、公佈及通函、本公司網站 www.goldenshield.com.cn 及 www.goldenshield.com.hk 以及與投資者及分析員會面。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告(續)

Internal Control

The Board recognises the importance of maintaining an adequate and effective internal control system to safeguard the Company's assets against unauthorised use or disposition, and to protect the interests of shareholders of the Company. Senior management assumes the overall responsibility for reviewing the adequacy and integrity of the Group's internal control system with the guidance of the executive Directors.

During the year ended 31 December 2012, the Board has discussed and reviewed the internal control system and the relevant proposal made by senior management in order to ensure an adequate and effective system of internal control.

內部控制

董事會深知維持充份及有效內部控制系統甚為重要，以防止本公司之資產在未經授權情況下被動用或出售，以及保障本公司股東權益。高級管理層負全責根據執行董事之指示，檢討本集團之內部監控系統，確保有關系統充足及可靠。

截至二零一二年十二月三十一日止年度，董事會已討論及檢討內部監控系統及高級管理層提出之相關方案，以確保內部控制系統充足及有效。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

MP 龐志鈞會計師行

Martin C. K. Pong & Company

TO THE SHAREHOLDERS OF GOLDEN SHIELD HOLDINGS (INDUSTRIAL) LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Golden Shield Holdings (Industrial) Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 52 to 112, which comprise the consolidated statements of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

致金盾控股(實業)有限公司股東

(於百慕達註冊成立之有限公司)

吾等已審計載於第52至112頁之金盾控股(實業)有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)綜合財務報表，當中包括於二零一二年十二月三十一日之綜合財務狀況報表與截至該日止年度之綜合全面收益表、綜合權益變動表及綜合現金流量表，以及主要會計政策概要及其他解釋資料。

董事就綜合財務報表須承擔之 責任

貴公司董事須負責根據香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定編製真實而公平地呈報之綜合財務報表，及落實其認為編製綜合財務報表所必要之內部控制，以使綜合財務報表不存在因欺詐或錯誤而出現重大錯誤陳述。

核數師之責任

吾等之責任是根據吾等之審計對該等綜合財務報表作出意見，我們的報告依據百慕達一九八一年公司法第90條僅為閣下(作為法人團體)編製，除此之外本報告別無其他目的。吾等不會就本報告之內容向任何其他人士負上或承擔任何責任。吾等已根據香港會計師公會頒佈之香港審計準則進行審計。該等準則要求吾等遵守道德規範，並規劃及執行審計，以合理確定綜合財務報表是否不存在任何重大錯誤陳述。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告(續)

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Martin C.K. Pong & Company

Certified Public Accountants

16/F., Dah Sing Life Building,
99-105 Des Voeux Road Central,
Central,
Hong Kong

25 March 2013

審計工作包括執行程序以獲取綜合財務報表中金額及披露事項之審計憑證。所選定之程序取決於核數師之判斷，包括評估綜合財務報表有否因欺詐或錯誤而出現重大錯誤陳述之風險。在評估該等風險時，核數師考慮與該實體編製真實及公平地呈報之綜合財務報表之相關內部監控，以按情況設計適當審計程序，惟並非為對實體內部監控之效能發表意見。審計亦包括評價董事所採用之會計政策之合適性及所作出之會計估計之合理性，以及評價綜合財務報表之整體列報方式。

吾等相信所獲得之審計憑證可以充足和適當地為吾等之審計意見提供基礎。

意見

吾等認為，綜合財務報表已根據香港財務報告準則真實而公平地呈報 貴集團於二零一二年十二月三十一日之業務狀況及 貴集團截至該日止年度之溢利及現金流量，並已按照香港公司條例之披露規定妥為編製。

龐志鈞會計師行

執業會計師

香港
中環
德輔道中99-105號
大新人壽大廈16樓

二零一三年三月二十五日

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

		Notes 附註	2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Revenue	收益	8	755,042	990,954
Cost of sales	銷售成本		(642,732)	(816,555)
Gross profit	毛利		112,310	174,399
Other income	其他收入	8	3,090	3,585
Distribution costs	分銷成本		(9,971)	(11,134)
Administrative expenses	行政開支		(24,995)	(25,304)
Finance costs	融資成本	9	(22,778)	(2,981)
Profit before tax	除稅前溢利	10	57,656	138,565
Income tax expense	所得稅開支	13	(17,098)	(37,998)
Profit for the year	年度溢利		40,558	100,567
Other comprehensive income, net of tax	其他全面收益 (已扣除稅項)			
Exchange difference on translating foreign operations	換算海外業務之 匯兌差額		(105)	—
Total comprehensive income for the year	年度全面收益總額		40,453	100,567
Profit attributable to owners of the Company	本公司擁有人應佔溢利		40,558	100,567
Total comprehensive income attributable to owners of the Company	本公司擁有人應佔 全面收益總額		40,453	100,567
Earnings per share attributable to ordinary equity holders of the Company	本公司普通股持有人應佔 每股盈利	15		
— Basic and diluted (in RMB cents)	— 基本及攤薄(人民幣分)		4.31	11.95

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況報表

As at 31 December 2012 於二零一二年十二月三十一日

		Notes 附註	2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 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	16	104,823	106,173
Prepaid land lease payments	預付土地租賃款項	17	9,175	9,440
Deferred tax asset	遞延稅項資產	19	—	—
			113,998	115,613
Current assets	流動資產			
Inventories	存貨	20	147,250	141,575
Trade receivables	應收貿易賬款	21	138,005	259,134
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	22	98,002	117,842
Pledged and restricted bank deposits	已抵押及受限制銀行存款	23	93,056	92,383
Cash and cash equivalents	現金及現金等價物	23	389,064	143,850
			865,377	754,784
Current liabilities	流動負債			
Trade payables	應付貿易賬款	24	19,977	7,293
Accruals and other payables	應計款項及其他應付款項	25	20,562	20,453
Income tax payable	應付利得稅		1,866	9,907
Interest-bearing bank borrowings	計息銀行借款	26	163,700	199,000
Other borrowings	其他借貸	27	97,178	—
Provisions	撥備	28	6,011	6,197
			309,294	242,850
Net current assets	流動資產淨值		556,083	511,934
Net assets	資產淨值		670,081	627,547
Equity attributable to owners of the Company	本公司擁有人應佔權益			
Share capital	股本	29	77,801	77,801
Reserves	儲備	30	592,280	549,746
Total equity	權益總額		670,081	627,547

Approved and authorised for issued by the board of directors on 25 March 2013

於二零一三年三月二十五日獲董事會批准及授權刊發

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔							
		Share capital	Share premium	Other reserve	Share-based compensation reserve	Statutory surplus reserve	Foreign currency translation reserve	Retained earnings	Total
		股本	股份溢價	其他儲備	之報酬儲備	盈餘儲備	匯兌儲備	保留盈利	總計
Notes	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
附註	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
				(Note 30) (附註30)	(Note 30) (附註30)	(Note 30) (附註30)			
At 1 January 2011	於二零一一年一月一日	—	—	51,474	335	25,636	—	353,324	430,769
Total comprehensive income for the year	年度全面收益總額								
Profit for the year	年度溢利	—	—	—	—	—	—	100,567	100,567
Appropriation to statutory surplus reserve	分配至法定盈餘儲備	—	—	—	—	11,307	—	(11,307)	—
Arising on the Reorganisation	因重組產生	29	82	(82)	—	—	—	—	—
Placing and public offer of new shares	配售及公開發售新股份	29	15,561	93,361	—	—	—	—	108,922
Shares issue expenses	發行股份開支	—	—	(14,793)	—	—	—	—	(14,793)
Capitalisation issue	資本化發行	29	62,158	(62,158)	—	—	—	—	—
Share-based payment transactions	以股份支付的交易	30(b)	—	—	2,082	—	—	—	2,082
At 31 December 2011	於二零一一年十二月三十一日	77,801	16,410	51,392	2,417	36,943	—	442,584	627,547
Total comprehensive income for the year	年度全面收益總額								
Profit for the year	年度溢利	—	—	—	—	—	—	40,558	40,558
Other comprehensive income for the year:	年內其他全面收益								
Exchange differences in translating foreign operations	換算海外業務之匯兌差額	—	—	—	—	—	(105)	—	(105)
		—	—	—	—	—	(105)	40,558	40,453
Appropriation to statutory surplus reserve	分配至法定盈餘儲備	—	—	—	—	5,129	—	(5,129)	—
Share-based payment transactions	以股份支付的交易	30(b)	—	—	2,081	—	—	—	2,081
At 31 December 2012	於二零一二年十二月三十一日	77,801	16,410	51,392	4,498	42,072	(105)	478,013	670,081

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

	Notes 附註	2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		57,656	138,565
Adjustments for:			
Loss/(gain) on disposal of property, plant and equipment		34	(859)
Depreciation and amortisation		9,950	9,826
Share-based payment expense		2,081	2,082
Finance costs		22,778	2,981
Interest income		(1,469)	(995)
		91,030	151,600
Increase in inventories		(5,675)	(116,637)
Decrease/(increase) in trade receivables		121,129	(129,929)
Decrease/(increase) in prepayments, deposits and other receivables		13,757	(82,271)
Increase/(decrease) in trade payables		12,684	(2,159)
Increase/(decrease) in accruals and other payables		236	(1,189)
Decrease in provisions		(186)	(187)
Cash generated from/(used in) operations		232,975	(180,772)
Income taxes paid		(25,139)	(34,583)
Net cash from/(used in) operating activities		207,836	(215,355)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,369)	(3,655)
Deposit payments for purchase of property, plant and equipment		—	(6,000)
Proceeds from disposal of property, plant and equipment		—	1,058
Decrease/(increase) in pledged bank deposits		92,383	(92,383)
Increase in restricted bank deposits		(93,274)	—
Interest received		1,469	995
Net cash used in investing activities		(1,791)	(99,985)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

綜合現金流量表(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
	Notes 附註		
CASH FLOWS FROM FINANCING ACTIVITIES	來自融資活動的現金流量		
Interest paid	已付利息	(18,647)	(2,981)
Placing and public offering of new shares	配售及公開發售新股	—	108,922
Share issue expenses	發行股份開支	—	(14,793)
Proceeds from bank borrowings	銀行借款所得款項	135,700	199,000
Repayment of bank borrowings	償還銀行借款	(171,000)	(6,850)
Proceed from other borrowings	其他借貸之所得款項	97,529	—
Transaction costs paid for other borrowings	就其他借貸支付之交易成本	(4,255)	—
Net cash from financing activities	來自融資活動的現金淨額	39,327	283,298
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加／(減少)淨額	245,372	(32,042)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF YEAR	年初的現金及現金等價物	143,850	175,892
Effect of foreign exchange rate changes, net	外匯匯率變動之淨影響	(158)	—
CASH AND CASH EQUIVALENTS, AT END OF YEAR	年末的現金及現金等價物	389,064	143,850
	23		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

1. Corporate Information and Group Reorganisation

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and the principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

During the year, the principal activity of the Company was investment holding and the principal activities of its subsidiaries are described in note 18 to the financial statements.

On 21 June 2011, pursuant to a group reorganisation (the "Reorganisation") to rationalise the structure of the Company and its subsidiaries (collectively referred to as the "Group") in the preparation for the listing of the Company's shares on the Main Board of the Stock Exchange (the "Main Board"), the Company acquired the entire issued share capital of Jade Goal Holdings Limited ("Jade Goal") in consideration of and exchange for the allotment and issue of 999,900 shares of Hong Kong dollar ("HK\$") 0.1 each in the share capital of the Company credited as fully paid and thereafter the Company became the holding company of its subsidiaries. Details of the Reorganisation are set out in the prospectus issued by the Company dated 28 June 2011.

The shares of the Company commenced listing on the Main Board on 14 July 2011.

2. Basis of Presentation and Preparation

Basis of presentation

As a result of the Reorganisation which involved companies under common control, the Group is regarded and accounted for as a continuing group. Accordingly, the consolidated financial statements have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as if the Reorganisation had been completed as of 1 January 2011. On this basis, the Company has been treated as the holding company of its subsidiaries for the financial years presented rather than from the date of acquisition of the subsidiaries.

1. 公司資料及集團重組

本公司在百慕達註冊成立為獲豁免有限公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司之註冊辦事處及主要營業地點之地址於年報「公司資料」一節披露。

年內，本公司之主要業務為投資控股，其附屬公司之主要業務載於財務報表附註18。

於二零一一年六月二十一日，根據為籌備本公司股份於聯交所主板（「主板」）上市而精簡本公司及其附屬公司（統稱「本集團」）架構所進行之集團重組（「重組」），本公司收購高翠控股有限公司（「高翠」）之全部已發行股本，代價為以配發及發行本公司股本中999,900股每股面值0.1港元（「港元」）之入賬列作繳足股份作為交換，其後本公司成為其附屬公司之控股公司。重組詳情載於本公司於二零一一年六月二十八日刊發之招股章程。

本公司股份於二零一一年七月十四日開始在主板上市。

2. 呈列及編製基準

呈報基準

由於重組涉及共同控制之公司，本集團被視為屬於及入賬列為持續經營集團。因此，綜合財務報表乃根據香港會計師公會發出之會計指引第5號 *共同控制合併之合併會計處理* 採用合併會計原則編製，猶如重組已於二零一一年一月一日完成。基於以上基礎，本公司被視為是於所呈報財政年度（而非收購附屬公司之日期）其附屬公司之控股公司。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

2. Basis of Presentation and Preparation (Continued)

Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. In addition, these financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention.

These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

3. Adoption of New and Revised HKFRSs

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

HKFRS 1 (Amendments)

香港財務報告準則第1號
(修訂本)Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*修訂香港財務報告準則第1號首次採納香港財務報告準則 — 嚴重通脹及
免除首次採納者之固定日期

HKFRS 7 (Amendments)

香港財務報告準則第7號
(修訂本)Amendments to HKFRS 7 *Financial Instruments: Disclosures — Transfers of Financial Assets*

修訂香港財務報告準則第7號金融工具：披露 — 轉讓金融資產

HKAS 12 (Amendments)

香港會計準則第12號(修訂本)

Amendments to HKAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*

修訂香港會計準則第12號所得稅 — 遞延稅項：收回相關資產

The adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

2. 呈列及編製基準(續)

編製基準

本財務報表乃按照香港會計師公會頒佈之香港財務報告準則(「香港財務報告準則」)(包括所有香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)及香港普遍接納之會計原則而編製。此外，本財務報表亦包括聯交所證券上市規則(「上市規則」)及香港公司條例之適用披露規定。本財務報表按歷史成本法編製。

本財務報表乃以人民幣(「人民幣」)呈列，除另有指明外，所有價值均調整至最接近之千元數。

3. 採納新訂及經修訂香港財務報告準則

本集團於本年度之財務報表首次採納以下經修訂香港財務報告準則。

採納經修訂香港財務報告準則對本財務報表並無重大財務影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

4. Issued but not yet Effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

4. 已頒佈但尚未生效之香港財務報告準則

本集團並無於本財務報表採納下列已頒佈但尚未生效之新訂及經修訂香港財務報告準則。

		Effective for annual periods beginning on or after
		於以下日期或之後 開始之年度期間生效
HKFRS 1 (Amendments) 香港財務報告準則第1號(修訂本)	Government Loans 政府貸款	1 January 2013 二零一三年一月一日
HKFRS 7 (Amendments) 香港財務報告準則第7號(修訂本)	Disclosure – Offsetting Financial Assets and Financial Liabilities 披露 – 抵銷金融資產及金融負債	1 January 2013 二零一三年一月一日
HKFRS 9 香港財務報告準則第9號	Financial Instruments 金融工具	1 January 2015 二零一五年一月一日
HKFRS 7 and HKFRS 9 (Amendments) 香港財務報告準則第7號及 香港財務報告準則第9號 (修訂本)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures 香港財務報告準則第9號的強制生效日期及 過渡披露	1 January 2015 二零一五年一月一日
HKFRS 10 香港財務報告準則第10號	Consolidated Financial Statements 綜合財務報表	1 January 2013 二零一三年一月一日
HKFRS 11 香港財務報告準則第11號	Joint Arrangements 共同安排	1 January 2013 二零一三年一月一日
HKFRS 12 香港財務報告準則第12號	Disclosure of Interests in Other Entities 披露於其他實體之權益	1 January 2013 二零一三年一月一日
HKFRS 13 香港財務報告準則第13號	Fair Value Measurement 公平值計量	1 January 2013 二零一三年一月一日
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments) 香港財務報告準則第10號、 香港財務報告準則第11號及 香港財務報告準則第12號 (修訂本)	Transition Guidance 過渡披露	1 January 2013 二零一三年一月一日

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

4. Issued but not yet Effective HKFRSs (Continued)

4. 已頒佈但尚未生效之香港財務報告準則(續)

		Effective for annual periods beginning on or after 於以下日期或之後 開始之年度期間生效
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities	1 January 2014
香港財務報告準則第10號、 香港財務報告準則第12號及 香港會計準則第27號 (二零一一年)(修訂本)	投資實體	二零一四年一月一日
Amendments to HKFRSs issued in June 2012	Annual Improvements to HKFRSs 2009–2011 Cycle	1 January 2013
於二零一二年六月頒佈之修訂 香港財務報告準則	香港財務報告準則二零零九至二零一一年 週期的年度改進	二零一三年一月一日
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income	1 July 2012
香港會計準則第1號(修訂本)	其他全面收益項目之呈列	二零一二年七月一日
HKAS 19 (2011)	Employee Benefits	1 January 2013
香港會計準則第19號 (二零一一年)	僱員福利	二零一三年一月一日
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
香港會計準則第27號 (二零一一年)	獨立財務報表	二零一三年一月一日
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013
香港會計準則第28號 (二零一一年)	於聯營公司及合營企業之投資	二零一三年一月一日
HKAS 32 (Amendments)	Presentation — Offsetting Financial Assets and Financial Liabilities	1 January 2014
香港會計準則第32號(修訂本)	呈列 — 抵銷金融資產及金融負債	二零一四年一月一日
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
香港(國際財務報告詮釋委員會) — 詮釋第20號	露天礦場生產階段之剝採成本	二零一三年一月一日

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed whether these new and revised HKFRSs would have any significant impact on its results of operations and financial position.

本集團現正評估該等新訂及經修訂香港財務報告準則於初次應用時之影響，惟直至完成有關該等新訂及經修訂香港財務報告準則會否對其經營業績及財務狀況有任何重大影響之詳細審閱之前，提供該影響之合理估計並不可行。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries as at and for the year ended 31 December each year. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if it results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

(b) Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

5. 重大會計政策概要

(a) 綜合基準

綜合財務報表包括本公司及其附屬公司於每年十二月三十一日及截至該日止年度之財務報表。附屬公司之財務報表按與本公司相同之報告期間編製，並採用一致之會計政策。附屬公司之業績乃由收購當日(即本集團獲得控制權之日)起綜合入賬，並維持綜合入賬直至該控制權終止之日。集團內公司間之所有結餘、交易、因集團內公司間之交易所產生之未變現收益及虧損以及股息均於綜合賬目時悉數對銷。

即使導致虧絀結餘，附屬公司內的全面收益總額仍歸屬非控股權益。

附屬公司擁有權益之變動(並無失去控制權)乃按權益交易入賬。

倘本集團失去對附屬公司之控制權，則撤銷確認(i)該附屬公司之資產(包括商譽)及負債，(ii)任何非控股權益之賬面值及(iii)於權益內記錄之累計匯兌差額；及確認(i)已收代價之公平值，(ii)所保留任何投資之公平值及(iii)損益中任何因此產生之盈餘或虧損。本集團先前於其他全面收益內確認應佔部分重新分類至損益或保留溢利(如適當)。

(b) 附屬公司

附屬公司為本公司直接或間接控制其財務及營運決策，以從其業務活動中獲益之實體。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

*(Continued)***(c) Impairment of non-financial assets**

When an indication of impairment exists, or when annual impairment testing for an asset is required (other than deferred tax asset, inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the profit or loss in the period in which it arises.

(d) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

5. 重大會計政策概要(續)

(c) 非金融資產減值

如有跡象顯示出現減值，或須就資產進行年度減值測試(不包括遞延稅項資產、存貨及金融資產)，則會估計資產的可收回金額。資產的可收回金額按資產或現金產生單位的使用價值及公平值減銷售成本(以較高者為準)計算，並就個別資產而釐定，除非有關資產並無產生在頗大程度上獨立於其他資產或資產類別的現金流入，在此情況下，可收回金額就資產所屬的現金產生單位而釐定。

減值虧損僅於資產賬面值超逾其可收回金額時確認。於評估使用價值時，估計未來現金流量按可反映金錢時間價值的現時市場評估及資產特定風險的稅前貼現率貼現至現值。減值虧損於產生期間自損益賬內該等與減值資產功能一致的開支類別中扣除。

於各呈報期間結束時均會就是否有任何跡象顯示先前確認的減值虧損不再存在或可能已經減少進行評估。倘存在任何上述跡象，則會估計可收回金額。僅當用於釐定資產的可收回金額的估計有所改變時，先前就資產所確認的減值虧損方可撥回，但撥回的金額不可高於假設過往年度並無確認該資產的減值虧損時釐定的賬面值(已扣除任何折舊/攤銷)。撥回的減值虧損於其產生期間計入損益賬。

(d) 物業、廠房及設備以及折舊

除在建工程外，物業、廠房及設備按成本減累計折舊及任何減值虧損後列賬。物業、廠房及設備項目成本包括其購入價及使資產達致其擬定用途的運作狀況及地點的任何直接應佔成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

*(Continued)***(d) Property, plant and equipment and depreciation***(Continued)*

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life, at the following rates per annum:

Buildings	樓宇	5%
Plant and machinery	廠房及機器	10% to 33 $\frac{1}{3}$ %
Furniture, fixture and office equipment	傢俬、裝置及辦公室設備	20%
Motor vehicles	汽車	10% to 33 $\frac{1}{3}$ %

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the profit or loss in the year the asset is derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.

5. 重大會計政策概要(續)

(d) 物業、廠房及設備以及折舊*(續)*

物業、廠房及設備項目開始運作後產生的開支，例如維修保養成本，一般於產生期間自損益賬中扣除。在確認標準達成的情況下，主要檢測所產生的開支在資產賬面值中資本化為重置。倘大部分物業、廠房及設備須不時重置，則本集團會將有關部分確認為具特定使用年期的個別資產並會作出相應折舊。

折舊以直線法計算，以按每項物業、廠房及設備項目的估計可使用年期以下列每年折舊率撇銷其成本至其剩餘價值：

Buildings	樓宇	5%
Plant and machinery	廠房及機器	10% to 33 $\frac{1}{3}$ %
Furniture, fixture and office equipment	傢俬、裝置及辦公室設備	20%
Motor vehicles	汽車	10% to 33 $\frac{1}{3}$ %

倘物業、廠房及設備項目的各部分有不同的可使用年期，該項目的成本將在各部分之間作合理分配，而每部分將個別計提折舊。剩餘價值、可使用年期及折舊方法至少於每個財政年度末進行評估，並在適當時候作出調整。

物業、廠房及設備項目(包括已初步確認的重大部分)於處置時或當其使用或處置預期不會產生任何日後經濟利益時撤銷確認。因處置或報廢而產生的任何損益，為有關資產的銷售所得款項淨額與賬面值的差額，於該資產撤銷確認的年度在損益賬確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

(Continued)

(d) Property, plant and equipment and depreciation

(Continued)

Construction in progress represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

(e) Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

(f) Financial assets

Initial recognition and measurement

Financial assets of the Group within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are classified as loans and receivables. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

5. 重大會計政策概要(續)

(d) 物業、廠房及設備以及折舊

(續)

在建工程指在建的樓宇，按成本減任何減值虧損列賬，並不會計提折舊。成本包括建築期間產生的直接建築成本。當完成並可供使用，建築成本即重新分類至物業、廠房及設備的適當類別。

(e) 租賃

倘資產擁有權的絕大部分回報及風險保留於出租人的租賃，則列作經營租賃處理。當本集團為承租人時，根據經營租賃應付的租金扣除出租人給予的任何優惠後以直線法按租賃年期於損益賬扣除。

經營租賃下的預付土地租賃款項初步按成本列賬，其後按直線法於租賃年期內確認。

(f) 金融資產

初步確認及計量

香港會計準則第39號金融工具：確認與計量界定的本集團金融資產分類為貸款及應收款項。本集團於初步確認時釐定其金融資產的分類。金融資產於初步確認時按公平值加直接應佔交易成本計量。

所有一般買賣的金融資產概於交易日(即本集團承諾買賣該資產的日期)予以確認。一般買賣乃指按照一般市場規定或慣例在一定期間內交付資產的金融資產買賣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

(Continued)

(f) Financial assets (Continued)

Subsequent measurement

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income in the profit or loss. The loss arising from impairment is recognised in the profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when (i) the rights to receive cash flows from the asset have expired; or (ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

5. 重大會計政策概要(續)

(f) 金融資產(續)

後續計量

貸款及應收款項

貸款及應收款項乃指並無於活躍市場報價且具固定或可釐定金額之非衍生金融資產。於初步計量後，有關資產其後採用實際利率法按已攤銷成本減任何減值撥備計算。攤銷成本經計及任何收購折讓或溢價後計算，並包括屬於實際利率之組成部分之各項費用或成本。實際利率攤銷計入損益賬之其他收入。減值產生之虧損於損益賬確認。

撤銷確認金融資產

金融資產(或如適用，金融資產其中一部分或一組類似金融資產其中部分)在下列情況下撤銷確認：(i)自該資產收取現金流量的權利已屆滿；或(ii)本集團已轉讓其收取來自該資產的現金流量的權利，或已根據「轉遞」安排就向第三方承擔責任全數支付已收現金流量，且無重大延誤，並(a)本集團已轉讓該資產的絕大部分風險及回報，或(b)本集團並無轉讓或保留該資產的絕大部分風險及回報，惟已轉讓該資產的控制權。

倘若本集團已轉讓其自資產收取現金流量的權利或訂立轉遞安排，其評估是否已保留資產的所有權風險及回報及保留的範圍。倘其並無轉讓或保留該資產的絕大部分風險及回報，亦無轉讓該資產的控制權，則該資產按本集團繼續參與該資產的程度確認。在此情況下，本集團亦將確認相關負債。已轉讓資產及相關負債以反映本集團保留的權利及責任為基準計量。

倘以擔保已轉讓資產的方式繼續參與，乃按該資產的原賬面值及本集團可能需要支付的最高代價兩者的較低者計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

*(Continued)***(g) Impairment of financial assets**

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

5. 重大會計政策概要(續)

(g) 金融資產減值

本集團於各報告期末評估金融資產或一組金融資產有否出現減值的客觀跡象。倘且僅倘因初步確認資產後發生的一項或多項事件導致存在客觀減值跡象(一項已發生的「虧損事件」)，而該項虧損事件對該項或該組金融資產的估計未來現金流量所造成的影響能可靠地估計，則該項或該組金融資產會被視作減值。

按攤銷成本列賬的金融資產

就按攤銷成本列賬的金融資產而言，本集團首先會按個別基準就個別屬重大的金融資產或按組合基準就個別不屬重大的金融資產，評估是否存在客觀減值跡象。倘本集團釐定按個別基準經評估的金融資產(無論是否重大)並無客觀跡象顯示存在減值，則該項資產會歸入一組具有相似信貸風險特性的金融資產內，並共同評估減值。經個別評估減值的資產，其減值虧損會予以確認或繼續確認入賬，而不會納入共同減值評估之內。

倘有客觀跡象顯示出現減值虧損，虧損金額為資產之賬面值與估計未來現金流量(不包括尚未產生之日後信貸虧損)現值間之差額計量。估計未來現金流量現值按該金融資產原本實際利率(即初步確認時計算之實際利率)貼現。倘貸款按浮動利率計息，則計量任何減值虧損的貼現率為現有實際利率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

(Continued)

(g) Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the profit or loss.

(h) Financial liabilities

Initial recognition and measurement

Financial liabilities of the Group within the scope of HKAS 39 are classified as financial liabilities at amortised costs. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised costs

After initial recognition, financial liabilities at amortised costs are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

5. 重大會計政策概要(續)

(g) 金融資產減值(續)

按攤銷成本列賬的金融資產(續)
該資產的賬面值可透過使用備抵賬目來扣減，而虧損在損益賬中確認。利息收入持續按減少賬面值累計，並採用貼現未來現金流量的利率累計，以計量減值虧損。當日後收回不可實現而所有抵押已變現或已轉入本集團時，貸款及應收款項連同相關備抵將予以撇銷。

倘於其後期間，估計減值虧損金額增加或減少乃由於確認減值後之事件所致，則早前確認之減值虧損將透過調整備抵賬目增加或減少。倘撇銷其後收回，則收回金額計入損益賬。

(h) 金融負債

初步確認及計量

香港會計準則第39號界定的本集團金融負債分類為按攤銷成本計量的金融負債。本集團於初步確認時釐定其金融負債的分類。

所有金融負債於初步確認時按公平值及扣除直接應佔交易成本確認。

後續計量

按攤銷成本計量的金融負債

初步確認後，按攤銷成本計量的金融負債其後採用實際利率法按攤銷成本計量，惟折讓影響甚微時則按成本列賬。損益於負債撇銷確認時透過實際利率法攤銷程序於損益賬內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

*(Continued)***(h) Financial liabilities** *(Continued)*Subsequent measurement *(Continued)***Financial liabilities at amortised costs** *(Continued)*

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the profit or loss.

(i) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the profit or loss.

(j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(k) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

5. 重大會計政策概要(續)

(h) 金融負債(續)

後續計量(續)

按攤銷成本計量的金融負債(續)

計算攤銷成本時，計及收購的任何折讓或溢價及屬實際利率一部分的各項費用或成本。實際利率攤銷入賬損益賬內融資成本。

(i) 撤銷確認金融負債

當負債項下之責任獲解除或註銷或屆滿時，則撤銷確認金融負債。

倘一項現有金融負債被相同放債人按基本上不同之條款提供之其他債項取代，或現有負債條款被重大修改，該取代或修改會被視作撤銷確認原有負債及確認一項新負債，且各賬面值之間之差額會在損益賬確認。

(j) 抵銷金融工具

倘具現有可執行法定權利抵銷確認金額及有意按淨額基準結算，或同時變現資產及清償負債，金融資產及金融負債方會互相抵銷並於財務狀況報表內呈報淨額。

(k) 金融工具之公平值

於活躍市場買賣之金融工具的公平值乃參照所報市價或交易商報價(好倉的買入價及淡倉的沽盤價)釐定，未扣除任何交易成本。就未於活躍市場買賣的金融工具而言，其公平值採用適當估值法釐定。相關估值法包括採用近期公平磋商的市場交易、參照其他大致相似工具的現行市值及貼現現金流量分析以及期權定價模式。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

(Continued)

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(m) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

(n) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance cost in the profit or loss.

5. 重大會計政策概要(續)

(l) 存貨

存貨按成本值及可變現淨值之較低者入賬。成本乃按加權平均法釐定；而在製品及製成品成本則包括直接原料、直接勞工及適當比例之經常性開支。可變現淨值根據估計售價減截至完成及出售所招致之任何估計成本而釐定。

(m) 現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金、活期存款以及一般於購入後三個月內到期且可隨時兌換為已知數額現金而涉及之價值變動風險極微的短期高度流動投資，減按要求償還的銀行透支，為本集團現金管理的組成部分。

就財務狀況報表而言，現金及現金等價物包括手頭現金及銀行存款，包括定期存款及性質與現金相似而其使用不受限制的資產。

(n) 撥備

倘因過往事件而須承擔現有法定或推定責任，而履行該責任時有可能涉及未來資源流失，並能可靠地估計責任的金額，則確認有關撥備。

若貼現影響乃屬重大，則確認之撥備金額按預期履行該責任所需未來開支以報告期末之現值列賬。因時間流逝而產生之貼現現值增加計入損益賬之融資成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

*(Continued)***(o) Income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss either in other comprehensive income or directly in equity as appropriate.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

5. 重大會計政策概要(續)

(o) 所得稅

所得稅包括即期及遞延稅項。所得稅有關於損益賬外確認之項目之於損益賬外之其他全面收益或直接於權益(倘適用)中確認。

本期或過往期間的即期稅項資產及負債乃根據報告期末已實施或大致上實施的稅率(及稅法)，並計及本集團經營所在國家現行詮釋及慣例，按預期可自稅務機關收回或向稅務機關繳付的金額計量。

於報告期末的資產及負債的稅基與其在財務報告賬面值之間的所有暫時差額，須按負債法計提遞延稅項撥備。

除下述者外，本集團均會就所有應課稅暫時差額確認遞延稅項負債：

- 當商譽或遞延稅項負債產生自一項交易(並非業務合併)初步確認的資產或負債，而於該項交易進行時對會計溢利或應課稅溢利或虧損均無影響；及
- 就有關附屬公司投資的應課稅暫時差額而言，倘若撥回暫時差額的時間可以控制，以及暫時差額不大可能在可見將來撥回。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

(Continued)

(o) Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. 重大會計政策概要(續)

(o) 所得稅(續)

遞延稅項資產乃就所有可扣稅暫時差額、可結轉未運用稅項抵免及任何未運用稅項虧損確認，惟以可能有應課稅溢利可抵銷可扣稅暫時差額、可結轉未運用稅項抵免及未運用稅務虧損之情況為限，惟：

- 關於一項並非業務合併之交易初步確認之資產或負債(於該項交易進行時對會計溢利或應課稅溢利或虧損均無影響)所產生之可扣稅暫時差額之遞延稅項資產；及
- 就與於附屬公司之投資有關之可扣稅暫時差額而言，僅於暫時差額可能會在可見將來撥回及將有應課稅溢利作為抵銷，以動用暫時差額之情況下，方會確認遞延稅項資產。

遞延稅項資產之賬面值乃於各報告期末進行審閱，並予以相應扣減，直至不可能有足夠應課稅溢利以動用全部或部分遞延稅項資產為止。未確認之遞延稅項資產乃於各報告期末重新評估，在可能獲得足夠應課稅溢利以動用全部或部分遞延稅項資產之情況下予以收回。

遞延稅項資產及負債乃根據於報告期末已實施或大致上實施之稅率(及稅法)，按變現資產或清償負債之期間預期適用之稅率計量。

倘有合法可強制執行權利將即期稅項資產與即期稅項負債抵銷，而遞延稅項乃與同一應課稅實體及同一稅務機關有關，則遞延稅項資產及遞延稅項負債可相互抵銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

*(Continued)***(p) Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (i) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and
- (ii) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(q) Employee benefits

Share-based payments

Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with an employee is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using discounted cash flows method, further details of which are given in note 30 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

5. 重大會計政策概要(續)

(p) 收益確認

當經濟利益有可能流入本集團及收益數額能可靠計算時，方會確認收益，基準如下：

- (i) 當出售貨品之擁有權的重大風險及回報轉移至買方，惟本集團不得干涉一般與擁有權相關之管理事務或對已售貨品擁有實際控制權；及
- (ii) 利息收入以實際利率法按應計基準確認，而利率為採用將金融工具於預期有效期內或較短期間(如適用)之估計未來現金流入準確貼現至金融資產賬面淨值之利率。

(q) 僱員福利

以股份為基礎之付款

本集團僱員(包括董事)以股份為基礎之付款之方式收取報酬，而僱員提供服務作為收取股本工具之代價(「股本結算交易」)。與僱員進行股本結算交易之成本乃參考授出購股權當日之公平值計算。公平值由外部估值師採用折現現金流量法釐定，有關進一步詳情載於財務報表附註30。

股本結算交易的成本，連同權益相應增加部分，在績效及/或服務條件獲得履行的期間內確認。在歸屬日期前，各報告期末確認的股本結算交易的累計開支，反映歸屬期已屆滿部分及本集團對最終將會歸屬的股本工具數目的最佳估計。在某一期間內在損益賬內扣除或計入之數額，乃反映於該段期間期初與期終確認的累計開支的變動。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

(Continued)

(q) Employee benefits (Continued)

Share-based payments (Continued)

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' salaries and are charged to the profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

5. 重大會計政策概要(續)

(q) 僱員福利(續)

以股份為基礎之付款(續)

對於已授出但尚未最終歸屬之購股權，不會確認任何開支，惟視乎市場或非歸屬條件而決定歸屬與否之股本結算交易則除外，對於該類股本結算交易而言，只要所有其他績效及/或服務條件已經達成，不論市場或非歸屬條件是否達成，均會被視為已歸屬。

倘股本結算獎勵之條款有所變更，開支最少須於獎勵之原有條款達到時確認，猶如條款並無任何變更。此外，倘按變更日期計量，任何變更導致以股份為基礎之付款之總公平值有所增加，或對僱員帶來其他利益，則應就該等變更確認開支。

倘股本結算獎勵被註銷，應被視為已於註銷日期歸屬，任何尚未確認之獎勵開支，均應即時確認。這包括在本集團或僱員控制範圍內之非歸屬條件未能達致之任何獎勵。然而，若授予新獎勵代替已註銷之獎勵，並於授出日期指定為替代獎勵，則已註銷之獎勵及新獎勵，一如前段所述，均應被視為原獎勵之變更。所有股本結算交易獎勵之註銷均按同等方式處理。

退休福利

本集團根據強制性公積金計劃條例為其全體僱員設立定額供款之強制性公積金退休福利計劃(「強積金計劃」)。有關供款為僱員薪金之某個百分比，並根據強積金計劃之規則於應付時在損益賬中扣除。強積金計劃之資產與本集團之資產分開，由獨立管理之基金持有。本集團之僱主供款在注入強積金計劃後，全數歸於僱員。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

*(Continued)***(q) Employee benefits** *(Continued)*Retirement benefits *(Continued)*

The employees of the Group's subsidiary which operates in the People's Republic of China (the "PRC") are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

(r) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with borrowing funds.

(s) Foreign currencies

The Company's functional currency is HK\$ and the financial statements are presented in RMB which is the presentation currency as RMB is the functional currency for most of the consolidated operations. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

5. 重大會計政策概要(續)

(q) 僱員福利 (續)

退休福利(續)

本集團在中華人民共和國(「中國」)經營之附屬公司之僱員，須參加當地市政府所運作之中央退休金計劃。該附屬公司須向中央退休金計劃支付工資成本之若干百分比。有關供款乃根據中央退休金計劃規則，於應付時在損益賬中扣除。

(r) 借款成本

借款成本均於產生期間支銷。借款成本包括一個實體有關借入資金所產之利息及其他成本。

(s) 外幣

本公司之功能貨幣為港元，而財務報表以人民幣(由於大部分綜合營運之功能貨幣為人民幣，故為呈報貨幣)呈列。本集團之每一實體決定其功能貨幣，每一實體之財務報表中之項目以該功能貨幣計算。本集團實體錄得的外幣交易最初以交易當日各自的適用功能貨幣匯率記錄入賬。以外幣列值的貨幣資產及負債，則按報告期末適用的功能貨幣匯率換算。貨幣項目結算或換算產生的差額在損益賬確認。

以外幣列值及按歷史成本計量的非貨幣項目，乃按最初進行交易當日的匯率換算。以外幣列值及按公平值計量的非貨幣項目，須按釐定公平值當日的匯率換算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

(Continued)

(s) Foreign currencies (Continued)

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

5. 重大會計政策概要(續)

(s) 外幣(續)

若干海外附屬公司之功能貨幣並非人民幣。於報告期末，該等實體之資產與負債乃按報告期末適用之匯率換算為本公司之呈報貨幣，而該等實體之損益賬則按年內之加權平均匯率換算為人民幣。

由此產生之匯兌差額於其他全面收益確認，並於外幣換算儲備中累計。於出售外國業務時，有關該特定外國業務之其他全面收入部分於損益賬確認。

就綜合現金流量表而言，海外附屬公司之現金流量按現金流量日期之適用匯率換算為人民幣。海外附屬公司年內經常產生之現金流量，按年內之加權平均匯率換算為人民幣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

*(Continued)***(t) Related parties**

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

5. 重大會計政策概要(續)

(t) 關連人士

在下列情況下，有關人士將被視為本集團的關連人士：

- (a) 該人士或其直系親屬，而該人士：
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團施加重大影響；或
 - (iii) 為本集團或本集團母公司之主要管理層成員；

或

- (b) 該人士為實體，且符合下列任何條件：
 - (i) 該實體與本集團屬同一集團的成員公司；
 - (ii) 一間實體為另一實體之聯營公司或合營企業(或另一實體的母公司、附屬公司或同系附屬公司)；
 - (iii) 該實體與本集團屬同一第三方的合營企業；
 - (iv) 一間實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司；
 - (v) 該實體為本集團或本集團之關聯實體為其僱員的福利而設立的退休福利計劃；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

5. Summary of Significant Accounting Policies

(Continued)

(t) *Related parties* (Continued)

(b) (Continued)

- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

6. Significant Accounting Judgments and Estimates

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

(a) Impairment on receivables

The provision policy for doubtful debts of the Group is based on an ongoing evaluation of the collectability and ageing analysis of the outstanding receivables and on management's judgment. In assessing the ultimate realisation of these receivables, various factors including creditworthiness and the past collection history of the customer or debtors concerned will be taken into account. If the financial conditions of any customers or other debtors of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

5. 重大會計政策概要(續)

(t) *關連人士* (續)

(b) (續)

- (vi) 該實體受(a)項定義之人士控制或共同控制；及
- (vii) 於(a)(i)項定義之人士對該實體有重大影響或屬該實體(或該實體的母公司)主要管理層成員。

6. 重大會計判斷及估計

編製本集團之財務報表要求管理層作出足以影響收益、開支、資產及負債以及其他相關披露的呈報金額以及或然負債之披露的判斷、估計及假設。此等假設及估計的不確定因素可能會導致在未來需要對受影響資產或負債的賬面值作出重大調整。

估計不確定因素

以下為涉及未來及有極大風險導致下一個財政年度內的資產與負債的賬面值須作出重大調整的主要假設及於報告期末估計不確定因素的其他主要來源。

(a) 應收款項減值

本集團為呆賬撥備的政策是根據對尚未償還應收款項的可收回程度及賬齡分析的持續評估以及管理層的判斷而定。評估該等應收款項的最終可變現性，將會計及各項因素包括客戶或有關債務人的信用及過往的收款歷史。倘本集團的任何客戶或其他債務人的財務狀況轉壞，以致其還款能力受損，則或須作出額外減值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

6. Significant Accounting Judgments and Estimates (Continued)

Estimation uncertainty (Continued)

(b) Provision for obsolete inventories

Management reviews the ageing analysis of inventories of the Group at the end of each reporting period, and makes provision for obsolete and slow moving items identified that are no longer suitable for sale. Management estimates the net realisable value for such inventories based primarily on the latest selling prices and prevailing market conditions.

(c) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets of the Group are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Estimate useful lives of property, plant and equipment

In determining the useful lives of property, plant and equipment, the Group has to consider various factors, such as expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is made based on the experience of the Group with similar assets that are used in a similar way. Depreciation charge is revised if the estimated useful lives of items of property, plant and equipment are different from the previous estimation. Useful lives are reviewed, at the end of each reporting period, based on changes in circumstances.

6. 重大會計判斷及估計(續)

估計不確定因素(續)

(b) 陳舊存貨撥備

管理層會於各報告期末審閱本集團存貨之賬齡分析，並就確定不再適合用作出售之陳舊及滯銷項目計提撥備。管理層主要根據最近期之售價及現行市況，估計該等存貨之可變現淨值。

(c) 非金融資產減值

本集團於各報告期末評估所有非金融資產是否有任何減值跡象。倘有跡象顯示賬面金額可能無法收回，則會對本集團之非金融資產進行減值測試。當資產或現金產生單位的賬面值超出其可收回金額(即減除銷售成本的公平值及其使用價值兩者間的較高者)時即存在減值。減除銷售成本的公平值乃根據類似資產的具約束力公平銷售交易所得數據或可觀察的市場價格減出售該資產的遞增成本計算。當計算使用價值時，管理層必須估計該項資產或現金產生單位的預期未來現金流量，並選擇合適折現率以計算該等現金流量的現值。

(d) 物業、廠房及設備的估計可使用年期

於釐定物業、廠房及設備的可使用年期時，本集團須考慮多種因素，例如資產的預期用途、預期的實質磨損、資產的保養及維護、以及動用資產的法律或類似限制。資產的可使用年期的估計乃按本集團於用途相近的類似資產的經驗而作出。倘物業、廠房及設備項目的估計可使用年期與過往的估計不同，則折舊費用會經修訂。於各報告期末，可使用年期乃按情況改變進行審閱。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

7. Operating Segment Information

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the senior management of the Company for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the senior management are determined following the Group's major operations.

The Group's operating business are organised and managed separately according to the nature of products, which each segment representing a strategic business segment that offers different products in the PRC market. The Company's senior management considered that the Group's reportable and operating segments are as follows:

- Textile products segment — production and sale of cotton yarn and grey fabric segment; and
- Trading materials segment — trading of raw materials for textile products segment.

7. 營運分部資料

本集團乃根據向本公司高級管理層報告之定期內部財務資料，確認營運分部及編製分部資料以便彼等就分配資源至本集團業務部分作出決定及審閱該等部分的表現。向高級管理層報告之內部財務資料中的業務部分乃根據本集團的主要業務而釐定。

本集團的營運業務乃根據產品性質而獨立組成及管理，而分部各代表一種於中國市場提供不同產品的策略性業務分部。本公司的高級管理層認為，本集團的報告分部及營運分部如下：

- 紡織產品分部 — 棉紗及坯布之生產及銷售分部；及
- 買賣材料分部 — 紡織產品分部的原材料買賣分部。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

7. Operating Segment Information (Continued)

7. 營運分部資料(續)

The following is an analysis of the Group's reportable segments.

下列為本集團報告分部之分析。

		Textile Products		Trading materials		Total	
		紡織產品		買賣材料		總計	
		2012	2011	2012	2011	2012	2011
		二零一二年	二零一一年	二零一二年	二零一一年	二零一二年	二零一一年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Segment revenue	分部收益						
Sales to external customers	外部客戶之銷售	597,045	828,333	157,997	162,621	755,042	990,954
Segment results	分部業績	90,596	151,617	4,162	9,643	94,758	161,260
Reconciliation:	對賬:						
Interest income	利息收入					1,469	995
Other income and gains	其他收入及收益					900	1,845
Interest expenses	利息開支					(14,273)	—
Corporate and other unallocated expenses	企業及其他未分配開支					(25,198)	(25,535)
Profit before tax	除稅前溢利					57,656	138,565
Segment assets	分部資產	332,042	327,470	62,557	294,576	394,599	622,046
Reconciliation:	對賬:						
Corporate and other unallocated assets	企業及其他未分配資產					584,776	248,351
Total assets	總資產					979,375	870,397
Other segment information:	其他分部資料:						
Depreciation and amortisation	折舊及攤銷	9,950	9,826	—	—	9,950	9,826
Additions to non-current assets	非流動資產增加	8,369	3,655	—	—	8,369	3,655

There were no inter-segment sales during the year (2011: Nil).

年內並無分部銷售(二零一一年:無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

7. Operating Segment Information (Continued)

Geographical information

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8 *Operating Segments*, the Group regards the PRC as its country of domicile. All the Group's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

Information about a major customer

Revenue of approximately RMB25,120,000 (2011: RMB45,639,000) was derived from the textile product segment to the Group's largest customer. No single customers contributed 10% or more to the Group's revenue for both 2012 and 2011.

8. Revenue and Other Income

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, and trade discounts and net of value-added tax during the year.

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

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Revenue	收益		
Sale of goods	銷售貨品	755,042	990,954
Other income and gains	其他收入及收益		
Bank interest income	銀行利息收入	1,469	995
Gain on sale of scrap materials	出售廢料收益	721	745
Gain on disposal of property, plant and equipment	出售物業、廠房及 設備收益	—	859
Others	其他	900	986
		3,090	3,585
		758,132	994,539

7. 營運分部資料(續)

地區資料

本公司為一家投資控股公司，而本集團營運的主要地點位於中國。就根據香港財務報告準則第8號營運分部之披露分部資料而言，本集團視中國為其所在國家。本集團所有收益及非流動資產主要來自中國(為單一地區)。

主要客戶之資料

約人民幣25,120,000元(二零一一年：人民幣45,639,000元)的收益來自本集團最大客戶所屬紡織產品分部。二零一二年及二零一一年均無單一客戶為本集團貢獻10%或以上的收益。

8. 收益及其他收入

收益亦即本集團的營業額，指於年內售出貨品的發票淨值，並經扣除貿易折扣及扣除增值稅。

收益及其他收入的分析如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

9. Finance Costs

9. 融資成本

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Interest on bank borrowings wholly repayable within five years	須於五年內悉數償還的銀行借款利息	18,647	2,981
Interest on other borrowings (note 27)	其他借貸利息(附註27)	4,131	—
		22,778	2,981

10. Profit before Tax

10. 除稅前溢利

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

本集團除稅前溢利已扣除/(計入)下列各項：

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Cost of inventories sold	已售存貨成本	642,732	816,555
Depreciation of property, plant and equipment	物業、廠房及設備折舊	9,685	9,562
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	265	264
Loss/(gain) on disposal of property, plant and equipment	出售物業、廠房及設備的虧損/(收益)	34	(859)
Auditors' remuneration	核數師酬金	1,057	1,133
Employee benefit expense (including directors' remuneration (note 11)):	僱員福利開支(包括董事酬金)(附註11):		
— Wages, salaries and allowances	— 工資、薪金及津貼	43,624	48,421
— Share-based payment expense	— 以股份為基礎之付款開支	2,081	2,082
— Pension schemes contributions	— 退休金計劃供款	8,229	7,922
— Staff welfare and other benefits	— 員工福利及其他福利	6,247	6,438
		60,181	64,863
Foreign exchange loss, net	外匯虧損淨額	218	840

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

11. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and section 161 of the Hong Kong Companies Ordinance, is as follows:

11. 董事酬金

根據上市規則及香港公司條例第161條披露之本年度董事酬金如下：

	Fees		Salaries, allowances and benefits in kind		Share-based payment expense		Pension scheme contributions		Total	
	袍金		薪金、津貼及實物福利		以股份付款的開支		退休金計劃供款		總計	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	二零一二年	二零一一年	二零一二年	二零一一年	二零一二年	二零一一年	二零一二年	二零一一年	二零一二年	二零一一年
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive Directors:	執行董事：									
Mr. Chen Binghui	—	—	886	475	2,081	2,082	12	13	2,979	2,570
Mr. Wu Shoumin	—	—	301	182	—	—	4	11	305	193
Mr. Chen Zhifeng	—	—	294	172	—	—	9	10	303	182
	—	—	1,481	829	2,081	2,082	25	34	3,587	2,945
Non-executive Directors:	非執行董事：									
Mr. Qiu Jianfa	—	—	58	64	—	—	—	11	58	75
Mr. Lin Shuqing	—	—	66	56	—	—	11	—	77	56
	—	—	124	120	—	—	11	11	135	131
Independent non-executive Directors:	獨立非執行董事：									
Mr. Yang Guohao*	—	—	75	41	—	—	—	—	75	41
Mr. Kwong Kwan Tong	—	—	195	97	—	—	—	—	195	97
Ms. Xue Fang	—	—	81	41	—	—	—	—	81	41
Ms. Tong Jinzhi**	—	—	6	—	—	—	—	—	6	—
	—	—	357	179	—	—	—	—	357	179
	—	—	1,962	1,128	2,081	2,082	36	45	4,079	3,255

* Resigned during the year ended 31 December 2012.

** Appointed during the year ended 31 December 2012.

* 截至二零一二年十二月三十一日止年度辭任。

** 截至二零一二年十二月三十一日止年度委任。

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2012 and 2011.

During the year, no emolument was paid to the Directors as inducement to join or upon joining the Group or as compensation for loss of office (2011: Nil).

截至二零一二年及二零一一年十二月三十一日止年度，概無任何董事據此放棄或同意放棄任何酬金之安排。

年內，本集團概無向董事支付任何酬金，作為加入本集團或於加入本集團時之獎金或離職補償(二零一一年：無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

12. Five Highest Paid Employees

The five highest paid employees during the year included four (2011: four) Directors, details of whose remuneration are set out in note 11 above. Details of the remuneration of the remaining one (2011: one) non-director, highest paid employees for the year are as follows:

		Year ended 31 December 截至十二月三十一日止年度	
		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	463	299
Performance bonus	表現花紅	—	243
Pension scheme contributions	退休金計劃供款	11	7
		474	549

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

		Number of individuals 僱員人數	
		2012 二零一二年	2011 二零一一年
Nil to HK\$1,000,000	零至1,000,000港元	1	1

During the year, no emolument was paid to the five highest paid individuals as inducement to join or upon joining the Group or as compensation for loss to office (2011: Nil).

12. 五名最高薪酬人士

年內五名最高薪酬人士包括四名(二零一一年:四名)董事,彼等酬金之詳情載於上文附註11。餘下一名(二零一一年:一名)並非董事之最高薪酬人士於本年度之酬金詳情如下:

酬金介於下列區間的非董事最高薪酬人士的人數如下:

年內,本集團概無向五名最高薪酬人士支付任何酬金,作為加入本集團或於加入本集團時之獎金或離職補償(二零一一年:無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

13. Income Tax Expense

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. The PRC subsidiaries are subject to the PRC Enterprise Income Tax ("EIT") at 25% (2011: 25%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdiction in which the Group operates.

13. 所得稅開支

本集團根據年內於香港產生的估計應課稅溢利按16.5%(二零一一年: 16.5%)的稅率計提香港利得稅撥備。中國附屬公司須按25%(二零一一年: 25%)繳納中國企業所得稅(「企業所得稅」)。其他地區之應課稅溢利之稅項乃根據本集團經營業務所在司法權區之現行稅率計算。

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Current tax:	即期稅項:		
– Hong Kong	– 香港	—	—
– The PRC	– 中國	17,098	37,690
		17,098	37,690
Deferred tax (note 19)	遞延稅項(附註19)	—	308
Total tax charges for the year	年度稅項支出總額	17,098	37,998

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the year (2011: Nil).

由於本公司於年內並無在香港產生任何應課稅溢利，故此並無作出香港利得稅撥備(二零一一年: 無)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

13. Income Tax Expense (Continued)

A reconciliation of the income tax expense applicable to profit before tax at the statutory tax rates for the PRC in which the majority of the Company's subsidiaries are domiciled to the income tax expense at the effective tax rates is as follows:

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Profit before tax	除稅前溢利	57,656	138,565
Tax at the EIT rate	按企業所得稅率計算之稅項	14,414	34,641
Income not subject to tax	毋須納稅之收入	(190)	(21)
Expenses not deductible for tax	不可扣稅之開支	3,385	2,558
Others	其他	(511)	820
Income tax expense	所得稅開支	17,098	37,998

14. Dividend

No dividend was paid or proposed during the year ended 31 December 2012, nor has any dividend been proposed since the end of the reporting period (2011: Nil).

15. Earnings Per Share

The calculation of basic earnings per share for the year ended 31 December 2012 is based on the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 941,900,000 in issue during the year.

The calculation of basic earnings per share for the year ended 31 December 2011 is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 841,774,740 that would have been in issue throughout the year as if the Company had been the holding company of the Group since the beginning of the year.

No adjustment has been made to the basic earnings per share presented as the Group had no potentially dilutive ordinary shares in issue during 2012 and 2011.

13. 所得稅開支(續)

按本公司大部分其附屬公司所在之中國法定稅率計算適用於除稅前溢利的所得稅支出與按實際稅率計算的所得稅支出的對賬如下：

14. 股息

本公司截至二零一二年十二月三十一日止年度並無支付或建議派付股息，自報告期末以來亦無建議派付任何股息(二零一一年：無)。

15. 每股盈利

截至二零一二年十二月三十一日止年度之每股基本盈利乃根據年內本公司普通股持有人應佔溢利及年內已發行941,900,000股普通股之加權平均數計算。

截至二零一一年十二月三十一日止年度之每股基本盈利乃根據年內本公司普通股持有人應佔溢利及841,774,740股應會於年內發行之普通股之加權平均數計算，猶如本公司自年初已為本集團之控股公司。

由於本集團於二零一二年及二零一一年並無潛在攤薄性已發行普通股，故並無對所呈列每股基本盈利作出調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

16. Property, Plant and Equipment

16. 物業、廠房及設備

		Buildings	Plant and machinery	Furniture, fixtures and office equipment 傢俬、裝置及辦公室設備	Motor vehicles	Construction in progress	Total
		樓宇 RMB'000 人民幣千元	廠房及機器 RMB'000 人民幣千元	設備 RMB'000 人民幣千元	汽車 RMB'000 人民幣千元	在建工程 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Cost:	成本：						
At 1 January 2011	於二零一一年一月一日	70,237	67,931	514	1,885	60	140,627
Additions	添置	—	2,800	36	—	819	3,655
Disposals	出售	—	(559)	—	—	—	(559)
Transfers	轉讓	60	—	—	—	(60)	—
At 31 December 2011	於二零一一年十二月三十一日	70,297	70,172	550	1,885	819	143,723
Additions	添置	85	8,126	—	—	158	8,369
Disposals	出售	—	(260)	—	—	—	(260)
Transfers	轉讓	977	—	—	—	(977)	—
At 31 December 2012	於二零一二年十二月三十一日	71,359	78,038	550	1,885	—	151,832
Accumulated depreciation	累計折舊						
At 1 January 2011	於二零一一年一月一日	7,528	20,160	238	422	—	28,348
Provided for the year	年度撥備	2,717	6,606	63	176	—	9,562
Written back on disposals	出售回撥	—	(360)	—	—	—	(360)
At 31 December 2011	於二零一一年十二月三十一日	10,245	26,406	301	598	—	37,550
Provided for the year	年度撥備	2,745	6,717	62	161	—	9,685
Written back on disposals	出售回撥	—	(226)	—	—	—	(226)
At 31 December 2012	於二零一二年十二月三十一日	12,990	32,897	363	759	—	47,009
Net carrying amounts	賬面淨值						
At 31 December 2012	於二零一二年十二月三十一日	58,369	45,141	187	1,126	—	104,823
At 31 December 2011	於二零一一年十二月三十一日	60,052	43,766	249	1,287	819	106,173

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

16. Property, Plant and Equipment (Continued)

At 31 December 2012, certain of the Group's buildings with a net carrying amount of approximately RMB1,631,000 (2011: RMB1,830,000) have no building certificates.

At 31 December 2012, certain of the Group's buildings with a net carrying amount of approximately RMB51,406,000 (2011: RMB58,700,000) were pledged to secure general banking facilities granted to the Group (note 26).

At 31 December 2011, certain of the Group's plant and machinery with a net carrying amount of approximately RMB32,738,000 were also pledged to secure general banking facilities granted to the Group.

16. 物業、廠房及設備(續)

於二零一二年十二月三十一日，本集團賬面淨值約為人民幣1,631,000元(二零一一年：人民幣1,830,000元)的若干樓宇並無房屋所有權證。

於二零一二年十二月三十一日，本集團若干賬面淨值約為人民幣51,406,000元(二零一一年：人民幣58,700,000元)之樓宇已抵押作為本集團獲授一般銀行融資之擔保(附註26)。

於二零一一年十二月三十一日，本集團賬面淨值約為人民幣32,738,000元之廠房及機器已抵押作為本集團獲授一般銀行融資之擔保。

17. Prepaid Land Lease Payments

17. 預付土地租賃款項

	2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Net carrying amount		
Land outside Hong Kong	9,175	9,440

The Group's prepaid land lease payments represent the payments for land use rights in the PRC under medium term leases.

At 31 December 2012, the Group's land use rights with a net carrying amount of approximately RMB7,179,000 (2011: RMB4,639,000) was pledged to secure the bank borrowings granted to the Group (note 26).

本集團的預付土地租賃款項指就根據中期租賃於中國的土地使用權支付的款項。

於二零一二年十二月三十一日，本集團賬面淨值約為人民幣7,179,000元(二零一一年：人民幣4,639,000元)的土地使用權已抵押作為本集團獲授銀行借款之擔保(附註26)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

18. Subsidiaries

Particulars of the subsidiaries as at 31 December 2012 are as follows:

18. 附屬公司

於二零一二年十二月三十一日之附屬公司資料如下：

Company name 公司名稱	Place of incorporation/ registration and operations 註冊成立／註冊 及營業地點	Nominal value of issued ordinary share/ registered capital 已發行普通股 股本面值／ 註冊資本	Percentage of equity attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Jade Goal 高翠	British Virgin Islands ("BVI") 英屬處女群島 (「英屬處女群島」)	US\$200 200美元	100%	—	Investment holding 投資控股
Hong Kong Golden Shield Limited 香港金盾有限公司	Hong Kong 香港	HK\$1 1港元	—	100%	Investment holding 投資控股
Golden Shield Textile (Jing Yang) Co., Ltd ("Golden Shield JY") 金盾紡織(涇陽)有限公司 (「金盾涇陽」)	The PRC 中國	US\$21,012,000** 21,012,000美元	—	100%	Production and sale of cotton yarn and grey fabric and trading of raw materials for textile products 生產及銷售棉紗和坯布， 以及買賣紡織產品原材料
Weinan Hua Fu Technology Co., Ltd* ("Weinan Huaifu") 渭南華富科技有限公司* (「渭南華富」)	The PRC 中國	Nil 無	—	100%	Not yet commenced business 尚未開始營業

* Weinan Huaifu was established during the year ended 31 December 2012.

* 渭南華富於截至二零一二年十二月三十一日止年度內成立。

** Golden Shield JY's registered capital was increased from US\$7,370,000 to US\$21,012,000 during the year ended 31 December 2012.

** 金盾涇陽之實收股本於截至二零一二年十二月三十一日止年度內由7,370,000美元增加至21,012,000美元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

19. Deferred Tax Asset

The movement in deferred tax asset in relation to provision of social insurance contribution fund during the year is as follow:

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
At 1 January	於一月一日	—	308
Charged to the profit or loss during the year (Note 13)	自年內之全面收益中扣除 (附註13)	—	(308)
At 31 December	於十二月三十一日	—	—

Pursuant to the PRC EIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprise established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

At 31 December 2012, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors of the Company, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in the PRC subsidiaries for which deferred tax liabilities have not been recognised approximately of RMB20,001,000 at 31 December 2012 (2011: RMB17,692,000).

19. 遞延稅項資產

年內與社會保險供款基金撥備有關的遞延稅項資產的變動如下：

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
At 1 January	於一月一日	—	308
Charged to the profit or loss during the year (Note 13)	自年內之全面收益中扣除 (附註13)	—	(308)
At 31 December	於十二月三十一日	—	—

根據中國企業所得稅法，於中國成立的外商投資企業向外國投資者宣派股息須按10%徵收預扣稅。此規定自二零零八年一月一日起生效，並適用於二零零七年十二月三十一日後的盈利。倘中國與外國投資者的司法權區有簽訂相關稅務條約，則可運用較低的預扣稅率。就本集團而言，適用稅率為5%或10%。因此，本集團有責任就於中國成立的該等附屬公司於二零零八年一月一日起產生的盈利所分派的股息繳付預扣稅。

於二零一二年十二月三十一日，並無就本集團於中國成立之附屬公司應付之未匯出盈利所產生之預扣稅確認遞延稅項。本公司董事認為，該等附屬公司於可見將來不大可能分派有關盈利。於二零一二年十二月三十一日，並未就與中國附屬公司投資有關的暫時差額確認遞延稅項負債的總額約為人民幣20,001,000元(二零一一年：人民幣17,692,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

20. Inventories

20. 存貨

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Raw materials	原材料	93,544	50,708
Work in progress	在製品	311	1,361
Finished goods	製成品	773	2,756
Goods held for re-sale	持作轉售貨品	52,622	86,750
		147,250	141,575

21. Trade Receivables

21. 應收貿易賬款

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Trade receivables	應收貿易賬款	138,005	259,134

The Group's sales to its customers are mainly made on credit. The credit term is generally 90 days and up to 180 days for major customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

本集團向其客戶作出的銷售主要以信貸形式進行。信貸期一般為90天，而主要客戶最多為180天。本集團設法維持嚴格控制其未償還應收款項及逾期結餘，高級管理層亦會定期審閱未償還應收款項及逾期結餘。鑒於前述情況及本集團的應收貿易賬款與多名多元化客戶有關，故信貸風險之集中程度並不嚴重。應收貿易賬款為免息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

21. Trade Receivables (Continued)

An aged analysis of the trade receivables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Within 3 months	三個月內	135,405	237,045
4-6 months	四至六個月	2,600	22,089
		138,005	259,134

The ageing analysis of trade receivables of the Group that are not individually nor collectively considered to be impaired is as follows:

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Neither past due nor impaired	未逾期或未減值	138,005	259,134

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

21. 應收貿易賬款(續)

於各報告期末按發票日期計算的本集團應收貿易賬款的賬齡分析如下：

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Within 3 months	三個月內	135,405	237,045
4-6 months	四至六個月	2,600	22,089
		138,005	259,134

本集團非個別或共同地被認為已減值的應收貿易賬款的賬齡分析如下：

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Neither past due nor impaired	未逾期或未減值	138,005	259,134

與多名多元化客戶有關的應收款項並無逾期或已減值，該等客戶近期無拖欠記錄。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

22. Prepayments, Deposits and Other Receivables

22. 預付款項、按金及其他應收款項

		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Prepayments to suppliers	預付供應商款項	67,823	96,207
Other prepayments	其他預付款項	151	148
Deposits	按金	20,037	18,038
Other receivables	其他應收款項	2,353	2,542
Other tax recoverable	其他可收回稅項	7,638	907
		98,002	117,842

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

上述資產並無逾期或已減值。計入上述結餘的金融資產與近期並無拖欠記錄的應收款項有關。

23. Pledged and Restricted Bank Deposits and Cash and Cash Equivalents

23. 已抵押及受限制銀行存款以及現金及現金等價物

		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cash and bank balances	現金及銀行結餘	482,120	236,233
Pledged bank deposits for bank borrowings (note 26)	銀行借款之已抵押銀行存款(附註26)	—	(92,383)
Restricted bank deposits (note (c))	受限制銀行存款(附註(c))	(93,056)	—
Cash and cash equivalents	現金及現金等價物	389,064	143,850

(a) At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB388,760,000 (2011: RMB141,755,000). RMB is not freely convertible into other currencies and the remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

(a) 於報告期末，本集團以人民幣計值之現金及銀行結餘為人民幣388,760,000元(二零一一年：人民幣141,755,000元)。人民幣無法自由兌換為其他貨幣，而從中國匯出資金須受中國政府實施之外匯限制所規限。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

23. Pledged Bank Deposits and Cash and Cash Equivalents (Continued)

- (b) Cash at banks earns interest at floating rates based on daily bank deposit rates. Pledged and restricted bank deposits which denominated in HK\$ and the bank balances are deposited with creditworthy banks with no recent history of default.
- (c) According to the terms of guaranteed senior secured notes issued during the year, the borrowing which are deposited into a designated bank are restricted as to use for specific purposes. Further details are set out in note 27 to the financial statements.

23. 已抵押銀行存款以及現金及現金等價物(續)

- (b) 銀行現金根據每天銀行存款利率賺取浮動利率利息。已抵押及受限制銀行港元存款及銀行結餘乃存放於近期並無拖欠記錄及信譽良好的銀行。
- (c) 根據年內發行之擔保優先有抵押票據之條款，存於指定銀行之借款受限於特定用途。詳細資料載於財務報表附註27。

24. Trade Payables

An ageing analysis of the trade payables of the Group as at the end of reporting period, based on the invoice date, is as follows:

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Within 3 months	三個月內	19,977	7,293

The trade payables are non-interest bearing and normally settled on 90 days terms.

24. 應付貿易賬款

於報告期末按發票日期計算的本集團應付貿易賬款的賬齡分析如下：

應付貿易賬款為免息及一般於90天結清。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

25. Accruals and Other Payables

		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Accruals and other payables	應計款項及其他應付款項	14,698	11,751
Due to shareholders	應付股東款項	4,584	5,837
Due to a director	應付一名董事款項	—	1,287
Social insurance contribution payables	應付社會保險供款	1,280	1,578
		20,562	20,453

The amounts due to shareholders mainly represented the listing expenses paid on behalf of the Group by a shareholder. The amounts due to shareholders and a director are non-interest bearing and unsecured. The amount due to shareholders has no fixed terms of repayment and the amount due to a director was fully settled during the year.

應付股東款項主要指股東代本集團支付之上市開支。應付股東及一名董事款項為免息及無抵押。應付股東之款項並無固定還款期，而應付一名董事之款項已於年內全數償還。

26. Interest-Bearing Bank Borrowings

		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Secured bank loans repayable:	償還有抵押銀行貸款：		
Within one year	一年內	163,700	171,000
Not repayable within one year but contain a repayment on demand clause	不須於一年內償還，但包含按的要求償還條款	—	28,000
		163,700	199,000

26. 計息銀行借款

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

26. Interest-Bearing Bank Borrowings (Continued)

Notes:

- (a) The Group's bank loans are secured by the pledge of:
- (i) Certain of the Group's prepaid land lease payments, which had an aggregate carrying value at the end of the reporting period of approximately RMB7,179,000 (2011: RMB4,639,000);
 - (ii) Certain of the Group's buildings, plant and machinery, which had an aggregate carrying value at the end of the reporting period of approximately RMB51,406,000 (2011: RMB91,438,000); and
 - (iii) Certain of land and buildings and machinery of a related company of the Group, Shaanxi Golden Shield Textile Co., Ltd ("Shaanxi Golden Shield").
- (b) In addition, certain common directors of the Company and Shaanxi Golden Shield and a director of the Company have guaranteed the Group's bank loans as at the end of the reporting period.
- (c) As at 31 December 2011, the Group had also pledged bank deposits approximately RMB92,382,000 to a bank to secure the bank loans of RMB86,000,000 which was fully repaid during the year ended 31 December 2012.
- (d) Fixed rate bank loans of RMB80,000,000 (2011: RMB161,000,000) are interest-bearing at 7.98% to 8.53% (2011: 7.82% to 7.98%) per annum. Other non-fixed rate bank loans of RMB83,700,000 (2011: RMB38,000,000) are interest-bearing at 7.20% to 8.53% (2011: 7.32%) per annum. The weighted average effective interest rates on other non-fixed rate bank loans are 7.20% to 8.53% (2011: 7.32%) per annum.

26. 計息銀行借款(續)

附註：

- (a) 本集團之銀行貸款以下列資產作抵押：
- (i) 本集團於報告期末賬面總值約為人民幣7,179,000元(二零一一年：人民幣4,639,000元)的若干預付土地租賃款項；
 - (ii) 本集團於報告期末賬面總值約為人民幣51,406,000元(二零一一年：人民幣91,438,000元)的若干樓宇、廠房及機器；及
 - (iii) 本集團一間關連公司陝西金盾紡織有限公司(「陝西金盾」)的若干土地及樓宇及機器。
- (b) 此外，本公司及陝西金盾若干共同董事及本公司一名董事於報告期末時已擔保本集團之銀行貸款。
- (c) 於二零一一年十二月三十一日，本集團亦已抵押約人民幣92,382,000元之銀行存款予一間銀行，作為人民幣86,000,000元之銀行貸款之抵押，該銀行貸款已於截至二零一二年十二月三十一日止年度全數償還。
- (d) 定息銀行貸款人民幣80,000,000元(二零一一年：人民幣161,000,000元)按年利率7.98至8.53厘(二零一一年：7.82至7.98厘)計息。其他非定息銀行貸款人民幣83,700,000元(二零一一年：人民幣38,000,000元)按年利率7.20至8.53厘(二零一一年：7.32厘)計息。其他非定息銀行貸款之加權平均實際利率為每年7.20至8.53厘(二零一一年：7.32厘)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

27. Other Borrowings

27. 其他借貸

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
At 1 January	於一月一日	—	—
Issue of the guaranteed senior secured notes (the "Notes")	發行擔保優先有抵押票據(「票據」)	97,529	—
Transaction costs for the issue of the Notes	發行票據之交易成本	(4,255)	—
Interest expenses (Note 9)	利息開支(附註9)	4,131	—
Exchange re-alignment	匯兌重新調整	(227)	—
At 31 December	於十二月三十一日	97,178	—

(a) On 16 October 2012, the Company issued the Notes totaling HK\$120,000,000 (equivalent to RMB97,529,000) to an independent third party (the "Investor") with a maturity of one year from the date of issue. The maturity date of the Notes is extensible for further one year by mutual consent of both parties with revised coupon rate at 18.50%. The Notes are denominated and settled in HK\$ and bear the coupon interest at 15.50% per annum payable semi-annually in arrears. The effective interest rate on the Notes is 20.99% per annum.

(a) 於二零一二年十月十六日，本公司向一名獨立第三方(「投資者」)發行合共120,000,000港元(相等於人民幣97,529,000元)之票據，由發行日期起計為期一年。票據之到期日可經雙方同意下延長一年，而經修訂之息率為18.50%。票據以港元計值及清償，息率為每年15.50%，每半年支付。票據之實際利率為每年20.99%。

(b) The original principal terms of the Notes are described below:

(b) 票據之原主要條款如下：

(i) The Notes are secured by pledge of:

(i) 票據以下列作抵押：

- (1) entire equity interests in the Company held by the parent company of the Company, Tong Fa Limited ("Tong Fa");
- (2) entire equity interests in Tong Fa held by its shareholders; and
- (3) entire equity interests in Shaanxi Pucheng Yinhe Textile Co., Ltd (the "Proposed Target"), a limited company established in the PRC, if the Group successfully acquires the Proposed Target.

- (1) 本公司母公司通發有限公司(「通發」)持有之本公司所有股本權益；
- (2) 由通發股東所持有之通發所有股本權益；及
- (3) 倘本集團成功收購陝西蒲城銀河紡織有限責任公司(一間於中國成立之有限公司)(「建議目標」)，於建議目標之所有股本權益。

(ii) Two directors of the Company have guaranteed the Notes.

(ii) 本公司兩名董事擔保票據。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

27. Other Borrowings (Continued)

- (iii) The proceeds from the issue of the Notes (the "Proceed") are restricted to be used (1) for the payment of the transaction costs of HK\$1,800,000 (equivalents to RMB1,463,000), representing 1.5% of HK\$120,000,000, charged by the Investor and any other transaction costs for the issue of the Notes (the "Transaction costs"); and (2) for the acquisition of the Proposed Target (the "Proposed Acquisition").
- (c) Due to change in the plan of the Proposed Acquisition, on 8 March 2013, a supplemental deed was signed and the original principal terms of the Notes as mentioned in above (b)(i)(3) and (b)(iii) are revised as follows:
- (i) Other than the payment of the Transaction costs as mentioned in (b)(iii) above, the Proceeds can only be used for the acquisition of certain land and buildings, production and ancillary facilities for the production of combed cotton yarn which are currently leased by the Group (the "Leased Production Facilities") from the Proposed Target (the "Asset Acquisition") by a subsidiary of the Company, Weinan Huafu.
- (ii) The Notes are also secured by the pledge of entire equity interests in Weinan Huafu instead of the entire equity interests in the Proposed Target if the Asset Acquisition is duly completed.
- (d) The following major covenants in relation to the Notes are imposed by the Investor to the Company:
- (i) amount outstanding under the Notes bear to the market value of pledged Company' share shall be maintained at least at 1:1.5 but not lower than 1:1;
- (ii) total assets of the Group bear to the net assets of the Group shall not be more than 2:1;
- (iii) the net assets of the Group shall not be less than RMB550,000,000; and
- (iv) the net worth of Weinan Huafu shall not be less than RMB120,000,000 upon the completion of the Asset Acquisition.

27. 其他借貸(續)

- (iii) 發行票據所得款項(「所得款項」)僅限用於(1)支付投資者收取之交易成本1,800,000港元(相等於人民幣1,463,000元),即120,000,000港元之1.5%,以及就發行票據之任何其他交易成本(「交易成本」);及(2)收購建議目標(「建議收購事項」)。
- (c) 由於建議收購事項之計劃出現變動,於二零一三年三月八日,簽署了一份補充契據,以上(b)(i)(3)及(b)(iii)所述之票據原主要條款修訂如下:
- (i) 除支付上文(b)(iii)所述之交易成本外,所得款項僅可用於收購本公司附屬公司渭南華富生產精梳棉紗之若干土地及樓宇以及生產及配套設施,該等設施目前由本集團向建議目標租賃(「租賃生產設施」)。
- (ii) 倘資產收購正式完成,票據亦以於渭南華富之全部股本權益作抵押(而非建議目標之全部股本權益)。
- (d) 投資者向本公司施加以下有關票據之主要契約:
- (i) 票據未償還款額對已抵押本公司股份市場價值之比例須維持最少1:1.5,惟不得低於1:1;
- (ii) 本集團之總資產對本集團之資產淨值比例須不超過2:1;
- (iii) 本集團之資產淨值須不少於人民幣550,000,000元;及
- (iv) 於資產收購完成後,渭南華富之淨值須不少於人民幣120,000,000元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

27. Other Borrowings (Continued)

The evaluation was made considering the Group's compliance with the Notes' covenants and the directors of the Company believe that there were no events of default during the year and up to the date of approval of these financial statements.

27. 其他借貸(續)

有關評估乃經考慮本集團符合票據契約之規定而作出，而本公司董事相信，年內及截至此等財務報表獲批准之日期並無出現違約事件。

28. Provisions

The Group provides the probable future staff termination benefits expected to be made to employees of Jing Yang Spinning Mill under the acquisition agreement dated 14 September 2001. The amount of the provision is estimated by the Group based on the best estimation of the probable future payments at the end of reporting period. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

28. 撥備

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Net carrying amount:	賬面淨值：		
At 1 January	於一月一日	6,197	6,384
Amounts utilised during the year	年內已動用金額	(186)	(187)
At 31 December	於十二月三十一日	6,011	6,197

本集團預期將根據日期為二零零一年九月十四日的收購協議向涇陽縣棉紡織廠的僱員提供未來可能產生的員工終止聘用福利。有關撥備金額乃按於報告期末對未來可能支付的款項的最佳估計數字估算。估計基準按持續基準審閱並在適當的時候修訂。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

29. Share Capital

29. 股本

		Notes	Number of shares	HK\$'000	Equivalent to RMB'000
		附註	股份數目	千港元	相當於人民幣千元
Authorised:	法定：				
Ordinary shares of HK\$0.1 each	每股面值0.1港元之普通股				
At 1 January 2011	於二零一一年一月一日		3,000,000	300	
Increased in authorised capital	法定股本增加	(i)	1,997,000,000	199,700	
At 31 December 2011 and 2012	於二零一一年及 二零一二年十二月三十一日		2,000,000,000	200,000	
Issued and fully paid:	已發行及繳足：				
Ordinary shares of HK\$0.1 each	每股面值0.1港元之普通股				
At 1 January 2011	於二零一一年一月一日		100	—	—
Issue of shares in accordance with the Reorganisation for acquisition of Jade Goal	根據重組發行股份以收購高翠	(ii)	999,900	100	82
Placing and public offer of new shares	配售及公開發售新股份	(iii)	188,380,000	18,838	15,561
Capitalisation issue	資本化發行	(iii)	752,520,000	75,252	62,158
At 31 December 2011 and 2012	於二零一一年及 二零一二年十二月三十一日		941,900,000	94,190	77,801

Notes:

- (i) Pursuant to the written resolutions of the then shareholders passed on 24 June 2011, the authorised share capital of the Company was increased from HK\$300,000 to HK\$200,000,000 by the creation of an additional of 1,997,000,000 shares of HK\$0.1 each, ranking pari passu in all respects with the existing shares of the Company.
- (ii) On 21 June 2011, pursuant to the Reorganisation, the then shareholders of Jade Goal, transferred the entire share capital in Jade Goal to the Company, in exchange for which the Company allotted and issued at par, credited as fully paid, 999,900 shares of HK\$0.1 each to the then shareholders.

附註：

- (i) 根據當時股東於二零一一年六月二十四日通過之書面決議案，本公司之法定股本透過增設額外1,997,000,000股每股面值0.1港元的股份(於各方面與本公司現有股份享有同等地位)而由300,000港元增加至200,000,000港元。
- (ii) 於二零一一年六月二十一日，高翠當時之股東根據重組向本公司轉讓高翠之全部股本，以交換本公司按面值向當時股東配發及發行999,900股每股面值0.1港元之入賬列作繳足股份。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

29. Share Capital (Continued)

Notes: (Continued)

(iii) Pursuant to the written resolutions passed by the then shareholders of the Company on 24 June 2011:

(a) 188,380,000 ordinary shares of HK\$0.1 each were authorised to be issued by way of placing and public offer at an issue price of HK\$0.7 per share for a total cash consideration, before expenses, of HK\$131,866,000. (A premium of HK\$0.6 per share for cash, the excess of the issue price over the par value of the shares issued upon the placing and public offer, totaling HK\$113,028,000 (equivalent to RMB93,361,000) was credited to the share premium account of the Company).

(b) Immediately after the placing and public offer, 752,520,000 ordinary shares of HK\$0.1 each were authorised to be allotted and issued, credited as fully paid, at par to the then shareholders in proportion to their respective shareholdings on the register of the members of the Company at the close of business on 24 June 2011 by way of the capitalisation of the share premium available.

The above mentioned ordinary shares were finally allotted and issued before the shares of the Company are listed on the Main Board.

29. 股本(續)

附註:(續)

(iii) 根據本公司當時之股東於二零一一年六月二十四日通過之書面決議案:

(a) 188,380,000股每股面值0.1港元之普通股獲授權透過配售及公開發售按每股0.7港元的發行價發行,總現金代價為131,866,000港元(未扣除開支)。(每股股份現金溢價0.6港元,即於配售及公開發售時發行價超出已發行股份面值之數額合共113,028,000港元(相等於人民幣93,361,000元),已計入本公司股份溢價賬。)

(b) 緊隨配售及公開發售後,752,520,000股每股面值0.1港元的入賬列作繳足普通股獲授權透過將可動用股份溢價撥充資本,按二零一一年六月二十四日營業時間結束時本公司股東登記冊所示當時股東各自所持之股權比例,按面值向彼等配發及發行。

上述普通股於本公司於主板上市前最終被配發及發行。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

30. Reserves

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

(b) Nature and purpose of reserves**(i) Other reserve**

The other reserve of the Group represents the difference between the nominal value of shares of the Company and the nominal value of the shares of the subsidiaries acquired pursuant to the Reorganisation.

(ii) Share-based compensation reserve

The share-based compensation reserve represents the difference between the fair value and consideration of the shares of the ultimate holding company granted to a director of the Company for the appreciation of his contribution to the Group. Further details of the transaction are set out in the Company's prospectus dated 28 June 2011.

The fair value of equity interests at the date of grant was approximately RMB31,223,000 in accordance with the valuation report from an independent valuer, BMI Appraisals Limited. The share-based payment expense is recognised on a straight-line basis over the agreed service periods, fifteen years, commencing 3 November 2010. Once the director is left, no share-based payment expense is further required to be recognised. During the year, the share-based payment expense of approximately RMB2,081,000 (2011: RMB2,082,000) is recognised as part of directors' remuneration.

30. 儲備

(a) 權益部分之變動

本集團綜合權益各部分之年初及年末結餘的對賬載於綜合權益變動表。

(b) 儲備之性質及目的**(i) 其他儲備**

本集團的其他儲備乃指本公司股份面值與根據重組所收購的附屬公司的股份面值之間的差額。

(ii) 以股份為基礎之報酬儲備

以股份為基礎之報酬儲備指本公司董事獲授最終控股公司的股份，其公平值與代價之間的差額，以表彰其對本集團的貢獻。有關交易的進一步詳情載於本公司日期為二零一一年六月二十八日之招股章程。

根據獨立估值師中和邦盟評估有限公司之估值報告，授出當日之股權公平值約為人民幣31,223,000元。以股份付款的開支按直線法於協定之服務期間(自二零一零年十一月三日起計十五年)確認。一旦董事離職，無須再確認以股份付款的開支。年內，以股份付款的開支約人民幣2,081,000元(二零一一年：人民幣2,082,000元)確認為董事酬金的一部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

30. Reserves (Continued)

(b) Nature and purpose of reserves (Continued)

(iii) Statutory surplus reserve

In accordance with the Company Law of the PRC, the Company's subsidiary registered in the PRC is required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses) determined in accordance with generally accepted accounting principles in the PRC to the statutory surplus reserve until the balance of the reserve fund reaches 50% of the entity's registered capital. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital, provided the remaining balance of the statutory surplus reserve is not less than 25% of registered capital.

31. Contingent Liabilities

The Group did not have any contingent liabilities at the end of the reporting period.

32. Pledge of Assets

Details of the Group's bank borrowings which are secured by the assets of the Group are included in note 26 to the financial statements.

33. Major Non-Cash Transactions

During the year ended 31 December 2011, the major non-cash transaction of the Group was the capitalisation of certain sums standing to the credit of the share premium account of the Company pursuant to the Reorganisation. Further details are set out in note 29 to the financial statements.

30. 儲備(續)

(b) 儲備之性質及目的(續)

(iii) 法定盈餘儲備

根據中國公司法，本公司於中國註冊的附屬公司須劃撥10%根據中國公認會計原則釐定的年度法定除稅後溢利(經抵銷任何過往年度虧損後)至法定盈餘儲備，直至儲備金結餘達到該實體註冊資本的50%為止。該法定盈餘儲備可用於抵銷過往年度虧損或用於增資，惟法定儲備的餘下結餘不少於註冊資本的25%。

31. 或然負債

於報告期末，本集團並無擁有任何或然負債。

32. 資產抵押

本集團以其資產作抵押的銀行借款詳情載於財務報表附註26。

33. 主要非現金交易

於截至二零一一年十二月三十一日止年度，本集團的主要非現金交易為本公司根據重組於股份溢價賬進賬的若干撥充資本。進一步詳情載於財務報表附註29。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

34. Operating Lease Arrangements

The Group leases its office and factory premises together with machinery under operating lease arrangements. Leases are negotiated for terms of one to two years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

At the end of reporting period, the Group had future minimum lease payments under non-cancellable operating leases which fall due as follows:

		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within one year	一年內	22,000	22,054

35. Capital Commitments

Capital commitments outstanding at 31 December 2012 not provided for in the financial statements were as follows:

		As at 31 December	
		於十二月三十一日	
		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Contractual commitments for the construction and acquisition of property, plant and equipment	興建及購置物業、廠房及設備之合約承擔	37,817	37,817

34. 經營租賃安排

本集團根據經營租賃安排租賃辦公室及廠房連同機器。議定租約為期一至兩年，在重新磋商所有條款後可選擇重續租約。任何租約均不包括或然租金。

於報告期末，本集團根據不可撤銷經營租賃之未來最低租賃款項於下列期間到期：

35. 資本承擔

於二零一二年十二月三十一日，於財務報表內未計提撥備的資本承擔如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

36. Related Party Transactions

(a) Balances and transactions

Other than the related party balances and transactions disclosed in notes 25 to 27 to the financial statements, during the years ended 31 December 2012 and 2011, the Group occupied the land and buildings of Shaanxi Golden Shield as its cotton spinning/wearing mills at nil consideration.

(b) Compensation of key management personnel of the Group

Short term employee benefits	短期僱員福利
Share-based payment expense	以股份付款開支

		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		1,506	863
		2,081	2,082
		3,587	2,945

Further details of directors' remunerations are included in note 11 to the financial statement.

有關董事酬金的進一步詳情載於財務報表附註11。

37. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets — loans and receivables

Trade receivables	應收貿易賬款	138,005	259,134
Financial assets included in deposits and other receivables	計入按金及其他應收款項之金融資產	22,390	20,580
Pledged and restricted bank deposits	抵押及受限制銀行存款	93,056	92,383
Cash and cash equivalents	現金及現金等價物	389,064	143,850
		642,515	515,947

36. 關連方交易

(a) 結餘及交易

除財務報表附註25至27所披露之關連方結餘及交易外，於截至二零一二年及二零一一年十二月三十一日止年度，本集團無償佔用陝西金盾之土地及樓宇作為棉紡紗／織布廠。

(b) 本集團主要管理人員的薪酬

		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元

		1,506	863
		2,081	2,082
		3,587	2,945

有關董事酬金的進一步詳情載於財務報表附註11。

37. 按類別劃分的金融工具

於報告期末各類別的金融工具的賬面值如下：

金融資產 — 貸款及應收款項

		2012	2011
		二零一二年	二零一一年
		RMB'000	RMB'000
		人民幣千元	人民幣千元

		138,005	259,134
		22,390	20,580
		93,056	92,383
		389,064	143,850
		642,515	515,947

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

37. Financial Instruments by Category (Continued)

Financial liabilities – at amortised cost

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Trade payables	應付貿易賬款	19,977	7,293
Accruals and other payables	應計款項及其他應付款項	20,562	20,453
Interest-bearing bank borrowings	計息銀行借款	163,700	199,000
Other borrowings	其他借貸	97,178	—
		301,417	226,746

38. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise trade receivables, deposit and other receivables, pledged and restricted bank deposits, cash and cash equivalents, trade payables, accruals and other payables interest-bearing bank borrowings and other borrowings. These financial instruments mainly arise from its operations.

The carrying amounts of the Group's financial instruments approximated to their fair values as at the end of each reporting period. Fair value estimates are made at a specific point in time and are based on relevant market information about the financial instruments.

These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

37. 按類別劃分的金融工具(續)

金融負債 – 按攤銷成本

38. 金融風險管理目標與政策

本集團的主要金融工具包括應收貿易賬款、存款及其他應收款項、抵押及受限制銀行存款、現金及現金等價物、應付貿易賬款、應計款項及其他應付款項、計息銀行借款及其他借貸。該等金融工具主要產生自其營運。

於各報告期末，本集團的金融工具的賬面值與其公平值相若。公平值估算乃於特定時間點及根據有關金融工具之市場資料作出。

該等估算乃屬主觀性質，並涉及不明朗因素及須作重大判斷的事項，因此無法準確釐定。假設的變動可能會對估算造成重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

38. Financial Risk Management Objectives and Policies (Continued)

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

Interest rate risk means the risk on the fluctuation of fair value on future cash flows of financial instruments which arise from changes in interest rates. Floating interest rate instruments will result in the Group facing the risk of changes in market interest rate, and fixed interest rate instruments will result in the Group facing fair value interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on the Group's bank balances and bank borrowings which are subject to floating interest rate) and the Group's equity.

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Increase/(decrease) in profit before tax and equity if:	倘出現下列情況，除稅前溢利及權益增加/(減少)：		
100 basis points increase	上升100個基點	3,050	1,037
100 basis points decrease	下跌100個基點	(3,050)	(1,037)

38. 金融風險管理目標與政策 (續)

本集團之金融工具所產生之主要風險為利率風險、外幣風險、信貸風險及流動資金風險。本集團所面對之該等風險維持於低水平，故本集團並無應用任何衍生工具及其他工具以作對沖。本集團並無持有或發行用作買賣之衍生金融工具。本公司董事會已審閱並協定管理上述各項風險之政策，現概述如下：

(a) 利率風險

利率風險指利率變動以致金融工具未來現金流量的公平值波動的風險。浮動利率工具將導致本集團面對市場利率變動的風險，而固定利率工具將導致本集團面對公平值利率風險。

下表顯示在所有其他變量維持不變的情況下，本集團除稅前溢利(透過對本集團浮息銀行結餘及銀行借款造成的影響)及本集團權益的利率的合理可能變動之敏感性分析。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

38. Financial Risk Management Objectives And Policies (Continued)**(b) Foreign currency risk**

The Group's businesses are located in the PRC and most of the transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB. Accordingly, fluctuations of the exchange rates of RMB against foreign currencies do not have significant effects on the Group's results. The Group has not hedged its foreign exchange rate risk.

(c) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to management review. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which mainly comprise of cash and cash equivalents and pledged and restricted bank deposits, arises from potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Credit risk in cash and cash equivalents is mitigated as cash is deposited in banks with high credit rating.

(d) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents and has available funding through an adequate amount of committed credit facilities to meet its commitments.

38. 金融風險管理目標與政策 (續)**(b) 外幣風險**

本集團的業務均位於中國，而大部分交易均以人民幣進行。本集團大部分資產及負債乃以人民幣計值。因此，人民幣兌外幣的匯率波動對本集團的業績並無重大影響。本集團並無為其外匯匯率風險進行對沖。

(c) 信貸風險

本集團僅與獲認可及信譽可靠的第三方進行交易。按照本集團的政策，所有擬按信貸期進行交易的客戶，必須先通過管理層審核。此外，本集團持續監察應收結餘的情況，故本集團的壞賬風險並不重大。由於本集團僅與獲認可及信譽可靠的第三方進行交易，故並無抵押要求。

本集團其他金融資產(主要包括現金及現金等價物以及抵押及受限制銀行存款)的信貸風險乃產生自交易對手的潛在違約，最高風險相等於該等工具的賬面值。現金及現金等價物的信貸風險已因現金存於享有高度信貸評級的銀行而減低。

(d) 流動資金風險

本集團管理層致力維持充足的現金及現金等價物，並透過充裕之已承擔信貸額度以為其承擔維持可供動用資金。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

38. Financial Risk Management Objectives and Policies (Continued)

(d) Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

		On demand or within 1 year 按要求或一年內	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Trade payables	應付貿易賬款	19,977	7,293
Accruals and other payables	應計款項及其他應付款項	20,562	20,453
Interest-bearing bank borrowings	計息銀行借款	170,011	208,311
Other borrowings	其他借貸	112,593	—
		323,143	236,057

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as going concern and to maintain reasonable capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the reporting period.

The Group monitors capital using a gearing ratio, which is net debts divided by total equity. Net debts include interest-bearing bank borrowings, other borrowing, trade payable, accruals and other payables, income tax payable and provisions less cash and cash equivalents.

38. 金融風險管理目標與政策 (續)

(d) 流動資金風險 (續)

以訂約非折現付款為基準，本集團於報告期末的金融負債到期情況如下：

(e) 資本管理

本集團資本管理的主要目標為保障本集團繼續可持續經營的能力，以及維持合理的資本比率以支持其業務，以及將股東的價值提升至最高。

本集團根據經濟狀況的變動及相關資產的風險性質管理其資本架構及作出調整。為維持或調整資本架構，本集團可調整支付予股東的股息、向股東退回資本或發行新股。於報告期間，管理資本的目標、政策或過程並無變動。

本集團以資本負債比率(債務淨額除以權益總額)監察資本。債務淨額包括計息銀行借款、其他借貸、應付貿易賬款、應計款項及其他應付款項，應付利得稅及撥備減現金及現金等價物。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

38. Financial Risk Management Objectives and Policies (Continued)

(e) Capital management (Continued)

At the end of 31 December 2012 and 2011, the Group's strategy was to maintain the gearing ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, without limitation, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its business.

The gearing ratios at the end of 31 December 2012 and 2011 were as follows:

		2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
Trade payables	應付貿易賬款	19,977	7,293
Accruals and other payables	應計款項及其他應付款項	20,562	20,453
Income tax payable	應付所得稅	1,866	9,907
Provisions	撥備	6,011	6,197
Interest-bearing bank borrowings	計息銀行借款	163,700	199,000
Other borrowings	其他借貸	97,178	—
Less: Cash and cash equivalents	減：現金及現金等價物	(389,064)	(143,850)
Net debts	債務淨額	(79,770)	99,000
Total equity	權益總額	670,081	627,547
Gearing ratio	資本負債比率	(11.90)%	15.78%

(f) Fair value estimation

The directors of the Company consider that the carrying values of those financial assets and liabilities are assumed to approximate their fair values.

38. 金融風險管理目標與政策
(續)

(e) 資本管理(續)

於二零一二年及二零一一年十二月三十一日結束時，本集團的策略為維持資本負債比率在健康資本水平，以支持其業務。本集團採取的主要策略包括但不限於審閱未來現金流量要求及於債務到期時按時間表還款的能力、維持可動用銀行融資在合理水平以及調整投資計劃及融資計劃(如需要)，以確保本集團擁有合理水平的資本支持其業務。

於二零一二年及二零一一年十二月三十一日結束時的資本負債比率如下：

(f) 公平值估算

本公司董事認為該等金融資產及負債的賬面值與其公平值相若。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註(續)

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

39. Statement of Financial Position of the Company 39. 本公司財務狀況報表

			2012 二零一二年 RMB'000 人民幣千元	2011 二零一一年 RMB'000 人民幣千元
		Notes 附註		
Non-current assets	非流動資產			
Investment in a subsidiary	於附屬公司投資		83	83
Current assets	流動資產			
Amount due from subsidiaries	應收附屬公司款項	(a)	81,946	43,610
Prepayment, deposits and other receivable	預付款項、按金及其他應收款項		357	270
Pledged and restricted bank deposits	抵押及受限制銀行存款		93,056	92,383
Bank balances and cash	銀行結餘及現金		302	2,095
			175,661	138,358
Current liabilities	流動負債			
Amount due to a subsidiary	應付一間附屬公司款項	(a)	—	48,744
Accruals and other payables	應計款項及其他應付款項		3,470	1,946
Amount due to a director	應付一名董事款項		—	1,287
Other borrowings	其他借貸		97,178	—
			100,648	51,977
Net current assets	流動資產淨值		75,013	86,381
Net assets	資產淨值		75,096	86,464
Capital and reserves	股本及儲備			
Share capital	股本	29	77,801	77,801
Share premium	股份溢價	(b)	16,410	16,410
Share-based compensation reserve	以股份為基礎之報酬儲備	(b)	4,163	2,082
Foreign currency translation reserve	外幣匯兌儲備		(697)	—
Accumulated losses	累計虧損	(c)	(22,581)	(9,829)
Total equity	權益總額		75,096	86,464

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**綜合財務報表附註(續)**

For the year ended 31 December 2012 截至二零一二年十二月三十一日止年度

39. Statement of Financial Position of the Company*(Continued)*

- (a) The balance with subsidiaries is non-interest bearing, unsecured and has no fixed terms of repayment.
- (b) The movements for the current and prior years are presented in the consolidated statement of changes in equity.
- (c) Of the Group's profit attributable to owners of the Company, a loss of RMB12,752,000 (2011: RMB9,829,000) has been dealt with in the financial statements of the Company.

40. Events after the Reporting Period

The conditional asset acquisition agreement dated 7 February 2013 was entered into between Weinan Huafu as purchaser and the Proposed Target as vendor and Golden Shield JY in connection with the acquisition of the Leased Production Facilities (the "Acquisition") in a consideration of RMB198,109,000. The Acquisition has not been completed up to the date of approval of these financial statements. Further details of the Acquisition are set out in an announcement of the Company dated 7 February 2013.

41. Parent and Ultimate Holding Company

At 31 December 2012, the Directors consider the parent and ultimate holding company of the Company to be Tong Fa, which is incorporated in BVI.

42. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 25 March 2013.

39. 本公司財務狀況報表(續)

- (a) 附屬公司之結餘為免息、無抵押及無固定還款期。
- (b) 本年度及過往年度之變動於綜合權益變動表呈列。
- (c) 就本集團之本公司擁有人應佔溢利而言，人民幣12,752,000元(二零一一年：人民幣9,829,000元)之虧損已計入本公司財務報表內。

40. 報告期後事項

由渭南華富(作為買方)、建議目標(作為賣方)及金盾涇陽訂立日期為二零一三年二月七日有關以代價人民幣198,109,000元收購租賃生產設施(「收購事項」)之有條件資產收購協議。於截至此等財務報表獲批准之日期，收購事項尚未完成。收購事項之進一步詳情載列於本公司日期為二零一三年二月七日之公佈。

41. 母公司及最終控股公司

於二零一二年十二月三十一日，董事認為，本公司的母公司及最終控股公司是在英屬處女群島註冊成立的通發有限公司。該實體不會提供財務報表以供公眾查閱。

42. 批准財務報表

財務報表已獲董事會於二零一三年三月二十五日批准及授權刊發。



GOLDEN SHIELD
Holdings (Industrial) Limited

金盾控股(實業)有限公司
Golden Shield Holdings (Industrial) Limited

Unit 1003, 10th Floor,
No. 69 Jervois Street, Hong Kong
香港蘇杭街69號10樓1003室

www.goldenshield.com.hk