The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

10 December 2013

The Directors
Fuguiniao Co., Ltd.

CITIC Securities Corporate Finance (HK) Limited

Dear Sirs

Introduction

We set out below our report on the financial information relating to Fuguiniao Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") comprising the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2010, 2011 and 2012 and 30 June 2013 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group, for each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 (the "Relevant Periods"), together with the explanatory notes thereto (the "Financial Information"), for inclusion in the prospectus of the Company dated 10 December 2013 (the "Prospectus").

The Company was incorporated in the People's Republic of China (the "PRC") on 20 November 1995 as a limited liability company under the Company Law of the PRC (中華人民共和國公司法). Pursuant to a reorganisation completed on 29 June 2012 (the "Reorganisation") as detailed in the section headed "History and Corporate Structure" in the Prospectus, the Company was converted into a joint stock limited liability company which is the holding company of the companies now comprising the Group, details of which are set out in note 1(b) of Section B below. The registered office of the Company is Fuguiniao Industrial Park, East Section, Baqi Road, Shishi City, Fujian Province, the PRC.

All the companies now comprising the Group have adopted 31 December as their financial year end date. Details of the companies comprising the Group that are subject to audit during the Relevant Periods and the names of the respective auditors are set out in note 29 of Section B. The statutory financial statements of these companies were prepared in accordance with either China Accounting Standards for Business Enterprises ("CASBE") or the relevant accounting rules and regulations applicable to entities established in Hong Kong.

The directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods (the "Underlying Financial Statements") in accordance with International Financial Reporting Standards ("IFRSs") issued by the International

Accounting Standards Board (the "IASB"). The Underlying Financial Statements for each of the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2013 were audited by us under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared by the directors of the Company for inclusion in the Prospectus in connection with the listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited based on the Underlying Financial Statements, with no adjustments made thereon and in accordance with the applicable disclosure provisions of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Directors' responsibility for the Financial Information

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with IFRSs issued by the IASB, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to form an opinion on the Financial Information based on our procedures performed in accordance with Auditing Guideline "Prospectuses and the Reporting Accountant" (Statement 3.340) issued by the HKICPA. We have not audited any financial statements of the Company, its subsidiaries or the Group in respect of any period subsequent to 30 June 2013.

Opinion

In our opinion, the Financial Information gives, for the purpose of this report, on the basis of preparation set out in note 1(b) of Section B below, a true and fair view of the state of affairs of the Group and the Company as at 31 December 2010, 2011 and 2012 and 30 June 2013 and the Group's consolidated results and cash flows for the Relevant Periods then ended.

Corresponding Financial Information

For the purpose of this report, we have also reviewed the unaudited corresponding interim financial information of the Group comprising the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2012, together with the notes thereon (the "Corresponding Financial Information"), for which the directors are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

The directors of the Company are responsible for the preparation of the Corresponding Financial Information in accordance with the same basis adopted in respect of the Financial Information. Our responsibility is to express a conclusion on the Corresponding Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the Corresponding Financial Information.

Based on our review, for the purpose of this report, nothing has come to our attention that causes us to believe that the Corresponding Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

A CONSOLIDATED FINANCIAL INFORMATION

1 Consolidated statements of profit or loss and other comprehensive income

	Section B Note	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Turnover	2	1,070,090	1,651,560	1,932,129	903,119	1,084,406
Cost of sales		(787,145)	(1,139,505)	(1,279,833)	(619,440)	(666,208)
Gross profit		282,945	512,055	652,296	283,679	418,198
Other revenue	3	27,300	29,274	34,601	14,903	7,160
Other net (loss)/income	3	(6,783)	(5,936)	1,883	634	1,390
Selling and distribution expenses		(62,353)	(95,691)	(127,451)	(45,655)	(73,770)
Administrative and other operating expenses		(39,283)	(63,450)	(87,273)	(33,317)	(60,815)
Profit from operations		201,826	376,252	474,056	220,244	292,163
Finance costs	4(a)	(40,850)	(50,269)	(42,117)	(26,880)	(10,633)
Profit before taxation	4	160,976	325,983	431,939	193,364	281,530
Income tax expense	5	(42,235)	(72,129)	(108,352)	(48,291)	(72,530)
Profit and total comprehensive income for the year/period		118,741	253,854	323,587	145,073	209,000
Basic earnings per share (RMB)	11	N/A	N/A	N/A	N/A	0.52

The accompanying notes form part of the Financial Information.

2 Consolidated statements of financial position of the Group

	Section B Note	As at 31 December 2010	As at 31 December 2011	As at 31 December 2012	As at 30 June 2013
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Fixed assets	12				
– Property, plant and equipment		158,702	170,743	234,184	225,993
– Interests in leasehold land held for own use under operating leases		64,876	64,170	86,405	85,349
Deferred tax assets	14(b)	1,024	1,800	8,037	6,835
		224,602	236,713	328,626	318,177
Current assets					
Inventories	15	243,889	177,073	238,525	213,943
Trade and other receivables	16	756,938	683,202	428,422	580,511
Other financial assets	17	–	2,000	–	77,700
Pledged bank deposits	18	16,560	23,368	2,213	22,678
Fixed deposits at banks with maturity over three months	19	–	23,700	101,000	187,000
Cash and cash equivalents	19	112,986	474,663	362,784	229,515
		1,130,373	1,384,006	1,132,944	1,311,347
Current liabilities					
Bank loans and other borrowings	20	586,192	780,697	359,000	458,936
Trade and other payables	21	283,285	183,464	242,245	307,880
Current tax payable	14(a)	8,699	36,279	58,783	51,864
		878,176	1,000,440	660,028	818,680
Net current assets		252,197	383,566	472,916	492,667
Total assets less current liabilities		476,799	620,279	801,542	810,844
Non-current liability					
Deferred tax liabilities	14(b)	–	–	–	302
NET ASSETS		476,799	620,279	801,542	810,542

	Section B Note	As at 31 December 2010	As at 31 December 2011	As at 31 December 2012	As at 30 June 2013
		RMB'000	RMB'000	RMB'000	RMB'000
CAPITAL AND RESERVES	23				
Capital		273,339	293,633	400,000	400,000
Reserves		203,460	326,646	401,542	410,542
TOTAL EQUITY		476,799	620,279	801,542	810,542

The accompanying notes form part of the Financial Information.

3 Statements of financial position of the Company

	Section B Note	As at 31 December 2010	As at 31 December 2011	As at 31 December 2012	As at 30 June 2013
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Fixed assets	12				
– Property, plant and equipment		158,702	170,700	226,451	218,306
– Interests in leasehold land held for own use under operating leases		31,579	30,873	86,405	85,349
Investments in subsidiaries	13	5,000	5,000	50,529	100,529
Deferred tax assets	14(b)	1,017	1,269	1,317	–
		196,298	207,842	364,702	404,184
Current assets					
Inventories	15	243,889	168,736	189,039	167,267
Trade and other receivables	16	785,057	638,266	489,240	654,239
Other financial assets	17	–	2,000	–	77,700
Pledged bank deposits	18	16,560	23,368	2,213	22,678
Fixed deposits at banks with maturity over three months	19	–	23,700	101,000	187,000
Cash and cash equivalents	19	107,965	467,406	335,468	183,254
		1,153,471	1,323,476	1,116,960	1,292,138
Current liabilities					
Bank loans and other borrowings	20	586,192	780,697	359,000	458,936
Trade and other payables	21	283,285	182,065	247,897	356,838
Current tax payable	14(a)	8,699	32,011	57,567	51,583
		878,176	994,773	664,464	867,357
Net current assets		275,295	328,703	452,496	424,781
Total assets less current liabilities		471,593	536,545	817,198	828,965
Non-current liability					
Deferred tax liabilities	14(b)	–	–	–	302
NET ASSETS		471,593	536,545	817,198	828,663
CAPITAL AND RESERVES	23				
Capital		268,079	268,079	400,000	400,000
Reserves		203,514	268,466	417,198	428,663
TOTAL EQUITY		471,593	536,545	817,198	828,663

The accompanying notes form part of the Financial Information.

4 Consolidated statements of changes in equity

	Section B Note	Capital	Capital reserve	Statutory reserve	Retained profits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note 23(a)	Note 23(c)	Note 23(d)		
As at 1 January 2010	23(a)(i)	268,079	976	29,315	184,820	483,190
Changes in equity for 2010:						
Profit and total comprehensive income for the year		–	–	–	118,741	118,741
Appropriation to statutory reserve	23(d)	–	–	8,576	(8,576)	–
Business combination under common control	23(a)(ii)	5,260	–	–	–	5,260
Dividends declared	10	–	–	–	(130,392)	(130,392)
As at 31 December 2010 and 1 January 2011	23(a)(ii)	273,339	976	37,891	164,593	476,799
Changes in equity for 2011:						
Profit and total comprehensive income for the year		–	–	–	253,854	253,854
Appropriation to statutory reserve	23(d)	–	–	25,257	(25,257)	–
Capital injection	23(a)(iii)	20,294	–	–	–	20,294
Dividends declared	10	–	–	–	(130,668)	(130,668)
As at 31 December 2011 and 1 January 2012	23(a)(iii)	293,633	976	63,148	262,522	620,279
Changes in equity for 2012:						
Profit and total comprehensive income for the year		–	–	–	323,587	323,587
Appropriation to statutory reserve	23(d)	–	–	25,874	(25,874)	–
Capital injection	23(a)(iv)	19,330	22,163	–	–	41,493
Business combination under common control	23(a)(v)	(25,554)	(5,826)	–	–	(31,380)
Conversion to joint stock limited liability company	23(a)(vi)	112,591	125,822	(43,281)	(195,132)	–
Dividends declared	10	–	–	–	(152,437)	(152,437)
As at 31 December 2012		400,000	143,135	45,741	212,666	801,542

	Section B Note	Capital	Capital reserve	Statutory reserve	Retained profits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		Note 23(a)	Note 23(c)	Note 23(d)		
As at 1 January 2013		400,000	143,135	45,741	212,666	801,542
Changes in equity for the six months ended 30 June 2013:						
Profit and total comprehensive income for the period		–	–	–	209,000	209,000
Dividends declared	10	–	–	–	(200,000)	(200,000)
As at 30 June 2013		400,000	143,135	45,741	221,666	810,542
(Unaudited)						
As at 1 January 2012	23(a)(iii)	293,633	976	63,148	262,522	620,279
Changes in equity for the six months ended 30 June 2012:						
Profit and total comprehensive income for the period		–	–	–	145,073	145,073
Capital injection	23(a)(iv)	19,330	22,163	–	–	41,493
Business combination under common control	23(a)(v)	(25,554)	(5,826)	–	–	(31,380)
Conversion to joint stock limited liability company	23(a)(vi)	112,591	125,822	(43,281)	(195,132)	–
Dividends declared	10	–	–	–	(152,437)	(152,437)
As at 30 June 2012		400,000	143,135	19,867	60,026	623,028

The accompanying notes form part of the Financial Information.

5 Consolidated cash flow statements

	Section B Note	Year ended 31 December			Six months ended 30 June	
		2010	2011	2012	2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Operating activities						
Cash (used in)/generated from operations	19(b)	(51,869)	310,599	514,133	257,182	193,770
Income tax paid		(51,754)	(45,325)	(92,085)	(53,007)	(77,945)
Net cash (used in)/generated from operating activities		(103,623)	265,274	422,048	204,175	115,825
Investing activities						
Payment for the purchase of fixed assets		(50,070)	(16,827)	(38,322)	(24,031)	(2,270)
Net (placement of)/proceeds from other financial assets	19(e)	–	(2,000)	2,000	2,000	(77,700)
Proceeds from disposal of a subsidiary, net of cash disposed of	19(d)	–	–	4,782	4,782	–
Net repayment from/(payment to) related parties		492,500	62,858	37,381	(69,702)	–
Placement of time deposits with original maturity over three months		–	(23,700)	(101,000)	(18,969)	(86,000)
Maturity of time deposits with original maturity over three months		–	–	23,700	23,700	–
Interest received from related parties		24,519	26,228	10,294	9,633	–
Interest received from banks		1,027	1,257	5,148	4,460	1,680
Net cash generated from/(used in) investing activities		467,976	47,816	(56,017)	(68,127)	(164,290)

	Section B Note	Year ended 31 December 2010	2011	2012	Six months ended 30 June 2012	2013
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Financing activities						
Proceeds from bank loans and other borrowings		918,985	1,052,361	608,624	571,622	257,930
Capital contributions from the equity owners of the Group		–	20,294	41,493	41,493	–
Payment of considerations in respect of business combination under common control		–	–	(7,851)	(7,851)	–
Repayment of bank loans and other borrowings		(1,189,620)	(892,997)	(1,030,382)	(735,534)	(158,000)
Proceeds from discounting of commercial acceptance bills receivable		–	37,000	–	–	–
Increase in pledged deposits for foreign currency loans		(10,260)	(17,474)	–	–	–
Decrease in pledged deposits for foreign currency loans		4,705	10,260	17,474	17,474	–
Dividend paid		–	(111,060)	(64,937)	(64,937)	(173,520)
Interest paid		(40,850)	(48,533)	(42,141)	(27,806)	(10,622)
Net cash (used in)/generated from financing activities		(317,040)	49,851	(477,720)	(205,539)	(84,212)
Net increase/(decrease) in cash and cash equivalents		47,313	362,941	(111,689)	(69,491)	(132,677)
Cash and cash equivalents at 1 January	19(a)	65,676	112,986	474,663	474,663	362,784
Effect of foreign exchange rate changes		(3)	(1,264)	(190)	52	(592)
Cash and cash equivalents at 31 December/30 June	19(a)	112,986	474,663	362,784	405,224	229,515

Major non-cash transactions during the Relevant Periods are set out in note 19(c) to the Financial Information.

The accompanying notes form part of the Financial Information.

B NOTES TO CONSOLIDATED FINANCIAL INFORMATION

1 Significant accounting policies

(a) Statement of compliance

The Financial Information set out in this report has been prepared in accordance with International Financial Reporting Standards (IFRSs), which collective term includes International Accounting Standards and related Interpretations, promulgated by the International Accounting Standards Board (IASB). Further details of the significant accounting policies adopted are set out in the remainder of this Section B.

The IASB has issued certain new and revised IFRSs. For the purpose of preparing the Financial Information, the Group has adopted all these new and revised IFRSs applicable to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the annual accounting period beginning on 1 January 2013. The revised and new accounting standards and interpretations issued but not yet effective for the annual accounting period beginning on 1 January 2013 are set out in note 31.

The Financial Information also complies with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Listing Rules.

The accounting policies set out below have been applied consistently to all periods presented in the Financial Information.

The Corresponding Financial Information for the six months ended 30 June 2012 has been prepared in accordance with the same basis and accounting policies adopted in respect of the Financial Information.

(b) Basis of preparation and presentation

The Financial Information comprises the Company and its subsidiaries and has been prepared using the merger basis of accounting as if the Group had always been in existence. Details of reorganisation of the Group during the Relevant Periods are set out below.

The Company was established by Fook Lam Leather Trading Co. (福林皮件貿易公司) ("Fook Lam") in Shishi, Fujian on 20 November 1995. Fook Lam was a company which was held by Mr Wang Jianshe on behalf of Mr Lam Wo Ping, Mr Lam Wo Sze, Mr Lam Kwok Keung and Mr Lam Wing Ho, shareholders of Fuguiniao Group Limited (富貴鳥集團有限公司) ("Fuguiniao Group").

On 8 October 2004, Fook Lam entered into an agreement with Fuguiniao Group under which Fook Lam transferred its entire shareholding in the Company to Fuguiniao Group. Upon the transfer, Fuguiniao Group became the immediate and ultimate holding company of the Group.

During the Relevant Periods, the Company entered into certain agreements with Fuguiniao Group under which the Company merged with a company and acquired certain companies which were under the control of the ultimate holding company. All these transactions were considered as business combinations under common control for the purpose of preparation of the Financial Information of the Group.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements of the Group as set out in Section A include the results of operations of the companies comprising the Group for the Relevant Periods (or where the companies were established/acquired at a date later than 1 January 2010, for the period from the date of establishment/acquisition to 30 June 2013), as if the group structure has been in existence throughout the Relevant Periods. The consolidated statements of financial position as at 31 December 2010, 2011 and 2012 and 30 June 2013 as set out in Section A have been prepared to present the state of affairs of the companies comprising the Group as at the respective dates.

All material intra-group transactions and balances have been eliminated on consolidation.

At the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies, particulars of which are set out below:

Name of company	Place and date of incorporation/ establishment	Issued and fully paid up capital/ registered capital	Proportion of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Fuguiniao (Fujian) Shoes Clothes Co., Ltd.* ("Fuguiniao Fujian") (富貴鳥(福建)鞋服有限公司)	PRC/31 January 2007	HKD30,000,000	75%	25%	Manufacturing and trading of shoes and business casual wear
Hong Kong Anywalk International Fashions Limited ("Anywalk Hong Kong") . . .	Hong Kong/ 29 July 2010	HKD10,000	–	100%	Trading
Fuguiniao (HongKong) Limited ("Fuguiniao HongKong") . . .	Hong Kong/ 12 January 2012	RMB27,000,000	100%	–	Investment holding and trading
Fuguiniao Sales Company Limited* ("Fuguiniao Sales") (富貴鳥銷售有限公司) . .	PRC/ 8 March 2013	RMB50,000,000	100%	–	Trading

* The English translations of these names are for reference only. The official names of Fuguiniao Fujian and Fuguiniao Sales are in Chinese.

(c) Basis of measurement

The Financial Information is presented in Renminbi ("RMB"), rounded to the nearest thousand which is the Group's presentation currency and the functional currency of the Company and its subsidiaries in mainland China.

The Financial Information is prepared on the historical cost basis except that derivative financial instruments which are stated at their fair value as explained in the accounting policies set out below.

The preparation of Financial Information in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the Financial Information and major sources of estimation uncertainty are discussed in note 28.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the Financial Information from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(j)(i)).

(e) Business combination for entities under common control

Business combination arising from transfer of interests in entities that are under the common control of the equity shareholders that control the Group are accounted for using book value accounting as if the acquisition had occurred at the beginning of the Relevant Periods.

Upon transfer of interest in an entity to another entity that is under the control of the equity owner that controls the Group, any difference between the Group's interest in the carrying value of the assets and liabilities and the cost of transfer of interest in the entity is recognised directly in equity.

(f) Other financial assets

Cost includes attributable transaction costs. Other financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 1(j)(i)).

(g) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(j)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(u)).

No depreciation is provided in respect of construction in progress.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value of 10%, if any, using the straight-line method over their estimated useful lives as follows:

– Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion.

– Plant and machinery	10 years
– Leasehold improvements	3 years
– Motor vehicles	8 years
– Furniture, fixtures and equipment	5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(i) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

(j) Impairment of assets

(i) Impairment of investments in subsidiaries, trade and other receivables and other financial assets

Investments in subsidiaries, trade and other receivables that are stated at amortised cost and other financial assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in subsidiaries, the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(j)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(j)(ii).

– For other financial assets carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flow, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for other financial assets carried at cost are not reversed.

– For trade and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade and bills receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade and bills receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment; and

– interests in leasehold land held for own use under operating leases;

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years/periods. Reversals of impairment losses are credited to profit or loss in the year/period in which the reversals are recognised.

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(j)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 1(j)(i)).

Trade and other receivables are derecognised if substantially all the risks and rewards of ownership of the trade and other receivables are transferred. If substantially all the risks and rewards of ownership of trade and other receivables are retained, the trade and other receivables are continued to recognise in the consolidated statement of financial position. For discounted commercial acceptance bills to banks with recourse, the bills receivable are not derecognised until the customer settled the respective bills with the banks.

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(n) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(p) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year/period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(q) Income tax

Income tax for the year/period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to business combinations, or items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year/period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years/periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(r)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the group under the guarantee, and (ii) the amount of that claim on the group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the group or the company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the customer has accepted the related risks and rewards of ownership. Revenue excludes value added tax ("VAT") or other sales taxes and is after deduction of any trade discounts.

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same year in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful lives of the asset by way of reduced depreciation expense.

Unconditional discretionary government grants from the local municipal government authorities are recognised in the profit or loss as other revenue when the amount is received.

(t) Translation of foreign currencies

Foreign currency transactions during the year/period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of operations outside mainland China are translated into Renminbi at the average exchange rates for the year/period which approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Renminbi at the closing foreign exchange rates ruling at the end of the reporting period.

(u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(v) Research and development expenditure

Expenditure on research activities is recognised as an expense in the year/period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised as an expense in the year/period which it is incurred.

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(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).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the Financial Information, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 Turnover and segment reporting

(a) Turnover

The principal activities of the Group are manufacturing and trading of shoes and menswear in the PRC. Turnover represents the sales value of goods sold less returns, discounts and VAT.

The Group's customer base is diversified and two, one, one and one customer(s) with whom transactions have exceeded 10% of the Group's turnover for the year ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012, respectively. The amounts of sales to these customers amounted to RMB392,682,000, RMB425,493,000, RMB347,640,000 and RMB220,623,000 (unaudited) for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012, respectively. No customer with whom transactions have exceeded 10% of the Group's turnover for the six months ended 30 June 2013. Details of concentrations of credit risk arising from these customers are set out in note 24(a).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Design, manufacture and trading of shoes and accessories ("Shoes")

– Design and trading of menswear ("Menswear") *(i) Segment results*

In presenting the information on the basis of business segments, segment turnover and results are based on the turnover and gross profit of Shoes and Menswear.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013 is set out below:

	Shoes					Menswear*					Total				
	Year ended 31 December			Six months ended 30 June		Year ended 31 December			Six months ended 30 June		Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013	2010	2011	2012	2012	2013	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)					(unaudited)					(unaudited)	
Reportable segment turnover	1,070,090	1,382,145	1,503,934	694,343	877,547	–	269,415	428,195	208,776	206,859	1,070,090	1,651,560	1,932,129	903,119	1,084,406
Cost of sales	(787,145)	(968,918)	(1,019,692)	(490,299)	(540,098)	–	(170,587)	(260,141)	(129,141)	(126,110)	(787,145)	(1,139,505)	(1,279,833)	(619,440)	(666,208)
Reportable segment gross profit	282,945	413,227	484,242	204,044	337,449	–	98,828	168,054	79,635	80,749	282,945	512,055	652,296	283,679	418,198
Depreciation and amortisation	8,389	9,359	10,713	5,276	5,226	–	–	–	–	–	8,389	9,359	10,713	5,276	5,226

* The Menswear segment was set up in 2011.

The Group does not allocate any specific assets or expenditures for property, plant and equipment to the operating segments as the Group's most senior executive management does not use the information to measure the performance of the reportable segments. The performance of the reportable segments is assessed by the Group's most senior executive management base on a measure of the gross profit.

(ii) Geographic information

The following table sets out information about the geographical location of the Group's turnover from external customers. The geographical location of customers is based on the location at which the goods are delivered.

	Turnover from external customers				
	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
The PRC	713,293	1,292,989	1,578,493	740,972	920,611
Russia	187,093	189,263	153,369	77,819	53,215
Italy	16,626	26,028	62,683	12,915	57,192
Austria	74,356	87,670	60,297	34,318	29,063
Canada	38,874	37,808	48,986	10,781	14,177
Others	39,848	17,802	28,301	26,314	10,148
	1,070,090	1,651,560	1,932,129	903,119	1,084,406

3 Other revenue and other net (loss)/income

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Other revenue					
Interest income	25,546	27,485	15,442	14,093	4,021
Government grants	1,666	1,757	18,844	623	1,889
Others	88	32	315	187	1,250
	27,300	29,274	34,601	14,903	7,160
Other net (loss)/income					
Net foreign exchange (loss)/gain	(6,783)	(5,774)	2,741	621	(422)
Loss on disposal of fixed assets	–	(168)	(57)	(57)	(28)
Unrealised (loss)/gain on forward foreign exchange contracts	–	–	(871)	–	2,006
Others	–	6	70	70	(166)
	(6,783)	(5,936)	1,883	634	1,390

4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(a) Finance costs					
Interest on bank loans	40,850	48,200	41,489	26,252	10,633
Interest on other borrowings wholly repayable within five years	–	2,069	628	628	–
	40,850	50,269	42,117	26,880	10,633
(b) Staff costs					
Contributions to defined contribution retirement plans (note 22)	1,366	1,874	4,441	1,239	3,236
Salaries, wages and other benefits	134,319	145,957	194,120	82,668	103,103
	135,685	147,831	198,561	83,907	106,339
(c) Other items					
Depreciation and amortisation	11,153	11,859	19,063	8,706	11,298
Provision/(written back of provision) for impairment of trade receivables	135	5,922	(9,207)	(1,729)	–
(Written back of provision)/provision for impairment of other receivables	(33)	–	(74)	178	–
Provision/(written back of provision) for diminution in value of inventories	481	(717)	(45)	(45)	–
Gain on disposal of a subsidiary	–	–	(70)	(70)	–
Auditor's remuneration					
– Audit services	4	14	28	1	13
– Other services	–	–	1,400	–	1,877
Operating lease charges in respect of properties	6,054	6,258	4,670	980	3,861
Research and development costs (note (i))	8,071	15,201	24,581	8,610	19,918
Cost of inventories (note (ii))	787,145	1,139,505	1,279,833	619,440	666,208

Notes:

(i) Research and development costs include staff costs of employees in the design, research and development department of RMB4,758,000, RMB6,836,000, RMB13,830,000, RMB4,977,000 (unaudited) and RMB7,284,000 for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013 respectively, which are included in the staff costs as disclosed in note 4(b).

(ii) Cost of inventories includes RMB111,417,000, RMB132,199,000, RMB129,949,000, RMB66,183,000 (unaudited) and RMB63,631,000 for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, respectively, relating to staff costs, depreciation and amortisation and operating lease charges in respect of properties, which amounts are also included in the respective total amounts disclosed separately above or in notes 4(b) and (c) for each of these types of expenses.

5 Income tax in the consolidated statements of profit or loss and other comprehensive income

(a) Income tax in the consolidated statements of profit or loss and other comprehensive income represents:

	Year ended 31 December			Six months ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(unaudited)	
Current tax – Hong Kong Profits Tax					
Provision for the year/period	–	–	–	–	281
Current tax – PRC Corporate Income Tax					
Provision for the year/period	41,079	74,647	114,589	48,336	71,569
Under/(over)-provision in respect of prior years/periods	1,296	(1,742)	–	–	(824)
Deferred tax					
Origination and reversal of temporary differences (note 14(b))	(140)	(776)	(6,237)	(45)	1,504
	42,235	72,129	108,352	48,291	72,530

(i) The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits arising in Hong Kong for the six months ended 30 June 2013. No provision was made for Hong Kong Profits Tax for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 as the Group did not earn any assessable profit subject to Hong Kong Profits Tax.

(ii) The Company and its subsidiaries in mainland China are subject to the PRC Corporate Income Tax at the statutory rate of 25% except Fuguiniao Fujian. Fuguiniao Fujian was entitled to a preferential tax treatment of 2 years exemption and 3 years 50% reduction in income tax rate from 2008. It did not qualify to enjoy the preferential tax rate of 12.5% in 2012 as it could not fulfill the requirements of productive foreign invested enterprise under the relevant tax rules.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit before taxation	160,976	325,983	431,939	193,364	281,530
Notional tax on profit before taxation, calculated at the standard tax rates applicable to the respective tax jurisdictions	40,244	81,496	108,015	48,358	70,563
Effect of non-deductible expenses	695	714	868	440	1,691
Effect of change in tax rate on deferred tax balances	–	–	(531)	(507)	–
PRC tax concessions (note 5(a)(ii))	–	(8,339)	–	–	–
Reversal of temporary differences recognised	–	–	–	–	1,100
Under/(over)-provision in prior years/periods	1,296	(1,742)	–	–	(824)
Actual tax expense	42,235	72,129	108,352	48,291	72,530

6 Directors' and supervisors' remuneration

Directors' and supervisors' remuneration are as follows:

Year ended 31 December 2010

	Directors' fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit scheme	Discretionary bonuses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr Lam Wo Ping	–	870	–	–	870
Non-executive directors					
Mr Lam Wo Sze	–	870	–	–	870
Mr Lam Wing Ho	–	870	–	–	870
Mr Lam Kwok Keung	–	870	–	–	870
Total	–	3,480	–	–	3,480

Year ended 31 December 2011

	Directors' fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit scheme	Discretionary bonuses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr Lam Wo Ping	–	880	–	–	880
Non-executive directors					
Mr Lam Wo Sze	–	880	–	–	880
Mr Lam Wing Ho	–	880	–	–	880
Mr Lam Kwok Keung	–	880	–	–	880
Total	–	3,520	–	–	3,520

Year ended 31 December 2012

	Directors' fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit scheme	Discretionary bonuses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr Lam Wo Ping	–	940	–	–	940
Ms Han Ying (a)	–	426	–	–	426
Mr Hong Huihuang (a)	–	395	1	–	396
Non-executive directors					
Mr Lam Wo Sze	–	255	–	–	255
Mr Lam Wing Ho (b)	–	255	–	–	255
Mr Lam Kwok Keung	–	255	–	–	255
Mr Zhai Gang (c)	–	–	–	–	–
Independent non-executive directors					
Mr Wang Zhiqiang (d)	40	–	–	–	40
Ms Long Xiaoning (d)	40	–	–	–	40
Mr Li Yuzhong (d)	40	–	–	–	40
Supervisors					
Mr Zhang Haimu (e)	–	101	1	–	102
Mr Zhou Xinyu (e)	–	132	1	–	133
Ms Wang Xinhui (e)	–	–	–	–	–
Total	120	2,759	3	–	2,882

Six months ended 30 June 2013

	Directors' fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit scheme	Discretionary bonuses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr Lam Wo Ping	–	181	–	–	181
Ms Han Ying	–	301	–	–	301
Mr Hong Huihuang	–	290	1	–	291
Non-executive directors					
Mr Lam Wo Sze	–	–	–	–	–
Mr Lam Wing Ho (b)	–	–	–	–	–
Mr Lam Kwok Keung	–	–	–	–	–
Mr Zhai Gang	–	–	–	–	–
Independent non-executive directors					
Mr Wang Zhiqiang	40	–	–	–	40
Ms Long Xiaoning	40	–	–	–	40
Mr Li Yuzhong	40	–	–	–	40
Mr Zhang Huaqiao (f)	10	–	–	–	10
Supervisors					
Mr Zhang Haimu	–	94	1	–	95
Mr Zhou Xinyu	–	127	1	–	128
Ms Wang Xinhui	–	–	–	–	–
Total	130	993	3	–	1,126

Six months ended 30 June 2012 (unaudited)

	Directors' fee	Basic salaries, allowances and other benefits	Contributions to retirement benefit scheme	Discretionary bonuses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr Lam Wo Ping	–	255	–	–	255
Ms Han Ying (a)	–	–	–	–	–
Mr Hong Huihuang (a)	–	–	–	–	–
Non-executive directors					
Mr Lam Wo Sze	–	255	–	–	255
Mr Lam Wing Ho (b)	–	255	–	–	255
Mr Lam Kwok Keung	–	255	–	–	255
Mr Zhai Gang (c)	–	–	–	–	–
Independent non-executive directors					
Mr Wang Zhiqiang (d)	–	–	–	–	–
Ms Long Xiaoning (d)	–	–	–	–	–
Mr Li Yuzhong (d)	–	–	–	–	–
Supervisors					
Mr Zhang Haimu (e)	–	–	–	–	–
Mr Zhou Xinyu (e)	–	–	–	–	–
Ms Wang Xinhui (e)	–	–	–	–	–
Total	–	1,020	–	–	1,020

(a) Appointed as executive director on 29 June 2012.

(b) Ceased to be a non-executive director on 29 June 2012 and re-appointed as a non-executive director on 12 May 2013.

(c) Appointed as non-executive director on 29 June 2012.

(d) Appointed as independent non-executive director on 29 June 2012.

(e) Appointed as supervisor on 29 June 2012.

(f) Appointed as independent non-executive director on 12 May 2013.

During the Relevant Periods, there were no amounts paid or payable by the Group to the directors, supervisors or any of the highest paid individuals set out in note 7 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

7 Individuals with highest emoluments

Of the five individuals with the highest emoluments, 4, 4, 3, 5 and 2 of them are directors for the years ended 31 December 2010, 2011 and 2012, and the six months ended 30 June 2012 and 2013, respectively. The emoluments of these directors, excluding the emoluments before their directorship, are disclosed in note 6 above. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012*	2012*	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries and other emoluments	710	720	1,404	294	643
Contributions to retirement benefit scheme	–	–	4	–	1
	710	720	1,408	294	644

* The amounts for the year ended 31 December 2012 and the six months ended 30 June 2012 include emoluments of 2 and 1 individuals with highest emoluments, respectively, before the commencement of their directorship on 29 June 2012.

The emoluments of all the remaining individuals with the highest emoluments for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, and the emoluments of the 2 and 1 individuals with highest emoluments for the year ended 31 December 2012 and the six months ended 30 June 2012 respectively who were appointed as directors of the Company on 29 June 2012, are within the the bound of HKD Nil to HKD1,000,000.

8 Remuneration of senior management

Remuneration of senior management of the Group, including amounts paid to the highest paid employees other than directors as disclosed in note 7, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012*	2012*	2013
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
				(unaudited)	
Salaries and other benefits	1,419	1,727	1,764	819	768
Contributions to retirement benefit schemes	2	4	4	2	1
	1,421	1,731	1,768	821	769

* The amounts for the year ended 31 December 2012 and the six months ended 30 June 2012 include emoluments of 2 and 2 senior management respectively, before the commencement of their directorship on 29 June 2012.

Remunerations of the senior management of the Group, other than directors as disclosed in note 7, are within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
				(unaudited)	
	Number of individuals	Number of individuals	Number of individuals	Number of individuals	Number of individuals
HKD Nil to HKD1,000,000	4	5	3	3	4

9 Profit attributable to equity shareholders of the Company

The consolidated profits attributable to equity shareholders of the Company include profits of RMB118,795,000, RMB195,620,000, RMB339,160,000, RMB142,098,000 (unaudited) and RMB211,465,000 for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 and 2013, respectively, which have been dealt with in the financial statements of the Company.

10 Dividends

Dividends declared to equity shareholders of the Company during the Relevant Periods are set out below:

	Year ended 31 December			Six months ended 30 June	
	2010	**2011**	**2012**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
				(unaudited)	
Dividends declared during the year/period	130,392	130,668	152,437	152,437	200,000

Dividends declared during the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 represent dividends declared by the companies comprising the Group to their equity holders. Certain dividends were settled through netting off of amount due from Fujian Shishi Fuguiniao Group Co., Ltd. ("Shishi Fuguiniao Group"), a company collectively owned by Shareholders of Fuguiniao Group, in accordance with the respective agreements (see note 19(c)). The dividend per share for these periods is not presented as such information is not meaningful having regard to the purpose of this Financial Information.

During the six months ended 30 June 2013, dividend in respect of the previous financial year of RMB0.5 per share was approved by the Company.

11 Basic earnings per share

Earnings per share information for the years ended 31 December 2010, 2011 and 2012 and the six months ended 30 June 2012 are not presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group on the basis as set out in note 1(b).

The calculation of basic earnings per share for the six months ended 30 June 2013 is based on the profit attributable to equity shareholders of the Company of RMB209,000,000 and the weighted average of 400,000,000 shares in issue during the period.

There were no dilutive potential ordinary shares during the Relevant Periods and, therefore, diluted earnings per share are the same as the basic earnings per share.

12 Fixed assets

The Group

	Buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Leasehold improvement	Construction in progress	Sub-total	Interests in leasehold land held for own use under operating leases	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:									
At 1 January 2010	56,744	95,877	12,187	14,056	–	52,291	231,155	35,294	266,449
Additions	–	3,453	1,478	1,232	–	9,810	15,973	33,297	49,270
At 31 December 2010 and 1 January 2011	56,744	99,330	13,665	15,288	–	62,101	247,128	68,591	315,719
Additions	–	4,541	1,171	5,604	–	12,046	23,362	–	23,362
Transfer from construction in progress	73,948	–	–	–	–	(73,948)	–	–	–
Disposals	–	–	(1,682)	–	–	–	(1,682)	–	(1,682)
At 31 December 2011 and 1 January 2012	130,692	103,871	13,154	20,892	–	199	268,808	68,591	337,399
Additions	59,492	2,968	988	8,601	7,693	729	80,471	57,644	138,115
Transfer from construction in progress	928	–	–	–	–	(928)	–	–	–
Disposals	–	–	(218)	–	–	–	(218)	(33,297)	(33,515)
At 31 December 2012 and 1 January 2013	191,112	106,839	13,924	29,493	7,693	–	349,061	92,938	441,999
Additions	–	114	399	1,566	–	–	2,079	–	2,079
Disposals	–	(284)	–	–	–	–	(284)	–	(284)
At 30 June 2013	191,112	106,669	14,323	31,059	7,693	–	350,856	92,938	443,794

	Buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Leasehold improvement	Construction in progress	Sub-total	Interests in leasehold land held for own use under operating leases	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated depreciation and amortisation:									
At 1 January 2010	3,935	59,009	6,410	8,625	–	–	77,979	3,009	80,988
Charge for the year	2,553	5,102	1,047	1,745	–	–	10,447	706	11,153
At 31 December 2010 and 1 January 2011	6,488	64,111	7,457	10,370	–	–	88,426	3,715	92,141
Charge for the year	4,311	4,082	1,144	1,616	–	–	11,153	706	11,859
Written back on disposals	–	–	(1,514)	–	–	–	(1,514)	–	(1,514)
At 31 December 2011 and 1 January 2012	10,799	68,193	7,087	11,986	–	–	98,065	4,421	102,486
Charge for the year	8,261	4,052	1,242	2,610	786	–	16,951	2,112	19,063
Written back on disposals	–	–	(139)	–	–	–	(139)	–	(139)
At 31 December 2012 and 1 January 2013	19,060	72,245	8,190	14,596	786	–	114,877	6,533	121,410
Charge for the year	4,300	2,220	655	1,785	1,282	–	10,242	1,056	11,298
Written back on disposals	–	(256)	–	–	–	–	(256)	–	(256)
At 30 June 2013	23,360	74,209	8,845	16,381	2,068	–	124,863	7,589	132,452
Net book value:									
At 31 December 2010	50,256	35,219	6,208	4,918	–	62,101	158,702	64,876	223,578
At 31 December 2011	119,893	35,678	6,067	8,906	–	199	170,743	64,170	234,913
At 31 December 2012	172,052	34,594	5,734	14,897	6,907	–	234,184	86,405	320,589
At 30 June 2013	167,752	32,460	5,478	14,678	5,625	–	225,993	85,349	311,342

The Company

	Buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Leasehold improvement	Construction in progress	Sub-total	Interests in leasehold land held for own use under operating leases	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:									
At 1 January 2010	56,744	95,877	12,187	14,056	–	52,291	231,155	35,294	266,449
Additions	–	3,453	1,478	1,232	–	9,810	15,973	–	15,973
At 31 December 2010 and 1 January 2011	56,744	99,330	13,665	15,288	–	62,101	247,128	35,294	282,422
Additions	–	4,541	1,171	5,557	–	12,046	23,315	–	23,315
Transfer from construction in progress	73,948	–	–	–	–	(73,948)	–	–	–
Disposals	–	–	(1,682)	–	–	–	(1,682)	–	(1,682)
At 31 December 2011 and 1 January 2012	130,692	103,871	13,154	20,845	–	199	268,761	35,294	304,055
Additions	52,712	2,968	988	7,447	7,693	729	72,537	57,644	130,181
Transfer from construction in progress	928	–	–	–	–	(928)	–	–	–
Disposals	–	–	(218)	–	–	–	(218)	–	(218)
At 31 December 2012 and 1 January 2013	184,332	106,839	13,924	28,292	7,693	–	341,080	92,938	434,018
Additions	–	114	399	1,354	–	–	1,867	–	1,867
Disposals	–	(284)	–	–	–	–	(284)	–	(284)
At 30 June 2013	184,332	106,669	14,323	29,646	7,693	–	342,663	92,938	435,601

	Buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment	Leasehold improvement	Construction in progress	Sub-total	Interests in leasehold land held for own use under operating leases	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated depreciation and amortisation:									
At 1 January 2010	3,935	59,009	6,410	8,625	–	–	77,979	3,009	80,988
Charge for the year	2,553	5,102	1,047	1,745	–	–	10,447	706	11,153
At 31 December 2010 and 1 January 2011	6,488	64,111	7,457	10,370	–	–	88,426	3,715	92,141
Charge for the year	4,311	4,082	1,144	1,612	–	–	11,149	706	11,855
Written back on disposals	–	–	(1,514)	–	–	–	(1,514)	–	(1,514)
At 31 December 2011 and 1 January 2012	10,799	68,193	7,087	11,982	–	–	98,061	4,421	102,482
Charge for the year	8,085	4,052	1,242	2,542	786	–	16,707	2,112	18,819
Written back on disposals	–	–	(139)	–	–	–	(139)	–	(139)
At 31 December 2012 and 1 January 2013	18,884	72,245	8,190	14,524	786	–	114,629	6,533	121,162
Charge for the year	4,147	2,220	655	1,680	1,282	–	9,984	1,056	11,040
Written back on disposals	–	(256)	–	–	–	–	(256)	–	(256)
At 30 June 2013	23,031	74,209	8,845	16,204	2,068	–	124,357	7,589	131,946
Net book value:									
At 31 December 2010	50,256	35,219	6,208	4,918	–	62,101	158,702	31,579	190,281
At 31 December 2011	119,893	35,678	6,067	8,863	–	199	170,700	30,873	201,573
At 31 December 2012	165,448	34,594	5,734	13,768	6,907	–	226,451	86,405	312,856
At 30 June 2013	161,301	32,460	5,478	13,442	5,625	–	218,306	85,349	303,655

All of the Group's and the Company's interests in leasehold land held for own use under operating leases are located in the PRC under medium term leases.

13 Investments in subsidiaries

The Company

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted investments, at cost	5,000	5,000	50,529	100,529

Details of subsidiaries of the Group during the Relevant Periods are as follows:

Name of company	Place and date of incorporation/ establishment	Issued and fully paid up capital/registered capital	Principal activities
Fuguiniao Fujian	PRC/31 January 2007	HKD30,000,000	Manufacturing and trading of shoes and business casual wear
Anywalk Hong Kong	Hong Kong/ 29 July 2010	HKD10,000	Trading
Fuguiniao HongKong	Hong Kong/ 12 January 2012	RMB27,000,000	Investment holding and trading
Fuguiniao Sales	PRC/ 8 March 2013	RMB50,000,000	Trading
Quanzhou Fuguiniao Investment Company Limited* ("Quanzhou Fuguiniao") (泉州市富貴鳥投資有限責任公司)	PRC/25 October 2010	RMB5,000,000	Investment of real estate

* The English translation of the name is for reference only. The official name of Quanzhou Fuguiniao is in Chinese. Quanzhou Fuguiniao was disposed to Shishi Fuguiniao Group in February 2012 (see note 19(d)).

Proportion of ownership interest in these subsidiaries by the Group and the Company at the end of each reporting period is set out below:

	The Group				The Company			
	As at 31 December			As at 30 June	As at 31 December			As at 30 June
Name of company	2010	2011	2012	2013	2010	2011	2012	2013
Fuguiniao Fujian	100%	100%	100%	100%	–	–	75%	75%
Anywalk Hong Kong	100%	100%	100%	100%	–	–	–	–
Quanzhou Fuguiniao	100%	100%	–	–	100%	100%	–	–
Fuguiniao HongKong	N/A	N/A	100%	100%	N/A	N/A	100%	100%
Fuguiniao Sales	N/A	N/A	N/A	100%	N/A	N/A	N/A	100%

14 Income tax in the statements of financial position

(a) Current taxation in the statements of financial position

	The Group				The Company			
	As at 31 December			As at 30 June	As at 31 December			As at 30 June
	2010	2011	2012	2013	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Provision for Hong Kong Profits Tax	–	–	–	281	–	–	–	–
Provision for PRC Corporate Income Tax	8,699	36,279	58,783	51,583	8,699	32,011	57,567	51,583
	8,699	36,279	58,783	51,864	8,699	32,011	57,567	51,583

(b) Deferred tax assets and liabilities recognised

The components of deferred tax assets/(liabilities) recognised in the statements of financial position and the movements during the Relevant Periods are as follows:

The Group

	Provision for doubtful debts	Provision for diminution in value of inventories	Unused tax losses	Unrealised profits	Accrued expenses	Derivative financial instruments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	814	70	–	–	–	–	884
Credited to profit or loss (note 5(a))	19	120	1	–	–	–	140
At 31 December 2010 and at 1 January 2011	833	190	1	–	–	–	1,024
Credited/(charged) to profit or loss (note 5(a))	956	(179)	(1)	–	–	–	776
At 31 December 2011 and at 1 January 2012	1,789	11	–	–	–	–	1,800
(Charged)/credited to profit or loss (note 5(a))	(1,789)	(11)	–	6,720	1,100	217	6,237
At 31 December 2012 and at 1 January 2013	–	–	–	6,720	1,100	217	8,037
Credited/(Charged) to profit or loss (note 5(a))	–	–	–	115	(1,100)	(519)	(1,504)
At 30 June 2013	–	–	–	6,835	–	(302)	6,533

Reconciliation to the consolidated statements of financial position:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	1,024	1,800	8,037	6,835
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–	–	(302)
	1,024	1,800	8,037	6,533

The Company

	Provision for doubtful debts	Provision for diminution in value of inventories	Accrued expenses	Derivative financial instruments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	814	70	–	–	884
Credited to profit or loss	13	120	–	–	133
At 31 December 2010 and at 1 January 2011	827	190	–	–	1,017
Credited/(charged) to profit or loss	431	(179)	–	–	252
At 31 December 2011 and at 1 January 2012	1,258	11	–	–	1,269
(Charged)/credited to profit or loss	(1,258)	(11)	1,100	217	48
At 31 December 2012 and at 1 January 2013	–	–	1,100	217	1,317
Charged to profit or loss	–	–	(1,100)	(519)	(1,619)
At 30 June 2013	–	–	–	(302)	(302)

Reconciliation to the statements of financial position:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the statement of financial position	1,017	1,269	1,317	–
Net deferred tax liabilities recognised in the statement of financial position	–	–	–	(302)
	1,017	1,269	1,317	(302)

15 Inventories

The Group

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	135,097	112,042	128,353	104,597
Work in progress	10,419	16,464	25,048	26,395
Finished goods	98,373	48,567	85,124	82,951
	243,889	177,073	238,525	213,943

The Company

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	135,097	103,705	128,353	104,597
Work in progress	10,419	16,464	25,048	26,395
Finished goods	98,373	48,567	35,638	36,275
	243,889	168,736	189,039	167,267

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount of inventories sold.	786,664	1,140,222	1,279,878	666,208
Write down of inventories	481	–	–	–
Write back of provision for diminution in value of inventories .	–	(717)	(45)	–
	787,145	1,139,505	1,279,833	666,208

16 Trade and other receivables

The Group

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
– third parties	158,689	313,127	352,272	452,482
– related parties	65,188	59,720	–	–
Bills receivable (note (c))				
– third parties	220	1,570	17,600	52,649
– related parties	–	37,000	–	–
Less: Provision for impairment	(3,285)	(9,207)	–	–
Trade and bills receivables (note (a), (b))	220,812	402,210	369,872	505,131
Prepayments to suppliers				
– third parties	7,610	36,170	11,237	31,926
– related parties	–	33	–	–
Amounts due from the immediate and ultimate holding company (note (d))	55,536	2,182	–	–
Amounts due from related parties (note (e))	434,013	228,655	–	–
VAT deductible	17,506	–	12,240	12,008
Other prepayments	12,526	8,600	14,638	23,789
Other receivables	9,009	5,426	20,435	6,451
Less: Provision for impairment	(74)	(74)	–	–
Derivative financial instruments (note (g))	–	–	–	1,206
	756,938	683,202	428,422	580,511

The Company

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
– third parties	158,689	236,670	316,517	396,101
– related parties	65,188	24,855	–	–
– subsidiaries (note (f))	–	–	105,541	147,837
Bills receivable (note (c))				
– third parties	220	70	17,600	52,649
– related parties	–	37,000	–	–
Less: Provision for impairment	(3,285)	(4,957)	–	–
Trade and bills receivables (note (a), (b))	220,812	293,638	439,658	596,587
Prepayments to suppliers				
– third parties	7,610	36,065	10,874	28,835
Amounts due from the immediate and ultimate holding company (note (d))	55,536	2,182	–	–
Amounts due from related parties (note (e))	434,013	228,655	–	–
Amounts due from subsidiaries (note (f))	33,298	64,090	4,026	–
VAT deductible	17,506	–	–	–
Other prepayments	12,526	8,288	14,405	21,417
Other receivables	3,778	5,422	20,277	6,194
Less: Provision for impairment	(22)	(74)	–	–
Derivative financial instruments (note (g))	–	–	–	1,206
	785,057	638,266	489,240	654,239

Trade and other receivables of the Group and the Company included deposits of RMB461,000, RMB964,000, RMB3,132,000 and RMB3,003,000 as at 31 December 2010, 2011 and 2012 and 30 June 2013, respectively, which are expected to be recovered after more than one year.

In addition, at 31 December 2010 and 2011, trade and bills receivables with carrying amount of RMB59,913,000 and RMB133,439,000 respectively, were pledged as security for certain bank loans and other borrowings (see note 20(i)).

(a) Ageing analysis

Included in trade and other receivables are trade and bills receivables with the following ageing analysis based on invoice date as at 31 December 2010, 2011 and 2012 and 30 June 2013 are as follows:

The Group

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	199,171	293,967	355,082	462,890
More than 3 months but within 6 months	19,041	74,838	10,456	34,697
More than 6 months but within 1 year	1,911	28,695	4,254	6,921
More than 1 year	689	4,710	80	623
	220,812	402,210	369,872	505,131

The Company

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	199,171	259,894	416,577	517,850
More than 3 months but within 6 months	19,041	9,061	18,747	65,764
More than 6 months but within 1 year	1,911	19,973	4,254	12,350
More than 1 year	689	4,710	80	623
	220,812	293,638	439,658	596,587

Trade receivables are due within 90 days from the invoice date. Details of the Group's credit policy are set out in note 24(a).

(b) Impairment of trade and bills receivables

The movement in the provision for impairment of trade and bills receivables during the Relevant Periods is as follows:

The Group

	Year ended 31 December			Six months ended 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	3,150	3,285	9,207	–
Impairment loss recognised	135	5,922	–	–
Impairment loss written back	–	–	(9,207)	–
At the end of the year/period	3,285	9,207	–	–

The Company

	Year ended 31 December			Six months ended 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	3,150	3,285	4,957	–
Impairment loss recognised	135	1,672	–	–
Impairment loss written back	–	–	(4,957)	–
At the end of the year/period	3,285	4,957	–	–

An ageing analysis of trade and bills receivables that are past due is set out as follows:

The Group

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 3 months past due	19,041	74,838	10,456	34,697
More than 3 months past due	2,600	33,405	4,334	7,544
	21,641	108,243	14,790	42,241

The Company

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 3 months past due.	19,041	9,061	18,747	65,764
More than 3 months past due	2,600	24,683	4,334	12,973
	21,641	33,744	23,081	78,737

At 31 December 2010, 2011 and 2012 and 30 June 2013, the Group has assessed the recoverability of the receivables past due and established a provision of doubtful debts collectively based on experience. The provision for doubtful debts is recorded using a provision account unless the Group is satisfied that recovery is remote, in which case the unrecovered loss is written off against trade receivables and the provision for doubtful debts directly (see note 1(j)(i)).

(c) Bills receivable

Bills receivable included bank acceptance bills not matured and commercial acceptance bills which had been discounted to banks with recourse (see note 20).

(i) Commercial acceptance bills

The Group and the Company continued to recognise the carrying amount of the discounted commercial acceptance bills with recourse as receivables as the Group was still exposed to credit risk on bills. As at 31 December 2011, the carrying amount of commercial acceptance bills discounted with recourse was RMB37,000,000.

In addition, as at 31 December 2010 and 2011, the commercial acceptance bills amounted to RMB69,350,000 and RMB193,400,000 respectively have been discounted to banks without recourse. Accordingly, the respective bills receivable are de-recognised upon discounts of the bills.

(ii) Bank acceptance bills

As at 31 December 2010, 2011 and 2012 and 30 June 2013, the Group and the Company had discounted or endorsed bank acceptance bills with recourse of RMB4,490,000, RMB8,268,000, RMB209,053,000 and RMB44,910,000, respectively. These bank acceptance bills matured within three or six months from the date of issue. As the Group only accepts bank acceptance bills from major banks in the PRC, management considered that the credit risk of these bills is minimal. Accordingly, the respective bills receivable are de-recognised upon discounts or endorsement of the bills.

(d) At 31 December 2010 and 2011, the amounts due from the immediate and ultimate holding company represented the net proceeds received from the export sales and import purchases by the immediate and ultimate holding company on behalf of the Company. The amounts were unsecured, interest free and repayable on demand.

(e) Amounts due from related parties as at 31 December 2010 and 2011 represented the advances to related parties, which were unsecured and repayable on demand. For the year ended 31 December 2010, 2011 and 2012, the interest rates were 2.08%-4.23%, 3.50%-6.56% and 6.56% per annum, respectively.

(f) Amounts due from subsidiaries are unsecured, interest free and repayable on demand.

(g) The amounts represented the fair value of the foreign currency forward contracts entered into by the Company (see note 24(e)).

17 Other financial assets

Other financial assets represented costs of investments in unlisted wealth management products issued by banks in the PRC.

18 Pledged bank deposits

The Group and the Company

	As at 31 December			As at 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Bank deposits pledged as security for:				
Bills payable (note 21)	6,300	2,640	–	22,678
Bank loans (note 20)	10,260	17,474	–	–
Obligation of constructions	–	3,254	–	–
Foreign exchange forward contracts	–	–	2,213	–
	16,560	23,368	2,213	22,678

19 Cash and cash equivalents and fixed deposits at banks

(a) Cash and cash equivalents and fixed deposits at banks comprise:

The Group

	As at 31 December			As at 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits with banks within three months to maturity when placed	–	50,000	–	–
Cash at bank and in hand	112,986	424,663	362,784	229,515
Cash and cash equivalents	112,986	474,663	362,784	229,515
Deposits with banks with more than three months to maturity when placed	–	23,700	101,000	187,000
	112,986	498,363	463,784	416,515

The Company

	As at 31 December			As at 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits with banks within three months to maturity when placed	–	50,000	–	–
Cash at bank and in hand	107,965	417,406	335,468	183,254
Cash and cash equivalents	107,965	467,406	335,468	183,254
Deposits with banks with more than three months to maturity when placed	–	23,700	101,000	187,000
	107,965	491,106	436,468	370,254

At 31 December 2010, 2011 and 2012 and 30 June 2013, the cash and deposits of the Group that were placed with banks in the mainland China amounted to RMB112,697,000, RMB498,264,000, RMB446,055,000 and RMB391,657,000, respectively.

At 31 December 2010, 2011 and 2012 and 30 June 2013, the cash and deposits of the Company that were placed with banks in the mainland China amounted to RMB107,694,000, RMB491,057,000, RMB436,224,000 and RMB369,853,000, respectively.

Remittance of funds out of mainland China is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(b) Reconciliation of profit before taxation to cash (used in)/generated from operations:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit before taxation	160,976	325,983	431,939	193,364	281,530
Adjustments for:					
Depreciation and amortisation	11,153	11,859	19,063	8,706	11,298
Provision/(write back of provision) for impairment of trade receivables	135	5,922	(9,207)	(1,729)	–
(Write back of provision)/provision for impairment of other receivables	(33)	–	(74)	178	–
Provision/(write back of provision) for diminution in value of inventories	481	(717)	(45)	(45)	–
Interest expense	40,850	50,269	42,117	26,880	10,633
Net unrealised foreign exchange (gain)/loss	(122)	(595)	250	(52)	598
Interest income	(25,546)	(27,485)	(15,442)	(14,093)	(4,931)
Loss on disposal of fixed assets	–	168	57	57	28
Gain on disposal of a subsidiary	–	–	(70)	(70)	–
Unrealised loss/(gain) on forward foreign exchange contracts	–	–	871	–	(2,006)
Changes in working capital:					
(Increase)/decrease in inventories	(59,531)	67,533	(61,407)	12,808	24,582
(Increase)/decrease in trade and other receivables	(187,118)	(144,034)	34,947	27,661	(148,057)
(Increase)/decrease in pledged deposits	(2,475)	406	3,681	5,894	(20,465)
Increase/(decrease) in trade and other payables	9,361	21,290	67,453	(2,377)	40,560
Cash (used in)/generated from operations	(51,869)	310,599	514,133	257,182	193,770

(c) Major non-cash transactions

(i) During the year ended 31 December 2011, dividend payables of RMB142,500,000 in respect of those declared by the Group in 2010 and 2011 was net off against the amount due from Shishi Fuguiniao Group of the Company in accordance with an agreement entered into by Fuguiniao Group, Shishi Fuguiniao Group and the Company dated 26 December 2011.

(ii) During the six months ended 30 June 2012 and the year ended 31 December 2012, dividend payable of RMB95,000,000 in respect of that declared by the Company in 2012 was net off against the amount due from Shishi Fuguiniao of the Company in accordance with an agreement entered into by Fuguiniao Group, Shishi Fuguiniao Group and the Company dated 27 January 2012.

(iii) During the six months ended 30 June 2012 and the year ended 31 December 2012, the Group purchased certain buildings and interest in leasehold land on which the buildings located from Shishi Fuguiniao Group at a consideration of RMB101,561,000, RMB101,561,000 of which was settled through offsetting the amount due from Shishi Fuguiniao Group upon the date of the transaction.

(iv) During the year ended 31 December 2012, the Company acquired 75% of interests in Fuguiniao Fujian at a consideration of RMB23,528,000 which was settled through offsetting the amount due from Shishi Fuguiniao Group upon the date of the transaction.

(d) Disposal of a subsidiary

On 13 February 2012, the Company entered into an agreement with Shishi Fuguiniao Group, under which the Company disposed 100% interest in Quanzhou Fuguiniao to Shishi Fuguiniao Group at a consideration of RMB5,000,000. Quanzhou Fuguiniao was established by the Company in Shishi, Fujian on 25 October 2010. The net identifiable assets and liabilities of Quanzhou Fuguiniao at the date of disposal are as follows:

	RMB'000
Cash and cash equivalents	218
Trade and other receivables	313
Interests in leasehold land held for own use under operating leases	33,297
Trade and other payables	(28,897)
Current tax payable	(1)
Net assets	4,930
Gain on disposal	70
Consideration received, satisfied in cash	5,000
Less: Cash and cash equivalents disposed of	(218)
Net cash inflow	4,782

(e) Net (placement of)/proceeds from other financial assets

The placement of and proceeds from other financial assets were offset in the cash flow statements as these investments turn over quickly and the maturities of these investments are short.

20 Bank loans and other borrowings

At 31 December 2010, 2011 and 2012 and 30 June 2013, the bank loans and other borrowings were repayable within one year as follows:

The Group and the Company

	As at 31 December			As at 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans				
– secured (note (i), (iii))	60,192	122,697	–	–
– guaranteed (note (ii))	476,000	618,000	359,000	458,936
– unsecured	50,000	–	–	–
	586,192	740,697	359,000	458,936
Other borrowings				
– guaranteed (note (ii))	–	40,000	–	–
	586,192	780,697	359,000	458,936

(i) Secured bank loans as at 31 December 2011 included amounts of RMB37,000,000 arising from discounted commercial acceptance bills to banks with recourse term.

At the end of each reporting period, assets of the Group secured against bank loans and other borrowings are analysed as follows:

	As at 31 December			As at 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	59,913	133,439	–	–
Pledged bank deposits	10,260	17,474	–	–
	70,173	150,913	–	–

(ii) At the end of each reporting period, certain bank loans and other borrowings were guaranteed by the related parties of the Group and the Company as follows:

	As at 31 December			As at 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Shishi Fuguiniao Group	50,000	209,000	–	–
Shareholders of the ultimate holding company	253,000	208,000	201,000	258,936
Shareholders of the ultimate holding company and Shishi Fuguiniao Group	223,000	347,000	158,000	200,000
	526,000	764,000	359,000	458,936

(iii) In addition, at 31 December 2010 and 2011, bank loans of RMB50,000,000 and RMB106,000,000 respectively were guaranteed by Shishi Fuguiniao Group and secured by trade and bills receivables of the Group and the Company. The balance is classified as secured bank loans and included the amounts set out in note (i) above.

21 Trade and other payables

The Group

	As at 31 December			As at 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
– third parties	87,231	76,001	175,287	109,037
– related parties	787	–	–	–
Bills payable (note (a))	21,000	13,200	–	112,690
Trade and bills payables (note (b))	109,018	89,201	175,287	221,727
Receipts in advance				
– third parties	24,589	39,587	19,063	7,025
– related parties	238	12,315	–	–
Amount due to the immediate and ultimate holding company	130,392	–	–	300
Dividend payable (note (c))	–	–	–	17,200
VAT and other taxes payable	969	9,413	9,571	27,689
Other payables and accruals	18,079	32,948	37,453	33,939
Derivative financial instruments (note 16(g))	–	–	871	–
	283,285	183,464	242,245	307,880

The Company

	As at 31 December			As at 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables				
– third parties	87,231	74,728	175,230	108,403
– related parties	787	–	–	–
– subsidiary	–	–	–	9,171
Bills payable (note (a))	21,000	13,200	–	112,690
Trade and bills payables (note (b))	109,018	87,928	175,230	230,264
Receipts in advance				
– third parties	24,589	39,587	19,063	4,727
– related parties	238	12,315	–	–
Amount due to the immediate and ultimate holding company	130,392	–	–	300
Amount due to a subsidiaries	–	–	13,253	49,970
Dividend payable (note (c))	–	–	–	17,200
VAT and other taxes payable	969	9,390	9,456	27,576
Other payables and accruals	18,079	32,845	30,024	26,801
Derivative financial instruments (note 16(g))	–	–	871	–
	283,285	182,065	247,897	356,838

(a) Bills payable of the Group and the Company as at 31 December 2010, 2011 and 2012 and 30 June 2013 were secured by pledged bank deposits of RMB6,300,000, RMB2,640,000, RMB Nil and RMB22,678,000, respectively (see note 18).

(b) An ageing analysis of the trade and bills payables based on the invoice date is as follows:

The Group

	As at 31 December			As at 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	98,782	86,036	169,815	165,602
More than 3 months but within 6 months	6,739	1,155	4,032	53,945
More than 6 months but within 1 year	2,977	1,167	1,430	1,379
More than 1 year	520	843	10	801
	109,018	89,201	175,287	221,727

The Company

	As at 31 December			As at 30 June 2013
	2010	2011	2012	
	RMB'000	RMB'000	RMB'000	RMB'000
Within 3 months	98,782	84,763	169,758	174,139
More than 3 months but within 6 months	6,739	1,155	4,032	53,945
More than 6 months but within 1 year	2,977	1,167	1,430	1,379
More than 1 year	520	843	10	801
	109,018	87,928	175,230	230,264

(c) The balance as at 30 June 2013 represented unpaid dividends declared by the Company during the six months ended 30 June 2013 (see note 10).

22 Employee retirement benefits

Defined contribution retirement plans

The Company and the PRC subsidiaries of the Group participate in defined contribution retirement benefit schemes (the "Schemes") organised by the PRC municipal and provincial government authorities whereby the Company and the PRC subsidiaries are required to make contributions at the rate of 11% to 22% of the eligible salaries of eligible employees to the Schemes. The Group has accrued for the required contributions which are remitted to the respective local government authorities when the contributions become due. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HKD20,000 prior to June 2012 and HKD25,000 since June 2012. Contributions to the plan vest immediately.

The Group has no other material obligation for the payment of pension benefits beyond the contributions described above.

23 Capital and reserves

(a) Movements in components of equity of the Group

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of movements in components of equity of the Group during the Relevant Periods are set out below:

(i) The capital of the Group as at 1 January 2010 represented the aggregate amount of paid-in capital of the Company of HKD100,000,000 (equivalent to RMB108,079,000) and the paid-in capital of Fulin Shoes Co., Ltd. Shishi Fujian ("Fulin Shoes") (福建石獅市福林鞋業有限公司) of RMB160,000,000. Fulin Shoes was merged into the Company during the year ended 31 December 2010 and the paid-in capital of Fulin Shoes was merged into the paid-in capital of the Company.

(ii) During the year ended 31 December 2010:

- Fuguiniao Group acquired Fuguiniao Fujian, which was subsequently transferred to the Group on 13 March 2012; and
- Fuguiniao Group established Anywalk Hong Kong, which was subsequently transferred to the Group on 19 April 2012.

Accordingly, the capital of the Group as at 31 December 2010 represented the aggregate amount of paid-in capital of the Company of USD35,320,000 (equivalent to RMB268,079,000), the paid-in capital of Fuguiniao Fujian of HKD6,000,000 (equivalent to RMB5,251,000) and the share capital of Anywalk Hong Kong of HKD10,000 (equivalent to RMB9,000).

(iii) During the year ended 31 December 2011, the paid-in capital of Fuguiniao Fujian increased to HKD30,000,000 (equivalent to RMB25,545,000) as a result of capital injection from Fuguiniao Group. The capital of the Group as at 31 December 2011 represented the aggregate amount of paid-in capital of the Company of USD35,320,000 (equivalent to RMB268,079,000), the paid-in capital of Fuguiniao Fujian of HKD30,000,000 (equivalent to RMB25,545,000) and the share capital of Anywalk Hong Kong of HKD10,000 (equivalent to RMB9,000).

(iv) On 25 April 2012, new shareholders of the Company injected capital of USD6,590,000 (equivalent to RMB41,493,000), including paid-in capital of USD3,070,000 (equivalent to RMB19,330,000) to the Company. The paid-in capital of the Company increased to USD38,390,000 (equivalent to RMB287,409,000) accordingly and the premium on the issue was credited to capital reserve of the Company.

(v) As set out in note 23(a)(ii), Fuguiniao Fujian and Anywalk Hong Kong were transferred to the Group from Fuguiniao Group. The difference between Fuguiniao Group's interest in the carrying amount of the assets and liabilities of Fuguiniao Fujian and Anywalk Hong Kong upon the date of transfers and the considerations paid by the Group to Fuguiniao Group was dealt with in capital reserve of the Group according to the accounting policy set out in note 1(e).

(vi) On 29 June 2012, the Company converted into a joint stock limited liability company and 400,000,000 shares of RMB1 each were issued. The retained profits and statutory reserve of the Company upon the conversion were transferred to share capital and capital reserve of the Company accordingly under rules and regulations in respect of conversion to a joint stock limited liability company in the PRC.

(b) Movements in components of equity of the Company

The Company

	Section B Note	Capital	Capital reserve	Statutory reserve	Retained profits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			Note 23(c)	Note 23(d)		
As at 1 January 2010	23(b)(i)	268,079	976	29,315	184,820	483,190
Changes in equity for 2010:						
Profit and total comprehensive income for the year		–	–	–	118,795	118,795
Appropriation to statutory reserve	23(d)	–	–	8,576	(8,576)	–
Merger with entity under common control	23(b)(ii)		11,840	(14,040)	2,200	–
Dividends declared	10	–	–	–	(130,392)	(130,392)
As at 31 December 2010 and 1 January 2011		268,079	12,816	23,851	166,847	471,593
Changes in equity for 2011:						
Profit and total comprehensive income for the year		–	–	–	195,620	195,620
Appropriation to statutory reserve	23(d)	–	–	19,430	(19,430)	–
Dividends declared	10	–	–	–	(130,668)	(130,668)
As at 31 December 2011 and 1 January 2012		268,079	12,816	43,281	212,369	536,545
Changes in equity for 2012:						
Profit and total comprehensive income for the year		–	–	–	339,160	339,160
Appropriation to statutory reserve	23(d)	–	–	25,330	(25,330)	–
Capital injection	23(a)(iv)	19,330	22,163	–	–	41,493
Conversion to joint stock limited liability company	23(a)(vi)	112,591	125,822	(43,281)	(195,132)	–
Dividends declared	10	–	–	–	(100,000)	(100,000)
As at 31 December 2012		400,000	160,801	25,330	231,067	817,198

	Section B Note	Capital	Capital reserve	Statutory reserve	Retained profits	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
			Note 23(c)	Note 23(d)		
As at 1 January 2013 .		400,000	160,801	25,330	231,067	817,198
Changes in equity for the six months ended 30 June 2013:						
Profit and total comprehensive income for the period.		–	–	–	211,465	211,465
Dividends declared . . .	10	–	–	–	(200,000)	(200,000)
As at 30 June 2013. . .		400,000	160,801	25,330	242,532	828,663
(Unaudited)						
As at 1 January 2012: .		268,079	12,816	43,281	212,369	536,545
Changes in equity for the six months ended 30 June 2012:						
Profit and total comprehensive income for the period.		–	–	–	142,098	142,098
Capital injection	23(a)(iv)	19,330	22,163	–	–	41,493
Conversion to joint stock limited liability company	23(a)(vi)	112,591	125,822	(43,281)	(195,132)	–
Dividends declared . . .	10	–	–	–	(100,000)	(100,000)
As at 30 June 2012. . .		400,000	160,801	–	59,335	620,136

Notes:

(i) The capital of the Company as at 1 January 2010 represented the aggregate amount of paid-in capital of the Company of HKD100,000,000 (equivalent to RMB108,079,000) and the paid-in capital of Fulin Shoes of RMB160,000,000. Fulin Shoes, which was previously under common control of Fuguiniao Group, was merged into the Company during the year ended 31 December 2010 and the financials of Fulin Shoes was included in the Financial Information of the Company as if the merger had occurred at the beginning of the Relevant Periods in accordance with accounting policy of the Company set out in note 1(e).

(ii) Fulin Shoes was merged into the Company and the surplus reserve and retained earnings of Fulin Shoes upon the merger was transferred to the capital reserve of the Company accordingly.

(c) Capital reserve

Capital reserve mainly represents:

– the difference between the Group's interest in the net book value of an entity under common control of the shareholders that control the Group and the cost of consideration of acquisition of that entity;

– the difference between the nominal value of shares of the subsidiary acquired over the consideration paid by the Company thereafter; and

– premium arising from capital injection from shareholders and conversion to joint stock limited liability company.

(d) Statutory reserve

According to the Company's Articles of Association, the Company is required to transfer 10% of its net profit as determined in accordance with the Company Law of the PRC to its statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to equity owner. This reserve fund can be utilised in setting off accumulated losses or increasing capital of the Company and is non-distributable other than in liquidation.

(e) Distributable reserves

At 31 December 2010, 2011 and 2012 and 30 June 2013, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Company Law of the People's Republic of China, were RMB166,847,000, RMB212,369,000, RMB231,067,000 and RMB221,385,000, respectively.

(f) Capital management

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure with reference to its debt position. The Group's strategy was to maintain the equity and debt in a balanced position and ensure there were adequate working capital to service its debt obligations. The Group's gearing ratio, being the Group's total bank loans and other borrowings over its total equity, at 31 December 2010, 2011 and 2012 and 30 June 2013 was 123%, 126%, 45% and 57%, respectively.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

24 Financial risk management and fair value

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, deposits with bank and other financial assets. Management has a credit policy in place and the exposures to the credit risks are monitored on an ongoing basis.

(i) Trade and other receivables

Credit evaluations are performed on customers requiring credit terms. These evaluations focus on the customer's past history of making payments and current abilities to pay and take into account information specific to the customer as well as to the economic environment. Normally, the Group does not obtain collateral from customers. Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 16.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2010, 2011 and 2012 and 30 June 2013, 30%, 24%, Nil and 5% of the total trade and bills receivables were due from the Group's largest customer respectively, and 51%, 37%, 14% and 14% of the total trade and bills receivables were due from the Group's five largest customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. Except for the financial guarantees given by the Company as set out in note 26, the Group does not provide any other guarantees which would expose the Group to credit risk.

In addition, as set out in note 16(c)(ii), as at 31 December 2010, 2011 and 2012 and 30 June 2013, the Group had discounted or endorsed certain bank acceptance bills with recourse amounted to RMB4,490,000, RMB8,268,000, RMB209,053,000 and RMB44,910,000 respectively and the respective receivables were de-recognised upon discounting or endorsement. The Group's maximum loss in case of default is the face value of the discounted bills. As the Group only accepts bank acceptance bills from major banks in the PRC, management considered that the credit risk of these bills is minimal.

(ii) Deposits with banks and forward contracts

The Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit rating and by entering into forward contracts with counterparties of sound credit standing and with whom the Group has a signed netting agreement. Given their high credit standing, management does not expect any counterparty to fail to meet its obligations.

(iii) Other financial assets

As set out in note 17, the Group invested in certain unlisted wealth management products issued by banks in the PRC. The management considers the counterparties are banks with high credit rating and the default risk is remote.

(b) Liquidity risk

The Company is responsible for the cash management of all companies comprising the Group, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands. The Group's policy is to regularly monitor liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms.

All non-interest bearing financial liabilities of the Group are carried at amount not materially different from their contractual undiscounted cash flow as all the financial liabilities are with maturities within one year or repayable on demand at the end of the respective reporting period.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the each of the reporting period) and the earliest date the Group and the Company can be required to pay:

	The Group		The Company	
	Total contractual undiscounted cash flow/within 1 year or on demand	Carrying amount on consolidated statement of financial position	Total contractual undiscounted cash flow/within 1 year or on demand	Carrying amount on statement of financial position
	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2010				
Bank loans and other borrowings	603,595	586,192	603,595	586,192
Trade and bills payables	109,018	109,018	109,018	109,018
Amount due to the immediate and ultimate holding company	130,392	130,392	130,392	130,392
Other payables and accruals	18,079	18,079	18,079	18,079
	861,084	843,681	861,084	843,681
At 31 December 2011				
Bank loans and other borrowings	799,960	780,697	799,960	780,697
Trade and bills payables	89,201	89,201	87,928	87,928
Other payables and accruals	32,948	32,948	32,845	32,845
	922,109	902,846	920,733	901,470
At 31 December 2012				
Bank loans and other borrowings	368,697	359,000	368,697	359,000
Trade and bills payables	175,287	175,287	175,230	175,230
Amount due to a subsidiary	–	–	13,253	13,253
Other payables and accruals	37,453	37,453	30,024	30,024
Derivative financial instruments	871	871	871	871
	582,308	572,611	588,075	578,378
At 30 June 2013				
Bank loans and other borrowings	472,715	458,936	472,715	458,936
Trade and bills payables	221,727	221,727	230,264	230,264
Amount due to a subsidiary	–	–	49,970	49,970
Dividend payable	17,200	17,200	17,200	17,200
Other payables and accruals	34,239	34,239	27,100	27,100
	745,881	732,102	797,249	783,470

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans and other borrowings. Borrowings that are at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profiles as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's and the Company's borrowings at the end of the reporting period:

The Group and the Company

	As at 31 December						As at 30 June	
	2010		2011		2012		2013	
	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount
		RMB'000		RMB'000		RMB'000		RMB'000
Fixed rate instruments:								
Bank loans	2.88%-5.81%	476,192	3.38%-9.60%	528,697	5.40%-7.54%	359,000	2.41%-6.30%	458,936
Variable rate instruments:								
Bank loans and other borrowings	5.31%-5.81%	110,000	6.31%-7.54%	252,000	–	–	–	–
Total instruments		586,192		780,697		359,000		458,936

(ii) Sensitivity analysis

At 31 December 2010, 2011 and 2012 and 30 June 2013, it is estimated that a general increase/decrease of 100 basis points in borrowing interest rates, with all other variables held constant, would have decrease/increase the Group's and the Company's profit after tax for the year/period and retained profits by approximately RMB825,000, RMB1,890,000, RMB Nil and RMB Nil, respectively. Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above indicates the impact on the Group's profit for the year/period and retained profits that would arise assuming that there is an annualised or semi-annualised impact on interest expense by a change in interest rates. The analysis has been performed on the same basis throughout the Relevant Periods.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables and borrowings and cash balances that are denominated in a foreign currency other than RMB. The currencies giving rise to this risk are primarily United States dollars and Euros.

The Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rate, or entering into forward contracts to hedge against currency risk where necessary to address short-term imbalances. The forward contracts were entered in anticipation of forecasted export sale transactions.

(i) Exposure to currency risk

The following table details the Group's and the Company's major exposure as at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the end of each reporting period.

The Group

	As at 31 December						As at 30 June	
	2010		2011		2012		2013	
	United States Dollars	Euros	United States Dollars	Euros	United States Dollars	Euros	United States Dollars	Euros
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	26,003	1	13,306	4,130	3,005	6,528	2,235	13,474
Trade and other receivables	72,603	–	28,318	–	24,460	3,885	–	1,263
Bank loans and other borrowings	(10,192)	–	(16,697)	–	–	–	(18,536)	–
Trade and other payables	(1,770)	–	(363)	–	(444)	(351)	(1,626)	(109)
Notional amount of forward contracts	(228,313)	–	(315,045)	(16,325)	–	(58,223)	–	(52,348)
Net exposure to currency risk	(141,669)	1	(290,481)	(12,195)	27,021	(48,161)	(17,927)	(37,720)

The Company

	As at 31 December						As at 30 June	
	2010		2011		2012		2013	
	United States Dollars	Euros	United States Dollars	Euros	United States Dollars	Euros	United States Dollars	Euros
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	26,003	1	13,306	4,130	3,005	3,410	2,235	3,196
Trade and other receivables	72,603	–	28,318	–	28,486	3,885	37,534	8,269
Bank loans and other borrowings	(10,192)	–	(16,697)	–	–	–	(18,536)	–
Trade and other payables	(1,770)	–	(363)	–	(444)	(351)	(8,520)	(2,278)
Notional amount of forward contracts	(228,313)	–	(315,045)	(16,325)	–	(58,223)	–	(52,348)
Net exposure to currency risk	(141,669)	1	(290,481)	(12,195)	31,047	(51,279)	12,713	(43,161)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's and the Company's profit after tax and equity that would arise if the foreign exchange rates to which the Group and the Company has significant exposure as at the end of each of the Relevant Periods had changed, assuming all other risk variables remained constant.

The Group

	As at 31 December						As at 30 June	
	2010		2011		2012		2013	
	Increase/ (decrease) in foreign exchange rates in%	Effect on profit after tax and equity	Increase/ (decrease) in foreign exchange rates in%	Effect on profit after tax and equity	Increase/ (decrease) in foreign exchange rates in%	Effect on profit after tax and equity	Increase/ (decrease) in foreign exchange rates in%	Effect on profit after tax and equity
		RMB'000		RMB'000		RMB'000		RMB'000
United States Dollars	1	(1,063)	1	(2,179)	1	203	1	(134)
	(1)	1,063	(1)	2,179	(1)	(203)	(1)	134
Euros	1	–	1	(91)	1	(359)	1	(274)
	(1)	–	(1)	91	(1)	359	(1)	274

The Company

	As at 31 December						As at 30 June	
	2010		2011		2012		2013	
	Increase/ (decrease) in foreign exchange rates in%	Effect on profit after tax and equity	Increase/ (decrease) in foreign exchange rates in%	Effect on profit after tax and equity	Increase/ (decrease) in foreign exchange rates in%	Effect on profit after tax and equity	Increase/ (decrease) in foreign exchange rates in%	Effect on profit after tax and equity
		RMB'000		RMB'000		RMB'000		RMB'000
United States Dollars	1	(1,063)	1	(2,179)	1	233	1	95
	(1)	1,063	(1)	2,179	(1)	(233)	(1)	(95)
Euros	1	–	1	(91)	1	(385)	1	(324)
	(1)	–	(1)	91	(1)	385	(1)	324

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into Renminbi at the exchange rate ruling at the end of each reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group and the Company which expose the Group and the Company to foreign currency risk as at the end of each of the Relevant Periods which are denominated in a currency other than the functional currencies of the lender or the borrower.

(e) Fair value

The carrying amounts of the Group's and the Company's financial instruments are carried at amounts not materially different from their fair values as at 31 December 2010, 2011 and 2012 and 30 June 2013. The carrying values of the Group's and the Company's financial instruments approximate their fair values because of the short maturities of these instruments. The fair value of foreign currency forward contracts is measured using quoted prices in active markets for similar financial instruments.

25 Commitments

(a) Operating leases commitments

At 31 December 2010, 2011 and 2012 and 30 June 2013, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

The Group

	As at 31 December			As at 30 June
	2010	**2011**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Within 1 year	5,989	5,476	7,458	7,797
After 1 year but within 5 years	18,075	13,680	19,369	23,812
After 5 years	–	–	13,981	12,467
	24,064	19,156	40,808	44,076

The Company

	As at 31 December			As at 30 June
	2010	**2011**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Within 1 year	5,989	5,476	4,555	4,586
After 1 year but within 5 years	18,075	13,680	17,521	16,518
After 5 years	–	–	13,950	12,467
	24,064	19,156	36,026	33,571

The Group leases a number of properties under operating leases. The leases typically run for an initial period for one to ten years, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

(b) Forward contracts

The Group and the Company have entered into the forward contracts with major banks in the PRC to hedge against the foreign currency risk. At 31 December 2010, 2011 and 2012 and 30 June 2013, the notional amounts of the outstanding forward contracts have been disclosed in note 24(d)(i).

26 Contingent liabilities

At 31 December 2011, the Company provided a corporate guarantee of RMB200,000,000 to a related company, Fujian Fuguiniao Mining Group Company Limited ("Fuguiniao Mining") (福建省富貴鳥礦業集團有限公司), for its banking facilities. The guarantee was released on 30 June 2012. The Group did not recognise any deferred income in respect of the guarantee issued as its fair value was not reliably estimable and the guaranteed amount was insignificant.

During the Relevant Periods, no claims had been made against the Group under the guarantee.

27 Material related party transactions

The related parties with which the Group entered into material transactions during the Relevant Periods are as follows:

Name of party	Relationships
Fuguiniao Group	Immediate and ultimate holding company and owned as to 32.5% by Mr Lam Wo Ping, 22.5% by Mr Lam Wo Sze, 22.5% by Mr Lam Kwok Keung and 22.5% by Mr Lam Wing Ho
Mr Lam Wo Ping	Director and Chairman
Mr Lam Wo Sze	Director and brother of Mr Lam Wo Ping
Mr Lam Kwok Keung	Director and cousin of Mr Lam Wo Ping

Name of party	Relationships
Mr Lam Wing Ho	Cousin of Mr Lam Wo Ping
Mr Lin Qianlu	Son of Mr Lam Wo Sze
Ms Lin Shuxian	Daughter of Mr Lam Wo Sze
Shishi Fuguiniao Group	Collectively owned by Mr Lam Wo Ping, Mr Lam Wo Sze, Mr Lam Kwok Keung and Mr Lam Wing Ho
Shishi Minxing Shoe Material Trading Co., Ltd.* ("Shishi Minxing") (石獅市閩興鞋材工貿有限公司)	Controlled by brother-in-law of Mr. Lam Kwok Keung
Chengdu Meiyate Trading Co., Ltd.* ("Chengdu Meiyate") (成都美雅特商貿有限責任公司)	Controlled by Mr Lam Wo Sze (ceased to be a related party since 6 October 2012 as their interests were sold to third parties)
Beijing Jinrunfeng Trading Co., Ltd.* ("Beijing Jinrunfeng") (北京錦潤豐商貿有限責任公司)	Controlled by Mr Lam Wo Sze (ceased to be a related party since 15 October 2012 as their interests were sold to third parties)
Changsha Zubu Footwear and Apparel Trading Co., Ltd.* ("Changsha Zubu") (長沙市足步鞋服貿易有限公司)	Controlled by Mr Lam Wo Sze (ceased to be a related party since 15 October 2012 as their interests were sold to third parties)
Xiamen Diyi Trading Co., Ltd.* ("Xiamen Diyi") (廈門帝一貿易有限公司)	Controlled by Mr Lam Wo Sze (ceased to be a related party since 15 October 2012 as their interests were sold to third parties)
Shanghai Fulin Footwear Co., Ltd.* ("Shanghai Fulin") (上海福林鞋業有限公司)	Controlled by Mr Lam Wo Sze (ceased to be a related party since 15 October 2012 as their interests were sold to third parties)
Wuhan Heyuanxiang Trading Co., Ltd.* ("Wuhan Heyuanxiang") (武漢和源祥商貿有限責任公司)	Controlled by Mr Lam Wo Sze (ceased to be a related party since 15 October 2012 as their interests were sold to third parties)
Fuzhou Dawei Trading Co., Ltd.* ("Fuzhou Dawei") (福州達維貿易有限公司)	Controlled by Mr Lam Wo Sze (ceased to be a related party since 15 October 2012 as their interests were sold to third parties)
Xi'an Danpuni Trading Co., Ltd.* ("Xi'an Danpuni") (西安丹普妮商貿有限責任公司)	Controlled by Mr Lam Wo Sze (ceased to be a related party since 15 October 2012 as their interests were sold to third parties)
Shishi Andy Trading Co., Ltd.* ("Shishi Andy") (石獅市安迪商貿有限責任公司)	Controlled by Mr Lin Qianlu (ceased to be a related party since 27 August 2012 as their interests were sold to third parties)
Xuzhou Fuxingyuan Real Estate Development Co., Ltd.* ("Xuzhou Fuxingyuan") (徐州富興源房地產開發有限公司)	Controlled by Mr Lam Wo Sze
Fujian Shishi Henglin Footwear Co., Ltd.* ("Shishi Henglin") (福建省石獅市恒林鞋業有限公司)	Controlled by Ms Lin Shuxian (ceased to be a related party since 15 October 2012 as their interests were sold to third parties)
Shishi Lina Real Estate Development Co., Ltd.* ("Lina Real Estate") (石獅市麗娜房地產開發有限公司)	Controlled by Mr Lam Wo Sze
Quanzhou Tianyuan (International) Technology Limited* ("Quanzhou Tianyuan") (泉州市天元(國際)科技有限公司)	Controlled by Mr Lam Kwok Keung
Beipiao City Fuguiniao Mining Co., Ltd.* ("Beipiao Fuguiniao Mining") (北票市富貴鳥礦業有限公司)	Indirectly controlled by Mr Lam Wo Ping

* The English translations of the names of these companies are for reference only. The official names of these companies are in Chinese.

(a) Transactions with related parties

In addition to the related party transactions disclosed elsewhere in the Financial Information, the Group entered into the following material related party transactions during the Relevant Periods:

	Year ended 31 December			Six months ended 30 June	
	2010	2011	2012	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Sales of products to					
– Chengdu Meiyate (note (i))	80,815	101,848	72,842	47,390	–
– Beijing Jinrunfeng (note (i))	59,319	97,104	81,659	48,469	–
– Xiamen Diyi (note (i))	37,122	57,037	42,639	26,111	–
– Changsha Zubu (note (i))	31,464	41,187	36,186	26,541	–
– Wuhan Heyuanxiang (note (i))	25,804	39,432	30,256	19,602	–
– Shanghai Fulin (note (i))	21,070	52,870	49,576	32,577	–
– Xi'an Danpuni (note (i))	13,730	19,341	20,867	11,585	–
– Fuzhou Dawei (note (i))	9,574	16,674	13,615	8,348	–
– Beipiao Fuguiniao Mining	–	40	–	–	–
	278,898	425,533	347,640	220,623	–
Purchase of inventories from					
– Shishi Minxing	2,255	2,540	855	885	–
– Chengdu Meiyate (note (ii))	–	–	9,604	–	–
– Beijing Jinrunfeng (note (ii))	–	–	6,360	–	–
– Changsha Zubu (note (ii))	–	–	2,254	–	–
– Wuhan Heyuanxiang (note (ii))	–	–	4,772	–	–
– Shanghai Fulin (note (ii))	–	–	5,847	–	–
– Xi'an Danpuni (note (ii))	–	–	3,959	–	–
– Fuzhou Dawei (note (ii))	–	–	2,059	–	–
	2,255	2,540	35,710	855	–
Interest income from					
– Shishi Fuguiniao Group	12,623	18,779	8,061	7,400	–
– Shishi Andy (note (i))	4,312	2,028	496	496	–
– Xuzhou Fuxingyuan	3,817	3,997	1,471	1,471	–
– Shishi Henglin (note (i))	2,753	168	99	99	–
– Lina Real Estate	911	1,165	115	115	–
– Quanzhou Tianyuan	103	91	52	52	–
	24,519	26,228	10,294	9,633	–
Lease of property and plant from					
– Shishi Fuguiniao Group	5,017	5,077	60	30	30
Purchases of fixed assets					
– Shishi Fuguiniao Group	–	–	110,355	110,355	–
– Fuguiniao Group	–	–	6,780	6,780	–
– Shishi Henglin (note (i))	–	–	2,098	2,098	–
	–	–	119,233	119,233	–

Notes:

(i) These transactions include those between the Group and Shishi Andy, Chengdu Meiyate, Beijing Jinrunfeng, Changsha Zubu, Xiamen Diyi, Shanghai Fulin, Wuhan Heyuanxiang, Fuzhou Dawei, Xi'an Danpuni and Shishi Henglin when these parties were the related parties of the Group during the Relevant Periods. These parties were no longer related parties of the Group upon disposals to independent third parties in 2012 as set out above.

(ii) During the year ended 31 December 2012, these parties transferred 208 outlets to the Group for a total consideration (excluding VAT) of RMB34,855,000, representing the cost of inventories stored in the respective outlets at the date of transfer.

In addition to the transactions set out above, on 13 February 2012, the Company entered into an agreement with Shishi Fuguiniao Group, under which the Company disposed 100% interest in Quanzhou Fuguiniao to Shishi Fuguiniao Group at a consideration of RMB5,000,000. Upon the date of the disposal, Quanzhou Fuguiniao held land use right of a piece of land in Quanzhou which was acquired by the Group in 2010.

(b) Balances with related parties

At 31 December 2010, 2011 and 2012 and 30 June 2013, the Group had the following balances with related parties:

(i) Amounts due from related parties

	As at 31 December			As at 30 June
	2010	**2011**	**2012**	**2013**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Trade-related				
Trade and bills receivables				
– Chengdu Meiyate	23,935	10,384	–	–
– Changsha Zubu	15,392	7,854	–	–
– Shanghai Fulin	10,378	21,093	–	–
– Xiamen Diyi	8,706	12,872	–	–
– Fuzhou Dawei	4,087	12,194	–	–
– Beijing Jinrunfeng	1,604	22,000	–	–
– Wuhan Heyuanxiang	1,086	4,981	–	–
– Xi'an Danpuni	–	5,342	–	–
	65,188	96,720	–	–
Prepayments				
– Shishi Minxing	–	33	–	–
Non-trade-related				
Amount due from related parties				
– Shishi Fuguiniao Group	233,827	101,560	–	–
– Shishi Andy	54,905	23,393	–	–
– Xuzhou Fuxingyuan	107,177	91,175	–	–
– Shishi Henglin	4,481	4,650	–	–
– Lina Real Estate	31,245	5,410	–	–
– Quanzhou Tianyuan	2,378	2,467	–	–
– Fuguiniao Group	55,536	2,182	–	–
	489,549	230,837	–	–
	554,737	327,590	–	–

(ii) Amounts due to related parties

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Trade-related				
Trade payables				
– Shishi Minxing	787	–	–	–
Receipts in advance				
– Xi'an Danpuni	238	–	–	–
– Shanghai Fulin	–	1,662	–	–
– Wuhan Heyuanxiang	–	9,411	–	–
– Chengdu Meiyate	–	619	–	–
– Beijing Jinrunfeng	–	623	–	–
	238	12,315	–	–
Non-trade related				
Amount due to immediate and ultimate holding company				
– Fuguiniao Group	130,392	–	–	300
	131,417	12,315	–	300

(iii) At 31 December 2010, 2011 and 2012 and 30 June 2013, certain banking facilities of the Group were jointly guaranteed by the shareholders of the ultimate holding company and Shishi Fuguiniao Group (see note 20).

(c) Operating leases commitments

At 31 December 2010, 2011 and 2012 and 30 June 2013, the total future minimum lease payments under non-cancellable operating leases that are payable to Shishi Fuguiniao Group as follows:

	As at 31 December			As at 30 June
	2010	2011	2012	2013
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	5,017	5,077	60	60
After 1 year but within 5 years	17,976	13,080	60	15
	22,993	18,157	120	75

(d) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and senior management are disclosed in notes 6 and 8 respectively.

Total remuneration is included in "staff costs" (note 4(b)).

28 Significant accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the Financial Information. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the Financial Information.

(a) Impairments

If circumstances indicate that the carrying value of an asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in profit or loss. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, sales revenue and amount of operating costs.

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates at the end of each reporting period.

(c) Impairment of trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of each reporting period.

(d) Depreciation and amortisation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. Intangible assets except for those with an indefinite live are amortised on a straight-line basis over the estimated useful lives. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during any reporting period. The useful lives are based on the Group's experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

(e) Bank acceptance bills

As set out in notes 16(c)(ii) and 24(a)(i), the Group considers that the credit risk associated with bank acceptance bills with recourse issued by major banks in the PRC to be minimal. The Group monitors the credit risk of issuing banks and the judgement to de-recognise bank acceptance bills with recourse upon discounting or endorsement is reviewed when the credit risk of issuing banks deteriorates significantly.

29 List of auditors of the subsidiaries

The following list contains details of the companies included in the Financial Information that are subject to audit during the Relevant Periods and the names of the respective auditors.

Name of company	Financial period	Statutory auditors
Fuguiniao Fujian	For the years ended 31 December 2010 and 2012	Quanzhou Zhonghe Certified Public Accountants Co., Ltd.* 泉州眾和有限責任會計師事務所
	For the year ended 31 December 2011	Ascenda Certified Public Accountants Co., Ltd. Shenzhen Branch* 天健正信會計師事務所有限公司深圳分所
Anywalk Hong Kong	For the period from 29 July 2010 to 31 December 2011 and the year ended 31 December 2012	Peter Y.C. Lau & Co CPA 劉玉珠會計師事務所
Fuguiniao HongKong	For the period from 12 January 2012 to 31 December 2012	Hon So Fan Certified Public Accountant (Practising) 韓素芬 執業會計師
Quanzhou Fuguiniao	For the year ended 31 December 2011	Quanzhou Zhonghe Certified Public Accountants Co., Ltd.* 泉州眾和有限責任會計師事務所

* The English translation of the auditors is for reference only. The official names of the companies are in Chinese.

30 Immediate and ultimate controlling party

As at 30 June 2013, the directors consider the immediate controlling party and ultimate controlling party to be Fuguiniao Group Limited which is incorporated in Hong Kong. This entity does not produce financial statements available for public use.

31 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Relevant Periods

Up to the date of issue of this Financial Information, the IASB has issued a number of amendments, one new standard and one new interpretation which are not yet effective for the Relevant Periods and which have not been adopted in this Financial Information. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities*	1 January 2014
Amendments to IFRS 10, *Consolidated financial statements, IFRS 12, Disclosure of interests in other entities and IAS 27 Separate financial statements – Investment entities*	1 January 2014
Amendments to IAS 36, *Impairment of assets – Recoverable amount disclosures for non-financial assets*	1 January 2014
Amendments to IAS 39, *Financial instrument: Recognition and measurement, – Novation of derivatives and continuation of hedge accounting*	1 January 2014
IFRIC 21, *Levies*	1 January 2014
IFRS 9, *Financial instruments*	1 January 2015

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Financial Information of the Group.

32 Non-adjusting events after the reporting period

On 28 October 2013, the Company entered into an agreement with Shishi Fuguiniao Group to dispose of certain buildings and interest in leasehold land held for own use under operating leases in the PRC at a consideration of RMB216,000,000. The carrying amounts of these assets amounted RMB184,621,000 as at 30 June 2013.

C SUBSEQUENT FINANCIAL STATEMENTS AND DIVIDENDS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 June 2013. No dividend or distribution has been declared or made by any companies comprising the Group in respect of any period subsequent to 30 June 2013.

Yours faithfully

KPMG
Certified Public Accountants
Hong Kong