



International Taifeng Holdings Limited

國際泰豐控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock code 股份代號: 873

2011

Annual Report 年報



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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive:

Mr. Liu Qingping (*Chairman*)
Mr. Li Dengxiang
Mr. Liu Chunwei
Ms. Qi Tongli
Mr. Zou Shengzhong

Independent and non-executive:

Mr. Chan Kin Sang
Mr. Li Yuchun
Mr. Dai Shunlin

COMPANY SECRETARY

Mr. Pang Wai Hong, *FCCA*

AUDIT COMMITTEE

Mr. Li Yuchun (*Chairman*)
Mr. Chan Kin Sang
Mr. Dai Shunlin

REMUNERATION COMMITTEE

Mr. Dai Shunlin (*Chairman*)
Mr. Li Yuchun
Mr. Liu Qingping

NOMINATION COMMITTEE

Mr. Chan Kin Sang (*Chairman*)
Mr. Dai Shunlin
Mr. Liu Qingping

LEGAL ADVISERS TO THE COMPANY

As to Cayman law:
Conyers Dill & Pearman

As to PRC law:
Tian Yuan Law Firm

AUDITORS

Deloitte Touche Tohmastu

AUTHORISED REPRESENTATIVES

Mr. Pang Wai Hong
Ms. Qi Tongli

董事會

執行董事：

劉慶平先生 (主席)
李登祥先生
劉純衛先生
冼同麗女士
鄒生忠先生

獨立非執行董事：

陳健生先生
李玉春先生
戴順林先生

公司秘書

彭偉康先生 · *FCCA*

審核委員會

李玉春先生 (主席)
陳健生先生
戴順林先生

薪酬委員會

戴順林先生 (主席)
李玉春先生
劉慶平先生

提名委員會

陳健生先生 (主席)
戴順林先生
劉慶平先生

本公司之法律顧問

開曼群島法律：
康明德律師事務所

中國法律：
天元律師事務所

核數師

德勤 • 關黃陳方會計師行

授權代表

彭偉康先生
冼同麗女士

Corporate Information

公司資料

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS

In the People's Republic of China:
Economic and High-technology Development Zone,
Laiwu City, Shandong Province
People's Republic of China

In Hong Kong:
Room 911, 9/F., Block A,
Hungohm Commercial Centre,
39 Ma Tau Wai Road,
Hung Hom,
Kowloon,
Hong Kong

COMPLIANCE ADVISER

CIMB Securities (HK) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

In the People's Republic of China:
Bank of China, Laiwu Branch
Industrial and Commercial Bank of China, Laiwu Branch
Laishang Bank

In Hong Kong:
Bank of Communication Co., Limited,
Hong Kong Branch

STOCK CODE

0873

COMPANY WEBSITE ADDRESS

<http://www.taifeng.cc>

INVESTOR RELATIONS CONTACT

Email: ir@taifeng.cc
Telephone: 852-22308913

註冊辦事處

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

主要營業地點

於中華人民共和國：
中華人民共和國
山東省萊蕪市
高新科技開發區

於香港：
香港
九龍
紅磡
馬頭圍道39號
紅磡商業中心
A座九樓九一一室

合規顧問

聯昌國際證券(香港)有限公司

主要股份過戶登記處

Codan Trust Company (Cayman) Limited

香港股份過戶登記分處

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

主要銀行

於中華人民共和國：
中國銀行萊蕪分行
中國工商銀行萊蕪分行
萊商銀行

於香港：
交通銀行股份有限公司
香港分行

股份代號

0873

公司網站

<http://www.taifeng.cc>

投資者關係

電郵：ir@taifeng.cc
電話：852-22308913

Corporate Profile

公司簡介

International Taifeng Holdings Limited (“Taifeng” or the “Company”, and, together with its subsidiaries, the “Group”) was founded in 2001. Its production base is situated in Shandong Province, the People’s Republic of China (“PRC”). Taifeng, being a major integrated home textile manufacturer offering design, research and development, manufacturing and retail services, is one of the leading manufacturers and distributors of quality bedding products and cotton yarns in the PRC. It offers over 1,300 varieties of bedding products including bed covers, pillows, pillow cases, quilts and quilt covers. Its cotton yarns are mainly comprised of fine-count and high-count yarns with over 160 varieties.

Being recognized as a Chinese Well-known Trademark (中國馳名商標), Taifeng is a leading brand in the PRC home textile market. Leveraging on the brand’s reputation, the Group focuses on the middle-end market, which is the market segment with the highest value. IBENA, the authorized German brand of the Group, also performs well in the high-end bedding product market in the PRC.

Thanks to its solid capacity, the Group ranks 8th among bedding product manufacturers and is the fourth largest fine-count and highcount yarns manufacturer in the PRC. With an annual production capacity of 5 million sets of bedding products and over 30,000 tonnes of cotton yarn, the Group possesses strong competitive edge in the PRC and is therefore awarded as one of the top 10 enterprises in the national home textile industry and one of the top 20 enterprises in the textile industry for years. The well-established sales network of the Group covers 28 provinces and municipalities in the PRC. As at 31 December 2011, the Group had a total of 184 agents and over 700 retail stores and counters either operated directly by the Group or by distributors. Those retail stores and counters are located in busy commercial areas and well-known department stores, such as Parkson, INZONE Department Store, Maoye Department Store, Van’s Department Store and Liqun. Attributed to its emphasis on technology innovation and constant pursuit of quality, the Group maintained its outstanding research and development strength and manufacturing technologies. As a recognition of its excellent product quality, strong research and development capabilities, comprehensive management and strong competence, the Group has won various provincial and national awards and accolades, including Chinese Inspection-exempt Products (中國免檢產品), Chinese Name-Brand Products (中國名牌產品), Chinese Well-known Trademark, International Quality System Certification, Excellent Quality Management Certificate (優秀質量管理證書) and Technologically Advanced Enterprise (科技創新先進企業).

國際泰豐控股有限公司(「泰豐」或「本公司」, 連同其附屬公司, 統稱「本集團」)成立於2001年, 生產基地位於中華人民共和國(「中國」)山東省, 是集設計、研發、生產、零售為一體的大型家用紡織品企業, 為中國領先的優質床品及棉紗製造商及分銷商之一。旗下床品種類超過1,300款, 包括床罩、枕頭、枕套、被褥及被套等系列產品, 棉紗是以細支紗及高支紗為主, 種類超過160款。

本集團主要以榮獲「中國馳名商標」稱號的「泰豐」品牌, 主攻具有最大價值的中端床品市場, 是國內家紡產品品牌之領軍力量。同時, 本集團獲授權許可生產的德國IBENA品牌在國內高端床品市場上亦佔有一席之地。

本集團生產實力雄厚, 為中國第八大床品製造商, 第四大細支紗及高支紗製造商。床品年產能500萬套, 棉紗年產能超過30,000噸, 並且連續多年位居全國家紡行業前十強, 紡織行業前二十強行列, 是國內極具競爭優勢的家紡企業。本集團擁有完善的銷售體系, 網絡覆蓋全國28個省市。截至二零一一年十二月三十一日, 本集團共有184家代理商及700多間直營及由分銷商經營的專賣店及專櫃, 均設立在商業旺地和知名百貨公司, 例如百盛、銀座百貨、茂業百貨、萬千百貨、利群等。本集團本著科技創新的研發意識同對高品質產品的不斷追求, 始終保持其卓越的研發能力及生產技術, 先後榮獲中國免檢產品、中國名牌產品、中國馳名商標、國際質量體系認證、優秀質量管理證書、科技創新先進企業等多個省級和國家級之獎項與稱號, 足以印證本集團產品優質, 研發強勁, 管理完善, 實力卓越。

Financial Highlights and Summary

財務摘要及概要

- **Revenue** increased by 16.6% to RMB2,152.2 million for the year ended 31 December 2011
- **Revenue from the sales of branded bedding products** increased significantly by 50.4% to RMB1,123.1 million for the year ended 31 December 2011
- **Gross profit margin** increased by 4.0 percentage points to 38.6% for the year ended 31 December 2011
- **Segment profit from the manufacture and distribution of bedding products** increased significantly by 38.1% to RMB561.9 million for the year ended 31 December 2011
- **Profit before taxation** increased by 25.2% to RMB637.0 million for the year ended 31 December 2011
- **Profit attributable to owners of the Company** increased by 5.6% to RMB440.1 million for the year ended 31 December 2011
- **Basic earnings per share** was RMB0.440 for the year ended 31 December 2011
- The Board has recommended a **final dividend** of RMB0.086 per share for the year ended 31 December 2011
- 收益增長16.6%至截至二零一一年十二月三十一日止年度之人民幣2,152,200,000元
- 品牌床品銷售收益顯著增加50.4%至截至二零一一年十二月三十一日止年度之人民幣1,123,100,000元
- 毛利率增長4.0個百分點至截至二零一一年十二月三十一日止年度之38.6%
- 床品製造及分銷之分部溢利顯著增加38.1%至截至二零一一年十二月三十一日止年度之人民幣561,900,000元
- 除稅前溢利增加25.2%至截至二零一一年十二月三十一日止年度之人民幣637,000,000元
- 本公司擁有人應佔溢利增長5.6%至截至二零一一年十二月三十一日止年度之人民幣440,100,000元
- 截至二零一一年十二月三十一日止年度之每股基本盈利為人民幣0.440元
- 就截至二零一一年十二月三十一日止年度，董事會建議之末期股息為每股人民幣0.086元

Financial Highlights and Summary

財務摘要及概要

RESULTS

業績

		For the year ended 31 December 截至十二月三十一日止年度				
		2011	2010	2009	2008	2007
		二零一一年	二零一零年	二零零九年	二零零八年	二零零七年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Revenue	收益	2,152,167	1,846,177	1,354,068	1,057,524	934,298
Gross profits	毛利	829,684	639,581	396,331	186,968	164,975
Earnings before interest and tax ("EBIT")	除稅·利息前溢利	645,700	516,186	319,981	153,980	143,050
Profit attributable to owners of the Company	本公司擁有人應佔溢利	440,103	416,790	248,288	106,934	123,813
Earnings per share – Basic (RMB)	每股盈利—基本 (人民幣元)	0.440	0.468	0.331	0.143	0.165

ASSETS AND LIABILITIES

資產及負債

		As at 31 December 於十二月三十一日				
		2011	2010	2009	2008	2007
		二零一一年	二零一零年	二零零九年	二零零八年	二零零七年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Total assets	資產總額	2,248,861	2,089,977	1,169,922	1,015,468	850,441
Total debt	債務總額	191,010	201,298	162,806	304,848	300,984
Total liabilities	負債總額	602,062	682,194	483,721	516,305	484,745
Equity attributable to owners of the Company	本公司擁有人應佔權益	1,646,799	1,407,783	686,201	499,163	365,696

Financial Highlights and Summary

財務摘要及概要

FINANCIAL RATIOS

		For the year ended 31 December 截至十二月三十一日止年度				
		2011 二零一一年	2010 二零一零年	2009 二零零九年	2008 二零零八年	2007 二零零七年
Gross profits margins – overall	毛利率—整體	38.6%	34.6%	29.3%	17.7%	17.7%
Gross profits margins – cotton yarns	毛利率—棉紗	16.3%	18.5%	12.3%	13.8%	20.3%
Gross profits margins – bedding products	毛利率—床品	56.5%	53.2%	49.6%	29.0%	3.9%
EBIT margin	除稅、利息前利率	30.0%	28.0%	23.6%	14.6%	15.3%
Net profit margins	純利率	20.4%	22.6%	18.3%	10.1%	13.3%
ROE ⁽¹⁾	股東權益回報率 ⁽¹⁾	26.7%	29.6%	36.2%	21.4%	33.9%
ROA ⁽²⁾	資產回報率 ⁽²⁾	19.6%	19.9%	21.2%	10.5%	14.6%

⁽¹⁾ ROE is calculated based on profit after tax divided by total equity

⁽¹⁾ 股東權益回報率根據除稅後溢利除以總權益計算

⁽²⁾ ROA is calculated based on profit after tax divided by total assets

⁽²⁾ 資產回報率根據除稅後溢利除以總資產計算

		For the year ended 31 December 截至十二月三十一日止年度				
		2011 二零一一年	2010 二零一零年	2009 二零零九年	2008 二零零八年	2007 二零零七年
Trade receivables turnover (days) ⁽¹⁾	應收賬款週轉日(日) ⁽¹⁾	72	54	40	31	21
Trade payables turnover (days) ⁽²⁾	應付賬款週轉日(日) ⁽²⁾	35	35	31	42	45
Inventory turnover (days) ⁽³⁾	存貨週轉日(日) ⁽³⁾	35	35	47	81	88
Current ratio (times)	流動比率(倍)	2.9	2.4	1.4	1.3	1.5
Gearing ratio ⁽⁴⁾	資本負債比率 ⁽⁴⁾	8.5%	9.6%	13.9%	30.0%	35.4%
Debt-to-equity ⁽⁵⁾	債項對權益 ⁽⁵⁾	11.6%	14.3%	23.7%	61.1%	82.3%

⁽¹⁾ Trade receivables turnover is calculated based on the average of the beginning and ending balance of trade receivables for a given year, divided by revenue during the given year and multiplied by 365 days.

⁽¹⁾ 應收賬款週轉日按指定年度開始及結束之應收賬款結餘之平均值除該指定年度內之收益再乘以365日計算。

⁽²⁾ Trade payables turnover is calculated based on the average of the beginning and ending balance of trade payables for a given year divided by cost of sales during the given year and multiplied by 365 days.

⁽²⁾ 應付賬款週轉日按指定年度開始及結束之應付賬款結餘之平均值除指定年度內之銷售成本再乘以365日計算。

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

⁽³⁾ 存貨週轉日按指定年度開始及結束之存貨結餘之平均值(扣除減值)除該指定年度內之銷售成本再乘以365日計算。

⁽⁴⁾ Calculated as the total debts for the year, divided by total assets for the year and multiplied by 100%. Debts are defined to include current and non-current borrowings.

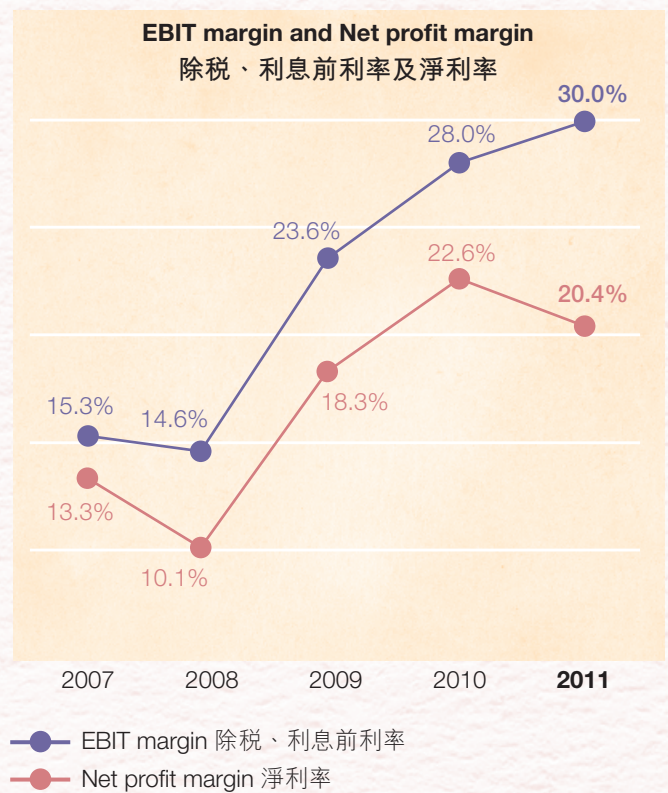
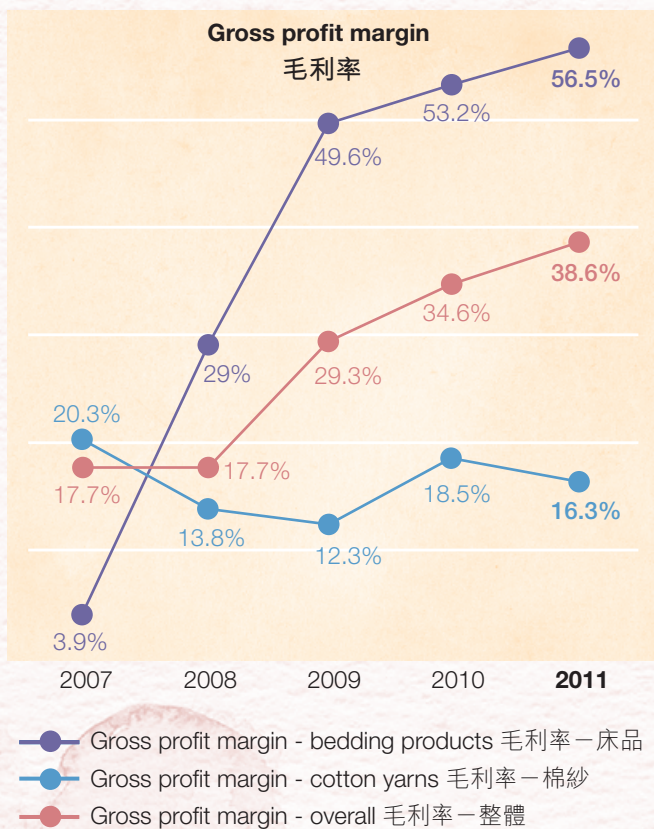
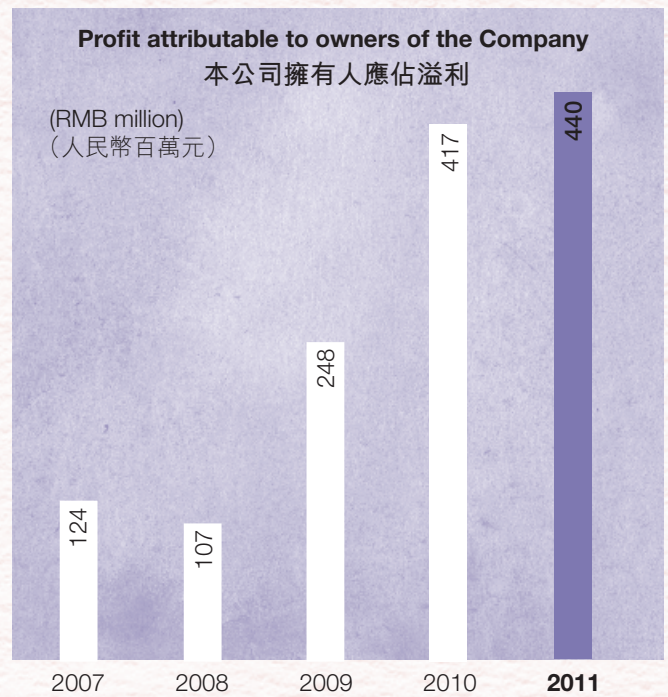
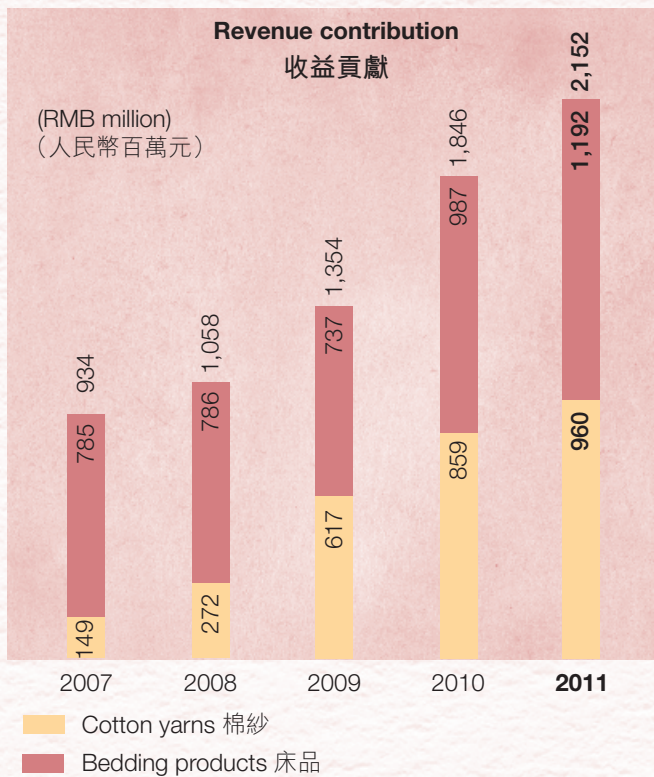
⁽⁴⁾ 以年內債務總額除年內資產總額乘以100%計算。債項之定義包括流動及非流動借貸。

⁽⁵⁾ Calculated as the total debts for the year, divided by the equity for the year and multiplied by 100%. Debts are defined to include current and non-current borrowings. Equity is defined to include the non-controlling interests.

⁽⁵⁾ 以年內債務總額除年內權益乘以100%計算。債項之定義包括流動及非流動借貸。權益之定義包括非控股權益。

Financial Highlights and Summary

財務摘要及概要



Chairman's Statement

主席報告

To all Shareholders:

I am pleased to present the annual results of the Group for the year ended 31 December 2011 (the "year under review").

The robust economy of the PRC drove the disposable income of PRC residents. This in turn increased their living standards and their demand for quality consumer products. On the other hand, urbanization boosted the property market, and the prosperous development of the wedding, gifts and hotel and tourism industries all facilitated the demand for quality home textile products. To this end, as the seventh largest bedding products manufacturer and the fourth largest fine-count and high-count yarn manufacturer in the PRC, the Group focused on the branded bedding products business during the year under review to capture this huge wave of demand. As a result, revenue increased by 16.6% to RMB2,152.2 million, while revenue from the sales of branded bedding products surged by 50.4% to RMB1,123.1 million. Segment profit from the manufacture and distribution of bedding products increased significantly by 38.1% to RMB561.9 million, while overall profit before taxation increased by 25.2% to RMB637.0 million. As a token of reward to Shareholders for their year-long support, a final dividend of RMB0.086 per share was recommended. Together with the interim dividend of RMB0.091 per share, this represents a payout ratio of 40.3%.

In order to maximize geographical coverage, the Group proactively carried out sales network expansion during the year under review. 103 distributors, 130 distributor-operated stores and counters and 322 directly-operated stores and counters were added, increasing the number of stores and counters to more than 700. They were dispersed across 28 provinces and municipalities, nearly three times that of the previous year. Among which, the Shenzhen flagship store was specially set up in the Pearl River Delta Region as a lead demonstration store. Meanwhile, the new counters were located in renowned department stores such as Intime (銀泰) in Beijing and Jiajiayue (家家悅) in Shandong, apart from existing ones in Parkson, INZONE Department Store, Maoye Department Store, etc..

In view of PRC consumers' brand awareness, the Group dedicated to branding strategies and strengthening its brand image during the year under review. The Group continued to apply its flagship "Taifeng" brand, with the core values of "Affection, Love and Happiness (真情、真愛、真幸福)" to the middle-range market, which it believes to be the segment with the highest potential. In addition, two new brands, namely "Kangshow (泰豐康秀)" and "I & Co. (愛迪卡)" were developed to target emerging marketing channels of online sales and supermarket sales respectively. All-rounded promotional campaigns were launched to further enhance brand exposure. Famous artist in the Asia-Pacific Region, Ms. Kelly Chen, with her elegant image, continued to act as our brand spokesperson to further highlight the features of fashion, elegance, simplicity and taste of

致各位股東：

本人欣然向各位呈上本集團截至二零一一年十二月三十一日止年度(「回顧年度」)的全年業績。

國內經濟增長強勁，拉動國內居民可支配收入的提升。這從而提高了國民的生活水平，並增加了他們對優質消費品的需求。另一方面，城鎮化加速了地產市場的發展，而婚慶、禮品、酒店及旅遊業的蓬勃發展亦增加了對優質家紡產品的需求。為此，作為國內第七大床品製造商和第四大細支紗和高支紗製造商，本集團於回顧年度內專注品牌床品業務，把握此龐大的需求。本集團的收入增加了16.6%至人民幣21.522億元，其中品牌床品的銷售額增加50.4%至人民幣11.231億元。床品生產及分銷業務的溢利顯著增長38.1%至人民幣5.619億元，而整體除稅前溢利增加25.2%至人民幣6.37億元。為答謝股東在年內的支持，本集團建議向股東派發每股人民幣0.086元的末期股息。連同每股人民幣0.091元的中期股息，派息率為40.3%。

為最大限度地擴大本集團的地域覆蓋面，本集團於回顧年度內積極拓展銷售網路。本集團新增了103名分銷商、130家由分銷商經營的專賣店和專櫃，以及322家直營專賣店和專櫃，使得專賣店和專櫃數目合計超過700家，分佈於28個省、市，較去年增加近3倍。當中，本集團特別在珠江三角洲地區開設了深圳旗艦店，作為主要的形象展示店。另一方面，除了在百盛、銀座百貨、茂業百貨設立專櫃外，新開設的專櫃亦進駐了北京銀泰和山東家家悅等知名百貨商店。

國內消費者有強烈的品牌意識，而有見及此，本集團在回顧年度內致力品牌建設並強化品牌形象。本集團繼續借助「泰豐」的主打品牌，以「真情、真愛、真幸福」的核心價值攻佔本集團認為最具潛力的中端市場。此外，本集團開發了「泰豐康秀」和「愛迪卡」兩個新品牌，藉以攻佔新興的網路銷售和超市銷售渠道。本集團進行了全方位的促銷活動，進一步提高品牌曝光率。本集團繼續以亞太區著名藝人陳慧琳小姐作為品牌代言人，以其優雅的形象，進一步彰顯「泰豐」品牌時尚、典雅、簡單和富有品味的特質。由陳慧琳小姐拍攝的廣告，在電視台、雜誌、高速公路、公車和網路上投放。同時，本集團亦召開了新品發佈會、路演和高

Chairman's Statement 主席報告

the “Taifeng” brand. Advertisements featuring her were put on TV, magazines, expressways, buses and on the Internet. Meanwhile, new product presentations as well as roadshows and summits were hosted to showcase the Group's products and attract potential distributors. “The 93rd China Knitted Cotton Products Trading Fair” held in Shanghai represented an excellent opportunity for the Group to not only display its products, but to strengthen connections with industry peers and potential customers.

With increasing aesthetic sense of the PRC people and their increasing requirements towards health and functionality, the Group continued to focus on research and development during the year under review, to create products which are modern and elegant, and with functional features such as antibiosis, bacteriostasis, mould proof, moisture and heat absorption and UV protection. Various product awards, together with the accolade of an “Industrial Design Center of Shandong Province”(「山東省工業設計中心」) by the Shandong Economic and Information Technology Committee were testament to the Group's outstanding innovative ability.

Going forward, the increasing affluence of PRC consumers is expected to continue to drive domestic demand. Meanwhile, increased urbanization, the planned construction of 36 million sets of security housing under the Twelfth Five-Year Plan in the next five years, together with the decrease in RMB deposit reserve ratio (RRR) to increase the market's liquidity, are all expected to drive the real estate industry and hence demand for quality home textile products. As such, the Group will continue to expand the branded bedding products segment. It will continue with proactive sales network expansion and brand promotion, so as to enhance geographical coverage and brand awareness. Leveraging on the Group's research and development capabilities, the Group will continue to develop quality functional bedding products and cotton yarn, to cater for PRC consumers' increasing needs.

The Group attributes its impressive results during the year under review to the outstanding performance of all of its employees as well as the loyal support of its customers. Let me take this opportunity to express my deepest gratitude to all shareholders, suppliers, distributors, customers and employees.

Chairman
Liu Qingping

12 March 2012

峰會，展示本集團的產品，並吸引潛在的分銷商。在上海舉辦的「第93屆中國針棉織品交易會」不僅為本集團締造了展示產品的良機，更讓本集團與大眾同業交流，並與潛在客戶建立聯繫。

隨著國內人民的審美觀以至對產品的保健和功能性要求的不斷提高，本集團於回顧年度內繼續專注研發，開發出時尚典雅，且具抗菌抑菌、防黴、吸濕吸熱和遮擋紫外線等特性的功能性產品。本集團取得的多個產品獎項，以及由山東省經濟貿易資訊委員會授予的「山東省工業設計中心」等稱號，均充分印證了本集團傑出的創新能力。

今後，國內消費者的日益富庶有望繼續拉動內需。與此同時，城市化的不斷加劇，在第十二個五年計劃下計劃落成3,600萬套保障性住房，以及存款準備金率的降低，增加市場流動性，均有望拉動房地產業的發展，提高對優質家紡產品的需求。因此，本集團將繼續拓展品牌床品業務。本集團會繼續大力拓展銷售網路並推廣品牌，提高地域覆蓋面及品牌知名度。憑藉本集團的研發實力，本集團將繼續開發優質的功能性床品及棉紗，滿足國內消費者不斷擴大的需求。

集團於回顧年度內取得的優秀業績，全賴全體員工的傑出表現和消費者的衷心支持。本人謹藉此機會，衷心向全體股東、供應商、分銷商、客戶和員工致意。

主席
劉慶平

二零一二年三月十二日

Management Discussion and Analysis

管理層討論及分析

MARKET REVIEW

During the year under review, domestic consumption continued to grow on the back of the robust PRC economy. According to the National Bureau of Statistics of China, GDP for 2011 grew by approximately 9.2% year-on-year to RMB47.15 trillion, while per capita disposable income was RMB21,810, growing by approximately 8.4% (after price factors). The increasing wealth of PRC consumers brought about the pursuit for higher living standards, which led to the blossoming growth of the wedding, gifts, hotel and tourism industries, being the major drivers of home textile consumption. Also, urbanization in the PRC continued to increase during the year under review, with the proportion of urban population exceeding that of the rural population for the first time. Accordingly, demand for quality home textile products increased as they were needed in the furnishing of new homes.

During the year under review, inflation increased raw materials, energy and labour costs, which in turn put pressure on the Group's costs of production. Given the high-end positioning and quality of the Group's products, the Group raised selling prices of its products, namely cotton yarn and bedding products, so as to pass on production cost increases to customers. The Group also focused on production management and internal control to increase operating efficiency. During the year under review, the Group collected information, monitored prices and made timely adjustments to raw cotton inventory through its market research and development department, so as to mitigate risks from raw cotton price fluctuations.

BUSINESS REVIEW

Given the huge potential of the PRC home textile market, during the year under review, the Group expanded its sales network in the PRC, and increased marketing efforts in terms of branding and promotion, so as to build up a prominent image for its products. During the year under review, the Group was respectively named "Green Campaign 2011 – Enterprise with the Greatest Development Potential in the PRC Economy" ("綠動•2011中國經濟最具發展潛力企業") by Jinji Cankao Bao of the Xinhua News Agency (新華社經濟參考報) and Sina.com and "Hong Kong Outstanding Enterprises 2011" ("2011年度香港傑出企業") by Economic Digest, which were testament to the industry-wide recognition for its achievements based on its focus on the domestic market and positioning.

市場回顧

在回顧年度內，在國內經濟的強勁增長下，內需持續增長。根據國家統計局數據，二零一一年，中國國內生產總值同比增長約9.2%至47.15萬億元人民幣，而在扣除價格因素後，城鎮居民的人均可支配收入為21,810元，增長約8.4%。隨著中國消費者的日益富庶，帶動他們對更高生活水平的追求，作為家紡消費的主要推動力的婚慶、禮品、酒店和旅遊業迎來了蓬勃的發展。與此同時，在回顧年度，中國城市化進一步加劇，令城市人口首次超出農村人口。由於需要優質家紡產品佈置新居，相應地，提高了對優質家紡產品的需求。

回顧年度內，通貨膨脹令原材料、能源和勞動力價格上漲，對本集團的生產成本構成壓力。考慮到本集團產品的高端定位以及質量，本集團提高了棉紗和床品的銷售價格，以便將生產成本的增幅轉嫁給消費者。本集團亦專注於生產管理和內部監控，藉以提高營運效益。在回顧年度內，通過本集團市場研發部門，收集信息、密切關注價格走勢、適時調整原棉庫存，減輕原棉價格波動帶來的風險。

業務回顧

鑒於中國家紡市場的巨大潛力，在回顧年度內，本集團擴大了在中國的銷售網絡，並加強了在品牌推廣方面的營銷力度，務求為產品塑造出鮮明的形象。在回顧年度內，本集團分別取得了由新華社經濟參考報和新浪網聯合頒發的「綠動•2011中國經濟最具發展潛力企業」獎項，以及由《經濟一周》頒發的「2011年度香港傑出企業」殊榮，充分印證了本集團因專注開發國內市場和定位而取得的成就，以及業界對此的肯定。

Management Discussion and Analysis

管理層討論及分析

PROACTIVE NETWORK EXPANSION TO WIDEN DOMESTIC GEOGRAPHICAL COVERAGE

During the year under review, the Group proactively expanded geographical coverage of the domestic market by opening up self-operated stores and counters, as well as sourcing more distributors with proven capability and ample resources. 103 distributors, 130 distributor-operated retail stores and counters and 322 directly-operated retail stores and counters were added in Shandong, Henan, Shanxi, Beijing, Tianjin, Hebei, Heilongjiang, Jilin and Liaoning, increasing the number of stores and counters as at 31 December 2011 to more than 700, distributed across 28 provinces and municipalities, being nearly three times that of the previous year. This includes the Shenzhen flagship store specially set up by the Group in the Pearl River Delta Region as a lead demonstration store. During the year under review, the new counters were set up in renowned department stores such as Intime (銀泰) in Beijing, Dennis (丹尼斯) in Henan and Jiayiayue (家家悅) in Shandong, apart from stores such as Parkson, INZONE Department Store, Maoye Department Store, Van's Department Store and Liqun.

Breakdown of directly-operated and distributor-operated retail stores and counters are as follows:

積極拓展銷售網絡，擴大國內市場的地域覆蓋面

在回顧年度，本集團通過開設直營專賣店和專櫃，以及物色更多實力雄厚、資源充裕的分銷商，積極擴大本集團在國內市場的地域覆蓋面。本集團在山東、河南、山西、北京、天津、河北、黑龍江、吉林、遼寧等地合共新增了103名床品分銷商、130家由分銷商經營的專賣店和專櫃，以及322家直營專賣店和專櫃，令截至二零一一年十二月三十一日的專賣店和專櫃數目增至超過700家，覆蓋28個省市，較去年增加近三倍。這包括了位於深圳的旗艦店，這是本集團在珠三角地區精心打造的品牌展示店。在回顧年度內，除了百盛、銀座百貨、茂業百貨、萬千百貨、利群之外，新開設的專櫃亦進駐了北京銀泰、河南丹尼斯、山東家家悅、東北大潤發、北京京客隆等知名百貨公司。

直營和由分銷商經營的專賣店和專櫃數目的明細如下：

		31 December	31 December	
		2011	2010	Increase
		二零一一年	二零一零年	
		十二月三十一日	十二月三十一日	增幅
Directly-operated retail stores and counters	直營專賣店和專櫃	518	196	322
Distributors (distributor-operated retail stores and counters)	分銷商（由分銷商經營的專賣店和專櫃）	184 (184)	81 (54)	103 (130)

Management Discussion and Analysis

管理層討論及分析

Geographical breakdown being as follows:

按地區劃分的詳情如下：

		As at 31 December 2011 截至二零一一年十二月三十一日			
Location	地區	Distributors	Distributor-operated retail stores and counters 由分銷商經營的專賣店和專櫃	Directly-operated counters	Directly-operated retail stores
Location	地區	分銷商	和專櫃	直營專櫃	直營專賣店
Eastern	華東地區	114	103	267	4
Northern	華北地區	17	22	117	0
North-eastern	東北地區	17	19	82	1
Central	華中地區	19	23	40	0
Southern	華南地區	6	4	2	1
South-western	西南地區	4	3	2	0
North-western	西北地區	7	10	2	0
Total	總計	184	184	512	6

Remarks:

Eastern: Shandong, Jiangsu, Anhui, Zhejiang, Fujian, Jiangxi, Shanghai
 Northern: Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia
 North-eastern: Heilongjiang, Jilin, Liaoning
 Central: Henan, Hubei, Hunan
 Southern: Guangdong, Guangxi, Hainan
 South-western: Sichuan, Yunnan, Guizhou, Tibet, Chongqing
 North-western: Ningxia, Xinjiang, Qinghai, Shaanxi, Gansu

備註：

華東地區：山東、江蘇、安徽、浙江、福建、江西、上海
 華北地區：北京、天津、河北、山西、內蒙古
 東北地區：黑龍江、吉林、遼寧
 華中地區：河南、湖北、湖南
 華南地區：廣東、廣西、海南
 西南地區：四川、雲南、貴州、西藏、重慶
 西北地區：寧夏、新疆、青海、陝西、甘肅

Management Discussion and Analysis

管理層討論及分析

DIFFERENTIATED BRANDING STRATEGY TARGETED AT DIVERSE AND COMPREHENSIVE MARKETING CHANNELS

During the year under review, the Group adopted a comprehensive and differentiated branding strategy for effective branding and positioning under various marketing channels. In addition to “Taifeng”, its flagship brand, two new brands, namely “Kangshow (泰豐康秀)” and “I & Co. (愛迪卡)” were developed to target new marketing channels for online sales and megastores sales.

Focusing on a harmonious family life with the core values of “Affection, Love and Happiness (真情、真愛、真幸福)”, the Group continued to apply its “Taifeng” brand to the middle-range market. This Group is of the view that this segment has the highest potential in the PRC home textiles market. Through its modern design and outstanding quality, elegance, simplicity and aestheticism of the “Taifeng” brand were highlighted.

On the other hand, with the flourishing of online and megastores channels, the Group launched the “Kangshow” and “I & Co.” brands during the year under review. “Kangshow” is a mid-range product line targeting the online sales market, while “I & Co.” is a low-to-middle end product line for supermarkets and megastores. The launch of these new brands enables the Group to further expand its product offerings to appeal to a broader and deeper PRC customer base.

ALL-ROUNDED PROMOTIONAL CAMPAIGNS TO EFFECTIVELY RAISE PUBLIC AWARENESS

In its drive to maximize brand coverage, the Group carried out all-rounded promotional campaigns during the year under review. They include extensive advertising, as well as various promotional campaigns such as new product presentations, summits and trade fairs.

Extensive advertising channels

During the year under review, Ms. Kelly Chen continued to act as the Group’s brand spokesperson. Her graceful, elegant and fashionable image matches perfectly with the Group’s brand positioning. Diverse advertising channels, including TV commercials starring Ms. Kelly Chen on CCTV, printed advertisements in-flight and home textile magazines, outdoor advertisements on expressways and buses, and online advertisements on the Internet were published, so as to maximize the Group’s brand exposure in a comprehensive manner.

採取多元化的品牌戰略，全方位地針對不同的營銷渠道

在回顧年度，本集團採用全面、多元化的品牌戰略，務求針對不同的營銷渠道，有效地建立品牌和進行定位。除了主打的「泰豐」品牌外，本集團亦開發出「泰豐康秀」和「愛迪卡」兩個新品牌，藉以針對網絡營銷和大賣場這兩個嶄新的銷售渠道。

專注於「真情、真愛、真幸福」的核心價值以及和諧家庭生活的概念，本集團繼續以「泰豐」這個品牌攻佔中端市場。本集團認為，這是中國家紡市場中最具潛力的市場。通過時尚的設計和卓越的質量，充分突顯出「泰豐」品牌高貴、簡約和富有品味的特質。

另一方面，基於網絡和大賣場銷售的蓬勃發展，本集團在回顧年度推出了「泰豐康秀」和「愛迪卡」兩個品牌。「泰豐康秀」是針對網絡銷售的中端產品線，而「愛迪卡」則是一個針對超市和大賣場的中低端產品線。此等新品牌的推出，讓集團能進一步拓闊產品組合，迎合大眾更廣闊的中國客戶群的喜好。

全天候的宣傳活動，有效提升品牌知名度

為了最大限度地提升品牌覆蓋面，本集團在回顧年度內致力舉辦了一系列全天候的宣傳活動，當中包括了大範圍的廣告宣傳，以及新品發佈會、高峰論壇和展銷會等形形色色的宣傳活動。

大範圍的廣告宣傳渠道

在回顧年度內，本集團繼續以陳慧琳小姐作為品牌代言人。其高貴、典雅、時尚的形象，正好完美地配合本集團的品牌定位。本集團借助各式各樣的廣告渠道，包括在中央電視台投放陳慧琳小姐拍攝的電視廣告、在航空和家紡雜誌刊登平面廣告、在高速公路和公交車上投放戶外廣告，以及在網絡媒體投放網絡廣告等，最大限度地全面提升本集團的品牌曝光率。

Management Discussion and Analysis

管理層討論及分析

New product presentations

In order for the Group to promote its new product offerings to the industry, the Group hosted two product introduction and investment promotion conferences during the year under review, for the promotion of its new spring-summer and fall-winter offerings. Spokesperson Ms. Kelly Chen was present at the conferences to promote the Group's products, and the conferences were well-received by the industry. In particular, during the fall-winter conference held June 2011, the Group entered into a co-operation agreement on the use of selenium nanoparticles in home textiles with Taier Litu Health Care Product Co., Ltd., a healthcare products and beddings manufacturer in Huhhot, China, to promote healthy and green product applications.

As part of the Group's ongoing efforts to invite interested parties to become distributors to expand the Group's sales network, preferential newcomer packages were offered at these conferences, and were enthusiastically welcomed by participants.

Summits and roadshows

The Group organized the "2011 (Fortune) Summit and Roadshow" (「2011年(財富)高峰論壇暨招商推介會」) during the year under review, which was jointly hosted by China Home Textile Association and the municipal government of Laiwu. By presenting home textile trends for 2011 as well as various preferential co-operation packages, the Group strengthened its corporate image, set home textile trends and expanded its distributor network. The widespread participation of industry associations, agents, government representatives and the media is a testament to the Group's prominent position in the industry.

Trade fair

During the year under review, the Group participated in "The 93rd China Knitted Cotton Products Trading Fair" in Shanghai, which not only allowed the Group to exhibit its products, but was also a valuable opportunity to exchange with industry peers and establish contacts with potential customers.

新品發佈會

為了向業界推廣本集團的新產品，在回顧年度內，本集團舉辦了兩次新品發佈會和招商加盟會，推廣本集團的春夏和秋冬新品。品牌形象代言人陳慧琳小姐亦親臨會場進行各項的產品推廣活動，令兩次新品發佈會均大受業界青睞。尤其，在二零一一年六月舉辦的「秋冬新品發佈會暨上市一週年慶典」上，本集團更即場與國內保健床品企業呼和浩特泰爾力圖醫療保健用品公司簽署在家紡產品上應用納米硒的合作協議，宣揚健康、環保的產品應用理念。

本集團一直致力邀請有志之士加入分銷商之列。為此，本集團亦在這些新品發佈會上推出了多項的加盟優惠政策，並得到了在場人士的熱烈歡迎。

高峰論壇暨招商推介會

本集團在回顧年度內承辦了一項由中國家紡協會、萊蕪市政府共同主辦，名為「2011年(財富)高峰論壇暨招商推介會」的活動。通過介紹二零一一年家的紡趨勢和推出各項招商優惠政策，本集團進一步鞏固了其企業形象、引領家紡潮流並拓闊銷售網絡。行業協會、代理、政府代表和媒體的廣泛參與，充分反映了本集團在行內的主導地位。

展銷會

在回顧年度內，本集團參加了在上海舉辦的「第93屆中國針棉織品交易會」。是次展銷會不僅為本集團締造了展示產品的良機，更讓本集團與大眾同業交流，並與潛在客戶建立聯繫。

Management Discussion and Analysis 管理層討論及分析

TESTAMENT TO THE OUTSTANDING DESIGN, QUALITY AND FUNCTIONALITY OF THE GROUP'S PRODUCTS

During the year under review, the Group's focus on product design, technological content and functionality enabled it to continue to develop products which won industry-wide acclaim.

During the year under review, the Group's new products "Romance Forever" (launched during the new Spring-Summer Product Presentation) was named one of the "Top 10 Fashionable Bedding Products for 2011" by the China Textile News and the China Home Textile Association. Also, the Group developed functional fiber bedding products such as the nano selenium polyester fiber/Egyptian cotton jacquard fabrics home textile series, photocatalytic viscose fiber/Egyptian cotton jacquard fabrics home textile series and xylonic acid viscose fiber/Egyptian cotton jacquard fabrics home textile series during the year under review, with features such as antibiosis, bacteriostasis, mould proof, moisture and heat absorption and UV protection, to cater for the health conscious PRC population. By bringing together technology, health, environmental friendliness and modernity, the launch of these products marked a new era for functional fibre home textile products. During the year under review, these functional products were awarded the "Provincial Science and Technology Advancements" by the Shandong Science and Technology Department, and in particular, the Group's photocatalytic fiber/Supermicro tencel jacquard fabric, was awarded the "Laiwu City Science and Technology Advancement Award (First Prize)" ("萊蕪市科技進步一等獎") by the Municipal Government of Laiwu City. The accolade of an "Industrial Design Center of Shandong Province" ("山東省工業設計中心") by Shandong Economic and Information Technology Committee stands as a testament to the Group's outstanding innovative ability.

對本集團優秀的產品設計風格、質量和功能的全面印證

在回顧年度內，本集團在產品設計、技術含量和功能方面的專注力度，讓本集團繼續開發出贏得業界一致好評的各款產品。

回顧年度內，本集團在春夏新品發佈會上推出的產品的新品「浪漫相依」榮獲中國紡織報和中國家用紡織品行業協會評選為「2011年十大時尚床品」。與此同時，在回顧年度內，本集團開發了多款功能性纖維床品，包括納米硒聚酯纖維／埃及棉大提花面料系列家紡產品、光觸媒黏膠纖維／埃及棉大提花面料系列家紡產品，以及木糖酸粘膠纖維／埃及棉大提花面料系列家紡產品。這些產品具有抗菌抑菌、防霉、吸濕吸熱和遮擋紫外線等特性，迎合對健康十分關注的中國消費者的口味。通過科技、健康、環保和現代化的完美結合，這些產品的推出開拓出功能性纖維家紡產品的新紀元。在回顧年度內，這些功能性產品榮獲山東省科技廳鑒定為「省級科學技術成果」。其中，本集團開發的光催化纖維／細旦天絲大提花面料更在回顧年度內獲頒「萊蕪市科學技術進步一等獎」。另外，本集團亦被山東省經濟貿易信息委員會認定為「山東省工業設計中心」，充分印證本集團卓越的創新能力。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

Revenue

Revenue increased by 16.6% to RMB2,152.2 million for the year ended 31 December 2011 from RMB1,846.2 million for the year ended 31 December 2010 due to:

- Revenue in the bedding products segment increased significantly by 38.7% to RMB1,191.7 million for the year ended 31 December 2011 from RMB859.3 million for the year ended 31 December 2010. Revenue in the sales of branded bedding products recorded a strong growth of 50.4% to RMB1,123.1 million for the year ended 31 December 2011 from RMB746.8 million for the year ended 31 December 2010. The increase reflected the strong market demand of the Group's branded bedding products.
- Revenue in the cotton yarns segment decreased slightly by 2.7% to RMB960.5 million for the year ended 31 December 2011 from RMB986.9 million for the year ended 31 December 2010. The decrease was mainly due to a decrease of 14.0% in the sales volume of cotton yarns, the effects of which were partially offset by an increase of 13.2% in the average realized selling price of cotton yarns.

財務回顧

收益

收益由截至二零一零年十二月三十一日止年度之人民幣1,846,200,000元增加16.6%至截至二零一一年十二月三十一日止年度之人民幣2,152,200,000元，原因如下：

- 床品分部之收益由截至二零一零年十二月三十一日止年度之人民幣859,300,000元大幅增加38.7%至截至二零一一年十二月三十一日止年度之人民幣1,191,700,000元。品牌床品銷售之收益由截至二零一零年十二月三十一日止年度之人民幣746,800,000元強勁增長50.4%至截至二零一一年十二月三十一日止年度之人民幣1,123,100,000元。增幅反映市場對本集團品牌床品需求強勁。
- 棉紗分部之收益由截至二零一零年十二月三十一日止年度之人民幣986,900,000元輕微下跌2.7%至截至二零一一年十二月三十一日止年度之人民幣960,500,000元。跌幅乃主要由於棉紗銷量下跌14.0%，而有關影響部分被棉紗平均實際售價上升13.2%抵銷。

Management Discussion and Analysis

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The following table sets forth a breakdown of the revenue by products:

下表載列按產品劃分之收益明細：

		For the year ended 31 December 截至十二月三十一日止年度			
		2011 二零一一年		2010 二零一零年	
		Revenue 收益		Revenue 收益	
		(RMB'000) (人民幣 千元)	(% to total) (佔總收益 百分比)	(RMB'000) (人民幣 千元)	(% to total) (佔總收益 百分比)
Bedding Products	床品				
Branded products	品牌產品	1,123,140	52.2	746,797	40.4
OEM	貼牌	68,578	3.2	112,461	6.1
Sub-total	小計	1,191,718	55.4	859,258	46.5
Cotton Yarns	棉紗				
Product category	產品種類	Yarn Count	支數		
Coarse-count yarns	粗支紗	18 or below	18支或以下	39,787	1.9
Medium-count yarns	中支紗	19 up to 28	19支至28支	80,533	3.7
Fine-count yarns	細支紗	29 up to 60	29支至60支	450,187	20.9
High-count yarns	高支紗	61 or above	61支或以上	389,942	18.1
Sub-total	小計	960,449	44.6	986,919	53.5
Total	總計	2,152,167	100.0	1,846,177	100.0

The Group's bedding products are packaged in two forms: in a single piece or in multiple piece sets. The majority of the branded bedding products are packaged in multiple-piece sets. Partly as a result of the foregoing, the Group's branded bedding products command a higher average realized selling price and gross profit margin than the OEM bedding products.

本集團床品以件裝或多件套裝兩種形式包裝。大部分品牌床品以多件套裝形式包裝。某程度上基於上述原因，本集團品牌床品之平均實際售價及毛利率較貼牌床品高。

Management Discussion and Analysis

管理層討論及分析

The average realized selling price and gross profit margin of bedding products is set out below:

床品之平均實際售價及毛利率載列如下：

		For the year ended 31 December 截至十二月三十一日止年度			
		2011 二零一一年		2010 二零一零年	
		Gross profit margin	Average realised selling price	Gross profit margin	Average realised selling price
		(%)	(RMB per piece/set) (每件/套 人民幣元)	(%)	(RMB per piece/set) (每件/套 人民幣元)
Branded bedding products	品牌床品	58.8	486	59.2	402
OEM bedding products	貼牌床品	19.2	98	13.5	78
Segment weighted average	分部加權平均	56.5	396	53.2	261

The sales volume breakdown of branded bedding products is set out below:

品牌床品之銷量明細載列如下：

		For the year ended 31 December 截至十二月三十一日止年度			
		2011 二零一一年		2010 二零一零年	
		(Sales Volume)	(% to total)	(Sales Volume)	(% to total)
		(銷量)	(佔總收益 百分比)	(銷量)	(佔總收益 百分比)
Multiple-piece sets	多件套裝	1,916,831	83.0	1,624,349	87.4
Single piece	單件裝	393,565	17.0	234,711	12.6
		2,310,396	100.0	1,859,060	100.0

Management Discussion and Analysis

管理層討論及分析

The average realized selling price and gross profit margin of cotton yarns is set out below:

棉紗之平均實際售價及毛利率載列如下：

				For the year ended 31 December 截至十二月三十一日止年度			
				2011 二零一一年		2010 二零一零年	
Product category	產品種類	Yarn count	支數	Gross profit margin	Average realised selling price	Gross profit margin	Average realised selling price
				毛利率	平均實際售價	毛利率	平均實際售價
				(%)	(RMB per tonne) (每噸/人民幣元)	(%)	(RMB per tonne) (每噸/人民幣元)
Coarse-count yarns	粗支紗	18 or below	18支或以下	13.2	20,804	12.2	15,375
Medium-count yarns	中支紗	19 up to 28	19支至28支	15.6	25,252	13.9	23,858
Fine-count yarns	細支紗	29 up to 60	29支至60支	15.1	30,842	16.1	26,453
High-count yarns	高支紗	61 or above	61支或以上	18.0	49,822	22.5	45,569
Segment weighted average 分部加權平均				16.3	34,894	18.5	30,825

COST OF SALES, GROSS PROFIT AND GROSS PROFIT MARGIN

銷售成本、毛利及毛利率

The following table sets forth a breakdown of the cost of sales:

下表載列銷售成本明細：

				For the year ended 31 December 截至十二月三十一日止年度			
				2011 二零一一年		2010 二零一零年	
				(RMB'000) (人民幣千元)	(% to total) (佔總額百分比)	(RMB'000) (人民幣千元)	(% to total) (佔總額百分比)
Raw materials:	原材料：						
raw cotton	原棉			571,472	43.2	561,532	46.5
fabrics	布料			495,026	37.4	379,998	31.5
Sub-total	小計			1,066,498	80.6	941,530	78.0
Fuel and utilities	燃料及公用服務			87,780	6.6	98,821	8.2
Direct labour	直接勞工			80,092	6.1	76,397	6.3
Other production overheads	其他生產開支			88,113	6.7	89,848	7.5
Sub-total	小計			255,985	19.4	265,066	22.0
Total	總計			1,322,483	100.0	1,206,596	100.0

Management Discussion and Analysis

管理層討論及分析

Gross profit increased by 29.7% to RMB829.7 million for the year ended 31 December 2011 from RMB639.6 million for the year ended 31 December 2010. Gross profit margin for the year ended 31 December 2011 increased by 4.0 percentage points to 38.6% from 34.6% for the year ended 31 December 2010.

Gross profit of the Group's bedding products segment increased by 47.3% to RMB673.5 million for the year ended 31 December 2011 from RMB457.1 million for the year ended 31 December 2010. Gross profit of the branded bedding products reached RMB660.4 million for the year ended 31 December 2011, representing an increase of 49.4% as compared to RMB442.0 million for the year ended 31 December 2010. The increase primarily reflected the sales growth of the Group's branded bedding products in China brought by the expansion of the Group's sales network. Gross profit margin of the Group's bedding products segment improved to 56.5% for the year ended 31 December 2011 from 53.2% for the year ended 31 December 2010.

Gross profit of the Group's cotton yarns segment decreased by 14.4% to RMB156.1 million for the year ended 31 December 2011 from RMB182.5 million for the year ended 31 December 2010. Gross profit margin dropped to 16.3% for the year ended 31 December 2011 from 18.5% for the year ended 31 December 2010 due to the volatility of the raw material prices.

DISTRIBUTION AND SELLING EXPENSES

Distribution and selling expenses comprise mainly freight, import/export declaration and delivery charges, sales commission and wages paid to sales staff, expenses related to marketing and promotion such as advertisements and exhibitions, retail stores and counters running and renovation expenses, urban maintenance and construction levy and educational surcharge. Distribution and selling expenses increased by 109.4% to RMB132.6 million for the year ended 31 December 2011 as compared to RMB63.3 million in last year. The increase was primarily due to the increase of RMB10.7 million in advertising and promotional expenses; the increase of RMB21.2 million in rental fees, utilities, renovation costs and subsidies for our newly-opened directly-operated retail stores and counters and franchised stores as part of our expansion plan in the year ended 31 December 2011; and a recognition of RMB28.6 million of urban maintenance and construction levy and educational surcharge which was imposed in December 2010.

毛利由截至二零一零年十二月三十一日止年度之人民幣639,600,000元增加29.7%至截至二零一一年十二月三十一日止年度之人民幣829,700,000元。毛利率由截至二零一零年十二月三十一日止年度之34.6%上升4.0個百分點至截至二零一一年十二月三十一日止年度之38.6%。

本集團床品分部之毛利由截至二零一零年十二月三十一日止年度之人民幣457,100,000元增加47.3%至截至二零一一年十二月三十一日止年度之人民幣673,500,000元。截至二零一一年十二月三十一日止年度，品牌床品之毛利達人民幣660,400,000元，較截至二零一零年十二月三十一日止年度之人民幣442,000,000元增長49.4%。增幅主要反映基於本集團擴展銷售網絡，帶動本集團品牌床品在中國之銷售增長。本集團床品分部之毛利率由截至二零一零年十二月三十一日止年度之53.2%上升至截至二零一一年十二月三十一日止年度之56.5%。

本集團棉紗分部之毛利由截至二零一零年十二月三十一日止年度之人民幣182,500,000元下跌14.4%至截至二零一一年十二月三十一日止年度之人民幣156,100,000元。由於原材料價格波動，毛利率由截至二零一零年十二月三十一日止年度之18.5%下跌至截至二零一一年十二月三十一日止年度之16.3%。

分銷及銷售開支

分銷及銷售開支主要包括貨運、進口／出口報關及付運費、銷售佣金及支付銷售員工之工資、廣告及展覽等有關市場推廣及宣傳之開支、零售店舖及專櫃經營與翻新開支、城市維護建設稅以及教育費附加。分銷及銷售開支由去年之人民幣63,300,000元增加109.4%至截至二零一一年十二月三十一日止年度之人民幣132,600,000元。增幅主要是由於廣告及推廣開支增加人民幣10,700,000元；就作為本集團截至二零一一年十二月三十一日止年度之擴展計劃一部分而新開之直營零售店舖及專櫃以及特許經營店舖增加租金、公用服務、翻新費及補助金人民幣21,200,000元；及確認於二零一零年十二月實施之城市維護建設稅和教育費附加人民幣28,600,000元所致。

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ADMINISTRATIVE EXPENSES

Administrative expenses comprise mainly staff cost, depreciation, entertainment, rental, bank charges, and other sundry expenses. Administrative expenses decreased by 20.6% to RMB37.6 million for the year ended 31 December 2011 from RMB47.3 million for the year ended 31 December 2010. The decrease was primarily due to the decrease of RMB5.8 million in expenses associated with share-based payment transactions and a decrease of RMB5.7 million in net exchange loss.

FINANCE COSTS

Finance costs increased by 31.5% to RMB14.3 million for the year ended 31 December 2011 from RMB10.9 million in last year. The increase was mainly due to increased interest expenses on bank borrowings as a result of the increased level of average amount outstanding and a higher level of interest rates on borrowings.

INCOME TAX EXPENSE

Income tax expense increased by 114.0% to RMB196.9 million for the year ended 31 December 2011 from RMB92.0 million for the year ended 31 December 2010. The increase was mainly due to an increase in the taxable income for the year ended 31 December 2011 and a change in the applicable enterprise income tax of our principal operating subsidiary in the PRC to 25% for the year ended 31 December 2011 from 12.5% for the year ended 31 December 2010.

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

行政開支

行政開支主要包括員工成本、折舊、招待費、租金、銀行收費及其他雜項開支。行政開支由截至二零一零年十二月三十一日止年度之人民幣47,300,000元減少20.6%至截至二零一一年十二月三十一日止年度之人民幣37,600,000元。減幅主要是由於與以股份付款交易有關之開支減少人民幣5,800,000元及匯兌虧損淨額減少人民幣5,700,000元所致。

融資成本

融資成本由去年之人民幣10,900,000元上升31.5%至截至二零一一年十二月三十一日止年度之人民幣14,300,000元。有關上升主要是由於銀行借貸之平均未償還金額以及利率上升，導致借貸之利息開支增加。

所得稅開支

所得稅開支由截至二零一零年十二月三十一日止年度之人民幣92,000,000元增加114.0%至截至二零一一年十二月三十一日止年度之人民幣196,900,000元。有關開支增加主要是由於截至二零一一年十二月三十一日止年度之應課稅收入增加以及中國主要營運附屬公司之適用企業所得稅率由截至二零一零年十二月三十一日止年度之12.5%改為截至二零一一年十二月三十一日止年度之25%所致。

下表載列本集團之經選定經營效益比率：

		For the year ended 31 December 2011 截至 二零一一年 十二月三十一 止年度	For the year ended 31 December 2010 截至 二零一零年 十二月三十一 止年度
Trade receivables turnover (days) ⁽¹⁾	應收賬款週轉日(日) ⁽¹⁾	72	54
Trade payables turnover (days) ⁽²⁾	應付賬款週轉日(日) ⁽²⁾	35	35
Inventory turnover (days) ⁽³⁾	存貨週轉日(日) ⁽³⁾	35	35

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Notes:

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

Average trade receivable turnover increased to 72 days for the year ended 31 December 2011 from 54 days for the year ended 31 December 2010 which was primarily due to the increase in proportion of sales to our bedding products distributors to which we granted longer credit periods.

Average trade payables turnover remains 35 days in the year ended 31 December 2011 and 2010.

Average inventory turnover remains 35 days in the year ended 31 December 2011 and 2010.

LIQUIDITY AND CAPITAL RESOURCES

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

Gearing ⁽¹⁾	資本負債 ⁽¹⁾	8.5%	9.6%
Debt-to-equity ⁽²⁾	債項對權益 ⁽²⁾	11.6%	14.3%
Current ratio	流動比率	2.9 times倍	2.4 times倍

Notes:

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

附註:

- (1) 應收賬款週轉日按指定年度開始及結束之應收賬款結餘之平均值除該指定年度內之收益再乘以365日計算。
- (2) 應付賬款週轉日按指定年度開始及結束之應付賬款結餘之平均值除該指定年度內之銷售成本再乘以365日計算。
- (3) 存貨週轉日按指定年度開始及結束之存貨結餘之平均值(扣除減值)除該指定年度內之銷售成本再乘以365日計算。

應收賬款平均週轉日由截至二零一零年十二月三十一日止年度之54日增加至截至二零一一年十二月三十一日止年度之72日，主要由於本集團向獲授較長信貸期之床品分銷商進行之銷售比例增加所致。

應付賬款平均週轉日於截至二零一一年及二零一零年十二月三十一日止年度均維持於35日。

存貨平均週轉日於截至二零一一年及二零一零年十二月三十一日止年度均維持於35日。

流動資金及資本資源

下表載列各個年度之流動資金及資本充足比率：

	For the year ended 31 December 2011 截至 二零一一年 十二月三十一日 止年度	For the year ended 31 December 2010 截至 二零一零年 十二月三十一日 止年度
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附註:

- (1) 以年內債項總額除年內資產總值乘以100%計算。債項之定義包括流動及非流動借貸。
- (2) 以年內債項總額除年內權益乘以100%計算。債項之定義包括流動及非流動借貸。權益之定義包括非控股權益。

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The gearing ratio and the debt-to-equity ratio decreased to 8.5% and 11.6% respectively for the year ended 31 December 2011 from 9.6% and 14.3% for the year ended 31 December 2010. The decrease in the gearing ratio and debt-to-equity ratio were principally due to the increases in the total assets and equity respectively.

The current ratio improved slightly to 2.9 times for the year ended 31 December 2011.

資本負債比率及債項對權益比率分別由截至二零一零年十二月三十一日止年度之9.6%及14.3%下跌至截至二零一一年十二月三十一日止年度之8.5%及11.6%。資本負債比率及債項對權益比率下跌主要是由於資產總值及權益分別增加所致。

截至二零一一年十二月三十一日止年度，流動比率輕微改善至2.9倍。

		For the year ended 31 December 2011 於截至 二零一一年 十二月三十一 止年度 RMB'000 人民幣千元	For the year ended 31 December 2010 於截至 二零一零年 十二月三十一 止年度 RMB'000 人民幣千元
Net cash from operating activities	經營活動產生之現金淨額	287,469	464,665
Net cash (used in)/from investing activities	投資活動(動用)/產生之現金淨額	(71,990)	(138,421)
Net cash (used in)/from financing activities	融資活動(動用)/產生之現金淨額	(228,618)	273,649
Cash and cash equivalents at 31 December	於十二月三十一日之現金及現金等價物	842,525	855,664

Net cash generated from operating activities decreased to RMB287.5 million for the year ended 31 December 2011 from RMB464.7 million for the year ended 31 December 2010, was the result of the following:

經營活動產生之現金淨額由截至二零一零年十二月三十一日止年度之人民幣464,700,000元下跌至截至二零一一年十二月三十一日止年度之人民幣287,500,000元，原因如下：

- operating cash flows before movements in working capital of RMB719.7 million;
 - a decrease in cash resulting from changes in working capital of RMB255.8 million, including an increase in trade and other receivables and prepayment of RMB187.5 million, reflecting principally the increased sales of bedding products, the decrease in inventories level of RMB21.9 million and a decrease in trade and other payables and accruals of RMB90.2 million;
 - PRC enterprise income tax and withholding tax on dividend paid of RMB176.5 million.
- 營運資金變動前之經營現金流量人民幣719,700,000元；
 - 營運資金變動導致現金減少人民幣255,800,000元，包括應收賬款及其他應收款項以及預付款項增加人民幣187,500,000元(主要反映床品銷售增加)、存貨水平下跌人民幣21,900,000元，以及應付賬款及其他應付款項以及應計費用減少人民幣90,200,000元；
 - 已付中國企業所得稅及股息預扣稅人民幣176,500,000元。

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管理層討論及分析

Net cash used in investing activities for the year ended 31 December 2011 was RMB72.0 million mainly including the payment for the purchase of property, plant and equipment of RMB85.3 million, most of which was related to the enhancement of the Group's compact spinning capacity in relation to cotton yarn production; the effects of which were partially offset by a decrease in pledged bank deposits of RMB7.7 million.

Net cash used in financing activities for the year ended 31 December 2011 was RMB228.6 million, including primarily dividend payments of RMB204.0 million, interest payment of RMB14.3 million, and a net decrease in bank borrowings of RMB7.7 million.

PLEDGE OF ASSETS

Details of the assets pledged as at 31 December 2011 are set out in note 30.

CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 31 December 2011 (2010: nil).

FOREIGN CURRENCY EXPOSURE

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

As at 31 December 2011, the directors of the Company (the "Directors") considered the Group's foreign exchange risk to be insignificant. During the year, the Group did not use any financial instruments for hedging purposes.

截至二零一一年十二月三十一日止年度，投資活動動用之現金淨額為人民幣72,000,000元，主要包括就提高本集團棉紗生產業務緊密紡產能購置物業、廠房及設備支付人民幣85,300,000元，有關影響部分已被已抵押銀行存款減少人民幣7,700,000元抵銷。

截至二零一一年十二月三十一日止年度，融資活動動用之現金淨額為人民幣228,600,000元，主要包括已付股息人民幣204,000,000元、已付利息人民幣14,300,000元及銀行借貸減少淨額人民幣7,700,000元。

資產抵押

於二零一一年十二月三十一日，已抵押資產之詳情載於附註30。

或然負債

於二零一一年十二月三十一日，本集團並無重大或然負債（二零一零年：無）。

外幣風險

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

於二零一一年十二月三十一日，本公司董事（「董事」）認為，本集團面對之匯兌風險甚微。年內，本集團並無使用任何金融工具作對沖用途。

Management Discussion and Analysis

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EMPLOYEES

As at 31 December 2011, the Group had a workforce of approximately 5,384 employees (2010: 5,258). Staff costs for the year ended 31 December 2011 (including Directors' remuneration in the form of salaries and other allowances) was approximately RMB112.6 million (2010: RMB110.2 million). This increase was mainly due to the increase of headcount for the development of bedding business and to support expansion of the retail stores and outlets operated by the Group.

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

USE OF PROCEEDS

The net proceeds (after deduction of related issuance costs) from the Company's initial public offering amounted to approximately RMB383.1 million, equivalent to HK\$435.3 million. The net proceeds were partially applied up to 31 December 2011 with the proposed applications set out in the Prospectus, as follows:

- Approximately RMB128.7 million (2010: RMB69.1 million) was used for the expansion of production facilities.
- Approximately RMB160.0 million (2010: RMB43.7 million) was used for the enhancement of sales operations and brand building.
- Approximately RMB23.0 million (2010: RMB23.0 million) was used for additional working capital.
- Approximately RMB71.4 million (2010: RMB247.3 million) remains unused, which is deposited in the bank account of the Company.

The unutilized proceeds are deposited with licensed banks and financial institutions in Hong Kong and PRC as interest-bearing deposits.

僱員

於二零一一年十二月三十一日，本集團有約5,384名僱員（二零一零年：5,258名）。截至二零一一年十二月三十一日止年度之員工成本（包括董事薪酬（以薪金及其他津貼形式））約為人民幣112,600,000元（二零一零年：人民幣110,200,000元）。員工成本增加主要是由於發展床品業務以及支持本集團營運之零售店舖及網點擴張之人手增加所致。

本集團僱員薪酬包括薪金、花紅及其他額外福利。本集團對不同僱員訂有不同標準之薪酬，乃根據其表現、經驗、職位及其他因素，遵照相關之中國法律及法規釐定。

所得款項用途

本公司首次公開發售所得款項淨額（經扣除相關發行成本）約為人民幣383,100,000元（相當於435,300,000港元）。於二零一一年十二月三十一日，部分所得款項淨額已按招股章程所載擬定用途動用如下：

- 約人民幣128,700,000元（二零一零年：人民幣69,100,000元）已用於擴充生產設施。
- 約人民幣160,000,000元（二零一零年：人民幣43,700,000元）已用於加強銷售業務及品牌建立。
- 約人民幣23,000,000元（二零一零年：人民幣23,000,000元）已用作額外營運資金。
- 約人民幣71,400,000元（二零一零年：人民幣247,300,000元）尚未動用，並存放於本公司之銀行賬戶。

未動用所得款項乃存放於香港及中國之持牌銀行及金融機構作為帶息存款。

Management Discussion and Analysis

管理層討論及分析

BUSINESS OUTLOOK AND STRATEGIES

With increasing affluence of PRC consumers and the PRC government's drive to boost domestic demand, the growth of the wedding, gifts, hospitality and tourism industries is expected to remain strong, driving the demand for quality home textile products. Increased urbanization, together with the government's measures to decrease the RMB deposit reserve ratio (RRR) in order to increase the market's liquidity, it is expected to drive demand for the real estate industry, and hence demand for home textile products is expected to grow. In particular, the planned construction of 36 million sets of security housing in the next five years under the Twelfth Five-Year Plan will help support demand for home textile products. As estimated by research agency, Euromonitor International Ltd., the expansion of the bedding products retail market in the PRC will be a CAGR of 24.4% between 2011 and 2014, which is expected to bring significant opportunities to the industry as well as to the Group.

In order to take advantage of these development opportunities, the Group will widen its coverage within the domestic market by opening up more self-operated stores and counters, with the aim of having 2,000 stores and counters by the end of 2014. The increasing living standards of PRC consumers have also increased their brand awareness, aesthetic sense and requirements towards products' functionality. To this end, the Group will strengthen its efforts in brand building and promotion, so as to raise brand awareness. Ms. Kelly Chen, with her elegant image, will continue to act as the Group's brand spokesperson, to promote the features of fashion, elegance, simplicity and taste of the "Taifeng" brand. Through dedicated research and development, the Group will continue to develop products with diversified designs and different functional characteristics to cater for the increasingly health conscious PRC market.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

業務前景及策略

隨著中國消費者的日益富庶，以及中國政府在擴大內需方面的努力，婚慶、禮品、酒店和旅遊業預料將繼續壯大，帶動對優質家紡產品的需求。不斷加速的城市化，加上政府近日降低存款準備金率，增加市場的流動性的措施，有望推動房地產業，從而拉動對家紡產品的需求。特別是，根據「十二·五」規劃，未來五年將有3,600萬套保障房計劃落成，將幫助維持家紡產品的需求。根據研究機構歐睿國際信息諮詢公司的估計，中國床品零售市場在2011年到2014年間將以24.4%的複合年增長率增長，為業界以至本集團帶來龐大機遇。

為了把握此等發展良機，本集團將通過開設更多直營專賣店和專櫃，擴大在國內市場的覆蓋面，目標是使2014年底前的專賣店和專櫃數目增至2,000家。隨著中國消費者的生活水平不斷提高，他們的品牌意識、審美觀以至對產品功能的要求亦不斷提升。為此，本集團將加強品牌建設和推廣力度，提高品牌認知度。本集團將繼續以陳慧琳小姐擔任品牌代言人，借助其高貴的形象，宣揚「泰豐」品牌時尚、典雅、簡約和富有品位的特質。通過加強研發，本集團將繼續開發設計多元、功能各異的產品，迎合一眾健康意識不斷提高的中國人民的喜好。

購買、出售或贖回本公司上市證券

於回顧年度，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

Biographical Details of Directors and Senior Management

董事及高級管理層履歷

EXECUTIVE DIRECTORS

Mr. Liu Qingping, aged 58, was appointed as the Chairman of the Board and an executive Director of the Company on 21 May 2009. Mr. Liu is responsible for strategic planning, business development and overall management of the Group. Mr. Liu has more than 20 years of experience in the textile industry. Mr. Liu has been awarded numerous recognitions and honours in the past. In 1995, he was awarded “Outstanding Quality Manager for Textile Industry of the Shandong Province (山東省紡織系統優秀質量管理工作人員)” by Textile Industry Bureau of Shandong Province (山東省紡織工業廳) and Association of Quality Management Textile Industry of Shandong Province (山東紡織質量管理協會). In 2003, he was recognized as a Model Worker of Shandong Province by the Shandong Province (山東省勞動模範) by the People’s Government of Shandong Province (山東省人民政府). In 2004, he was awarded (i) “Entrepreneur with Good Faith of Shandong Province (山東省誠信企業家)” by The Committee for Credit Rating of Shandong Province and Shandong Province Credit Rating Company (山東省信譽評級委員會及山東省信譽評級總公司) and (ii) Award for Outstanding Entrepreneurs of Textile Industry of Shandong Province (山東紡織企業家創業獎) by Office of Textile Industry of Shandong Province (山東省紡織工業辦公室) and The Association of Textile Enterprises Management of Shandong Province (山東紡織企業管理協會). In 2005, he was awarded “Outstanding Ideological and Political (Enterprise Culture) Operator in Textile Industry of Shandong Province (山東省紡織行業優秀思想政治、企業文化建設工作者)” by Office of Textile Industry of Shandong Province (山東省紡織工業辦公室) and Political Research Committee of Textile Workers of Shandong Province (山東省紡織職工政研會). In 2006, he was awarded (i) “50 People Promoting the Globalization of PRC Brands in 2006 (2006推動中國品牌國際化50人)” by PRC Organization Committee of the 14th World Productivity Congress (第十四屆世界生產力大會中國組織委員會) and (ii) “Outstanding Operator and Manager of Shandong Province (山東省優秀經營管理者)” by Committee for Economic and Trade of Shandong Province (山東省經濟貿易委員會). In 2007, he was recognised (i) “An Excellent Leading Individual in Outstanding Quality Control of the Textile Industry in the PRC (全國紡織行業優秀質量管理小組活動卓越領導者)” by China National Textile and Apparel Council (中國紡織工業協會) and China Trade Union of Financial and Commercial Workers, Light Industry and Textile Workers, Tobacco Industry Workers (中國財貿輕紡煙草工會) and (ii) “Model Worker in Business Sector in Countrywide (全國商務系統勞動模範)” by Ministry of Personnel of the People’s Republic of China (中華人民共和國人事部) and the Ministry of Commerce of the People’s Republic of China (中華人民共和國商務部). In 2010, he was awarded “Award for Outstanding Entrepreneurs of Textile Industry of Shandong Province (山東紡織企業家創業獎)” by The Association of Textile Industry of Shandong Province (山東省紡織工業協會) and The Association of Textile Enterprises Management of Shandong Province (山東紡織企業管理協會). In 2011, he was awarded “Green Campaign, 2011 Top 10 Leading Figures of the PRC Economy (綠動•2011中國經濟優秀人物)” by China Economic Development Forum Committee (中國經濟發展論壇委員會). Mr. Liu is a senior economist. He obtained a doctorate degree in business administration from American Liberty University in 2005.

執行董事

劉慶平先生，58歲，於二零零九年五月二十一日獲委任為本公司董事會主席兼執行董事，劉先生負責本集團之重大決策、整體管理及發展規劃。劉先生於紡織業擁有逾20年經驗。劉先生於過去曾獲多項嘉許及殊榮。於一九九五年，彼獲山東省紡織工業廳及山東紡織質量管理協會頒發之「山東省紡織系統優秀質量管理工作人員」。於二零零三年，彼獲山東省人民政府頒發山東省勞動模範。於二零零四年，彼獲(i)山東省信譽評級委員會及山東省信譽評級總公司頒發之「山東省誠信企業家」以及(ii)山東省紡織工業辦公室及山東紡織企業管理協會頒發之「山東紡織企業家創業獎」。於二零零五年，彼獲山東省紡織工業辦公室及山東省紡織職工政研會頒發「山東省紡織行業優秀思想政治、企業文化建設工作者」。於二零零六年，彼獲(i)第十四屆世界生產力大會中國組織委員會頒發「2006推動中國品牌國際化50人」及(ii)山東省經濟貿易委員會頒發「山東省優秀經營管理者」。於二零零七年，彼獲(i)中國紡織工業協會及中國財貿輕紡煙草工會嘉許為「全國紡織行業優秀質量管理小組活動卓越領導者」以及(ii)中華人民共和國人事部及中華人民共和國商務部嘉許為「全國商務系統勞動模範」。於二零一零年，彼獲山東省紡織工業協會及山東紡織企業管理協會頒發「山東紡織企業家創業獎」。於二零一一年，彼獲中國經濟發展論壇委員會頒發的「綠動•2011中國經濟優秀人物」榮譽稱號。劉先生為高級經濟師，並於二零零五年取得美國利伯堤大學之工商管理博士學位。

Biographical Details of Directors and Senior Management

董事及高級管理層履歷

Mr. Li Dengxiang, aged 51, was appointed as the Vice-chairman of the Board and an executive Director of the Company on 18 November 2009. Mr. Li has over 20 years of experience in the textile industry and is responsible for overseeing the production, quality and operation management of the Group. Mr. Li obtained various recognitions and awards in the past. He was awarded “Golden Bridge Prize of Technology market of Shandong Province (山東省技術市場科技金橋獎)” by Golden Bridge Prize Award Committee of Shandong Province (山東省技術市場科技金橋獎獎勵委員會) in 2005 and 2007. In 2007, he was also recognized as an “Outstanding Young to Middle Age Technology Worker of the Textile Industry in the PRC (全國棉紡織行業優秀中青年科技工作者)” by China Textile Engineering Society (中國紡織工程學會). Mr. Li is an engineer. He obtained a professional certificate in business administration from the Shandong Industrial University (now merged as Shandong University) in 1998 and a doctorate degree in business administration from American Liberty University in 2005.

Ms. Qi Tongli, aged 49, was appointed an executive Director of the Company on 21 May 2009 and is responsible for capital operation management of the Group. Ms. Qi has more than 20 years of experience in the textile industry. She was awarded “Scientific Technology Advancement Award” (科學技術進步獎) in 1998 and 2000 by The Assessment Committee for Scientific Technology Advancement Award of Shandong Province (山東省科學技術進步獎評審委員會) and The Assessment Committee for Scientific Technology Advancement Award of Laiwu City (萊蕪市科學技術進步獎評審委員會) respectively. In 2003, she was awarded “Scientific Technology Award of Shandong Province” (山東省科學技術獎) by The Assessment Committee for Scientific Technology Award of Shandong Province (山東省科學技術獎評審委員會). She was recognized as a “Model Outstanding Female Worker and Contribution of Shandong Province (山東省女職工建功立業標兵)” and was awarded “Award for Improvement of Living Standard in Shandong Province (富民興魯勞動獎章)” in 2007 by the General Labour Union of Shandong Province (山東省總工會). Ms. Qi is a senior engineer. She obtained a certificate in textile industry from Jinan School of Textile Industry, a certificate in business administration from the Shandong Industrial University (now merged as Shandong University) in 1998 and a doctorate degree in business administration from American Liberty University in 2005.

Mr. Liu Chunwei, aged 44, the Chief Executive Officer of the Group and was appointed an executive Director of the Company on 18 November 2009. Mr. Liu has more than 20 years of experience in the textile industry and is responsible for overseeing the sales, production and full operation management of the Group. Mr. Liu received the “Award for Improvement of Living Standard in Shandong Province (富民興魯勞動獎章)” in 2001 by the General Labour Union of Shandong Province (山東省總工會), and “Model Worker in National Textile Industry (全國紡織工業勞動模範)” in 2010 by Human Resources and Social Security Department, and China National Textile and Apparel Council (人力資源和社會保障部及中國紡織工業協會). He obtained a certificate in textile industry from the Shandong Textile College in 1988 and a doctorate degree in business administration from American Liberty University in 2005.

李登祥先生，51歲，於二零零九年十一月十八日獲委任為本公司董事會副主席兼執行董事。李先生於紡織業擁有逾20年經驗，負責監察本集團生產、質量及營運管理。李先生過去獲得多項嘉許及獎項。彼於二零零五年及二零零七年獲山東省技術市場科技金橋獎獎勵委員會頒發「山東省技術市場科技金橋獎」。於二零零七年，彼獲中國紡織工程學會嘉許為「全國棉紡織行業優秀中青年科技工作者」。李先生為工程師。彼於一九九八年取得山東工業大學（現已合併為山東大學）企業管理專業證書，其後於二零零五年取得美國利伯堤大學之工商管理博士學位。

亓同麗女士，49歲，於二零零九年五月二十一日獲委任為本公司執行董事，負責本集團之資本運營管理。亓女士於紡織業擁有逾20年經驗。彼分別於一九九八年及二零零零年獲山東省科學技術進步獎評審委員會及萊蕪市科學技術進步獎評審委員會頒發「科學技術進步獎」。於二零零三年，彼獲山東省科學技術獎評審委員會頒發山東省科學技術獎。彼於二零零七年獲山東省總工會嘉許為「山東省女職工建功立業標兵」，並獲頒「富民興魯勞動獎章」。亓女士為高級工程師。彼畢業於濟南紡織工業學校棉紡專業，後於一九九八年畢業於山東工業大學（現已合併為山東大學）企業管理專業，其後於二零零五年取得美國利伯堤大學之工商管理博士學位。

劉純衛先生，44歲，本集團行政總裁，彼於二零零九年十一月十八日獲委任為本公司執行董事。劉先生於紡織業擁有逾20年經驗，負責監察本集團銷售、生產及全面營運管理。彼於二零零一年獲山東省總工會頒發「富民興魯勞動獎章」，並於二零一零年獲得由人力資源和社會保障部及中國紡織工業協會頒發的「全國紡織工業勞動模範」稱號。彼於一九八八年畢業於山東紡織工學院棉紡專業，其後於二零零五年取得美國利伯堤大學之工商管理博士學位。

Biographical Details of Directors and Senior Management

董事及高級管理層履歷

Mr. Zou Shengzhong, aged 46, was appointed as an executive Director of the Company on 18 November 2009. Mr. Zou has more than 20 years of experience in the textile industry and is responsible for overseeing the sales and operation management of the Group. Mr. Zou is a senior engineer. He graduated from Changwei School of Textile Industry in 1983 and he obtained a certificate in electricity engineering from the Shandong TV University in 1987 and a doctorate degree in business administration from American Liberty University in 2005.

鄒生忠先生，46歲，於二零零九年十一月十八日獲委任為本公司執行董事。鄒先生於紡織業擁有逾20年經驗，負責監察本集團銷售及營運管理。鄒先生為高級工程師，於一九八三年畢業於昌濰紡織工業學校，於一九八七年畢業於山東廣播電視大學電氣工程專業，其後於二零零五年取得美國利伯堤大學之工商管理博士學位。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kin Sang, aged 60, is currently the sole proprietor of Messrs. Peter K.S. Chan & Co., Solicitors and Notaries. He was appointed an independent non-executive Director of the Company on 18 November 2009. He has been a practicing solicitor in Hong Kong since 1982. He was admitted as a Notary Public in 1997 and as a China-appointed Attesting Officer in 2000. He is currently a Fellow of the Hong Kong Institute of Directors. Mr. Chan graduated from the University of Hong Kong with a Bachelor of Laws degree in 1979. Mr. Chan is also director of the following public listed companies:

獨立非執行董事

陳健生先生，60歲，現時為陳健生律師行（律師及公證人）之獨資經營者。彼於二零零九年十一月十八日獲委任為獨立非執行董事。彼自一九八二年起為香港執業律師。彼於一九九七年獲公證人資格，並於二零零零年成為中國委託公證人。彼現時為香港董事學會資深會員。陳先生於一九七九年畢業於香港大學，獲法律學士學位。陳先生亦擔任下列上市公司之董事：

Listed Company 上市公司	Stock Code 股份代號	Place of Listing 上市地	Role 職務
People's Food Holdings Limited 大眾食品控股有限公司	P05	Singapore 新加坡	Independent Non-executive Director 獨立非執行董事
Luxking Group Holdings Limited 力王集團控股有限公司	L34	Singapore 新加坡	Independent Non-executive Director 獨立非執行董事
Combest Holdings Limited 康佰控股有限公司	8190	Hong Kong 香港	Independent Non-executive Director 獨立非執行董事
China Precious Metal Resources Holdings Co., Limited 中國貴金屬資源控股有限公司	1194	Hong Kong 香港	Independent Non-executive Director 獨立非執行董事
Pacific Plywood Holdings Limited 太平洋實業控股有限公司	767	Hong Kong 香港	Independent Non-executive Director 獨立非執行董事
Pan Hong Property Group Limited	P36	Singapore 新加坡	Non-executive Director 非執行董事
United Pacific Industries Limited 聯太工業有限公司	176	Hong Kong 香港	Non-executive Director 非執行董事
Ming Kei Holdings Limited 明基控股有限公司	8239	Hong Kong 香港	Independent Non-executive Director 獨立非執行董事

Biographical Details of Directors and Senior Management

董事及高級管理層履歷

Mr. Li Yuchun, aged 64, is a retired senior bank official. Mr. Li is an economist and has more than 20 years of experience in the banking industry and financial management. He is currently an independent director of Shandong Inspur Software Co. Ltd (Stock Code: SHA 600756), a company listed in the Shanghai Stock Exchange. Mr. Li was appointed an independent non-executive Director of the Company on 18 November 2009. He graduated from People's Liberation Army School of Sailors Politics (中國人民解放軍海軍政治學院) in professional political works in 1986.

Mr. Dai Shunlin, aged 69, is a deputy director of China Institute of Textile Planning and a retired senior engineer. He was appointed an independent non-executive Director of the Company on 18 November 2009. Mr. Dai has more than 40 years in the textile industry. He graduated from the textile engineering department of Wuxi School of Light Industry with a certificate in professional machine knitting in 1966.

SENIOR MANAGEMENT

Mr. Huang Qige, aged 43, joined the Group in 2001 and is currently the secretary to the Board of Directors of Shandong Taifeng Textile Co., Ltd ("Shandong Taifeng"), a wholly owned subsidiary of the Group. Mr. Huang obtained a certificate in physics from Shandong Mineral College (山東礦業學院) in 1989, and a doctoral degree in business administration from American Liberty University in 2005. In 2008, he finished his studies of accountancy with Shandong School of Economics. He has more than 8 years of experience as secretary to the Board of directors.

Mr. Zou Shengcheng, aged 43, joined the Group in 2003. He has more than 16 years of experience in the textile industry. Mr. Zou is the vice general manager of Shandong Taifeng and is responsible for the products development and technology of the Group. He graduated from Shandong School of Textile Industry with a bachelor's degree in textile engineering in 1992.

李玉春先生，64歲，為退休高級銀行職員。李先生為經濟師，於銀行業及財務管理方面擁有逾20年經驗。彼目前為於上海證券交易所上市之公司山東浪潮齊魯軟件產業股份有限公司（股份編號：SHA 600756）之獨立董事。彼於二零零九年十一月十八日獲委任為獨立非執行董事。彼於一九八六年畢業於中國人民解放軍海軍政治學院政治工作專業。

戴順林先生，69歲，中國紡織規劃研究會副會長及退休高級工程師。彼於二零零九年十一月十八日獲委任為獨立非執行董事。戴先生於紡織業擁有逾40年經驗。彼於一九六六年畢業於無錫輕工業學院紡織工程系機織專業。

高級管理層

黃啟閣先生，43歲，於二零零一年加入本集團，目前為山東泰豐紡織有限公司（「山東泰豐」）（本集團一間全資附屬公司）之董事會秘書。彼於一九八九年畢業於山東礦業學院物理班，於二零零五年取得美國利伯堤大學之工商管理博士學位。於二零零八年，彼修畢山東經濟學院開辦之會計學課程。彼擁有逾八年擔任董事會秘書之經驗。

鄒生成先生，43歲，於二零零三年加入本集團。彼於紡織業擁有逾16年經驗。鄒先生為山東泰豐之副總經理，負責本集團之產品開發及技術工作。彼於一九九二年畢業於山東紡織工學院，取得紡織工程學士學位。

Biographical Details of Directors and Senior Management

董事及高級管理層履歷

Mr. Geng Zhensheng, aged 46, joined the Group in 2001. He has more than 20 years of experience in the textile industry. Mr. Geng is the vice general manager of Shandong Taifeng and is responsible for the production of the Group. He completed secondary school education in Laiwu City in 1982.

Ms. Geng Yanling, aged 39, joined the Group in 2001. She is a certified tax planner in the PRC. She had been in the textile industry since 1992. Ms. Geng is the vice general manager of Shandong Taifeng and is responsible for the finance of the Group. Ms. Geng has been awarded the Model Worker by the Laiwu City People's Government and an Outstanding Person by the Laiwu City Economic and Trade Commission (萊蕪市經濟貿易委員會) in 2008. She obtained a certificate in economics from Harbin Polytechnic University in 2008.

Mr. Zhang Wengsheng, aged 49, is the deputy general manager of the home textile operation and joined the Group in 2011. He is responsible for the operational management of the domestic sales of home textiles. Mr. Zhang graduated from Nankai University in Tianjin in 1991 and obtained a master's degree in history. He held senior management positions at renowned home textile companies such as Luolai and was a senior consultant at 上海襲人營銷諮詢有限公司, with broad-based experience in management and marketing strategies in the home textile industry.

Mr. Pang Wai Hong, aged 47, is the financial controller and the company secretary of the Company. He is responsible for the finance, statutory compliance and corporate governance matters of the Company. Mr. Pang is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He holds a Master of Science (Finance) from the National University of Ireland and a Master of Lighting degree from Queensland University of Technology. Mr. Pang has more than 20 years of financial and auditing experience. Prior to joining the Group in 2009, he was the chief financial officer and company secretary of People's Food Holdings Limited (stock code: P05), a company listed on the Singapore Stock Exchange.

耿振生先生，46歲，於二零零一年加入本集團。彼於紡織業擁有逾20年經驗。耿先生為山東泰豐之副總經理，負責本集團之生產工作。彼於一九八二年在萊蕪市完成中學教育。

耿雁翎女士，39歲，於二零零一年加入本集團。彼為中國註冊納稅籌劃師。彼自一九九二年從事紡織業。耿女士為山東泰豐之副總經理，負責本集團之財務工作。耿女士於二零零八年獲萊蕪市人民政府授予勞動模範稱號，並獲得萊蕪市經濟貿易委員會先進個人榮譽證書。彼於二零零八年畢業於哈爾濱理工大學經濟學專業。

張文升先生，49歲，於二零一一年加入本集團，為家紡事業部副總經理。彼負責家紡內銷業務部的營運管理。張先生於一九九一年畢業於天津南開大學，獲歷史學碩士學位。彼曾在羅萊等知名家紡企業擔任高級管理層，亦曾任職於上海襲人營銷諮詢有限公司擔任資深顧問，在家紡行業管理及營銷策劃方面經驗豐富。

彭偉康先生，47歲，為本公司財務監控員兼公司秘書，負責本公司之財務、遵守法規及企業管治事項。彭先生為香港會計師公會會員，並為英國特許公認會計師公會資深會員。彼畢業於National University of Ireland，獲頒理學（財務）碩士學位，並取得Queensland University of Technology之照明學碩士學位。彭先生於財務及審計方面擁有逾二十年經驗。彼於二零零九年加入本集團之前，為新加坡交易所上市公司大眾食品控股有限公司（股份代號：P05）之財務總監兼公司秘書。

Directors' Report

董事會報告

The Board is pleased to present this annual report, together with the audited financial statements of the Group for the year ended 31 December 2011.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 21 May 2009 under the Companies Law of the Cayman Islands. In preparation for the listing of the Shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Group underwent a series of corporate reorganisation procedures and the Company became the holding company of the Group since 18 August 2009.

Details of the reorganisation were set out in the paragraph headed "Reorganisation" on page 4 to 5 of Appendix VII (Statutory and General Information) in the prospectus of the Company dated 31 May 2010 (the "Prospectus").

The shares of the Company were listed on the Main Board of the Stock Exchange on 11 June 2010 (the "Listing Date").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Group are manufacturing and distribution of quality cotton yarns and bedding products in China. The principal activities and other particulars of the subsidiaries of the Company are set out in note 37 to the consolidated financial statements of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2011 are set out in the consolidated statement of comprehensive income on page 56 of this annual report.

An interim dividend of RMB0.091 per share was paid on 20 September 2011. The Directors has proposed a final dividend of RMB0.086 per share for the year ended 31 December 2011 to the shareholders on the Register of Members of the Company on 5 July 2012. The final dividend is expected to be paid on or around 13 July 2012.

董事會欣然提呈本年報，連同本集團截至二零一一年十二月三十一日止年度之經審核財務報表。

公司重組

本公司於二零零九年五月二十一日根據開曼群島公司法於開曼群島註冊成立為獲豁免有限公司。為籌備股份於香港聯合交易所有限公司（「聯交所」）主板上市，本集團進行了連串公司重組程序，而本公司自二零零九年八月十八日起成為本集團之控股公司。

重組詳情載於本公司於二零一零年五月三十一日刊發之招股章程（「招股章程」）附錄七（法定及一般資料）第4至5頁「重組」一段。

本公司股份已於二零一零年六月十一日（「上市日期」）在聯交所主板上市。

主要業務

本公司之主要業務為投資控股。本集團之主要業務為在中國從事優質棉紗及床品製造及分銷。本公司附屬公司之主要業務及其他詳情載於本年報綜合財務報表附註37。

業績及分派

本集團截至二零一一年十二月三十一日止年度之業績載於本年報第56頁之綜合全面收益表。

每股人民幣0.091元之中期股息已於二零一一年九月二十日派付。董事建議向於二零一二年七月五日名列本公司股東名冊之股東派付截至二零一一年十二月三十一日止年度之末期股息每股人民幣0.086元。預期末期股息將於二零一二年七月十三日或前後派付。

Directors' Report

董事會報告

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 21 June 2012 to 26 June 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the annual general meeting to be held on 26 June 2012, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 20 June 2012.

The register of members will be closed from 3 July 2012 to 5 July 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the abovementioned final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 29 June 2012.

USE OF PROCEEDS FROM LISTING

The use of proceeds from listing of the Group up to 31 December 2011 are set out on page 26 of this annual report.

FINANCIAL SUMMARY

A summary of the results, the assets and liabilities and financial ratios of the Group for the last five years are set out on pages 5 to 8 of this annual report.

暫停辦理股份過戶登記

本公司將於二零一二年六月二十一日至二零一二年六月二十六日(首尾兩天包括在內)暫停辦理股份過戶登記手續。為符合資格出席將於二零一二年六月二十六日舉行之股東週年大會並於會上投票,所有過戶文件連同相關股票須不遲於二零一二年六月二十日下午四時三十分送達本公司股份過戶登記處香港中央證券登記有限公司,地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室。

本公司將於二零一二年七月三日至二零一二年七月五日(首尾兩天包括在內)暫停辦理股份過戶登記手續。為符合資格領取上述末期股息,所有過戶文件連同相關股票須不遲於二零一二年六月二十九日下午四時三十分送達本公司股份過戶登記處香港中央證券登記有限公司,地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室。

上市所得款項用途

截至二零一一年十二月三十一日,本集團上市所得款項之用途載於本年報第26頁。

財務概要

本集團過去五年之業績、資產負債及財務比率概要載於本年報第5至8頁。

Directors' Report

董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2011, sales to the Group's five largest customers and the largest customer accounted for 56.4% and 12.6% respectively of the Group's total sales for the year.

For the year ended 31 December 2011, the Group's purchases attributable to the five largest suppliers and the largest supplier accounted for 72.5% and 27.8% respectively of the Group's total purchases for the year.

None of the Directors or any of their associates or any shareholders who, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital, had any interest in the five largest suppliers or customers.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 13 to the consolidated financial statements of this annual report.

LISTING OF THE SHARES AND SHARE CAPITAL OF THE COMPANY

The shares of the Company have been successfully listed on the Main Board of the Stock Exchange since 11 June 2010. The total number of shares of the Company in issue upon listing was 1,000,000,000 shares.

Details of the movements during the year in the issued share capital of the Company are set out in note 25 to the consolidated financial statements of this annual report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Since the Listing Date, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

RESERVES

Details of the movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on page 58 of this annual report.

主要客戶及供應商

截至二零一一年十二月三十一日止年度，本集團對五大客戶及最大客戶之銷售額分別佔本集團年度銷售總額之56.4%及12.6%。

截至二零一一年十二月三十一日止年度，本集團對五大供應商及最大供應商之購貨額分別佔本集團年度購貨總額之72.5%及27.8%。

董事或彼等之任何聯繫人士或任何據董事所知擁有本公司已發行股本5%以上之股東概無於五大供應商或客戶中擁有任何權益。

物業、廠房及設備

本集團物業、廠房及設備之變動詳情載於本年報綜合財務報表附註13。

本公司股份及股本上市

本公司股份已成功自二零一零年六月十一日起在聯交所主板上市。本公司於上市時已發行股份總數為1,000,000,000股。

本公司已發行股本於年內之變動詳情載於本年報綜合財務報表附註25。

購買、出售或贖回本公司上市證券

自上市日期以來，本公司或其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

儲備

本集團於年內之儲備變動詳情載於本年報第58頁之綜合權益變動表。

Directors' Report

董事會報告

BANK AND OTHER BORROWINGS

Details of bank and other borrowings of the Group as at 31 December 2011 are set out in notes 22 to 23 to the consolidated financial statements of this annual report.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group are set out in note 34 to the consolidated financial statements of this annual report.

EVENT AFTER THE REPORTING PERIOD

The Group had no significant event after the reporting period.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year and up to the date of this annual report are as follows:

Executive Directors

Mr. Liu Qingping	(appointed on 21 May 2009)
Mr. Li Dengxiang	(appointed on 18 November 2009)
Ms. Qi Tongli	(appointed on 21 May 2009)
Mr. Liu Chunwei	(appointed on 18 November 2009)
Mr. Zou Shengzhong	(appointed on 18 November 2009)

Independent Non-executive Directors

Mr. Chan Kin Sang	(appointed on 18 November 2009)
Mr. Li Yuchun	(appointed on 18 November 2009)
Mr. Dai Shunlin	(appointed on 18 November 2009)

Biographical details of the Directors and senior management are set out in the section headed "Biographical Details of Directors and Senior Management" on pages 28 to 32 of this annual report.

銀行及其他借貸

本集團於二零一一年十二月三十一日之銀行及其他借貸詳情載於本年報綜合財務報表附註22至23。

資本承擔

本集團資本承擔之詳情載於本年報綜合財務報表附註34。

報告期後事項

本集團於報告期後並無重大事項。

董事及董事之服務合約

年內及截至本年報日期之董事如下：

執行董事

劉慶平先生	(於二零零九年五月二十一日獲委任)
李登祥先生	(於二零零九年十一月十八日獲委任)
亓同麗女士	(於二零零九年五月二十一日獲委任)
劉純衛先生	(於二零零九年十一月十八日獲委任)
鄒生忠先生	(於二零零九年十一月十八日獲委任)

獨立非執行董事

陳健生先生	(於二零零九年十一月十八日獲委任)
李玉春先生	(於二零零九年十一月十八日獲委任)
戴順林先生	(於二零零九年十一月十八日獲委任)

董事及高級管理層之履歷詳情載於本年報第28至32頁「董事及高級管理層履歷」一節。

Directors' Report

董事會報告

Each of the Executive Directors and independent non-executive Directors has entered into a service contract with the Company for a term of three years commencing from 18 November 2009, subject to termination by either party giving the other not less than 3 months' prior written notice or such shorter period as both parties may agree.

In accordance with the articles of association of the Company, one-third of the Directors or, if the number is not three or a multiple of three, then the number nearest to but not less than one-third, will retire from office by rotation and every Directors shall be subject to retirement at an Annual General Meeting ("AGM") at least once every three years. The Directors to retire every year will be those who have been longest in office since their last re-election or appointment. Accordingly, Mr. Liu Qingping, Mr. Li Dengxiang and Ms. Qi Tongli shall retire by rotation at the AGM. All the retiring Directors are eligible for re-election.

None of the Directors proposed for re-election at the forthcoming AGM of the Company has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

REMUNERATION OF THE DIRECTORS

The remuneration of the Directors is determined by the Remuneration Committee with reference to the duties, responsibilities, performance of the Directors and the results of the Group.

Details of the remuneration of the Directors are set out in note 10 to the consolidated financial statements of this annual report.

DIRECTORS' AND CHIEF EXECUTIVE' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2011 and the date of this annual report, the interests and short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") are as follows:

各執行董事及各獨立非執行董事均已經與本公司訂立服務合約，由二零零九年十一月十八日起為期三年，惟任何一方均可向另一方發出不少於三個月（或雙方協定之較短時期）之事先書面通知而終止。

按照本公司組織章程細則，三分之一董事（或倘人數並非三或三之倍數，則為最接近但不少於三分之一之數目）須輪席退任，而各董事須最少每三年於股東週年大會（「股東週年大會」）上輪席退任一次。每年須退任之董事將為自其最近獲重選或委任以來在任最長時間之董事。因此，劉慶平先生、李登祥先生及冼同麗女士將在股東週年大會上輪席退任。所有退任董事均合乎資格膺選連任。

擬於本公司應屆股東週年大會上膺選連任之董事概無與本公司或其任何附屬公司訂立於一年內不付賠償（法定賠償除外）則不可由本集團終止之服務合約。

董事薪酬

董事薪酬乃由薪酬委員會參考董事之職務、責任、表現及本集團業績而釐定。

董事薪酬詳情載於本年報綜合財務報表附註10。

董事及行政總裁於本公司股份、相關股份及債券之權益及淡倉

於二零一一年十二月三十一日及本年報日期，本公司董事及行政總裁於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債券中擁有記錄於本公司根據證券及期貨條例第352條須予備存之登記冊，或根據香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十所載上市發行人董事進行證券交易之標準守則（「標準守則」）知會本公司及聯交所之權益及淡倉如下：

Directors' Report

董事會報告

Long Position

好倉

(a) Long position – Interests in the Company

(a) 好倉 – 於本公司之權益

Name of director	Capacity	Number of ordinary shares	Percentage of the issued share capital of the Company
董事姓名	身份	普通股數目	佔本公司已發行股本百分比
Mr. Liu Qingping (1) 劉慶平先生 (1)	Interest in controlled corporations 於受控制法團之權益	555,000,000	55.50%
	Beneficial owner 實益擁有人	16,234,000	1.62%

(1) Mr. Liu Qingping is deemed to be indirectly interested in 555,000,000 Shares, ie. 55.5% of the issued capital of the Company through his direct interests in Harvest Sun Enterprises Limited and Fu Sun Development Limited under the SFO.

(1) 根據證券及期貨條例，劉慶平先生被視作透過其於富盈企業有限公司及富生發展有限公司之直接權益間接於555,000,000股股份（即本公司已發行股本55.5%）中擁有權益。

(b) Long position – Interests in an associated corporation

(b) 好倉 – 於相聯法團之權益

Name of director	Associated corporation	Type of interests	Approximate percentage of holding of the total share capital of the associated corporation
董事姓名	相聯法團	權益類別	持有相聯法團全部股本概約百分比
Mr. Li Dengxiang 李登祥先生	Harvest Sun Enterprises Limited 富盈企業有限公司	Beneficial owner 實益擁有人	14.60%
Mr. Liu Chunwei 劉純衛先生	Harvest Sun Enterprises Limited 富盈企業有限公司	Beneficial owner 實益擁有人	8.60%
Ms. Qi Tongli 齊同麗女士	Harvest Sun Enterprises Limited 富盈企業有限公司	Beneficial owner 實益擁有人	13.20%
Mr. Zou Shengzhong 鄒生忠先生	Harvest Sun Enterprises Limited 富盈企業有限公司	Beneficial owner 實益擁有人	7.50%

Save as disclosed above, as at the date of this annual report, none of the Directors and Chief Executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

除上文所披露者外，於本年報日期，本公司董事及行政總裁概無於本公司及其相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中擁有任何記錄於根據證券及期貨條例第352條須予備存之登記冊，或根據標準守則須知會本公司及聯交所之權益或淡倉。

Directors' Report

董事會報告

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2011, to the best knowledge of the Directors, the following person (other than a Director and Chief Executive of the Company) who had interests or short positions in the shares, underlying shares and debentures of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

主要股東於股份、相關股份及債券之權益及淡倉

於二零一一年十二月三十一日，就董事所知，以下人士（不包括本公司董事及行政總裁）於本公司之股份、相關股份及債券中擁有根據證券及期貨條例第XV部第2及第3分部之規定須向本公司披露，或記錄於本公司根據證券及期貨條例第336條須予備存之權益登記冊之權益或淡倉如下：

Name	Capacity	Number of ordinary shares	Percentage of the issued share capital of the Company 佔本公司已發行股本百分比
姓名／名稱	身份	普通股數目	
Harvest Sun Enterprises Limited (1) 富盈企業有限公司 (1)	Registered and beneficial owner 登記及實益擁有人	480,000,000	48.00%
Fu Sun Development Limited (2) 富生發展有限公司 (2)	Registered and beneficial owner 登記及實益擁有人	75,000,000	7.50%
Mr. Liu Qingping (3)	Interest in controlled corporation and beneficial owner 於受控制法團之權益及實益擁有人	571,234,000	57.12%
劉慶平先生 (3)	於受控制法團之權益及實益擁有人		
Superior Delight Limited (4) 佳喜有限公司 (4)	Registered and beneficial owner 登記及實益擁有人	165,000,000	16.50%
Mr. Huang Quan 黃全先生	Interest in a controlled corporation 於受控制法團之權益	165,000,000	16.50%

(1) Harvest Sun Enterprises Limited is owned as to 48.60% by Mr. Liu Qingping and therefore, Mr. Liu Qingping is deemed to be interested in 480,000,000 Shares held directly by Harvest Sun Enterprises Limited under the SFO.

(1) 富盈企業有限公司由劉慶平先生擁有48.60%之權益，因此，根據證券及期貨條例，劉慶平先生被視作於富盈企業有限公司直接持有之480,000,000股股份中擁有權益。

(2) Fu Sun Development Limited is wholly-owned by Mr. Liu Qingping and therefore, Mr. Liu Qingping is deemed to be interested in 75,000,000 Shares held by Fu Sun Development Limited under the SFO.

(2) 富生發展有限公司由劉慶平先生全資擁有，因此，根據證券及期貨條例，劉慶平先生被視作於富生發展有限公司持有之75,000,000股股份中擁有權益。

(3) Mr. Liu Qingping is deemed to be indirectly interested in 555,000,000 Shares, ie. 55.50% of the issued capital of the Company through his direct interests in Harvest Sun Enterprises Limited and Fu Sun Development Limited under the SFO. Mr. Liu Qingping owns 16,234,000 Shares, ie. 1.62% of the issued capital of the Company, on his personal interests.

(3) 根據證券及期貨條例，劉慶平先生被視作透過其於富盈企業有限公司及富生發展有限公司之直接權益間接於555,000,000股股份（即本公司已發行股本55.50%）中擁有權益。劉慶平先生於16,234,000股股份（即本公司已發行股本1.62%）中擁有個人權益。

(4) Superior Delight Limited is wholly-owned by Mr. Huang Quan and Mr. Huang Quan is therefore deemed to be interested in 165,000,000 Shares held by Superior Delight Limited under the SFO.

(4) 佳喜有限公司由黃全先生全資擁有，因此，根據證券及期貨條例，黃全先生被視作於佳喜有限公司持有之165,000,000股股份中擁有權益。

Directors' Report

董事會報告

Save as disclosed above, as at 31 December 2011, no person, other than the Directors and Chief Executives of the Company whose interests are set out in the section "Directors' and Chief Executive's Interests And Short Positions In Shares, Underlying Shares And Debentures" above, had any interest or short positions in the shares, underlying shares or debentures of the Company which are required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

No contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries subsisted at the end of year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this annual report, none of the Directors has interests in any business which directly or indirectly competes, or is likely to compete with the business of the Group.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors the confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Board considers the independent non-executive Directors to be independent.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SHARE OPTION SCHEME

The Company does not have any share option scheme.

除上文所披露者外，於二零一一年十二月三十一日，概無人士（不包括已於上文「董事及行政總裁於股份、相關股份及債券之權益及淡倉」一節載列權益之本公司董事及行政總裁）於本公司之股份、相關股份或債券中擁有任何根據證券及期貨條例第XV部第2及第3分部之規定須知會本公司及聯交所，或記錄於本公司根據證券及期貨條例第336條須予備存之權益登記冊之權益或淡倉。

董事於重大合約之權益

於本年度結束時或本年度內任何時間，並不存在本公司或其附屬公司參與訂立且本公司董事直接或間接擁有當中重大權益之重大合約。

於本年度結束時或本年度內任何時間，並不存在涉及本公司或其任何附屬公司控股股東向本公司或其任何附屬公司提供服務之重大合約。

董事於競爭業務之權益

年內及截至本年報日期，概無董事在任何與本集團業務直接或間接競爭或可能競爭之任何業務中擁有權益。

獨立非執行董事之獨立性

本公司已接獲各獨立非執行董事根據上市規則第3.13條發出之獨立身份確認書，而董事會認為獨立非執行董事均為獨立人士。

購買股份或債券之安排

年內本公司或其任何附屬公司概無訂立任何安排，致使本公司董事可以透過收購本公司或任何其他法團之股份或債券而獲得利益。

購股權計劃

本公司並無任何購股權計劃。

Directors' Report

董事會報告

MANAGEMENT CONTRACTS

The Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

REMUNERATION POLICY

The Group mainly determines staff remuneration in accordance with the qualification, years of experience, performance of individual employee and the salary trend in PRC and will be reviewed regularly.

RETIREMENT BENEFITS SCHEME

Particulars of the retirement benefits scheme of the Group are set out in note 28 to the consolidated financial statements of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the Companies Law of the Cayman Islands where the Company is incorporated.

CONTINUING CONNECTED TRANSACTIONS

The Stock Exchange exercised its discretion under rule 14A.06 of the Listing Rules to deem Taifeng Textile Group Co., Ltd ("TTG") (泰豐紡織集團有限公司) as a connected person (as defined in the Listing Rules) of the Group.

The relationship with TTG and details of non-exempt continuing connected transactions were set out in the chapters headed "Relationship with TTG and Laiwu Runfeng" and "Connected Transactions and Waivers" of the Prospectus.

管理合約

本公司於年內概無與任何個人、商號或法團訂立任何合約以管理或處理本公司任何業務之全部或任何重大部分。

薪酬政策

本集團主要根據個別僱員資歷、年資及表現以及中國之薪金趨勢釐定員工薪酬，並會定期檢討。

退休福利計劃

本集團退休福利計劃詳情載於本年報綜合財務報表附註28。

優先購買權

本公司組織章程細則或本公司註冊成立所在開曼群島之公司法並無優先購買權條文。

持續關連交易

聯交所根據上市規則第14A.06條行使其酌情權，視泰豐紡織集團有限公司（「泰豐紡織集團」）為本集團之關連人士（定義見上市規則）。

與泰豐紡織集團之關係及不獲豁免持續關連交易之詳情載於招股章程「與泰豐紡織集團及萊蕪潤豐之關係」及「關連交易及豁免」章節。

Directors' Report 董事會報告

Pursuant to the announcement of the Company dated 12 April 2011, TTG shall no longer be deemed as a connected person of the Group. Consequently, the transactions shall ceased to be continuing connected transactions:

根據本公司日期為二零一一年四月十二日之公佈，泰豐紡織集團不再被視為本集團之關連人士。因此，以下交易不再為持續關連交易：

		For the period from 1 January 2011 to 20 March 2011 二零一一年 一月一日至 二零一一年 三月二十日 期間 RMB'000 人民幣千元	For the period from 1 January 2010 to 31 December 2010 二零一零年 一月一日至 二零一零年 十二月三十一日 期間 RMB'000 人民幣千元
Sales of goods	銷售貨品	5,111	99,070
Purchases of materials	購買物料	11,893	77,504
Rental expenses under operating leases	經營租約下之租金開支	2,633	13,280

LEASING AND ACQUISITION OF PROPERTIES FROM TTG

The Group has leased from TTG three properties situated in Laiwu City, Shandong Province, the PRC.

The first property comprises of land with a site area of 44,512.82 sq.m and buildings having a gross floor area of 47,088.69 sq.m.

The second property comprises of land with a site area of 159,552.9 sq.m and buildings having a gross floor area of 108,458.87 sq.m.

Both the first and the second properties are leased to the Group for a term of 20 years commencing from 22 May 2009 and expiring on 21 May 2029. The Group has the unilateral right to terminate the lease from 31 December 2011. The rent might be adjusted after three years of the lease based on the then prevailing market rate. The first and the second leased properties are occupied by the Group for production purposes.

The third property has a lettable area of 120 sq.m. is leased to the Group for a term of 3 years commencing on 10 July 2008 and expiring on 10 July 2011. The third leased property is used as the Group's retail shop.

向泰豐紡織集團租賃及收購物業

本集團已向泰豐紡織集團租賃三項位於中國山東省萊蕪市之物業。

第一項物業包括地盤面積44,512.82平方米之土地及建築面積47,088.69平方米之樓宇。

第二項物業包括地盤面積159,552.9平方米之土地及建築面積108,458.87平方米之樓宇。

第一項及第二項物業均租給本集團20年，由二零零九年五月二十二日起至二零二九年五月三十一日屆滿。本集團自二零一一年十二月三十一日起擁有單方面終止租賃之權利。租金可於租賃三年後按當時市場水平調整。第一項及第二項租賃物業乃由本集團佔用作生產用途。

第三項物業為可出租面積120平方米之零售店，租給本集團3年，由二零零八年七月十日起至二零一一年七月十日屆滿。第三項租賃物業乃用作本集團之零售店。

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On 19 November 2010, the Group entered into an acquisition agreement ("Acquisition Agreement") with TTG, pursuant to which the Group agreed to acquire from TTG portions of the second leased property, a land with a site area of 46,475.0 sq.m. and buildings having a gross floor area of 35,068.12 sq.m., for a consideration of RMB68,800,000. This acquisition is in line with the stated intention as disclosed in the Prospectus. The consideration of the acquisition was arrived at based on the appraised value of the land and properties as at 31 October 2010 as reported by the independent valuer and after arm's length negotiations between the parties and on normal commercial terms.

As a result of the Acquisition Agreement, on 19 November 2010, the Group and TTG also simultaneously entered into a supplemental lease agreement (the "Supplemental Lease Agreement"), pursuant to which, taking into account the acquisition of the land and properties under the Acquisition Agreement, the total site area of the second leased property was reduced to 113,077.9 sq.m. and the total gross floor area of the buildings thereon was reduced to 73,389.45 sq.m..

After taking into account the revision made to the Second Lease Agreement by the Supplemental Lease Agreement, the total annual rental payable under the First Lease Agreement, the Second Lease Agreement (as supplemented by the Supplemental Lease Agreement) and the Third Lease Agreement for the year ended 31 December 2011 will be RMB10,530,000.

Pursuant to the announcement of the Company dated 12 April 2011, TTG shall no longer be deemed as a connected person of the Group after 20 March 2011.

SALES AND PURCHASES TRANSACTIONS

On 16 November 2009, the Group entered into a master agreement with TTG, pursuant to which the Group will (i) sell cotton yarns, bedding products and other products to TTG at prevailing market price, and (ii) purchase raw cotton, fabrics and other materials from TTG at prevailing market price, effective from the Listing Date and expiring on 31 December 2011.

Pursuant to the announcement of the Company dated 12 April 2011, TTG shall no longer be deemed as a connected person of the Group after 20 March 2011.

Pursuant to Rule 14A.37 of the Listing Rules, the independent non-executive directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into:

- (i) in the ordinary course of business of the Group;
- (ii) on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; and

於二零一零年十一月十九日，本集團與泰豐紡織集團訂立收購協議（「收購協議」），據此，本集團同意向泰豐紡織集團收購第二項租賃物業之部分（地盤面積46,475.0平方米之土地及建築面積35,068.12平方米之樓宇），代價為人民幣68,800,000元。是項收購與招股章程所披露之既定意向相符。收購之代價乃基於獨立估值師所報告土地及物業於二零一零年十月三十一日之評估價值，經訂約雙方公平協商並按正常商業條款釐定。

由於訂立收購協議，故於二零一零年十一月十九日，本集團與泰豐紡織集團亦同時訂立補充租賃協議（「補充租賃協議」），據此，經考慮根據收購協議收購土地及物業後，第二項租賃物業之總地盤面積減少至113,077.9平方米，其上樓宇之總建築面積減少至73,389.45平方米。

經考慮補充租賃協議對第二份租賃協議作出之修訂後，於截至二零一一年十二月三十一日止年度根據首份租賃協議、第二份租賃協議（經補充租賃協議補充）及第三份租賃協議應付之年租金總額將為人民幣10,530,000元。

根據本公司日期為二零一一年四月十二日之公佈，泰豐紡織集團於二零一一年三月二十日後不再被視為本集團之關連人士。

銷貨及購貨交易

於二零零九年十一月十六日，本集團與泰豐紡織集團訂立總協議，據此，本集團將(i)按當前市價向泰豐紡織集團出售棉紗、床品及其他產品；及(ii)按當前市價從泰豐紡織集團購買原棉、布料及其他物料，自上市日期起生效並於二零一一年十二月三十一日屆滿。

根據本公司日期為二零一一年四月十二日之公佈，泰豐紡織集團於二零一一年三月二十日後不再被視為本集團之關連人士。

根據上市規則第14A.37條，本公司獨立非執行董事已審核上文所載持續關連交易，並確認該等持續關連交易乃於下列情況下進行：

- (i) 在本集團日常業務過程中；
- (ii) 按照正常商業條款或不遜於獨立第三方就本集團採用或提供之條款；及

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(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the Company's shareholders as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the Board of Directors' engaged the Company's auditor to perform certain agreed-upon procedures in respect of the continuing connected transactions set out above on a sample basis. The auditor has reported their factual findings on the selected samples based on the agreed procedures to the Board and has confirmed that:

- (i) the transactions had been approved by the Directors;
- (ii) the pricing of the transactions (for the sample selected) were in accordance with the pricing policies of the Group;
- (iii) the transactions were entered into in accordance with the relevant agreements governing the transactions (for the sample selected); and
- (iv) the amounts of the transactions had not exceeded the relevant caps as disclosed in the Prospectus.

DONATIONS

During the year, the Group made charitable and other donations totaling RMB300,000.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules since the Listing Date and up to the date of this annual report.

AUDITORS

The financial statements have been audited by Messrs. Deloitte Touche Tohmatsu ("Deloitte"). Deloitte will retire and a resolution for their re-appointment as the Company's auditor will be proposed at the Company's forthcoming AGM.

On behalf of the Board
Liu Qingping
Chairman
Hong Kong, 12 March 2012

(iii) 按照規範該等交易之相關協議，其條款屬公平合理且符合本公司股東整體利益。

根據上市規則第14A.38條，董事會已委聘本公司核數師以抽樣基準就上文所載持續關連交易進行若干經協定程序。核數師已基於協定程序向董事會報告選定樣本之實際調查結果，並確認：

- (i) 該等交易已獲董事批准；
- (ii) 交易定價（就選定樣本而言）乃按照本集團之定價政策；
- (iii) 該等交易（就選定樣本而言）乃按照規範該等交易之相關協議進行；及
- (iv) 該等交易之金額並無超出招股章程披露之相關上限。

捐款

本集團於年內作出慈善及其他捐款合共人民幣300,000元。

充足公眾持股量

基於本公司可掌握之公開資料及就董事所知，自上市日期起至本年報日期止，本公司已維持上市規則規定之充足公眾持股量。

核數師

財務報表已經德勤•關黃陳方會計師行（「德勤」）審核。德勤將任滿退任，有關續聘德勤為本公司核數師之決議案，將於本公司應屆股東週年大會上提呈。

代表董事會
主席
劉慶平
香港，二零一二年三月十二日

Corporate Governance Report

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THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The directors of the Company (the “Directors”) consider that the Company has complied with all the code provisions as set out in the CG Code throughout the financial year and up to the date of this annual report.

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximize the interests of the shareholders of the Company.

This report outlines the principles and the corporate governance practices adopted and observed by the Company throughout the financial year and up to the date of this annual report (the “Period Under Review”).

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Listing Rules as its code of conduct regarding directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Period Under Review.

企業管治常規守則

本公司已採納上市規則附錄14所載之企業管治常規守則(「企管守則」)之守則條文，作為其本身之企業管治守則。本公司董事(「董事」)認為，於整個財政年度及截至本年報日期為止，本公司一直遵守企管守則所載之全部守則條文。

董事致力維持本公司之企業管治，以確保具有正式及具透明度之程序保障及謀求本公司股東之最大利益。

本報告羅列本公司於整個財政年度及截至本年報日期(「回顧期間」)為止所採納及遵守之原則及企業管治常規。

董事進行證券交易之標準守則

本公司已採納上市規則附錄10所載上市發行人董事進行證券交易的標準守則(「標準守則」)，作為董事進行證券交易之操守守則。董事定期會獲提醒彼等於標準守則下之責任。經本公司作出具體查詢後，全體董事確認，彼等於整個回顧期間一直遵守標準守則所載之規定標準。

Corporate Governance Report

企業管治報告

BOARD OF DIRECTORS

Functions of the Board

The principal function of the Board is to consider and approve strategies, financial objectives, annual budget and investment proposals of the Group and to assume the responsibilities of corporate governance of the Group. The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's businesses to the executive Directors, senior management and certain specific responsibilities to the Board committees.

Board Composition

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The executive Directors and independent non-executive Directors bring a variety of experiences and expertise to the Company.

As at 31 December 2011 and at the date of this annual report, the Board comprises five executive Directors and three independent non-executive Directors. The composition of the Board are as follows:

Executive Directors

Mr. Liu Qingping (*Chairman*)
Mr. Li Dengxiang
Ms. Qi Tongli
Mr. Liu Chunwei (*Chief Executive Officer*)
Mr. Zou Shengzhong

Independent Non-executive Directors

Mr. Chan Kin Sang
Mr. Li Yuchun
Mr. Dai Shunlin

The biographical details of all Directors are set out on pages 28 to 31 of this annual report. Save as disclosed in this annual report, none of the Directors has any other financial, business, family or other material or relevant relationships among members of the Board.

Each of the executive Directors of the Company entered into a service contract with the Company for an initial term of three years commencing from the date of the Listing and may only be terminated in accordance with the provisions of the service contract after the first year of service of the Director by either party giving to the other not less than three months' prior notice in writing.

董事會

董事會職能

董事會之主要職能為考慮及批准本集團之各項策略、財務目標、年度預算及投資建議，以及承擔本集團企業管治之責任。董事會將執行日常營運、推行商業策略及管理本集團業務之權力及責任授予執行董事及高級管理人員，並將若干特定責任下放予各董事會委員會。

董事會組成

董事會結構平衡，每名董事均具備與本集團業務有關之廣博行業知識、豐富企業及策略規劃經驗及／或專業知識。執行董事及獨立非執行董事為本公司帶來了各種各樣之經驗及專業知識。

於二零一一年十二月三十一日及本年報日期，董事會由五名執行董事及三名獨立非執行董事組成。董事會成員如下：

執行董事

劉慶平先生（主席）
李登祥先生
元同麗女士
劉純衛先生（行政總裁）
鄒生忠先生

獨立非執行董事

陳健生先生
李玉春先生
戴順林先生

全體董事之履歷詳情載於本年報第28至31頁。除本年報所披露者外，董事與董事會成員之間概無任何其他財務、業務、家族或其他重大或相關關係。

本公司各執行董事已與本公司訂立服務合約，任期自上市日期起計初步為期三年。服務合約於董事第一年任期屆滿，並由任何一方透過向另一方發出不少於三個月之事先書面通知後，方可根據服務合約條文予以終止。

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The Company has issued an appointment letter to each of the non-executive Directors and Independent non-executive Directors of the Company for a term of three years commencing from the date of the Listing unless terminated by either party giving to the other not less than two months prior notice in writing.

Chairman and Chief Executive Officer

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should not be performed by the same individual. To ensure a balance of power and authority, the Company has appointed Mr. Liu Qingping as Chairman and Mr. Liu Chunwei as Chief Executive Officer. Mr. Liu Qingping and Mr. Liu Chunwei are both founders of the Group and possess rich knowledge and experience of the textile industry. The Chairman is responsible for the leadership and effective running of the Board and ensuring that all material issues are discussed by the Board in a timely and constructive manner. The Chief Executive Officer is responsible for the management of the day-to-day operations of the Group's business and the implementation of the approved strategies of the Group. In addition, each executive Director is responsible for the management of the different functions of the business of the Group.

Independent Non-executive Directors

In compliance with Rule 3.10(1) of the Listing Rules, the Company has appointed three independent non-executive Directors representing more than one-third of the Board. Among the three independent non-executive Directors, one of the independent non-executive Director, Mr. Li Yuchun has appropriate related financial management expertise as required by Rule 3.10(2) of the Listing Rules. The Company has received from each of its independent non-executive Directors the written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board, based on such confirmation, considers all independent non-executive Directors independent.

Appointment and Re-election of Directors

Each of the Executive Directors and independent non-executive Directors has entered into a service contract with the Company for a term of three years commencing from 18 November 2009, subject to termination by either party giving the other not less than 3 months' prior written notice or such shorter period as both parties may agree. In accordance with the articles of association of the Company, one-third of the Directors or, if the number is not three or a multiple of three, then the number nearest to but not less than one-third, will retire from office by rotation and every Directors shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire every year will be those who have been longest in office since their last re-election or appointment.

本公司已向本公司每名非執行董事及獨立非執行董事發出委聘書，除非任何一方向另一方發出不少於兩個月之事先書面通知予以終止，否則任期自上市日期起計初步為期三年。

主席及行政總裁

企管守則第A.2.1條規定，主席及行政總裁之職務不應由同一人兼任。為確保權力及授權之平衡，本公司已委任劉慶平先生為主席及委任劉純衛先生為行政總裁。劉慶平先生及劉純衛先生均為本集團創始人，於紡織業擁有豐富知識及經驗。主席負責領導董事會及其有效運作，並確保董事會能適時地以有建設性之方式商討所有重大議題。行政總裁負責本集團業務之日常營運管理及推行本集團經批准之策略。此外，各執行董事負責管理本集團業務之不同職能。

獨立非執行董事

遵照上市規則第3.10(1)條之規定，本公司已委任三名獨立非執行董事，佔董事會人數超過三分之一。在該三名獨立非執行董事中，有一名（李玉春先生）具備上市規則第3.10(2)條所規定之合適相關財務管理專業知識。本公司已收到各獨立非執行董事根據上市規則第3.13條所發出有關其獨立身份之確認書。董事會基於此等確認書，視全體獨立非執行董事為獨立人士。

董事之委任及連任

各執行董事及各獨立非執行董事均與本公司訂立服務合約，任期由二零零九年十一月十八日起計為期三年，惟任何一方可向另一方發出不少於三個月（或雙方協定之較短時期）之事先書面通知予以終止。按本公司組織章程細則之規定，董事人數之三分之一（或倘董事人數並非三或三之倍數，則為最接近但不少於三分之一之人數）必須輪席退任，而每名董事須最少每三年在股東週年大會上退任一次。每年須退任之董事為自上次重選或委任後任期最長之董事。

Corporate Governance Report

企業管治報告

Board Meetings and Board Practices

The Company adopted the practice of holding Board meetings for executive Directors regularly throughout the year and at least four meetings a year for both executive and non-executive Directors. The Board will also meet on other occasions when a board-level decision on a particular matter is required. The company secretary of the Company (the "Company Secretary") will assist the Chairman to prepare the agenda of the meeting and each Director may request to include any matters in the agenda. Generally, at least 14 days notice would be given for the regular meeting by the Company. The Directors will receive details of agenda items for decision at least 3 days before each Board meeting. All Directors will be provided with sufficient resources to discharge their duties, and upon reasonable request, the Directors will be able to seek independent professional advice in appropriate circumstances, at the Company's expense. The Company Secretary is responsible for ensuring that the procedures of the Board meetings are observed and providing the Board with opinions on matters in relation to the compliance with the procedures of the Board meetings. All minutes of Board meetings were recorded in sufficient detail the matters considered by the Board and decisions reached.

During the Period Under Review, the Board convened 4 board meetings. Details of the attendance of Directors are as follows:

董事會會議及董事會常規

本公司已採納一項常規，執行董事於整個年度定期舉行董事會會議，而執行及非執行董事則每年最少舉行四次會議。每當須要董事會就某一事宜作決定時，董事會亦會於其他時間召開會議。本公司之公司秘書（「公司秘書」）將協助主席編製會議議程，而各董事均可要求將任何事宜加入議程之內。本公司一般於舉行常規會議前至少14日發出通告。董事將於舉行各董事會會議至少3日前收到詳細議程，以便作出決定。所有董事將獲得充分資源以履行其職責，並在合理要求下，可按合適情況尋求獨立專業意見，費用由本公司承擔。公司秘書負責確保各董事遵守董事會會議程序，並就遵守董事會會議程序之事宜向董事會提供意見。董事會會議之所有會議紀錄，應詳細記錄董事會所考慮之事項及達致之決定。

於回顧期間內，董事會召開了4次董事會會議。各董事之出席詳情如下：

Name of Directors	董事姓名	No. of meetings attended/held
		出席／舉行 會議次數
Executive Directors	執行董事	
Mr. Liu Qingping (<i>Chairman</i>)	劉慶平先生 (主席)	4/4
Mr. Li Dengxiang	李登祥先生	4/4
Ms. Qi Tongli	齊同麗女士	4/4
Mr. Liu Chunwei (<i>Chief Executive Officer</i>)	劉純衛先生 (行政總裁)	4/4
Mr. Zou Shengzhong	鄒生忠先生	4/4
Independent Non-executive Directors	獨立非執行董事	
Mr. Chan Kin Sang	陳健生先生	4/4
Mr. Li Yuchun	李玉春先生	4/4
Mr. Dai Shunlin	戴順林先生	4/4

Corporate Governance Report

企業管治報告

BOARD COMMITTEES

Audit Committee

Composition

The audit committee of the Company (the “Audit Committee”) has been established on 21 April 2010 with written terms of reference in compliance with the CG Code. In compliance with the amendments to the Listing Rules which will become effective on 1 April 2012, the Board adopted revised terms of reference for the Audit Committee on 12 March 2012. The Audit Committee comprises three members, all are independent non-executive Directors, namely Mr. Li Yuchun (Chairman), Mr. Chan Kin Sang and Mr. Dai Shunlin. The primary duties of the Audit Committee are:

- making recommendations to the Board on the appointment, reappointment and removal of the external auditors, as well as approving the remuneration and terms of engagement of the external auditors;
- reviewing and monitoring the external auditors’ independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- monitoring the integrity of the financial statements of the Company and the Company’s annual report and accounts, interim report and quarterly reports, and reviewing significant financial reporting judgments contained in such reports; and
- overseeing the Company’s financial reporting system and internal control procedures, including but not limited to, review of financial control, internal control and risk management systems, consideration of actions to be taken in respect of any findings of major investigations of internal control matters as delegated by the Board or at its own initiative and management’s response thereto, and review of the Group’s financial and accounting policies and practices.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2011 and the unaudited interim financial report for the six months ended 30 June 2011, including the accounting principles and practice adopted by the Group.

During the Period Under Review, the Audit Committee had performed their primary duties to review and supervise the financial reporting process and the internal control procedures of the Company and had also held meetings with the Company’s auditors, Messrs. Deloitte Touche Tohmatsu (“Deloitte”) without the presence of executive Directors and management, to discuss the auditing, internal controls and financial reporting matters of the Company.

董事會委員會

審核委員會

組成

本公司已遵照企管守則之規定，於二零一零年四月二十一日成立審核委員會（「審核委員會」），並以書面釐定其職權範圍。為符合上市規則於二零一二年四月一日生效之修訂，董事會已於二零一二年三月十二日採納經修訂之審核委員會職權範圍。審核委員會由三名成員組成，分別為李玉春先生（主席）、陳健生先生及戴順林先生，彼等均為獨立非執行董事。審核委員會之主要職責如下：

- 就委聘、續聘及罷免外聘核數師向董事會提供推薦意見，及批准外聘核數師之薪酬及委聘條款；
- 根據適用標準檢討及監管外聘核數師之獨立身份及客觀程度以及審核程序之效益；
- 監管本公司財務報表及本公司年報及賬目、中期報告及季度報告之完整程度，並檢討該等報告所載之主要財務報告判斷；及
- 監督本公司財務申報制度及內部監控程序，包括但不限於檢討財務監控、內部監控及風險管理制度、就董事會所委派或其本身進行之主要內部監控事宜調查結果考慮應採取之行動及管理層之回應，以及檢討本集團財務及會計政策與慣例。

審核委員會已審閱本集團截至二零一一年十二月三十一日止年度之經審核綜合財務報表及截至二零一一年六月三十日止六個月之未經審核中期財務報告，包括本集團所採納之會計原則及慣例。

於回顧期間內，審核委員會已執行彼等之主要職務，檢討及監督本公司財務申報程序及內部監控程序，亦曾於執行董事及管理層缺席下與本公司核數師德勤•關黃陳方會計師行（「德勤」）舉行多次會議，商討本公司之審核、內部監控及財務申報事宜。

Corporate Governance Report

企業管治報告

Details of the members' attendance of the Audit Committee meetings are as follows

審核委員會會議之成員出席詳情如下

Name of Directors	董事姓名	No. of meetings attended/held 出席／舉行 會議次數
Independent Non-executive Directors		
Mr. Chan Kin Sang	獨立非執行董事 陳健生先生	4/4
Mr. Li Yuchun	李玉春先生	4/4
Mr. Dai Shunlin	戴順林先生	4/4

Remuneration Committee

薪酬委員會

Composition

組成

The remuneration committee of the Company (the "Remuneration Committee") has been established on 21 April 2010 with written terms of reference in compliance with the CG Code. In compliance with the amendments to the Listing Rules which will become effective on 1 April 2012, the Board adopted revised terms of reference for the Remuneration Committee on 12 March 2012. The Remuneration Committee comprises three members, namely Mr. Dai Shunlin (Chairman), Mr. Li Yuchun and Mr. Liu Qingping, the majority of which are independent non-executive Directors.

本公司已遵照企管守則之規定，於二零一零年四月二十一日成立薪酬委員會（「薪酬委員會」），並以書面釐定其職權範圍。為符合上市規則於二零一二年四月一日生效之修訂，董事會已於二零一二年三月十二日採納經修訂之薪酬委員會職權範圍。薪酬委員會由三名成員組成，分別為戴順林先生（主席）、李玉春先生及劉慶平先生，大多數成員均為獨立非執行董事。

The primary functions of the Remuneration Committee are:

薪酬委員會之主要職責如下：

- making recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior management, and on the establishment of a formal and transparent process for developing the remuneration policy;
- determining the specific remuneration packages of all executive Directors and senior management, as well as making recommendations to the Board in relation to the remuneration of non-executive Directors;
- reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time; and
- ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration.

- 就本公司之董事及高級管理人員薪酬政策及架構，及就制訂有關薪酬政策所須確立之正式兼具透明度之程序，向董事會提供推薦意見；
- 釐定全體執行董事及高級管理人員之具體薪酬組合，以及就非執行董事之薪酬向董事會提供推薦意見；
- 參照董事會不時議決之企業目標及宗旨，檢討及批准按表現計算之薪酬；及
- 確保概無董事或彼等任何聯繫人士參與釐定彼等本身之薪酬。

The Remuneration Committee met once during the Period Under Review.

薪酬委員會於回顧期間內曾舉行一次會議。

Corporate Governance Report

企業管治報告

Details of the members' attendance of the Remuneration Committee meetings are as follows

薪酬委員會會議之成員出席詳情如下

Name of Directors	董事姓名	No. of meetings attended/held 出席／舉行 會議次數
Independent Non-executive Directors	獨立非執行董事	
Mr. Dai Shunlin	戴順林先生	1/1
Mr. Li Yuchun	李玉春先生	1/1
Executive Director	執行董事	
Mr. Liu Qingping	劉慶平先生	1/1

Remuneration of Directors

The Company has adopted full disclosure of remunerations of Directors with disclosure by name, amount and type in note 10 to the financial statements.

董事薪酬

本公司已採納全面披露董事薪酬，並於財務報表附註10按照彼等之姓名、金額及類別予以披露。

Nomination Committee

Composition

The nomination committee of the Company (the "Nomination Committee") has been established on 21 April 2010 with written terms of reference in compliance with the CG Code. In compliance with the amendments to the Listing Rules which will become effective on 1 April 2012, the Board adopted revised terms of reference for the Nomination Committee on 12 April 2012. The Nomination Committee currently comprises three members, namely Mr. Chan Kin Sang (Chairman), Mr. Dai Shunlin and Mr. Liu Qingping, the majority of which are independent non-executive Directors.

提名委員會

組成

本公司已遵照企管守則之規定，於二零一零年四月二十一日成立提名委員會（「提名委員會」），並以書面釐定其職權範圍。為符合上市規則於二零一二年四月一日生效之修訂，董事會已於二零一二年四月十二日採納經修訂之提名委員會職權範圍。提名委員會目前由三名成員組成，分別為陳健生先生（主席）、戴順林先生及劉慶平先生，大多數成員均為獨立非執行董事。

The primary function of the Nomination Committee is to make recommendations to the Board on potential candidates to fill vacancies or additional appointment on the Board and senior management. All appointments of directors were nominated by the Nomination Committee based on considerations including vacancy available, competence and experience, possession of requisite skills and qualifications, independence and integrity.

提名委員會之主要職責為就填補董事會及高級管理人員空缺或增選候選人向董事會提供推薦意見。所有董事之委任均由提名委員會根據職位空缺、候選人之能力及經驗、候選人是否具備必要技能及資格，以及候選人之獨立身份和行事持正等考慮因素而提名。

No Nomination Committee was held during the Period Under Review.

提名委員會於回顧期間內並無舉行會議。

Corporate Governance Report

企業管治報告

ACCOUNTABILITY AND AUDIT

Directors' and Auditors' Responsibilities for the Financial Statements

The Directors understand and acknowledge their responsibility for making sure that the financial statements for each financial year are prepared to reflect the true and fair view of the state of affairs, results and cash flow of the Group and in compliance with relevant law and disclosure provisions of the Listing Rules. In preparing the financial statements for the year ended 31 December 2011, the Board has selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis. The Directors are responsible for taking all reasonable and necessary steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. The Directors also warrant that the Group's financial statements will be published in a timely manner.

The reporting responsibility of the external auditors of the Company on the financial statements of the Company for the year are set out in the Independent Auditor's Report on pages 54 to 55 of this annual report.

Auditors Remuneration

During the year, the remuneration paid or payable to the Deloitte in respect of its audit and non-audit services is set out below:

Types of Services	服務類別	RMB'000 人民幣千元
Audit services	核數服務	2,481
Non-audit services	非核數服務	256

The above non-audit services include the professional advisory on taxation and the review of internal control of businesses.

Internal Control

The Board has overall responsibility for maintaining a sound and effective internal control system of the Group. While no cost-effective internal control system can provide absolute assurance against loss or misstatement, the Group's internal controls and systems have been designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected, proper accounting records are maintained and financial information used within the business and for publication are reasonable and accurate.

問責及審核

董事及核數師對財務報表之責任

董事理解及知悉彼等有責任確保各財政年度之財務報表乃為真實而公允地反映本集團之營運狀況、業績與現金流量而編製，並須符合相關法例及上市規則之披露條文。編製截至二零一一年十二月三十一日止年度之財務報表時，董事會已選取適當會計政策並貫徹應用，作出審慎、公允而合理之判斷及估計，以及按持續經營基準編製財務報表。董事有責任採取一切合理而必須之措施保障本集團之資產，並且防止及偵察欺詐及其他不正常情況。董事亦保證本集團之財務報表將會適時刊發。

本公司外聘核數師對本公司本年度財務報表之申報責任，載於本年報第54至55頁之獨立核數師報告。

核數師薪酬

年內，就核數及非核數服務已付或應付德勤之薪酬如下：

Types of Services	服務類別	RMB'000 人民幣千元
Audit services	核數服務	2,481
Non-audit services	非核數服務	256

上述非核數服務包括有關稅務及審閱業務內部監控之專業顧問服務。

內部監控

董事會對維持本集團穩健有效之內部監控制度負有整體責任。由於沒有一個具成本效益之內部監控制度可絕對保證不出現損失或錯誤陳述，本集團之內部監控及制度乃為可合理保證資產得到保障、營運控制到位、業務風險得到合適保護、會計記錄得到妥善存置，以及於業務與就登載所使用之財務資料乃合理及準確而設。

Corporate Governance Report

企業管治報告

During the financial year, the Company has conducted a review of the effectiveness of the Group's internal control systems of each major operating segment of the Company with the assistance of an independent professional accounting firm. The Directors are of the view that the existing system of internal control is effective and adequate to the Group. No significant areas of concern which might affect shareholders were identified.

INVESTORS AND SHAREHOLDERS RELATIONS

The Board recognizes the importance of maintaining clear, timely and effective communication with Shareholders and investors. The Group is committed to ensure that the Shareholders and the investors receive accurate, clear, comprehensive and timely information of the Group by the publication of announcements, circulars, interim reports and annual reports. The Company also publishes all documents on the Company's website at www.taifeng.cc.

The Board believes that effective communication with the investment community is essential. The Board continues to maintain regular dialogues with the investment community to keep them abreast of the Group's business and development as well as operating strategy and prospects. The Annual General Meeting of the Company also provides a forum for dialogue and interaction with the Shareholders. The Directors and the committee members are available to answer questions during the Annual General Meeting.

於本財政年度內，本公司在一家獨立專業會計師行協助下，對本集團內部監控制度在本公司各主要經營分部之效益進行了檢討。董事認為，現有內部監控制度對本集團而言屬有效及足夠。概無發現有任何重大問題可能影響股東。

投資者及股東關係

董事會認同與股東及投資者保持清晰、適時及有效溝通之重要性。本集團致力確保股東及投資者可從本公司刊發之公佈、通函、中期報告及年報中獲得本集團準確、清晰、完整及適時之資料。本公司亦在本公司網站www.taifeng.cc刊登全部文件。

董事會相信，與投資界有效溝通非常重要。董事會繼續與投資界保持定期對話，讓業界了解本集團之業務及發展最新情況以及經營策略及前景。本公司之股東週年大會亦提供了與股東對話及交流之平台。董事及各委員會成員會在股東週年大會上回答提問。

Deloitte.

德勤

**To the members of
International Taifeng Holdings Limited**
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of International Taifeng Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 56 to 116, which comprise the consolidated statement of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

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

致國際泰豐控股有限公司之股東

(於開曼群島註冊成立之有限公司)

吾等已審核國際泰豐控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)於第56至116頁之綜合財務報表,當中包括於二零一一年十二月三十一日之綜合財務狀況報表,以及截至該日期止年度之綜合全面收益表、綜合權益變動表及綜合現金流量表,以及主要會計政策概要及其他說明資料。

董事就綜合財務報表須承擔之責任

貴公司董事須負責遵照香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定,編製作出真實及公平意見之綜合財務報表,並負責董事確定就編製該等綜合財務報表而言屬必要之內部監控,以確保並無重大錯誤陳述(不論是因欺詐或錯誤引起)。

核數師之責任

吾等之責任是根據吾等之審核對該等綜合財務報表作出意見,並按照委聘之協定條款僅向整體股東報告,除此之外本報告別無其他目的。吾等不會就本報告之內容向任何其他人士負上或承擔任何責任。吾等根據香港會計師公會頒佈之香港審計準則進行審核。這些準則要求吾等遵守道德規範,並規劃及執行審核,以合理確定綜合財務報表是否不存有任何重大錯誤陳述。

Independent Auditor's Report 獨立核數師報告

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
12 March 2012

審核涉及執行情序以獲取有關綜合財務報表所載金額及披露資料之審核憑證。所選定之程序取決於核數師之判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存有重大錯誤陳述之風險。在評估該等風險時，核數師考慮與實體編製作出真實及公平意見之綜合財務報表相關之內部控制，以設計適當之審核程序，但並非為實體內部控制之效能發表意見。審核亦包括評價董事所用會計政策之合適性及所作出會計估計之合理性，以及評價綜合財務報表之整體列報方式。

吾等相信，吾等所獲得之審核憑證充足和適當地為吾等之審核意見提供基礎。

意見

吾等認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映貴集團於二零一一年十二月三十一日之事務狀況及貴集團截至該日期止年度之溢利及現金流量，並已按照香港公司條例之披露規定妥為編製。

德勤•關黃陳方會計師行
執業會計師
香港
二零一二年三月十二日

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

		For the year ended 31 December 截至十二月三十一日止年度	
		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
	Notes 附註		
Revenue	收益	2,152,167	1,846,177
Cost of sales	銷售成本	(1,322,483)	(1,206,596)
Gross profit	毛利	829,684	639,581
Other income	其他收入	14,748	11,275
Distribution and selling expenses	分銷及銷售開支	(132,611)	(63,324)
Administrative expenses	行政開支	(37,573)	(47,302)
Impairment loss on an available-for-sale investment	一項可供出售投資之 減值虧損	(22,934)	-
Finance costs	財務成本	(14,330)	(10,897)
Listing expenses	上市費用	-	(20,550)
Profit before taxation	除稅前溢利	636,984	508,783
Income tax expense	所得稅開支	(196,881)	(91,993)
Profit for the year	年內溢利	440,103	416,790
Other comprehensive (expense) income	其他全面(開支)收益		
- fair value loss on an available-for-sale investment	- 一項可供出售投資之 公平值虧損	(22,934)	-
- impairment loss on an available-for-sale investment	- 一項可供出售投資之 減值虧損	22,934	-
		-	-
Total comprehensive income for the year	年內全面收益總額	440,103	416,790
Profit and total comprehensive income for the year attributable to owners of the Company	本公司擁有人應佔年內溢利 及全面收益總額	440,103	416,790
Basic earnings per share (RMB)	每股基本盈利(人民幣)	0.440	0.468

Consolidated Statement of Financial Position

綜合財務狀況報表

At 31 December 2011

於二零一一年十二月三十一日

			At 31 December 2011 於 二零一一年 十二月三十一日 RMB'000 人民幣千元	At 31 December 2010 於 二零一零年 十二月三十一日 RMB'000 人民幣千元
		Notes 附註		
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	515,950	473,414
Prepaid lease payments	預付租賃款項	14	7,280	7,458
Deposit paid for acquisition of land use rights and buildings	購入土地使用權及樓宇之已付按金	15	61,920	61,920
Trademark	商標	16	6,934	6,934
Deferred tax asset	遞延稅項資產	24	2,699	2,699
Available-for-sale investment	可供出售投資	17	11,066	34,000
			605,849	586,425
CURRENT ASSETS	流動資產			
Inventories	存貨	18	117,575	139,492
Trade and other receivables and prepayments	應收賬款及其他應收款項以及預付款項	19	635,972	453,766
Prepaid lease payments	預付租賃款項	14	179	179
Pledged bank deposits	已抵押銀行存款	20	46,761	54,451
Bank balances and cash	銀行結餘及現金	20	842,525	855,664
			1,643,012	1,503,552
CURRENT LIABILITIES	流動負債			
Trade and other payables and accruals	應付賬款及其他應付款項以及應計費用	21	295,609	385,833
Tax payable	應付稅項		84,311	57,662
Amount due to a shareholder	應付一名股東款項	22	27,200	29,750
Bank borrowings	銀行借貸	23	163,810	171,548
			570,930	644,793
NET CURRENT ASSETS	流動資產淨值		1,072,082	858,759
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		1,677,931	1,445,184
NON-CURRENT LIABILITY	非流動負債			
Deferred tax liability	遞延稅項負債	24	31,132	37,401
NET ASSETS	資產淨值		1,646,799	1,407,783
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	25	88,000	88,000
Reserves	儲備		1,558,799	1,319,783
TOTAL EQUITY	權益總額		1,646,799	1,407,783

The consolidated financial statements on pages 56 to 116 were approved and authorised for issue by the Board of Directors on 12 March 2012 and are signed on its behalf by:

Liu Qingping
劉慶平
Director
董事

Liu Chunwei
劉純衛
Director
董事

第56至116頁之綜合財務報表已於二零一二年三月十二日由董事會批准並授權刊發，並由以下人士代表董事會簽署：

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

	Attributable to owners of the Company 本公司擁有人應佔										
	Share capital	Share premium	Merger reserve	Special reserve	Contributions from shareholders	Share-based payment reserve	PRC general reserve	Investment revaluation reserve	Capital reserve	Retained profits	Total
	股本 RMB'000 人民幣千元	股份溢價 RMB'000 人民幣千元	合併儲備 RMB'000 人民幣千元	特別儲備 RMB'000 人民幣千元 (note 26) (附註26)	股東注資 RMB'000 人民幣千元	付款儲備 RMB'000 人民幣千元 (note 27) (附註27)	一般儲備 RMB'000 人民幣千元 (note 26) (附註26)	投資重估 RMB'000 人民幣千元 儲備	資本儲備 RMB'000 人民幣千元 (note 27) (附註27)	保留溢利 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2010 於二零一零年一月一日	-	-	180,000	977	13,289	5,825	63,529	-	34,763	387,818	686,201
Profit and total comprehensive income for the year 年內溢利及全面收益總額	-	-	-	-	-	-	-	-	-	416,790	416,790
Capitalisation issue (note 25) 資本化發行 (附註25)	66,000	(66,000)	-	-	-	-	-	-	-	-	-
Issue of new shares (note 25) 發行新股份 (附註25)	22,000	431,200	-	-	-	-	-	-	-	-	453,200
Listing expenses capitalised 資本化上市費用	-	(9,550)	-	-	-	-	-	-	-	-	(9,550)
Cost of issuing new shares 發行新股份之成本	-	(13,596)	-	-	-	-	-	-	-	-	(13,596)
Deemed capital contribution from a shareholder (note 27) 視作一名股東注資 (附註27)	-	-	-	-	-	8,738	-	-	-	-	8,738
Transfer 轉撥	-	-	-	-	-	-	45,711	-	-	(45,711)	-
Dividend recognised and paid as distribution (note 11) 確認為分派及已付之股息 (附註11)	-	-	-	-	-	-	-	-	-	(134,000)	(134,000)
At 31 December 2010 and 1 January 2011 於二零一零年十二月三十一日及二零一一年一月一日	88,000	342,054	180,000	977	13,289	14,563	109,240	-	34,763	624,897	1,407,783
Profit for the year 年內溢利	-	-	-	-	-	-	-	-	-	440,103	440,103
Fair value loss on an available-for-sale investment 一項可供出售投資之公平值虧損	-	-	-	-	-	-	-	(22,934)	-	-	(22,934)
Impairment loss on an available-for-sale investment 一項可供出售投資之減值虧損	-	-	-	-	-	-	-	22,934	-	-	22,934
Total comprehensive income for the year 年內全面收益總額	-	-	-	-	-	-	-	-	-	440,103	440,103
Deemed capital contribution from a shareholder (note 27) 視作一名股東注資 (附註27)	-	-	-	-	-	2,913	-	-	-	-	2,913
Transfer 轉撥	-	-	-	-	-	-	52,344	-	-	(52,344)	-
Dividend recognised and paid as distribution (note 11) 確認為分派及已付之股息 (附註11)	-	-	-	-	-	-	-	-	-	(204,000)	(204,000)
At 31 December 2011 於二零一一年十二月三十一日	88,000	342,054	180,000	977	13,289	17,476	161,584	-	34,763	808,656	1,646,799

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
OPERATING ACTIVITIES	經營業務		
Profit before taxation	除稅前溢利	636,984	508,783
Adjustments for:	就下列各項作出調整：		
Depreciation of property, plant and equipment	物業、廠房及設備折舊	42,758	41,078
Impairment loss on an available-for-sale investment	一項可供出售投資之減值虧損	22,934	-
Finance costs	財務成本	14,330	10,897
Impairment loss recognised in respect of trade receivables	就應收賬款確認之減值虧損	5,263	495
Share-based payment expense	以股份付款之開支	2,913	8,738
Release of prepaid lease payments	預付租賃款項轉出	178	178
Bank interest income	銀行利息收入	(5,614)	(3,494)
Operating cash flows before movements in working capital	營運資金變動前之經營現金流量	719,746	566,675
Decrease (increase) in inventories	存貨減少(增加)	21,917	(46,417)
Increase in trade and other receivables and prepayments	應收賬款及其他應收款項以及預付款項增加	(187,469)	(173,581)
(Decrease) increase in trade and other payables and accruals	應付賬款及其他應付款項以及應計費用(減少)增加	(90,224)	182,822
Cash generated from operations	經營業務產生之現金	463,970	529,499
Taxation paid	已付稅項	(176,501)	(64,834)
NET CASH FROM OPERATING ACTIVITIES	經營業務產生之現金淨額	287,469	464,665
INVESTING ACTIVITIES	投資活動		
Placement of pledged bank deposits	存置已抵押銀行存款	(125,721)	(98,424)
Purchase of property, plant and equipment	購置物業、廠房及設備	(85,294)	(15,862)
Withdrawal of pledged bank deposits	提取已抵押銀行存款	133,411	68,291
Interest received	已收利息	5,614	3,494
Acquisition of an available-for-sale investment	購入一項可供出售投資	-	(34,000)
Deposit paid for acquisition of land use rights and buildings	就收購土地使用權及樓宇支付之按金	-	(61,920)
NET CASH USED IN INVESTING ACTIVITIES	投資活動動用之現金淨額	(71,990)	(138,421)

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
FINANCING ACTIVITIES	融資活動		
Repayment of bank borrowings	償還銀行借貸	(414,651)	(414,187)
Dividend paid	已付股息	(204,000)	(184,000)
Interest paid	已付利息	(14,330)	(10,897)
(Repayment to) advance from a shareholder	(償還一名股東款項) 一名股東墊款	(2,550)	29,750
New bank borrowings raised	新造銀行借貸	406,913	422,929
Proceeds from issue of new shares, net of share issue costs	發行新股份所得款項，經扣除股份發行成本	—	430,054
NET CASH (USED IN) FROM FINANCING ACTIVITIES	融資活動(動用)產生之現金淨額	(228,618)	273,649
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物(減少)增加淨額	(13,139)	599,893
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初之現金及現金等價物	855,664	255,771
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	年終之現金及現金等價物 以銀行結餘及現金表示	842,525	855,664

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

1. GENERAL INFORMATION

The Company is a public limited company incorporated in Cayman Islands.

The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 911, 9th floor, Block A, Hunghom Commercial Centre, 39 Ma Tau Wai Road, Hong Kong, respectively.

The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited with effect from 11 June 2010. The immediate and ultimate holding company of the Company was Harvest Sun Enterprises Limited ("Harvest Sun") from the date of incorporation to 11 June 2010. Harvest Sun was no longer the controlling shareholding company of the Company after the public listing of the Company. Harvest Sun became the substantial shareholder of the Company as its shareholding decreased from 100% to 48% after 11 June 2010. Harvest Sun is a company incorporated in the British Virgin Islands and is wholly owned by Mr. Liu Qingping, Mr. Li Dengxiang, Ms. Qi Tongli, Mr. Liu Chunwei, Mr. Zou Shengzhong, Mr. Meng Qingli and Mr. Huang Qige, hereafter collectively referred as the seven Founding Shareholders.

The principal activities of the Company and its subsidiaries (the "Group") are production and distribution of cotton yarns and bedding products.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the group entities and the Company.

1. 一般資料

本公司為一間於開曼群島註冊成立之公眾有限公司。

本公司之註冊辦事處及主要營業地點之地址分別位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands及香港馬頭圍道39號紅磡商業中心A座九樓九一室。

本公司股份由二零一零年六月十一日起在香港聯合交易所有限公司上市。由註冊成立日期起至二零一零年六月十一日，本公司之直接及最終控股公司為富盈企業有限公司（「富盈」）。富盈於本公司公眾上市後不再為本公司之控股股權公司。富盈之持股權益由100%下降至48%，因而於二零一零年六月十一日後成為本公司之主要股東。富盈為一間於英屬處女群島註冊成立之公司，由劉慶平先生、李登祥先生、冼同麗女士、劉純衛先生、鄧生忠先生、孟慶利先生及黃啟閣先生（以下統稱為七名創辦股東）全資擁有。

本公司及其附屬公司（「本集團」）之主要業務為棉紗及床品製造及分銷。

綜合財務報表以人民幣（「人民幣」）呈列，人民幣亦為集團實體及本公司之功能貨幣。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year has had no material impact on the Group’s financial performance and the positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets ¹ Disclosures – Offsetting Financial Assets and Financial Liabilities ² Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）

於本年度，本集團已應用以下由香港會計師公會（「香港會計師公會」）頒佈之新訂及經修訂香港財務報告準則。

香港財務報告準則之修訂	於二零一零年頒佈之香港財務報告準則之改進
香港會計準則第24號（二零零九年經修訂）	有關連人士披露
香港會計準則第32號之修訂	供股之分類
香港（國際財務報告詮釋委員會）— 詮釋第14號之修訂	最低資金要求之預付款項
香港（國際財務報告詮釋委員會）— 詮釋第19號	以權益工具撤減金融負債

於本年度應用新訂及經修訂香港財務報告準則對本集團於本年度及過往年度之財務表現及財務狀況及／或對該等綜合財務報表所載之披露並無重大影響。

本集團並無提早應用下列已頒佈但尚未生效之新訂及經修訂香港財務報告準則：

香港財務報告準則第7號之修訂	披露—轉讓金融資產 ¹
香港財務報告準則第9號	披露—抵銷金融資產及金融負債 ²
香港財務報告準則第10號	香港財務報告準則第9號之強制生效日期及過渡披露 ³
香港財務報告準則第11號	金融工具 ³
香港財務報告準則第12號	綜合財務報表 ²
香港財務報告準則第13號	共同安排 ²
	於其他實體之權益之披露 ²
	公平值計量 ²

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income ⁵
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets ⁴
HKAS 19 (as revised in 2011)	Employee Benefits ²
HKAS 27 (as revised in 2011)	Separate Financial Statements ²
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ⁶
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 July 2011.

² Effective for annual periods beginning on or after 1 January 2013.

³ Effective for annual periods beginning on or after 1 January 2015.

⁴ Effective for annual periods beginning on or after 1 January 2012.

⁵ Effective for annual periods beginning on or after 1 July 2012.

⁶ Effective for annual periods beginning on or after 1 January 2014.

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group.

2. 應用新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

香港會計準則第1號之修訂	呈列其他全面收益項目 ⁵
香港會計準則第12號之修訂	遞延稅項－收回相關資產 ⁴
香港會計準則第19號（二零一一年經修訂）	僱員福利 ²
香港會計準則第27號（二零一一年經修訂）	獨立財務報表 ²
香港會計準則第28號（二零一一年經修訂）	於聯營公司及合營企業之投資 ²
香港會計準則第32號之修訂	抵銷金融資產及金融負債 ⁶
香港（國際財務報告詮釋委員會）－詮釋第20號	露天採礦場生產階段之剝採成本 ²

¹ 於二零一一年七月一日或之後開始之年度期間生效。

² 於二零一三年一月一日或之後開始之年度期間生效。

³ 於二零一五年一月一日或之後開始之年度期間生效。

⁴ 於二零一二年一月一日或之後開始之年度期間生效。

⁵ 於二零一二年七月一日或之後開始之年度期間生效。

⁶ 於二零一四年一月一日或之後開始之年度期間生效。

本公司董事預期應用此等新訂及經修訂準則、修訂或詮釋對本集團之業績及財務狀況不會產生重大影響。

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綜合財務報表附註

For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statements of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

3. 重大會計政策

綜合財務報表乃遵照香港會計師公會頒佈之香港財務報告準則而編製。此外，綜合財務報表已載列香港聯合交易所有限公司證券上市規則及香港公司條例規定之適用披露。

誠如下文所載會計政策所闡釋，綜合財務報表乃根據歷史成本基準編製，惟若干金融工具按公平值計量則除外。歷史成本一般根據貨品交易代價之公平值計算。

主要會計政策載列如下。

綜合賬目之基準

綜合財務報表包括本公司及受本公司控制之實體（其附屬公司）之財務報表。倘本公司有權規管實體之財務及營運政策以自其活動取得利益，則取得控制權。

期內收購或出售之附屬公司之業績載入綜合全面收益表，自收購生效日期起計入或計至出售生效日期為止（按適用情況）。

如有需要，會對附屬公司財務報表作出調整，以令其會計政策與本集團其他成員公司採用之會計政策一致。

所有集團內公司間之交易、結餘、收入及開支於綜合賬目時全數對銷。

收益確認

收益乃按已收或應收代價之公平值計量，並相當於在正常業務過程中售出貨品而應收之款項，扣除折扣及銷售相關稅項。

銷售貨品之收益乃於交付貨品及轉移所有權，即符合下列所有條件時予以確認：

- 本集團已將貨品擁有權上之重大風險及回報轉移予買方；

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Subcontracting income is recognised when services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of the reporting period.

3. 重大會計政策 (續)

收益確認 (續)

- 本集團既無參與通常與擁有權相關之持續管理，亦無保留所售貨品之實際控制權；
- 收益金額可以可靠地計量；
- 與交易相關之經濟利益很可能流入本集團；及
- 有關交易所產生或將產生之成本可以可靠地計量。

分包收入於提供服務時確認。

當經濟利益很可能流入本集團而收入金額能可靠地計量時，確認來自金融資產之利息收入。利息收入乃參考尚餘本金及按適用實際利率按時間基準累計，適用實際利率為於初步確認時將金融資產預計年內估計未來現金收入準確貼現至資產賬面淨值之實際利率。

借貸成本

與收購、建設或生產合資格資產（需要長時間方能作擬定用途或銷售之資產）直接相關之借貸成本，乃於資產大致可用作其擬定用途或銷售時加至該等資產之成本。就暫未用作合資格資產開支之特定借貸所作出臨時投資而賺取之投資收入，自合資格撥作資本之借貸成本中扣除。

所有其他借貸成本乃於產生期間於損益內確認。

稅項

所得稅開支指即期應付稅項及遞延稅項之總和。

即期應付稅項乃按年內應課稅溢利計算。應課稅溢利不包括其他年度之應課稅或可扣稅收支項目，亦不包括毋須課稅或不可扣稅項目，故有別於在綜合全面收益表所報之溢利。本集團即期稅項之負債乃利用於報告期間結算日前已制定或實質上已制定之稅率計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

3. 重大會計政策 (續)

稅項 (續)

遞延稅項乃就綜合財務報表中資產及負債賬面值與計算應課稅溢利所用相應稅基之間之臨時差額而確認。遞延稅項負債通常會就所有應課稅臨時差額確認。遞延稅項資產則通常於可能出現可利用臨時差額扣稅之應課稅溢利時，就所有可扣稅臨時差額而確認。若於一項交易中，因商譽或自首次確認（於業務合併中除外）其他資產及負債而引致之臨時差額不影響應課稅溢利或會計溢利，則不會確認該等資產及負債。

遞延稅項負債乃就與附屬公司投資相關之應課稅臨時差額而確認，惟若本集團能夠控制臨時差額之撥回及臨時差額有可能未必於可見將來撥回之情況則除外。與該等投資及權益相關之可扣稅臨時差額所產生之遞延稅項資產僅於可能有足夠應課稅溢利可以使用臨時差額之利益，且預期於可見將來撥回時方會確認。

遞延稅項資產之賬面值於報告期間結算日作檢討，並在不大可能有足夠應課稅溢利以收回全部或部分資產時作調減。

遞延稅項資產及負債乃按償還負債或變現資產之期內所預期之適用稅率，根據報告期間結算日前已制定或實際上已制定之稅率（及稅法）計量。

遞延稅項負債及資產之計量反映按照本集團預期於報告期間結算日收回或結算其資產及負債之賬面值方式計算而得出之稅務結果。

即期及遞延稅項乃於損益確認，除非該稅項與其他全面收益或直接於權益中確認之項目有關，在此情況下，即期及遞延稅項亦分別於其他全面收益或直接於權益中確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

In preparing the financial statements of the each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currency) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are renewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. 重大會計政策 (續)

外幣

於編製各個別集團實體之財務報表時，以該實體功能貨幣以外貨幣（外幣）進行之交易乃按交易日期之現行匯率換算為相關功能貨幣（即該實體經營所在主要經濟環境之貨幣）記賬。於報告期間結算日，以外幣計值之貨幣項目乃按該日之現行匯率重新換算。

於結算及換算貨幣項目時產生之匯兌差額乃於其產生期間內於損益確認。

租約

凡租約之條款將擁有權之絕大部分風險及回報轉移至承租人之租約，均歸類為融資租約。所有其他租約則歸類為經營租約。

本集團作為承租人

經營租賃款項於租約期間按直線基準確認為開支。

倘取得之租約獎勵用於訂立經營租約，則該等獎勵確認為負債。獎勵之利益總額按直線法確認為租金支出減少，惟倘另一系統基準更能代表租賃資產產生之經濟利益被消耗之時間模式則除外。

物業、廠房及設備

除在建工程外，物業、廠房及設備（包括持有作生產或供應貨品或服務用途或行政用途之樓宇）乃按成本減其後之累計折舊及累計減值虧損（如有）入賬。

除在建工程外，物業、廠房及設備之項目在其估計可使用年內按直線法確認折舊，以撇銷其成本減剩餘價值。估計可使用年期、剩餘價值及折舊方法於各報告期間結算日時更新，任何估計變動之影響按前瞻基準入賬。

Notes to the Consolidated Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purpose. Construction in progress is carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Prepaid lease payments

Prepaid lease payments are carried at cost and amortised over the lease term on a straight-line basis.

Intangible assets

Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible assets and intangible assets below).

Gain or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss in the period when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated cost of completion and costs necessary to make the sale.

3. 重大會計政策 (續)

物業、廠房及設備 (續)

在建工程包括用作生產或供其自用之在建中物業、廠房及設備。在建工程乃按成本減任何已確認減值虧損列賬。成本包括專業費用及(如屬合資格資產)按本集團會計政策資本化的借貸成本。當在建工程完工及可作其擬定用途時，則歸入適當之物業、廠房及設備類別。該等資產於可作其擬定用途時開始折舊，折舊基準與其他物業資產相同。

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何未來經濟利益時終止確認。終止確認物業、廠房及設備項目產生之任何收益或虧損按該資產之銷售所得款項與賬面值間之差額釐定，並於損益確認。

預付租賃款項

預付租賃款項乃按成本列賬，並於租期內以直線法攤銷。

無形資產

獨立收購且無限定可使用年期之無形資產乃按成本減任何其後累計減值虧損列賬(見下文有關有形資產及無形資產減值虧損之會計政策)。

終止確認無形資產產生之收益或虧損，乃按有關資產之出售所得款項淨額與賬面值之差額計量，並於終止確認有關資產期間在損益內確認。

存貨

存貨乃按成本及可變現淨值兩者之較低者列賬。成本乃利用加權平均法計算。可變現淨值指存貨估計售價減所有估計完成成本及進行出售所需成本。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement benefit costs

Payments made to state-managed retirement benefits schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Share-based payment transactions

Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of shares transferred at the date of transfer is expensed on a straight-line basis over the service period with a corresponding increase in equity (Share-based payment reserve).

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3. 重大會計政策 (續)

退休福利成本

對國家管理退休福利計劃及強制性公積金計劃支付之款項乃於僱員提供服務而有權獲得有關款項時確認為開支。

以股份付款之交易

以權益結算以股份付款之交易

所獲取服務之公平值乃參考所轉讓股份於轉讓日期之公平值釐定，有關數額於服務期間以直線法支銷，而權益（股份付款儲備）會相應增加。

金融工具

金融資產及金融負債乃於集團實體為工具合同條文之訂約方時在綜合財務狀況報表內確認。

金融資產及金融負債初步按公平值計量。與收購或發行金融資產及金融負債直接相關之交易成本，乃於初步確認時計入金融資產或金融負債之公平值或自當中扣除（按適用情況）。直接源自收購透過損益按公平值列賬之金融資產或金融負債之交易成本，即時於損益確認。

金融資產

本集團之金融資產分類為可供出售金融資產以及貸款及應收款項。分類視乎金融資產之性質及目的於初步確認時釐定。所有金融資產常規買賣乃按交易日基準確認及取消確認。金融資產常規買賣指須於市場常規或慣例設定之時限內交付資產之金融資產買賣。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

實際利息法

實際利息法為計算金融資產攤銷成本及於有關期間分配利息收入之方法。實際利率指於金融資產之估計年期或(如適用)較短期間準確貼現估計未來現金收入(包括構成實際利率組成部分之所有已付或已收費用、交易成本及其他溢價或折讓)至初步確認時之賬面淨值之利率。

債務工具之利息收入按實際利息基準確認。

可供出售金融資產

可供出售金融資產為指定或並非分類為按公平值計入損益之金融資產、貸款及應收款項或持至到期投資之非衍生工具。

可供出售金融資產按於報告期間結算日之公平值計量。公平值之變動於其他全面收益內確認，並於投資重估儲備累計，直至該金融資產被出售或釐定為已減值，屆時，過往於投資重估儲備累計之累計收益或虧損會重新分類至損益(見下文有關金融資產減值虧損之會計政策)。

貸款及應收款項

貸款及應收款項為並無於活躍市場報價、有固定或待定付款金額之非衍生金融資產。於初步確認後，貸款及應收款項(包括應收賬款及其他應收款項、已抵押銀行存款以及銀行結餘及現金)乃以實際利息法，按攤銷成本減任何已識別減值虧損列賬(見下文有關金融資產減值虧損之會計政策)。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for the financial asset because of financial differences.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值

金融資產於報告期間結算日評估是否有減值跡象。倘有客觀證據證明因於初步確認金融資產後發生一項或多項事件，導致金融資產之估計未來現金流量受到影響，則金融資產被視為已減值。客觀減值證據可包括：

- 發行人或對手方出現嚴重財政困難；或
- 違反合約，例如拖欠或無力支付利息或本金；或
- 借款人有可能破產或進行財務重組；或
- 因財務方面出現變化而不再存在交投活躍之金融資產市場。

倘若存在客觀證據證明資產出現減值，則於損益內確認減值虧損，並按資產賬面值與按原有實際利率貼現之估計未來現金流量現值之差額計量。

所有金融資產之減值虧損會直接於金融資產之賬面值中扣除，惟應收賬款除外，其賬面值乃使用撥備賬扣減。撥備賬之賬面值變動於損益內確認。倘應收賬款被視為無法收回，則於撥備賬中撇銷。其後收回過往撇銷之款項會計入損益內。

倘若隨後期間減值虧損數額減少，而該減少乃客觀地與確認減值虧損後發生之事項相關，則過往確認之減值虧損透過損益撥回，惟資產於撥回減值當日之賬面值不得超過未有確認減值時應有之攤銷成本。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

Impairment losses on available-for-sale equity investments will not be reversed through profit or loss. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

就可供銷售股本工具而言，投資公平值大幅或長時間低於其成本被視為減值之客觀證據。

倘可供出售金融資產被視為已減值，則之前於其他全面收益確認之累計收益或虧損於出現減值期間重新分類至損益。

可供出售股本投資之減值虧損不會透過損益撥回。減值虧損後如公平值增加，會於其他全面收益直接確認，並於投資重估儲備累計。

金融負債及股本工具

由集團實體發行之金融負債及股本工具乃按所訂立之合約安排內容，以及金融負債及股本工具之定義分類為金融負債或權益。

股本工具

股本工具為任何證明本集團於扣除其所有負債後於資產剩餘權益之合約。由本集團發行之股本工具按收取之所得款項扣除直接發行成本確認。

實際利息法

實際利息法為計算金融負債攤銷成本及於有關期間分配利息開支之方法。實際利率指於金融負債之預計年期或（如適用）較短期間準確貼現估計未來現金付款（包括構成實際利率組成部分之所有已付或已收費用及利率差價、交易成本及其他溢價或折讓）至初步確認時之賬面淨值之利率。

利息開支按實際利息基準確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

The Group's financial liabilities including trade and other payables, bank borrowings and amount due to a shareholder are measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligation are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. 重大會計政策 (續)

金融工具 (續)

金融負債及股本工具 (續)

金融負債

本集團之金融負債包括應付賬款及其他應付款項、銀行借貸及應付一名股東款項，乃利用實際利息法按攤銷成本計量。

股本工具

由本公司發行之股本工具按收取之所得款項扣除直接發行成本確認。

終止確認

當從金融資產收取現金流量之合約權利已屆滿，或金融資產已轉讓及本集團已將其於金融資產擁有權之絕大部分風險及回報轉移至另一實體時，本公司方會終止確認金融資產。倘本集團並無轉讓或保留擁有權之絕大部分風險及回報，而繼續控制已轉讓之資產，則本集團會就其持續參與繼續確認資產，並確認相關負債。倘本集團保留已轉讓金融資產擁有權之絕大部分風險及回報，則本集團會繼續確認金融資產，亦會就已收所得款項確認抵押借貸。

於完全終止確認金融資產時，資產賬面值與已收及應收代價總和之間之差額在損益中確認。

當及僅當本集團之責任獲解除、取消或屆滿時，本集團終止確認金融負債。被終止確認之金融負債之賬面值與已付及應付代價之差額在損益中確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment losses on tangible assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately.

3. 重大會計政策 (續)

有形資產及無形資產減值虧損

於報告期間結束時，本集團審閱其有形及無形資產之賬面值，以決定有否跡象顯示該等資產出現減值虧損。倘存在任何該等跡象，會估算資產之可收回金額，以釐定減值虧損（如有）之程度。倘無法估計個別資產之可收回金額，則本集團估計該項資產所屬之現金產生單位之可收回金額。倘有可識別之合理一致分配基準，企業資產亦會分配至個別現金產生單位，或分配至有可識別之合理一致分配基準之現金產生單位之最小組別。

無限定可使用年期之無形資產及尚未可供使用之無形資產最少每年接受一次減值測試，並於有跡象顯示可能出現減值時接受減值測試。

可收回金額為公平值減出售成本及使用價值兩者之較高者。於評估使用價值時，估計未來現金流量利用稅前貼現率貼現至其現值，而該貼現率反映當前市場對貨幣時間價值及估計未來現金流量未經調整之資產之特定風險之評估。

倘若資產之可收回金額估計低於其賬面值，則資產之賬面值減至其可收回金額。減值虧損乃即時確認為開支。

若其後撥回減值虧損，則資產之賬面值增至其經修訂估計可收回金額，惟增加後之賬面值不得超逾倘若過往期間並無就資產確認減值虧損時釐定之賬面值。減值虧損撥回即時確認為收入。

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4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated allowance for receivables

Management regularly reviews the recoverability of trade and other receivables. Allowance for these receivables is made based on the evaluation of collectability and on management's judgment by reference to the estimation of the future cash flows discounted at an effective interest rate to calculate the present value.

A considerable amount of judgment is required in assessing the ultimate realisation of these debtors, including their current creditworthiness. If the actual future cash flows were less than expected, additional allowance may be required. As at 31 December 2011, the carrying amount of trade receivables is RMB494,056,000 (net of allowance for doubtful debts of RMB6,804,000) (31 December 2010: carrying amount of RMB360,807,000 net of allowance for doubtful debts of RMB1,541,000).

Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. The net realisable value is estimated by reference to selling price of inventory subsequent to the end of the reporting period. The Group reviews its inventory levels in order to identify slow-moving merchandise and use markdown to clear merchandise. If the actual selling prices of inventory were less than expected, additional allowance may be required.

As at 31 December 2011, the carrying amount of inventories is RMB117,575,000 (net of provision for stock of RMB12,093,000) (2010: carrying amount of RMB139,492,000 net of provision for stock of RMB12,093,000).

4. 估計不明朗因素主要來源

於報告期間結算日，可能存在重大風險而導致對下個財政年度內資產及負債賬面值作出重大調整之估計不明朗因素主要來源披露如下。

應收款項估計撥備

管理層定期審閱應收賬款及其他應收款項之可收回程度。該等應收款項之撥備乃根據對可收回程度之評估及管理層經參考按實際利率貼現以計算現值之估計未來現金流量後所作判斷而作出。

於評估該等債務人最終能否還款（包括彼等現時之信貸聲譽）時需作出大量判斷。倘實際未來現金流量少於預期，或須作出額外撥備。於二零一一年十二月三十一日，應收賬款之賬面值為人民幣494,056,000元（扣除呆賬撥備人民幣6,804,000元）（二零一零年十二月三十一日：賬面值為人民幣360,807,000元（扣除呆賬撥備人民幣1,541,000元））。

存貨估值方法

存貨以成本及可變現淨值之較低者計量。可變現淨值乃參考報告期間結算日後存貨之售價而估計。本集團會審閱其存貨水平，以識別滯銷商品，並以減價方式清售有關商品。倘存貨實際售價低於預期，可能須作出額外撥備。

於二零一一年十二月三十一日，存貨之賬面值為人民幣117,575,000元（扣除存貨撥備人民幣12,093,000元）（二零一零年：賬面值為人民幣139,492,000元（扣除存貨撥備人民幣12,093,000元））。

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5. REVENUE AND SEGMENT INFORMATION

The Group determines its operating segments based on the reports regularly reviewed by the board of directors, who are the chief operating decision makers, for the purpose of allocating resources to segments and assessing their performance.

The Group's revenue are all generated from its PRC subsidiaries which have two operating segments, the manufacture and distribution of cotton yarns and bedding products. The segments are managed separately as each business offers different products and requires different information technology systems and marketing strategies. The following summary describes the operations in each of the Group's operating segments.

The manufacture and distribution of cotton yarns segment refers to the operation of cotton yarns tailored to the specific requirements of customers, such as different texture, thickness, sheen and elasticity. Its income mainly comprises sales revenue of cotton yarns to textile manufacturers in both the domestic and overseas markets. Cotton yarns are used in the production of cotton textile which is used in garments and furnishings.

The manufacture and distribution of bedding products segment refers to the manufacture and distribution of bedding products such as bed covers, flat sheets, pillow cases, bed sheets and quilt covers, as well as combination sets of such bedding products. Its income mainly comprises sales revenue of bedding products from products sold under the "TAIFENG" brand in the Mainland People's Republic of China (the "PRC") market and products sold to overseas OEM customers under their international brands.

No segment information of liabilities is provided to the chief operating decision makers for the assessment of performance of different segments. Therefore, only segment revenue, segment profit and segment assets are presented.

5. 收益及分部資料

本集團根據董事會（即主要營運決策者）定期審閱之報告釐定經營分部，以分配分部資源及評估分部表現。

本集團之收益均來自其中國附屬公司，分為兩個經營分部，即棉紗及床品的製造及分銷業務。由於各項業務提供不同產品，並需要不同資訊科技系統及營銷策略，故各分部會獨立管理。下列概要載述本集團每個經營分部之業務。

棉紗製造及分銷分部指生產及分銷按照客戶特定要求（如不同質地、紗支、光澤及彈性）製造之棉紗之業務。其收入主要包括銷售予國內及海外市場之紡織品製造商之棉紗銷售收益。棉紗用作生產服裝及服飾所用之棉紡織品。

床品製造及分銷分部指床鋪、床單、枕套、床單及被袋以及該等套裝床品之製造及分銷。其收入主要包括來自於中華人民共和國（「中國」）市場以「泰豐」品牌銷售之產品及以國際品牌將產品銷售予海外貼牌客戶之床品銷售收益。

並無向主要營運決策者提供分部負債資料，以評估不同分部之表現。因此，僅呈列分部收益、分部溢利及分部資產。

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For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

5. REVENUE AND SEGMENT INFORMATION (Continued)

An analysis of the Group's segment revenue, profit and assets by operating and reportable segment is as follows:

5. 收益及分部資料 (續)

本集團按經營及報告分部劃分之分部收益、溢利及資產之分析如下：

		For the year ended 31 December 2011 截至二零一一年十二月三十一日止年度				
		Manufacture and distribution of cotton yarns 製造及分銷棉紗 RMB'000 人民幣千元	Manufacture and distribution of bedding products 製造及分銷床品 RMB'000 人民幣千元	Segment total 分部總計 RMB'000 人民幣千元	Inter-segment elimination 分部間對銷 RMB'000 人民幣千元	Consolidated total 綜合總計 RMB'000 人民幣千元
Revenue from external customers	來自外部客戶之收益	960,449	1,191,718	2,152,167	-	2,152,167
Inter-segment sales	分部間銷售	-	2,639	2,639	(2,639)	-
Segment revenue	分部收益	960,449	1,194,357	2,154,806	(2,639)	2,152,167
Segment profit	分部溢利	136,799	561,892	698,691	-	698,691
Segment assets as at 31 December 2011	於二零一一年十二月三十一日之分部資產	720,316	593,158	1,313,474	-	1,313,474

Amounts regularly provided to the chief operating decision makers and included in the measure of segment profit and assets:

定期提供予主要營運決策者且在計量分部溢利及資產時計入之款項：

Addition to non-current assets (note)	添加非流動資產 (附註)	82,701	221	82,922	-	82,922
Depreciation of property, plant and equipment	物業、廠房及設備折舊	(40,645)	(494)	(41,139)	-	(41,139)
Release of prepaid lease payments	預付租賃款項轉出	(178)	-	(178)	-	(178)
Impairment loss (reversed) recognised in respect of trade receivables	就應收賬款 (撥回) 確認之減值虧損	(42)	5,305	5,263	-	5,263

Note: Non-current assets excluded financial instruments, deferred tax asset and certain property, plant and equipment.

附註：非流動資產不包括金融工具、遞延稅項資產以及若干物業、廠房及設備。

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5. REVENUE AND SEGMENT INFORMATION (Continued)

5. 收益及分部資料 (續)

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

		Manufacture and distribution of cotton yarns 製造及 分銷棉紗 RMB'000 人民幣千元	Manufacture and distribution of bedding products 製造及 分銷床品 RMB'000 人民幣千元	Segment total 分部總計 RMB'000 人民幣千元	Inter-segment elimination 分部間對銷 RMB'000 人民幣千元	Consolidated total 綜合總計 RMB'000 人民幣千元
Revenue from external customers	來自外部客戶之收益	986,919	859,258	1,846,177	-	1,846,177
Inter-segment sales	分部間銷售	-	2,804	2,804	(2,804)	-
Segment revenue	分部收益	986,919	862,062	1,848,981	(2,804)	1,846,177
Segment profit	分部溢利	174,988	406,814	581,802	-	581,802
Segment assets as at 31 December 2010	於二零一零年十二月三十一日之分部資產	680,769	430,654	1,111,423	-	1,111,423

Amounts regularly provided to the chief operating decision makers and included in the measure of segment profit and assets:

定期提供予主要營運決策者且在計量分部溢利及資產時計入之款項：

Addition to non-current assets (note)	添加非流動資產 (附註)	73,847	3,313	77,160	-	77,160
Depreciation of property, plant and equipment	物業、廠房及設備折舊	(38,960)	(427)	(39,387)	-	(39,387)
Release of prepaid lease payments	預付租賃款項轉出	(178)	-	(178)	-	(178)
Impairment loss recognised in respect of trade receivables	就應收賬款確認之減值虧損	495	-	495	-	495

Note: Non-current assets excluded financial instruments, deferred tax asset and certain property, plant and equipment.

附註：非流動資產不包括金融工具、遞延稅項資產以及若干物業、廠房及設備。

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5. REVENUE AND SEGMENT INFORMATION (Continued)

(a) Performance of the operating segments is measured based on segment profit. Income tax expense is not allocated to operating segments.

(b) Reconciliation of segment profit

Segment profit represents the profit earned by each segment without the allocation of central administrative costs, listing expenses, interest income, finance costs and impairment loss on an available-for-sale investment. This is the measure reported to the chief operating decision makers for the purpose of resource allocation and assessment of segment performance.

Segment profit is reconciled to profit before taxation of the Group as follows:

5. 收益及分部資料 (續)

(a) 經營分部之表現乃根據分部溢利計量。所得稅開支不會分配至經營分部。

(b) 分部溢利之對賬

分部溢利指各分部於並未分配中央行政成本、上市費用、利息收入、財務成本及一項可供出售投資之減值虧損前所賺取之溢利。有關數據乃為向主要營運決策者就分配資源及評估分部表現作出報告之基準。

分部溢利與本集團除稅前溢利之對賬如下：

		For the year ended 31 December	
		截至十二月三十一日止年度	
		2011	2010
		二零一一年	二零一零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Total segment profit	分部溢利總額	698,691	581,802
Unallocated income:	未分配收入：		
Interest income	利息收入	5,614	3,494
Other income	其他收入	2,076	97
Unallocated expenses:	未分配開支：		
Depreciation of property, plant and equipment	物業、廠房及設備折舊	(1,619)	(1,691)
Finance costs	財務成本	(14,330)	(10,897)
Listing expenses	上市費用	-	(20,550)
Impairment loss on an available-for-sale investment	一項可供出售投資之減值虧損	(22,934)	-
Other expenses	其他開支	(30,514)	(43,472)
Profit before taxation	除稅前溢利	636,984	508,783

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For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

5. REVENUE AND SEGMENT INFORMATION (Continued)

(c) Reconciliation of segment assets

The assets of the Group are allocated to the operating segments based on the operations of the segments. However, certain property, plant and equipment, deferred tax assets, available-for-sale investment, other receivables and prepayments, pledged bank deposits, bank balances and cash, are not allocated as they relate to more than one reportable and operating segments.

Segment assets are reconciled to total assets of the Group by reportable segment as follows:

		At 31 December 2011 於 二零一一年 十二月三十一日 RMB'000 人民幣千元	At 31 December 2010 於 二零一零年 十二月三十一日 RMB'000 人民幣千元
Total segment assets	分部資產總值	1,313,474	1,111,423
Unallocated assets:	未分配資產：		
Property, plant and equipment	物業、廠房及設備	21,220	20,468
Deferred tax asset	遞延稅項資產	2,699	2,699
Available-for-sale investment	可供出售投資	11,066	34,000
Other receivables and prepayments	其他應收款項及預付款項	11,116	11,272
Pledged bank deposits	已抵押銀行存款	46,761	54,451
Bank balances and cash	銀行結餘及現金	842,525	855,664
Total assets per consolidated statements of financial position	綜合財務狀況報表所示資產總值	2,248,861	2,089,977

5. 收益及分部資料 (續)

(c) 分部資產之對賬

本集團之資產乃根據分部業務分配至經營分部。然而，由於若干物業、廠房及設備、遞延稅項資產、可供出售投資、其他應收款項及預付款項、已抵押銀行存款、銀行結餘及現金涉及超過一個報告及經營分部，故該等項目未有作出分配。

分部資產與本集團總資產按報告分部之對賬如下：

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For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

5. REVENUE AND SEGMENT INFORMATION (Continued)

(d) Information about geographical areas

The following table provides an analysis of the Group's revenue from external customers by geographical markets, irrespective of the origin of the goods.

PRC (country of the domicile)	中國(註冊地)
United States & Brazil	美國及巴西
Hong Kong & Macau	香港及澳門
Europe	歐洲
Australia & Malaysia	澳洲及馬來西亞

The Group's non-current assets (excluding deferred tax asset and available-for-sale investment) are all located in the PRC.

(e) Information about major customers

The revenue from the Group's largest customer was approximately RMB272,201,000 and RMB250,583,000, representing 12.6% and 13.6% of the total sales of the Group for the year ended 31 December 2011 and 2010, respectively. The revenue was derived from cotton yarns and bedding products segments.

In addition to the largest customer, there were three customers in bedding products segment with revenue contributing approximately RMB262,919,000, RMB257,314,000 and RMB226,537,000, representing about 12.2%, 12.0% and 10.5%, respectively, to the total revenue of the Group for the year ended 31 December 2011. For the year ended 31 December 2010, there was a customer in bedding products segment with revenue contributing approximately RMB184,493,000 representing 10.0% to the total revenue of the Group.

No revenue from individual customer from cotton yarns segment contributed over 10% of the total revenue of the Group for the year ended 31 December 2011.

5. 收益及分部資料(續)

(d) 關於地區之資料

下表提供本集團來自外部客戶按地區市場劃分(不論貨品來源地)之收益分析。

Turnover by geographical markets for the year ended 31 December

按地區市場劃分之營業額
截至十二月三十一日止年度

2011	2010
二零一一年	二零一零年
RMB'000	RMB'000
人民幣千元	人民幣千元
2,008,445	1,680,331
69,082	103,010
54,197	18,459
17,417	9,853
3,026	34,524
2,152,167	1,846,177

本集團之非流動資產(除遞延稅項資產及可供出售投資以外)均位於中國。

(e) 關於主要客戶之資料

截至二零一一年及二零一零年十二月三十一日止年度,來自本集團最大客戶之收益約為人民幣272,201,000元及人民幣250,583,000元,相當於本集團銷售總額之12.6%及13.6%。此等收益來自棉紗及床品分部。

除最大客戶外,三名床品分部客戶於截至二零一一年十二月三十一日止年度之收益分別為本集團收益總額貢獻約人民幣262,919,000元、人民幣257,314,000元及人民幣226,537,000元,相當於約12.2%、12.0%及10.5%。截至二零一零年十二月三十一日止年度,一名床品分部客戶之收益為本集團收益總額貢獻約人民幣184,493,000元,相當於10.0%。

截至二零一一年十二月三十一日止年度,本集團並無來自棉紗分部之獨立客戶之收益為本集團銷售總額貢獻超過10%。

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For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

6. OTHER INCOME

An analysis of the Group's other income is as follows:

		For the year ended 31 December	
		截至十二月三十一日止年度	
		2011	2010
		二零一一年	二零一零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Gain on disposal of scrap materials	出售廢料之收益	5,807	7,099
Bank interest income	銀行利息收入	5,614	3,494
Subcontracting income	分包收入	1,251	162
Net exchange gain	匯兌收益淨額	1,504	–
Others	其他	572	520
		14,748	11,275

7. FINANCE COSTS

Interest on:
Bank and other borrowings wholly
repayable within five years
Amount due to a shareholder

下列各項之利息：
須於五年內悉數償還之
銀行及其他借貸
應付一名股東款項

7. 財務成本

		For the year ended 31 December	
		截至十二月三十一日止年度	
		2011	2010
		二零一一年	二零一零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
		12,935	10,637
		1,395	260
		14,330	10,897

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截至二零一一年十二月三十一日止年度

8. INCOME TAX EXPENSE

8. 所得稅開支

For the year ended 31 December

截至十二月三十一日止年度

2011	2010
二零一一年	二零一零年
RMB'000	RMB'000
人民幣千元	人民幣千元

Tax charge represents:	稅項開支指：		
Current tax:	即期稅項：		
The People's Republic of China ("PRC")	中華人民共和國(「中國」)		
Enterprise Income Tax ("EIT")	企業所得稅(「企業所得稅」)	174,479	71,302
Withholding tax for dividend from a PRC subsidiary	一間中國附屬公司股息之預扣稅	28,671	—
		203,150	71,302
Deferred tax (note 24):	遞延稅項(附註24)：		
– Provision on withholding tax from undistributed profit from a PRC subsidiary	— 一間中國附屬公司未分派溢利之預扣稅撥備	22,402	20,691
– Reversal on withholding tax from distribution on dividend from a PRC subsidiary	— 一間中國附屬公司股息分派之預扣稅撥回	(28,671)	—
		(6,269)	20,691
		196,881	91,993

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

由於本集團之收入並非於香港產生亦非來自香港，故並無計提香港利得稅撥備。

Under the law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Detailed Implementation Rules of the EIT Law, the standard tax rate of the PRC subsidiaries is 25%.

根據中華人民共和國企業所得稅法(「企業所得稅法」)及企業所得稅法實施細則，中國附屬公司之標準稅率為25%。

Pursuant to the relevant laws and regulations in the PRC, Shandong Taifeng Textile Company Limited ("Shandong Taifeng"), one of the major subsidiaries, was entitled to exemption from the PRC EIT from its first two profit-making years of operation and thereafter, it is entitled to a 50% relief from the PRC EIT for the following three years. The first profit making year of Shandong Taifeng is the year of 2006. Accordingly, Shandong Taifeng was entitled to a relief from EIT by 50% reduction from 2008 to 2010 with effective tax rate of 12.5%. Such tax concessions are not applicable for the current year.

根據中國相關法律及規例，一間主要附屬公司山東泰豐紡織有限公司(「山東泰豐」)有權自其首兩個獲利營運年度起豁免繳納中國企業所得稅，其後可獲50%中國企業所得稅減免三年。山東泰豐之首個獲利年度為二零零六年。因此，山東泰豐可於二零零八年至二零一零年獲50%之企業所得稅減免，實際稅率為12.5%。該等稅務優惠於本年度並不適用。

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截至二零一一年十二月三十一日止年度

8. INCOME TAX EXPENSE (Continued)

The tax charge for the year can be reconciled to the profit per the consolidated statements of comprehensive income as follows:

8. 所得稅開支(續)

年內稅項開支與綜合全面收益表所示溢利之對賬如下：

		For the year ended 31 December	
		截至十二月三十一日止年度	
		2011	2010
		二零一一年	二零一零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit before tax	除稅前溢利	636,984	508,783
Tax at PRC EIT rate of 25%	按中國企業所得稅稅率25% 計算之稅項	159,246	127,196
Tax effect of expenses not deductible for tax purpose	不可扣稅開支之稅務影響	14,739	13,322
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	494	1,830
Tax effect on withholding tax arising on undistributed profits of the PRC subsidiaries	中國附屬公司未分派溢利 所產生預扣稅之稅務影響	22,402	20,691
Effect of concessionary tax rate granted to Shandong Taifeng	山東泰豐獲優惠稅率之影響	-	(71,046)
Tax charge for the year	年內稅項開支	196,881	91,993

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截至二零一一年十二月三十一日止年度

9. PROFIT FOR THE YEAR

9. 年內溢利

		For the year ended 31 December	
		截至十二月三十一日止年度	
		2011	2010
		二零一一年	二零一零年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit for the year has been arrived at after charging:	年內溢利已扣除以下項目：		
Directors' emoluments (<i>note 10</i>)	董事酬金 (<i>附註10</i>)	7,820	11,799
Other staff salaries and benefits	其他員工薪金及福利	101,143	94,951
Retirement benefit scheme contributions, excluding those of directors	退休福利計劃供款 (不包括就董事作出之供款)	3,660	3,426
Total staff costs	總員工成本	112,623	110,176
Auditor's remuneration	核數師酬金	2,481	2,583
Depreciation of property, plant and equipment	物業、廠房及設備折舊	42,758	41,078
Release of prepaid lease payments	預付租賃款項轉出	178	178
Impairment loss recognised in respect of trade receivables	就應收賬款確認之減值虧損	5,263	495
Net exchange loss	匯兌虧損淨額	-	5,727
Cost of inventories recognised as an expense	確認為開支之存貨成本	1,322,483	1,206,596

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截至二零一一年十二月三十一日止年度

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

10. 董事及僱員薪酬

Directors

Details of the emoluments paid to the directors of the Group for the years are as follows:

Year ended 31 December 2011

董事

兩個年度內已付予本集團董事之酬金詳情如下：

截至二零一一年十二月三十一日止年度

		Fees	Salaries and other allowances	Retirement Benefits Scheme Contributions	Share-based payment	Total
	袍金	薪金及其他津貼	退休福利計劃供款	股份付款開支	總計	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Executive directors:	執行董事：					
Mr. Liu Qingping	-	1,028	17	2,913	3,958	
Ms. Qi Tongli	-	806	14	-	820	
Mr. Liu Chunwei	-	828	14	-	842	
Mr. Li Dengxiang	-	806	14	-	820	
Mr. Zou Shengzhong	-	806	14	-	820	
Independent non-executive directors:	獨立非執行董事：					
Mr. Chan Kin Sang	360	-	-	-	360	
Mr. Li Yuchun	100	-	-	-	100	
Mr. Dai Shunlin	100	-	-	-	100	
	560	4,274	73	2,913	7,820	

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截至二零一一年十二月三十一日止年度

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

Year ended 31 December 2010

	Fees	Salaries and other allowances	Retirement Benefits Scheme Contributions	Share-based payment	Total
	袍金	薪金及其他津貼	退休福利計劃供款	股份付款開支	總計
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors:	執行董事：				
Mr. Liu Qingping	–	671	15	8,738	9,424
Ms. Qi Tongli	–	508	12	–	520
Mr. Liu Chunwei	–	549	12	–	561
Mr. Li Dengxiang	–	475	12	–	487
Mr. Zou Shengzhong	–	510	12	–	522
Independent non-executive directors:	獨立非執行董事：				
Mr. Chan Kin Sang	173	–	–	–	173
Mr. Li Yuchun	56	–	–	–	56
Mr. Dai Shunlin	56	–	–	–	56
	<u>285</u>	<u>2,713</u>	<u>63</u>	<u>8,738</u>	<u>11,799</u>

Employees

During the year ended 31 December 2011, the five highest paid individuals of the Group included five executive directors (2010: four executive directors). The remuneration of the remaining one individual for the year ended 31 December 2010 is as follows:

	2011	2010
	二零一一年	二零一零年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Salaries and other allowances	–	520
Retirement benefit scheme contributions	–	3
	<u>–</u>	<u>523</u>

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during both years.

10. 董事及僱員薪酬 (續)

截至二零一零年十二月三十一日止年度

	Fees	Salaries and other allowances	Retirement Benefits Scheme Contributions	Share-based payment	Total
	袍金	薪金及其他津貼	退休福利計劃供款	股份付款開支	總計
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Executive directors:	執行董事：				
Mr. Liu Qingping	–	671	15	8,738	9,424
Ms. Qi Tongli	–	508	12	–	520
Mr. Liu Chunwei	–	549	12	–	561
Mr. Li Dengxiang	–	475	12	–	487
Mr. Zou Shengzhong	–	510	12	–	522
Independent non-executive directors:	獨立非執行董事：				
Mr. Chan Kin Sang	173	–	–	–	173
Mr. Li Yuchun	56	–	–	–	56
Mr. Dai Shunlin	56	–	–	–	56
	<u>285</u>	<u>2,713</u>	<u>63</u>	<u>8,738</u>	<u>11,799</u>

僱員

於截至二零一一年十二月三十一日止年度，本集團五名最高薪酬人士包括五名執行董事（二零一零年：四名執行董事）。截至二零一零年十二月三十一日止年度，餘下一名人士之薪酬如下：

	2011	2010
	二零一一年	二零一零年
	RMB'000	RMB'000
	人民幣千元	人民幣千元
Salaries and other allowances	–	520
Retirement benefit scheme contributions	–	3
	<u>–</u>	<u>523</u>

於年內，本集團並無向任何董事或五名最高薪酬人士（包括董事及僱員）支付酬金，作為吸引彼等加盟或加入本集團時之獎金或離職賠償。於兩個年度內，並無董事放棄收取任何酬金。

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For the year ended 31 December 2011

截至二零一一年十二月三十一日止年度

11. DIVIDENDS

In accordance with the voting results for the annual general meeting on 20 May 2011, the Board declared a final dividend for the year ended 31 December 2010 of RMB113,000,000 with RMB0.113 per share to the shareholders on the Register of Members of the Company on 20 May 2011.

The Board has declared an interim dividend of RMB91,000,000 with RMB0.091 per share to the shareholders on the Register of Members of the Company on 7 September 2011. The dividend was declared in RMB and was converted into Hong Kong Dollars ("HK\$") based on the official exchange rate of RMB against HK\$ as quoted by the People's Bank of China on 7 September 2011 before being paid to the shareholders.

The Board has proposed a final dividend of RMB0.086 per share be payable on or around 13 July 2012 to the shareholders on the Register of Members of the Company on 5 July 2012. The proposed dividend payments are subject to approval by the shareholders of the Company at the forthcoming annual general meeting and are payable in HK\$ based on the official exchange rate of RMB against HK\$ as quoted by the People's Bank of China on 7 July 2012.

12. BASIC EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

Profit for the year attributable to owners of the Company

本公司擁有人應佔年內溢利

440,103

416,790

'000
千股

'000
千股

Weighted average number of ordinary shares for the purpose of basic earnings per share

用以計算每股基本盈利之普通股加權平均數目

1,000,000

889,726

No diluted earnings per share is presented for both years as there were no potential ordinary shares in issue.

11. 股息

根據於二零一一年五月二十日舉行之股東週年大會之投票結果，董事會向於二零一一年五月二十日名列本公司股東名冊之股東宣派截至二零一零年十二月三十一日止年度之末期股息每股人民幣0.113元，合共人民幣113,000,000元。

董事會向於二零一一年九月七日名列本公司股東名冊之股東宣派中期股息每股人民幣0.091元，合共人民幣91,000,000元。股息以人民幣宣派，並將於向股東派付前按中國人民銀行於二零一一年九月七日所報人民幣兌港元之官方匯率兌換為港元。

董事會建議向於二零一二年七月五日名列本公司股東名冊之股東派發末期股息每股人民幣0.086元，將於二零一二年七月十三日或前後派付。擬派股息須經本公司股東於應屆股東週年大會上批准，並將按中國人民銀行於二零一二年七月七日所報人民幣兌港元之官方匯率以港元派付。

12. 每股基本盈利

本公司擁有人應佔每股基本盈利乃按以下資料計算：

For the year ended 31 December

截至十二月三十一日止年度

2011

2010

二零一一年

二零一零年

RMB'000

RMB'000

人民幣千元

人民幣千元

由於並無已發行潛在普通股，故並無呈列兩個年度之每股攤薄盈利。

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截至二零一一年十二月三十一日止年度

13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

		Buildings 樓宇 RMB'000 人民幣千元	Plant and equipment 廠房及設備 RMB'000 人民幣千元	Office equipment 辦公設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
COST	成本						
At 1 January 2010	於二零一零年一月一日	62,398	580,848	3,730	377	-	647,353
Additions	添加	13,183	1,769	226	-	684	15,862
Transfer	轉撥	684	-	-	-	(684)	-
		<u>76,265</u>	<u>582,617</u>	<u>3,956</u>	<u>377</u>	<u>-</u>	<u>663,215</u>
At 31 December 2010	於二零一零年十二月三十一日	76,265	582,617	3,956	377	-	663,215
Additions	添加	38,076	44,849	1,025	1,344	-	85,294
		<u>114,341</u>	<u>627,466</u>	<u>4,981</u>	<u>1,721</u>	<u>-</u>	<u>748,509</u>
At 31 December 2011	於二零一一年十二月三十一日	114,341	627,466	4,981	1,721	-	748,509
DEPRECIATION	折舊						
At 1 January 2010	於二零一零年一月一日	11,532	135,706	1,366	119	-	148,723
Provided for the year	年內撥備	1,961	38,724	325	68	-	41,078
		<u>13,493</u>	<u>174,430</u>	<u>1,691</u>	<u>187</u>	<u>-</u>	<u>189,801</u>
At 31 December 2010	於二零一零年十二月三十一日	13,493	174,430	1,691	187	-	189,801
Provided for the year	年內撥備	3,059	39,163	366	170	-	42,758
		<u>16,552</u>	<u>213,593</u>	<u>2,057</u>	<u>357</u>	<u>-</u>	<u>232,559</u>
At 31 December 2011	於二零一一年十二月三十一日	16,552	213,593	2,057	357	-	232,559
CARRYING VALUES	賬面值						
At 31 December 2011	於二零一一年十二月三十一日	97,789	413,873	2,924	1,364	-	515,950
At 31 December 2010	於二零一零年十二月三十一日	62,772	408,187	2,265	190	-	473,414

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis over the following numbers of years:

除在建工程外，上述物業、廠房及設備項目均以下列年期以直線基準計算折舊：

Buildings	15 – 30 years	樓宇	15 – 30年
Plant and equipment	5 – 15 years	廠房及設備	5 – 15年
Office equipment	5 – 10 years	辦公設備	5 – 10年
Motor vehicles	10 years	汽車	10年

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14. PREPAID LEASE PAYMENTS

14. 預付租賃款項

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Prepaid lease payments comprise:	預付租賃款項包括：		
Leasehold land in the PRC under medium-term lease	根據中期租約於中國持有之 租賃土地	<u>7,459</u>	<u>7,637</u>
Analysed for reporting purposes as:	就報告作出之分析：		
Current asset	流動資產	<u>179</u>	179
Non-current asset	非流動資產	<u>7,280</u>	<u>7,458</u>
		<u>7,459</u>	<u>7,637</u>

The prepaid lease payment is amortised over the lease terms of the rights on a straight-line basis of 50 years.

預付租賃款項以直線基準於使用權租賃年期50年內攤銷。

15. DEPOSIT PAID FOR ACQUISITION OF LAND USE RIGHTS AND BUILDINGS

15. 購入土地使用權及樓宇之已付按金

Shandong Taifeng had entered into an acquisition agreement on 19 November 2010 with Taifeng Textile Group Company Limited ("TTG") 泰豐紡織集團有限公司, an independent third party, pursuant to which Shandong Taifeng agreed to acquire from TTG certain land use rights and buildings for production purposes, for a cash consideration of RMB68,800,000 in accordance with a valuation report from an independent valuer, Jones Lang Lasalle.

山東泰豐與獨立第三方泰豐紡織集團有限公司(「泰豐紡織集團」)於二零一零年十一月十九日訂立一項收購協議，據此，山東泰豐同意根據獨立估值師仲量聯行發出之估值報告以人民幣68,800,000元之現金代價向泰豐紡織集團購入若干土地使用權及樓宇，以作生產用途。

At the same date, Shandong Taifeng had also entered into a supplemental agreement with TTG to reduce the original lease area and the monthly rental in respect of an existing lease agreement.

同日，山東泰豐與泰豐紡織集團亦訂立一項補充協議，減少原租賃面積及現有租賃協議之每月租金。

A refundable deposit of RMB61,920,000 was paid by Shandong Taifeng to TTG in prior year. The acquisition has not yet been completed as at the date when these financial statements are authorised for issue. The directors of the Company are of the opinion that the Group will be able to complete the acquisition in due course.

山東泰豐已於去年向泰豐紡織集團支付人民幣61,920,000元可退還按金。此項收購於該等財務報表獲批准刊發日期仍未完成。本公司董事認為本集團將有能力於適當時間完成收購。

The remaining unpaid amount of RMB6,880,000 has been disclosed in note 34 as capital commitment.

未付餘額人民幣6,880,000元已於附註34披露作資本承擔。

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16. TRADEMARK

The trademark represents brand name of "TAIFENG" and its graph, which was acquired during the year ended 31 December 2009 at its fair value of RMB6,934,400 in accordance with the valuation report from an independent valuer, 北京中金浩資產評估有限公司. The trademark has a legal life of 10 years expiring in May 2019, but is renewable every 10 years at minimal cost.

The directors of the Company are of the opinion that the Group would renew the trademark continuously and has the ability to do so. Various studies including product life cycle studies, market, competitiveness and environmental trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademark has no foreseeable limit to its legal life of 10 years expiring at May 2019 and the trademark products are expected to generate net cash inflows for the Group.

As a result, the trademark is considered by management of the Group as having an indefinite useful life and hence the trademark is not amortised. Instead, it will be tested for impairment annually and whenever there is an indication that it may be impaired. During the year ended 31 December 2011, management of the Group determines that there is no impairment of trademark with indefinite useful life.

17. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprises:

Listed investment:
Equity security listed in Hong Kong

Analysed for reporting purposes as
Non-current asset

上市投資：
於香港上市之股本證券

就報告而言分析為
非流動資產

16. 商標

商標指「泰豐」之品牌名稱及其圖樣，乃於截至二零零九年十二月三十一日止年度內，按獨立估值師北京中金浩資產評估有限公司發出之估值報告所載公平值人民幣6,934,400元收購。商標之合法年期為十年，於二零一九年五月到期，惟每十年可以極少之費用重續。

本公司董事認為，本集團將繼續並有能力重續商標。本集團管理層已進行多項研究，包括產品壽命週期研究、市場、競爭及環境趨勢，以及品牌拓展機會。有關研究證實對於商標於二零一九年五月到期之十年合法年期並無可預見之限制，並預期商標產品可為本集團帶來淨現金流入。

因此，本集團管理層認為，商標具無限可使用年期，故不會予以攤銷。然而，商標將每年接受減值測試，以及於出現減值跡象時進行測試。於截至二零一一年十二月三十一日止年度，本集團之管理層認為具無限可使用年期之商標並無減值。

17. 可供出售投資

可供出售投資包括：

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

2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
-----------------------------------	-----------------------------------

Listed investment:

Equity security listed in Hong Kong

上市投資：

於香港上市之股本證券

11,066

34,000

Analysed for reporting purposes as
Non-current asset

就報告而言分析為
非流動資產

11,066

34,000

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截至二零一一年十二月三十一日止年度

18. INVENTORIES

18. 存貨

		At 31 December 2011 於 二零一一年 十二月三十一日 RMB'000 人民幣千元	At 31 December 2010 於 二零一零年 十二月三十一日 RMB'000 人民幣千元
At cost	按成本		
Raw materials	原材料	31,239	57,426
Work-in-progress	在製品	29,047	37,665
Finished goods	製成品	57,289	44,401
		117,575	139,492

19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

19. 應收賬款及其他應收款項以及預付款項

		At 31 December 2011 於 二零一一年 十二月三十一日 RMB'000 人民幣千元	At 31 December 2010 於 二零一零年 十二月三十一日 RMB'000 人民幣千元
Trade receivables	應收賬款	500,860	362,348
Less: allowance for doubtful debts	減：呆賬撥備	(6,804)	(1,541)
		494,056	360,807
Prepayments to suppliers	向供應商預付款項	88,195	79,105
Prepayments for expenses	開支預付款項	51,288	7,948
Bills receivables	應收票據	-	3,737
Other receivables	其他應收款項	2,433	2,169
		635,972	453,766

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截至二零一一年十二月三十一日止年度

19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

(Continued)

Apart from the cash sales from its retail business, the Group generally allows an average credit period of 30 to 120 days to its trade customers. The aged analysis of the Group's trade receivables (net of allowance for doubtful debts) based on the invoice date at the end of the reporting year is as follows:

Trade receivables:

0 – 30 days

31 – 60 days

61 – 90 days

91 – 180 days

Over 180 days

應收賬款：

0至30日

31至60日

61至90日

91至180日

超過180日

19. 應收賬款及其他應收款項以及預付款項 (續)

除來自其零售業務之現金銷售外，本集團一般給予其貿易客戶平均30至120日之信貸期。本集團應收賬款（扣除呆賬撥備）於報告年度結算日基於發票日期之賬齡分析如下：

	At 31 December 2011 於 二零一一年 十二月三十一日 RMB'000 人民幣千元	At 31 December 2010 於 二零一零年 十二月三十一日 RMB'000 人民幣千元
	120,531	192,489
	86,790	96,240
	33,543	34,574
	229,084	35,394
	24,108	2,110
	494,056	360,807

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits based on results from investigation of historical credit records of these customers. Majority of trade receivables that are neither past due nor impaired have no default payment history. It is the Group's policy to make provision against debts which normally aged over 90 days, except for some specific customers granted with longer credit period, because historical experience is such that receivables that are past due beyond 90 days are generally not recoverable.

However, included in the Group's trade receivables are debtors with an aggregate carrying amount of RMB29,967,000 (2010: RMB37,504,000) which are past due at the reporting date but for which the Group has not provided for impairment loss, as there has not been a significant change in credit quality of the relevant customers and the Group believes that the amounts are still recoverable as these are continuing subsequent settlement. The Group does not hold any collateral over the above balances.

本集團接納任何新客戶前會評估該潛在客戶之信貸質素，並根據對該等客戶過往信貸記錄之調查結果設定信貸限額。大部份未逾期且未減值之應收賬款過往均無拖欠付款。本集團之政策為除若干獲授較長信貸期之特定客戶外，通常就賬齡超過90日之債項計提撥備，原因為過往經驗顯示逾期超過90日之應收款項通常不可收回。

然而，本集團之應收賬款中包括總賬面值人民幣29,967,000元（二零一零年：人民幣37,504,000元）之應收款，該等款項於報告日期已逾期，惟本集團並無計提減值虧損撥備，原因為相關客戶之信貸質素並無重大變化，而基於其後能持續收到還款，本集團亦相信相關款項仍可收回。本集團並無就上述結餘持有任何抵押品。

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截至二零一一年十二月三十一日止年度

19. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

(Continued)

Aging (based on the invoice date) of trade receivables which are past due but not impaired:

		At 31 December 2011 於 二零一一年 十二月三十一日 RMB'000 人民幣千元	At 31 December 2010 於 二零一零年 十二月三十一日 RMB'000 人民幣千元
91-180 days	91至180日	5,859	35,394
Over 180 days	超過180日	24,108	2,110
		29,967	37,504

Movement in the allowance for doubtful debts

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Balance at beginning of the year	年初結餘	1,541	1,047
Impairment loss recognised in trade receivables	就應收賬款確認之減值虧損	5,263	495
Amounts written-off as uncollectible	因不可收回而撇銷之金額	-	(1)
Balance at end of the year	年終結餘	6,804	1,541

All bills receivables of the Group as at 31 December 2010 were aged within 60 days.

Included in trade and other receivables as at 31 December 2011 were amounts of approximately RMB32,093,000 and RMB69,000 denominated in United States Dollars ("US\$") and HK\$, respectively, which were other than the functional currency of the respective group entities. As at 31 December 2010, there were approximately RMB52,153,000 and RMB69,000 denominated in US\$ and HK\$, respectively.

19. 應收賬款及其他應收款項以及預付款項 (續)

已逾期但未減值之應收賬款賬齡 (基於發票日期) :

	At 31 December 2011 於 二零一一年 十二月三十一日 RMB'000 人民幣千元	At 31 December 2010 於 二零一零年 十二月三十一日 RMB'000 人民幣千元
91-180 days	5,859	35,394
Over 180 days	24,108	2,110
	29,967	37,504

呆賬撥備之變動

	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Balance at beginning of the year	1,541	1,047
Impairment loss recognised in trade receivables	5,263	495
Amounts written-off as uncollectible	-	(1)
Balance at end of the year	6,804	1,541

本集團所有應收票據於二零一零年十二月三十一日之賬齡均少於60日。

於二零一一年十二月三十一日，應收賬款及其他應收款項分別有約人民幣32,093,000元及人民幣69,000元以美元(「美元」)及港元(並非各集團實體之功能貨幣)計值之款項。於二零一零年十二月三十一日，分別有約人民幣52,153,000元及人民幣69,000元以美元及港元計值之款項。

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20. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances carry interest at variable rates as follows:

		2011 二零一一年	2010 二零一零年
Range of interest rates per annum	年利率範圍	0.01% to 0.50% 0.01厘至0.50厘	0.01% to 0.36% 0.01厘至0.36厘

Pledged bank deposits mainly represent deposits pledged to banks to secure bills payables.

The pledged bank deposits of the Group carrying fixed interest rates at the following various interest rates per annum:

		2011 二零一一年	2010 二零一零年
Interest rates per annum	年利率	0.01% to 0.50% 0.01厘至0.50厘	0.01% to 0.36% 0.01厘至0.36厘

Included in bank balances and pledged bank deposits as at 31 December 2011, which were approximately RMB2,577,000 and RMB7,403,000 denominated in US\$ and HK\$, respectively, other than the functional currency of the respective group entities. (2010: Approximately RMB1,462,000 and RMB14,381,000 denominated in US\$).

21. TRADE AND OTHER PAYABLES AND ACCRUALS

The analysis of the trade and other payables and accruals of the Group is as follows:

		At 31 December 2011 於 二零一一年 十二月三十一日 RMB'000 人民幣千元	At 31 December 2010 於 二零一零年 十二月三十一日 RMB'000 人民幣千元
Trade payables	應付賬款	92,675	163,601
Bills payables	應付票據	70,000	88,000
Accruals	應計費用	67,734	50,541
Receipts in advance	預收款項	18,743	16,885
Other tax payables	其他應付稅項	22,911	41,387
Others	其他	23,546	25,419
		295,609	385,833

20. 已抵押銀行存款／銀行結餘及現金

銀行結餘按下列浮動利率計息：

		2011 二零一一年	2010 二零一零年
Range of interest rates per annum	年利率範圍	0.01% to 0.50% 0.01厘至0.50厘	0.01% to 0.36% 0.01厘至0.36厘

已抵押銀行存款主要指作為應付票據抵押而抵押予銀行之存款。

本集團之已抵押銀行存款按下列不同年利率計息：

		2011 二零一一年	2010 二零一零年
Interest rates per annum	年利率	0.01% to 0.50% 0.01厘至0.50厘	0.01% to 0.36% 0.01厘至0.36厘

於二零一一年十二月三十一日，銀行結餘及已抵押銀行存款中分別有約人民幣2,577,000元及人民幣7,403,000元以美元及港元（並非各集團實體之功能貨幣）計值之款項（二零一零年：約人民幣1,462,000元及人民幣14,381,000元以美元計值）。

21. 應付賬款及其他應付款項以及應計費用

本集團應付賬款及其他應付款項以及應計費用之分析如下：

		At 31 December 2011 於 二零一一年 十二月三十一日 RMB'000 人民幣千元	At 31 December 2010 於 二零一零年 十二月三十一日 RMB'000 人民幣千元
Trade payables	應付賬款	92,675	163,601
Bills payables	應付票據	70,000	88,000
Accruals	應計費用	67,734	50,541
Receipts in advance	預收款項	18,743	16,885
Other tax payables	其他應付稅項	22,911	41,387
Others	其他	23,546	25,419
		295,609	385,833

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21. TRADE AND OTHER PAYABLES AND ACCRUALS

(Continued)

The aged analysis of the Group's trade payables based on the invoice date at the end of the reporting period is as follows:

		At 31 December 2011 於 二零一一年 十二月三十一日 RMB'000 人民幣千元	At 31 December 2010 於 二零一零年 十二月三十一日 RMB'000 人民幣千元
0 – 30 days	0至30日	61,984	140,496
31 – 60 days	31至60日	7,496	5,133
61 – 90 days	61至90日	3,942	3,188
91 – 180 days	91至180日	5,948	7,195
Over 180 days	超過180日	13,305	7,589
		92,675	163,601

All bills payables of the Group are aged between 31 to 365 days and are not yet due at the end of the reporting period.

As at 31 December 2010, bills payables with an aggregate amount of RMB30,000,000 (2011: nil) were guaranteed by an independent third party, Laiwu City Economic Development and Investment Co., Ltd. 萊蕪市經濟開發投資有限公司 ("Laiwu City"), to encourage business activity of the Group in Laiwu City.

Included in trade and other payables and accruals as at 31 December 2011 were approximately RMB25,917,000 and RMB3,764,000 denominated in US\$ and HK\$, which were other than the functional currency of the respective group entities. There were approximately RMB10,266,000 and RMB458,000 denominated in US\$ and HK\$, other than the functional currency of the respective group entities as at 31 December 2010.

21. 應付賬款及其他應付款項以及應計費用 (續)

本集團於報告期間結算日基於發票日期之應付賬款賬齡分析如下：

	At 31 December 2011 於 二零一一年 十二月三十一日 RMB'000 人民幣千元	At 31 December 2010 於 二零一零年 十二月三十一日 RMB'000 人民幣千元
	61,984	140,496
	7,496	5,133
	3,942	3,188
	5,948	7,195
	13,305	7,589
	92,675	163,601

本集團所有應付票據之賬齡均介乎31至365日，於報告期間結算日均仍未到期。

於二零一零年十二月三十一日，總額人民幣30,000,000元（二零一一年：無）之應付票據由獨立第三方萊蕪市經濟開發投資有限公司（「萊蕪市」）擔保，以鼓勵本集團於萊蕪市經營業務。

於二零一一年十二月三十一日，應付賬款及其他應付款項以及應計費用中分別有約人民幣25,917,000元及人民幣3,764,000元以美元及港元（並非各集團實體之功能貨幣）計值之款項。於二零一零年十二月三十一日，分別有約人民幣10,266,000元及人民幣458,000元以美元及港元（並非各集團實體之功能貨幣）計值之款項。

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22. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder represents an amount of HK\$32,000,000, which is equivalent to approximately RMB27,200,000 (2010: HK\$35,000,000, which is equivalent to approximately RMB29,750,000) advanced by Harvest Sun to the Group and carries fixed interest at the rate of 5.25% (2010: 5.25%) per annum and repayable within one year.

23. BANK BORROWINGS

22. 應付一名股東款項

應付一名股東款項指富盈墊付予本集團之一筆32,000,000港元(相等於約人民幣27,200,000元)(二零一零年: 35,000,000港元(相等於約人民幣29,750,000元))款項, 固定年利率為5.25厘(二零一零年: 5.25厘), 須於一年內償還。

23. 銀行借貸

		At 31 December 2011 於 二零一一年 十二月三十一日 RMB'000 人民幣千元	At 31 December 2010 於 二零一零年 十二月三十一日 RMB'000 人民幣千元
Bank loans	銀行貸款	163,810	171,548
Analysed as:	分析為:		
Secured	有抵押	42,000	40,000
Unsecured	無抵押	121,810	131,548
		163,810	171,548
The exposure of the Group's borrowings are as follows:	本集團借貸如下:		
Fixed-rate borrowings	定息借貸	163,810	116,580
Variable-rate borrowings	浮息借貸	-	54,968
		163,810	171,548

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23. BANK BORROWINGS (Continued)

The range of effective interest rates (which are also equal to contracted interest rates) of the Group's borrowings are as follows:

23. 銀行借貸 (續)

本集團借貸之實際利率(相等於已訂約利率)範圍載列如下:

		2011 二零一一年	2010 二零一零年
Fixed-rate borrowings	定息借貸	5.140% to 13.120% per annum 年利率5.140厘 至13.120厘	4.374% to 9.558% per annum 年利率4.374厘 至9.558厘
Variable-rate borrowings	浮息借貸	-	LIBOR + 1% per annum 年利率倫敦銀行 同業拆息 + 1厘
Denominated in:	以下列貨幣計值:		
RMB	人民幣	152,909	136,580
US\$	美元	10,901	34,968
		163,810	171,548

All borrowings are repayable within one year of the end of the reporting year except for RMB42,000,000 (2010: RMB40,000,000) which are repayable on demand.

所有借貸均須於報告年度結算日一年內償還，惟人民幣42,000,000元(二零一零年:人民幣40,000,000元)須於要求時償還。

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23. BANK BORROWINGS (Continued)

The effective interest rates for the bank borrowings are 7.85% and 6.97% per annum as at 31 December 2011 and 2010, respectively.

Bank borrowings guaranteed by:

萊蕪泰興城市資產運營有限公司
（「萊蕪泰興」）
Laiwu City
TTG

由以下各方擔保之銀行借貸：

萊蕪泰興城市資產運營有限公司
（「萊蕪泰興」）
萊蕪市
泰豐紡織集團

萊蕪泰興 and TTG are independent third parties.

As at 31 December 2011, the Group had bank borrowings of approximately RMB163,810,000 (2010: RMB171,548,000), of which approximately RMB42,000,000 (2010: RMB40,000,000) initially was secured by certain inventories of approximately RMB83,193,000 (2010: RMB87,252,000). However, as at 31 December 2011, the closing balance of the relevant pledged inventories was only approximately RMB27,892,000 (2010: RMB41,334,000), which is lower than the amount required, resulting in these bank borrowings being immediately repayable due to their breach of covenants. However, the directors of the Company believe that these bank borrowing facilities will continue to be available and will not be withdrawn within the next twelve months from the end of the reporting period. These bank borrowings have been presented in the earliest time band in the maturity analysis for fixed interest rate instrument in note 35. Subsequent to the reporting period, bank borrowings of RMB25,000,000 were settled in February 2012.

23. 銀行借貸（續）

於二零一一年及二零一零年十二月三十一日之銀行借貸實際年利率分別為7.85厘及6.97厘。

2011	2010
二零一一年	二零一零年
RMB'000	RMB'000
人民幣千元	人民幣千元

48,000	48,000
22,000	37,000
20,000	—

萊蕪泰興及泰豐紡織集團為獨立第三方。

於二零一一年十二月三十一日，本集團有銀行借貸約人民幣163,810,000元（二零一零年：人民幣171,548,000元），其中約人民幣42,000,000元（二零一零年：人民幣40,000,000元）最初以若干存貨約人民幣83,193,000元（二零一零年：人民幣87,252,000元）作擔保。然而，於二零一一年十二月三十一日，相關已抵押存貨之期末結餘僅約為人民幣27,892,000元（二零一零年：人民幣41,334,000元），低於規定金額，由於違反契諾導致該等銀行借貸須即時償還。然而，本公司董事相信，該等銀行借貸融資將繼續可供動用，而於報告期間結算日起計未來十二個月內不會被提取。該等銀行借貸在附註35之定息工具到期分析中列入最早時間範圍中。於報告期間後，銀行借貸人民幣25,000,000元已於二零一二年二月清償。

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24. DEFERRED TAX

The following table shows the major deferred tax liabilities and assets recognised by the Group and movements thereon during the current and prior years:

		Allowance on inventories	Undistributed earnings of PRC's subsidiaries from 1 January 2008	Total
		存貨撥備 RMB'000 人民幣千元	中國附屬公司自二零零八年一月一日起之未分派盈利 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2010	於二零一零年一月一日	(2,699)	16,710	14,011
Charge to profit or loss	扣自損益	—	20,691	20,691
At 31 December 2010	於二零一零年十二月三十一日	(2,699)	37,401	34,702
Charge to profit or loss (note 1)	扣自損益 (附註1)	—	22,402	22,402
Credit to profit or loss (note 2)	計入損益 (附註2)	—	(28,671)	(28,671)
At 31 December 2011	於二零一一年十二月三十一日	(2,699)	31,132	28,433

Note 1: The amount represents deferred tax liability arising from withholding tax charged on PRC's subsidiaries at the amount of RMB22,402,000 (2010: RMB20,691,000).

Note 2: The amount from withholding tax credit of RMB28,671,000 (2010: nil) represents deferred tax liability reversed on withholding tax on PRC's subsidiaries.

The following table is the analysis of the deferred tax balances for financial reporting purposes:

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Deferred tax asset	遞延稅項資產	2,699	2,699
Deferred tax liability	遞延稅項負債	(31,132)	(37,401)
		(28,433)	(34,702)

24. 遞延稅項

下表列示本集團於本年度及過往年度確認之主要遞延稅項負債及資產及其變動：

		Allowance on inventories	Undistributed earnings of PRC's subsidiaries from 1 January 2008	Total
		存貨撥備 RMB'000 人民幣千元	中國附屬公司自二零零八年一月一日起之未分派盈利 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2010	於二零一零年一月一日	(2,699)	16,710	14,011
Charge to profit or loss	扣自損益	—	20,691	20,691
At 31 December 2010	於二零一零年十二月三十一日	(2,699)	37,401	34,702
Charge to profit or loss (note 1)	扣自損益 (附註1)	—	22,402	22,402
Credit to profit or loss (note 2)	計入損益 (附註2)	—	(28,671)	(28,671)
At 31 December 2011	於二零一一年十二月三十一日	(2,699)	31,132	28,433

附註1：該金額指向中國附屬公司收取之預扣稅所產生之遞延稅項負債人民幣22,402,000元（二零一零年：人民幣20,691,000元）。

附註2：預扣稅抵免金額人民幣28,671,000元（二零一零年：無）指就中國附屬公司預扣稅撥回之遞延稅項負債。

下表為就財務報告所作之遞延稅項結餘分析：

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Deferred tax asset	遞延稅項資產	2,699	2,699
Deferred tax liability	遞延稅項負債	(31,132)	(37,401)
		(28,433)	(34,702)

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24. DEFERRED TAX (Continued)

Deferred tax has been provided for withholding tax in respect of the undistributed profits attributable to the Group as earned by the Group's PRC subsidiaries starting from 1 January 2008. Under the New Law, distribution of such profits to their shareholders outside the PRC are subject to withholding tax.

The Group has unused tax losses of RMB12,917,000 and RMB10,940,000 available to offset against future profits at 31 December 2011 and 2010, respectively. No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. The tax losses of RMB1,904,000, RMB1,715,000, RMB3,367,000 and RMB1,976,000 will expire in 2013, 2014, 2015 and 2016, respectively.

25. SHARE CAPITAL

Ordinary shares of RMB0.088 (HK\$0.1) each:

Authorised:

At 1 January 2010,
31 December 2010 and 2011

Issued and fully paid:

At 1 January 2010
Capitalisation issue on 21 April 2010
(note i)
Issue of shares on 11 June 2010
(note ii)

At 31 December 2010 and 2011

每股面值人民幣0.088元
(0.1港元)之普通股:

法定:

於二零一零年一月一日、
二零一零年及二零一一年
十二月三十一日

已發行及繳足:

於二零一零年一月一日
於二零一零年四月二十一日
資本化發行(附註i)
於二零一零年六月十一日
發行股份(附註ii)

於二零一零年及二零一一年
十二月三十一日

24. 遞延稅項 (續)

已就本集團應佔本集團中國附屬公司自二零零八年一月一日起所賺取之未分派溢利之預扣稅作出遞延稅項撥備。根據新稅法，向中國境外股東分派該等溢利須繳納預扣稅。

於二零一一年及二零一零年十二月三十一日，本集團分別有未動用稅項虧損人民幣12,917,000元及人民幣10,940,000元可用於抵銷未來溢利。由於未能預測未來溢利來源，故並無就有關稅項虧損確認遞延稅項資產。人民幣1,904,000元、人民幣1,715,000元、人民幣3,367,000元及人民幣1,976,000元之稅項虧損將分別於二零一三年、二零一四年、二零一五年及二零一六年屆滿。

25. 股本

		Number of shares 股份數目	Amount 金額 RMB 人民幣
Ordinary shares of RMB0.088 (HK\$0.1) each:	每股面值人民幣0.088元 (0.1港元)之普通股:		
Authorised:	法定:		
At 1 January 2010, 31 December 2010 and 2011	於二零一零年一月一日、 二零一零年及二零一一年 十二月三十一日	1,500,000,000	1,320,000,000
Issued and fully paid:	已發行及繳足:		
At 1 January 2010	於二零一零年一月一日	1,000	88
Capitalisation issue on 21 April 2010 (note i)	於二零一零年四月二十一日 資本化發行(附註i)	749,999,000	65,999,912
Issue of shares on 11 June 2010 (note ii)	於二零一零年六月十一日 發行股份(附註ii)	250,000,000	22,000,000
At 31 December 2010 and 2011	於二零一零年及二零一一年 十二月三十一日	1,000,000,000	88,000,000

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25. SHARE CAPITAL (Continued)

Notes:

- (i) The directors were authorised to capitalise the amount of HK\$74,999,900 (equivalent to approximately RMB65,999,912) standing to the credit of the share premium account of the Company to pay up in full at par 749,999,000 shares for allotment and issue to its/their existing shareholders of the Company. On 21 April 2010, the directors allotted and issued such shares as aforesaid and gave effect to the capitalisation issue.
- (ii) On 11 June 2010, the Company issued 250,000,000 shares pursuant to the Company's initial public offering at a price of HK\$2.06 per share upon the listing of the shares of the Company on the Stock Exchange.

The new shares allotted and issued rank pari passu in all respects with other shares in issue.

26. SPECIAL RESERVE/PRC GENERAL RESERVE

The special reserve relates to Shandong Taifeng and represents the difference between registered capital and the net assets contributed by its shareholders prior to 1 January 2007.

According to the relevant requirements in the memorandum of the Group's PRC subsidiaries, a portion of their profits after taxation is transferred to PRC general reserve. The transfer to this reserve must be made before the distribution of a dividend to equity owners. The general reserve fund can be used to offset the previous years' losses, if any. The general reserve fund is non-distributable other than upon liquidation.

25. 股本 (續)

附註:

- (i) 董事獲授權將本公司股份溢價賬中之進賬額74,999,900港元(相等於約人民幣65,999,912元)撥充資本,並按面值全數繳足749,999,000股股份,以供配發及發行予本公司之現有股東。於二零一零年四月二十一日,董事配發及發行上述股份,並導致資本化發行。
- (ii) 於二零一零年六月十一日,本公司在其股份於聯交所上市後根據首次公開發售以每股2.06港元之價格發行250,000,000股股份。

經配發及發行之新股份在所有方面與其他已發行股份享有同等待位。

26. 特別儲備／中國一般儲備

特別儲備與山東泰豐有關,指註冊資本與其股東於二零零七年一月一日前注入之資產淨值間之差額。

根據本集團中國附屬公司組織章程大綱內相關規定,須將其部分除稅後溢利轉撥至中國一般儲備。是項儲備轉撥必須於向權益持有人分派股息前作出。一般儲備基金可用於抵銷過往年度虧損(如有)。除清盤外,一般儲備基金不得用作分派。

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27. SHARE-BASED PAYMENT RESERVE/CAPITAL RESERVE

Prior to the completion of a corporate reorganisation in 2009, Mr. Liu, a director and a shareholder of the Company, acquired an additional 5.14% equity interest in Shandong Taifeng from the original shareholders of Shandong Taifeng at a nominal consideration of US\$100 as token of appreciation of his standing commitment, continuous support and contribution to the Group, upon the completion of a two-year service as a director of the Shandong Taifeng from 17 April 2009.

The fair value of the additional 5.14% equity interest at the date of transfer was approximately RMB17,476,000 according to the valuation report from an independent valuer, Jones Lang LaSalle Sallmanns Limited. The share-based payment reserve represents the amount recognised as share-based payment expense which is calculated with reference to the difference between the above nominal consideration paid by Mr. Liu and fair value of the shares at the date of transfer, and is expensed on a straight-line basis over two years service period commencing 17 April 2009. The share-based payment expense of approximately RMB2,913,000 (2010: RMB8,738,000) has been included in the directors' emoluments as disclosed in note 10.

The capital reserve represents the difference between the fair value of the interest-free advances from shareholders in previous years and the principal amounts at inception, as adjusted by the effect of the early repayment.

28. RETIREMENT BENEFIT PLANS

The Group mainly participates in retirement benefit schemes organised by the local government authority in the PRC. The local government authority in the PRC is responsible for managing the pension liabilities to these retired employees. For the pension liabilities to these retired employees, the Group is required to make monthly contributions at 16% (2010: 16%) of the local standard basic salaries. For the year ended 31 December 2011, the Group's total contributions were approximately RMB3,660,000 (2010: RMB3,426,000).

27. 股份付款儲備／資本儲備

在二零零九年之企業重組完成前，劉先生（本公司董事兼股東）於完成自二零零九年四月十七日起出任山東泰豐董事之兩年服務期後，以象徵式代價100美元向山東泰豐之原始股東收購山東泰豐額外5.14%股本權益，以感謝其對本集團之奉獻及多年來之支持及貢獻。

根據獨立估值師仲量聯行西門有限公司發出之估值報告，該額外5.14%股本權益於轉讓日期發出之公平值約為人民幣17,476,000元。股份付款儲備即參考上述由劉先生支付之象徵式代價與股份於轉讓日期之公平值之差額計算，確認為股份付款開支之金額，並自二零零九年四月十七日起之兩年服務期內以直線法支銷。股份付款開支約人民幣2,913,000元（二零一零年：人民幣8,738,000元）已計入附註10所披露之董事酬金內。

資本儲備指股東於過往年度所提供免息墊款之公平值與開始時之本金額間之差額，並就提前償還之影響予以調整。

28. 退休福利計劃

本集團主要參與中國地方政府機關籌辦之退休福利計劃。中國地方政府機關負責管理該等退休僱員之退休金責任。就該等退休僱員之退休金責任而言，本集團須按地方標準基本薪金之16%（二零一零年：16%）作每月供款。截至二零一一年十二月三十一日止年度，本集團之供款總額約為人民幣3,660,000元（二零一零年：人民幣3,426,000元）。

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29. RELATED PARTY DISCLOSURES

29. 關聯人士披露

(I) Related party transaction

During the year, the Group entered into the following transaction with a related party:

Name of related party 關聯人士名稱	Nature of transactions 交易性質	2011	2010
		二零一一年 RMB'000 人民幣千元	二零一零年 RMB'000 人民幣千元
Harvest Sun 富盈	Interest expense 利息開支	1,395	260

(II) Related party balance

Details of outstanding balance of the Group are set out in note 22.

(III) Compensation of key management personnel

The emoluments of directors who are also identified as members of key management of the Group during the year were as follows:

		2011	2010
		二零一一年 RMB'000 人民幣千元	二零一零年 RMB'000 人民幣千元
Short-term benefits	短期福利	4,834	2,998
Post-employment benefit	離職後福利	73	63
Share-based payment	股份付款	2,913	8,738
		7,820	11,799

(I) 關聯人士交易

年內，本集團與一名關聯人士進行下列交易：

(II) 關聯人士結餘

本集團尚未償還結餘詳情載於附註22。

(III) 主要管理人員報酬

年內董事（同時被認為本集團主要管理層成員）之酬金如下：

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30. PLEDGE OF ASSETS

At the end of the reporting period, the following assets were pledged to banks to secure the Group's bank borrowings and bills payable. In addition, as required by a bank, the Group needs to maintain inventories at a level at least equal to approximately RMB83,193,000 and RMB87,252,000 to secure the relevant bank borrowings as at 31 December 2011 and 2010, respectively.

Bank deposits

銀行存款

46,761

54,451

31. OPERATING LEASES

The Group as lessee

The minimum lease payments paid under operating leases during the year:

Premises

物業

12,486

14,862

30. 資產抵押

於報告期間結算日，下列資產已抵押予銀行，以作為本集團銀行借貸及應付票據之抵押。此外，應一間銀行要求，本集團於二零一一年及二零一零年十二月三十一日需要將存貨分別維持於最少相等於約人民幣83,193,000元及人民幣87,252,000元之水平，以作為相關銀行借貸之抵押。

At 31 December 2011 於 二零一一年 十二月三十一日 RMB'000 人民幣千元	At 31 December 2010 於 二零一零年 十二月三十一日 RMB'000 人民幣千元
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31. 經營租約

本集團作為承租人

年內根據經營租約支付之最低租賃款項如下：

At 31 December 2011 於 二零一一年 十二月三十一日 RMB'000 人民幣千元	At 31 December 2010 於 二零一零年 十二月三十一日 RMB'000 人民幣千元
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31. OPERATING LEASES (Continued)

The Group as lessee (Continued)

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

Within one year	一年內
In the second to fifth year inclusive	第二至第五年(包括首尾兩年)

	At 31 December 2011 於 二零一一年 十二月三十一日 RMB'000 人民幣千元	At 31 December 2010 於 二零一零年 十二月三十一日 RMB'000 人民幣千元
	3,790	9,427
	585	3,119
	4,375	12,546

Operating lease payments represent rentals payable by the Group for certain of its office premises and production plants. Leases are negotiated and rentals are fixed for a period of one to three years.

經營租賃款項指本集團就其若干辦公室物業及生產廠房應付之租金。租約釐訂為1至3年，並已釐訂期間之租金。

32. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2011, the Company recognised share-based payment expenses of approximately RMB2,913,000 (2010: RMB8,738,000) and the amount was included in the directors' emoluments.

32. 主要非現金交易

於截至二零一一年十二月三十一日止年度內，本公司確認股份付款開支約人民幣2,913,000元(二零一零年：人民幣8,738,000元)，該金額已計入董事酬金內。

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33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group companies will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of bank borrowings disclosed in note 23 and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Group review the capital structure regularly. As part of this review, the directors consider the cost and the risks associates with the capital. Based on the recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

34. CAPITAL COMMITMENTS

Capital expenditure in respect of the acquisition of land use rights and buildings contracted for but not provided in the consolidated financial statements

就收購土地使用權及樓宇已訂約但尚未於綜合財務報表內撥備之資本開支

6,880

33. 資金風險管理

本集團管理資金的目標為透過維持債項與權益間之最佳平衡，確保集團旗下公司可持續經營，同時盡量提升持份人之回報。本集團此整體策略與去年比較維持不變。

本集團之資本結構包括附註23所披露之銀行借貸以及本公司擁有人應佔權益（包括已發行股本及儲備）。

本集團董事定期檢討資本結構。檢討過程中董事會考慮各類資金之成本及所附帶之風險。本集團會根據董事之推薦意見，藉派付股息、發行新股份及發行新債項或贖回現有債項來平衡本集團整體資本結構。

34. 資本承擔

2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
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6,880

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35. FINANCIAL INSTRUMENTS

35. 金融工具

(a) Categories of financial instruments

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Financial assets	金融資產		
Available-for-sale investment	可供出售投資	11,066	34,000
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括 現金及現金等價物)	1,385,739	1,276,535
Financial liabilities	金融負債		
Amortised cost	攤銷成本	380,222	478,318

(b) Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investment, trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, amount due to a shareholder and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Interest rate risk

The Group's fair value interest rate risk relates primarily to pledged bank deposits, amount due to a shareholder and fixed-rate bank borrowings. In addition, the Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, pledged bank deposits and bank borrowings.

Sensitivity analysis

The directors consider that the exposure to interest rate risk on bank balances, pledged bank deposits and bank borrowings are insignificant, so no sensitivity analysis is presented.

(a) 金融工具之類別

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Financial assets	金融資產		
Available-for-sale investment	可供出售投資	11,066	34,000
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括 現金及現金等價物)	1,385,739	1,276,535
Financial liabilities	金融負債		
Amortised cost	攤銷成本	380,222	478,318

(b) 財務風險管理目標及政策

本集團之主要金融工具包括可供出售投資、應收賬款及其他應收款項、已抵押銀行存款、銀行結餘及現金、應付賬款及其他應付款項、應付一名股東款項以及銀行借貸。該等金融工具之詳情於各自之附註披露。與若干該等金融工具相關之風險包括市場風險(利率風險及貨幣風險)、信貸風險及流動資金風險。減低該等風險之政策載於下文。管理層管理及監察有關風險，以確保能及時有效地採取適當措施。

市場風險

(i) 利率風險

本集團之公平值利率風險主要與已抵押銀行存款、應付一名股東款項及定息銀行借貸相關。此外，本集團亦需就浮息銀行結餘、已抵押銀行存款及銀行借貸承受現金流量利率風險。

敏感度分析

董事認為就銀行結餘、已抵押銀行存款及銀行借貸所承受之利率風險不大，所以並無呈列任何敏感度分析。

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35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

(Continued)

Market risk (Continued)

(ii) Currency risk

The Group have certain trade and other receivables, pledged bank deposits, bank balances, other payables, amount due to a shareholder and bank borrowings denominated in foreign currencies, hence risk exposure to exchange rate fluctuations arise.

The Group has not entered into any foreign exchange forward contract to hedge against these foreign currencies risk exposure. However, management of the Group will consider to hedge these balances should the need arises.

The carrying amount of the Group's foreign currency denominated monetary assets at the reporting date is as follows:

35. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

市場風險 (續)

(ii) 貨幣風險

本集團有若干以外幣計值之應收賬款及其他應收款項、已抵押銀行存款、銀行結餘、其他應付款項、應付一名股東款項以及銀行借貸，因此需面對匯率波動之風險。

本集團並無就對沖有關外匯風險訂立任何外匯遠期合約。然而，本集團管理層將於有需要時考慮對沖該等結餘。

於報告日期，本集團以外幣計值之貨幣資產之賬面值如下：

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Trade and other receivables	應收賬款及其他應收款項		
US\$	美元	32,093	52,153
HK\$	港元	69	69
Bank balances and pledged bank deposits	銀行結餘及已抵押銀行存款		
US\$	美元	2,577	1,462
HK\$	港元	7,403	14,381
Bank borrowings	銀行借貸		
US\$	美元	10,901	34,968
Trade and other payables	應付賬款及其他應付款項		
US\$	美元	25,917	10,266
HK\$	港元	3,764	458
Amount due to a shareholder	應付一名股東款項		
HK\$	港元	27,200	29,750

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35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

(Continued)

Market risk (Continued)

(ii) Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to exchange rate fluctuation on US\$. The following table details the Group's sensitivity to a 5% strengthening of RMB against US\$ and HK\$. 5% is the rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in US\$ and HK\$. For a 5% weakening of RMB against US\$ and HK\$, there would be an equal and opposite impact on the post-tax profit.

Increase in post-tax profit 除稅後溢利增加

In the opinion of the directors of the Company, the sensitivity analysis is not necessarily representative of the inherent foreign exchange risk as the exposure at the end of the reporting period does not reflect the exposure during the periods.

35. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

市場風險 (續)

(ii) 貨幣風險 (續)

敏感度分析

本集團主要面對美元匯率波動之風險。下表詳述本集團對人民幣兌美元及港元升值5%之敏感度。5%為內部向主要管理人員呈報外幣風險所用之比率，為管理層對美元及港元可能變動之評估。倘人民幣兌美元及港元貶值5%，將對除稅後溢利產生相同幅度但相反之影響。

	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Increase in post-tax profit	1,017	323

本公司董事認為，由於報告期間結算日之風險並不反映於期內所面對之風險，故敏感度分析不一定反映內在外匯風險。

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35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

(Continued)

Credit risk

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's and the Company's credit risk of the Group are significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group is also exposed to concentration of credit risk as a substantial portion of its trade receivables is generated from a limited number of customers. As at 31 December 2011, the ten highest customers of the Group which are all located in PRC accounted for about 86% (2010: 86%) of the Group's trade receivables. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each individual trade debt at the end of reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Group consider that the Group's credit risk is significantly reduced.

35. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

信貸風險

於報告期間結算日，本集團所承擔可能因交易對手無法履行責任而導致本集團蒙受財務虧損之最大信貸風險，乃產生自綜合財務狀況報表內所示已確認金融資產之賬面值。

為將信貸風險減至最低，本集團管理層已指派小組負責釐定信貸限額、批准信貸及進行其他監察程序，確保採取跟進程序收回逾期債項。此外，本集團會於報告期間結算日審閱每項獨立貿易債項之可收回金額，以確保已就不可收回金額作出足夠減值虧損。就此，本公司董事認為本集團及本公司之信貸風險已大幅減低。

由於流動資金之交易對手均為獲國際評級機構給予高信貸評級之銀行，因此，流動資金之信貸風險有限。

除存入若干具高信貸評級之銀行之流動資金信貸風險集中外，本集團亦因其大部分應收賬款來自有限數量之客戶而面臨集中信貸風險。於二零一一年十二月三十一日，本集團前十名客戶（均位於中國）佔本集團應收賬款之約86%（二零一零年：86%）。為將信貸風險減至最低，本集團管理層已指派小組負責釐定信貸限額、批准信貸及進行其他監察程序，確保採取跟進程序收回逾期債項。此外，管理層會於報告期間結算日審閱每項獨立貿易債項之可收回金額，以確保已就不可收回金額作出足夠減值虧損。就此，本集團董事認為本集團之信貸風險已大幅減低。

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35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

(Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2011, the Group has available unutilised bank borrowing facilities of approximately RMB53,569,000 (31 December 2010: RMB28,452,000). Details of which are set out in note 23.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment dates. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

35. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

流動資金風險

於管理流動資金風險方面，本集團監察並將現金及現金等價物維持於管理層視為足以應付本集團營運及減低現金流量波動影響之水平。管理層監察銀行借貸之運用，並確保其符合貸款契約。

銀行借貸為本集團流動資金之主要來源。於二零一一年十二月三十一日，本集團可運用之未動用銀行借貸額度約人民幣53,569,000元（二零一零年十二月三十一日：人民幣28,452,000元），詳情載於附註23。

下表根據協定償還日期詳述本集團金融負債之剩餘合約期。該表乃根據本集團可能被要求付款之最早日期計算之金融負債未貼現現金流量而編製。該表包括利息及本金現金流量。倘利息流量為浮動利率，則於報告期間結算日未貼現金額按利率曲線計算。

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35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

(Continued)

Liquidity risk (Continued)

Liquidity table

As at 31 December 2011

	Weighted average of contractual interest rate	Repayable on demand	Less than 1 month	1 – 3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amount at 31.12.2011
	加權平均合約利率	應要求償還	少於一個月	1-3個月	3個月至1年	未貼現現金流量總額	之賬面值
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	%	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Non-interest bearing	-	-	57,231	101,981	30,000	189,212	189,212
Fixed interest rate instruments	7.48	42,000	-	39,153	118,549	199,702	191,010
		42,000	57,231	141,134	148,549	388,914	380,222

As at 31 December 2010

	Weighted average of contractual interest rate	Repayable on demand	Less than 1 month	1 – 3 months	3 months to 1 year	Total undiscounted cash flows	Carrying amount at 31.12.2010
	加權平均合約利率	應要求償還	少於一個月	1-3個月	3個月至1年	未貼現現金流量總額	之賬面值
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	%	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Non-interest bearing	-	-	63,524	169,996	43,500	277,020	277,020
Variable interest rate instruments	1.46	20,127	-	35,093	-	55,220	54,968
Fixed interest rate instruments	6.11	20,111	6,617	61,229	63,403	151,360	146,330
		40,238	70,141	266,318	106,903	483,600	478,318

The amounts included above for variable interest rate instruments for non-derivative financial liabilities were subject to change if changes in variable interest rates differed to those estimates of interest rates determined at the end of the reporting period.

倘浮動利率與該等於報告期間結算日釐定之估算利率出現差異，則計入上述非衍生金融負債之浮息工具之金額將會變動。

35. 金融工具 (續)

(b) 金融風險管理目標及政策 (續)

流動資金風險 (續)

流動資金表

於二零一一年十二月三十一日

於二零一零年十二月三十一日

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35. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 based on the degree to which the fair value is observable. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

	2011 二零一一年	2010 二零一零年
	Level 1 第一層	Level 1 第一層
	RMB'000 人民幣千元	RMB'000 人民幣千元
Available-for-sale investment 可供出售投資	11,066	34,000

There were no transfers between levels in the current and prior year.

35. 金融工具 (續)

(c) 公平值

金融資產及金融負債之公平值乃按照普遍接納之定價模式根據貼現現金流量分析釐定。

董事認為，綜合財務報表內按攤銷成本入賬之金融資產及金融負債之賬面值與其公平值相若。

下表提供於首次確認後按公平值計量、並依據可觀察公平值之程度分為第一層之金融工具之分析。第一層公平值計量乃源自相同資產或負債於活躍市場之報價（未調整）。

於本年度及過往年度內並無於各層之間進行轉撥。

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36. FINANCIAL INFORMATION OF THE COMPANY

Financial information of the Company at the end of the reporting period includes:

		2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Assets	資產		
Investment in subsidiary	附屬公司投資	180,007	180,007
Amount due from subsidiaries	應收附屬公司款項	421,236	416,508
Bank	銀行結餘	5,184	13,642
Liabilities	負債		
Accruals	應計費用	(2,295)	(980)
Amount due to a subsidiary	應付一間附屬公司款項	(2,727)	-
		601,405	609,177
CAPITAL AND RESERVES	資本及儲備		
Share capital	股本	88,000	88,000
Reserves	儲備	513,405	521,177
		601,405	609,177

As at 31 December 2011, the reserves represent share premium of RMB342,054,000 (2010: RMB342,054,000), merger reserve of RMB180,000,000 (2010: RMB180,000,000) and accumulated loss of RMB8,649,000 (2010: RMB877,000).

36. 有關本公司之財務資料

本公司於報告期間結算日之財務資料包括：

	2011 二零一一年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元
Assets		
Investment in subsidiary	180,007	180,007
Amount due from subsidiaries	421,236	416,508
Bank	5,184	13,642
Liabilities		
Accruals	(2,295)	(980)
Amount due to a subsidiary	(2,727)	-
	601,405	609,177
CAPITAL AND RESERVES		
Share capital	88,000	88,000
Reserves	513,405	521,177
	601,405	609,177

於二零一一年十二月三十一日，儲備指股份溢價人民幣342,054,000元（二零一零年：人民幣342,054,000元），合併儲備人民幣180,000,000元（二零一零年：人民幣180,000,000元）及累計虧損人民幣8,649,000元（二零一零年：人民幣877,000元）。

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37. PARTICULARS OF SUBSIDIARIES

37. 附屬公司詳情

Particulars of the principal subsidiaries at 31 December 2011 and 2010 are set out below:

於二零一一年及二零一零年十二月三十一日，主要附屬公司之詳情載列如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ operation 註冊成立/ 經營地點	Registered capital 註冊資本	Held by the Company 本公司持有 %	Principal activities 主要業務
Yong Xin 信發展	British Virgin Islands 英屬處女群島	US\$1,000 1,000美元	100 100	Investment holding 投資控股
Ever Link Creation Limited 永興創建有限公司	Hong Kong 香港	HK\$2 2港元	100 100	Investment holding 投資控股
Shandong Taifeng (note) 山東泰豐 (附註)	The PRC 中國	RMB180,000,000 人民幣180,000,000元	100 100	Production and distribution of cotton yarns and bedding products 生產及分銷棉紗及床品
Shanghai Taifeng Home Textile Co., Ltd. ("Shanghai Taifeng") (note) 上海泰豐家紡有限公司 ("上海泰豐") (附註)	The PRC 中國	RMB1,000,000 人民幣1,000,000元	100 100	Distribution of cotton yarns and bedding products 分銷棉紗及床品

Note: Shandong Taifeng is a wholly-foreign owned enterprise while Shanghai Taifeng is a domestic enterprise with limited liability.

附註：山東泰豐為外商獨資企業，而上海泰豐為一間境內有限責任企業。

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

於年終或年內任何時間，概無附屬公司擁有任何已發行債務證券。

