



CHANGFENG AXLE (CHINA) COMPANY LIMITED

暢豐車橋（中國）有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

(Stock Code 股份代號：1039)

2011
年報
Annual Report



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Corporate Information 公司資料

DIRECTORS

Executive Directors

Mr. Wong Kwai Mo (*Chairman*)
Ms. Wu Ching
Mr. Lai Fengcai (*Chief executive officer*)

Non-Executive Directors

Ms. Dong Ying, Dorothy

Independent Non-Executive Directors

Mr. Zhu Weizhou
Dr. Li Xiuqing
Mr. Chong Ching Hei

COMPANY SECRETARY

Mr. Chan Wai Shing

AUDIT COMMITTEE

Mr. Chong Ching Hei (*Chairman*)
Mr. Zhu Weizhou
Dr. Li Xiuqing

REMUNERATION COMMITTEE

Mr. Zhu Weizhou (*Chairman*)
Mr. Chong Ching Hei
Mr. Wong Kwai Mo

NOMINATION COMMITTEE

Dr. Li Xiuqing (*Chairperson*)
Mr. Wong Kwai Mo
Mr. Zhu Weizhou

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

董事

執行董事

王桂模先生 (*主席*)
胡靜女士
賴鳳彩先生 (*行政總裁*)

非執行董事

董穎女士

獨立非執行董事

朱偉洲先生
李秀清博士
莊清喜先生

公司秘書

陳偉盛先生

審核委員會

莊清喜先生 (*主席*)
朱偉洲先生
李秀清博士

薪酬委員會

朱偉洲先生 (*主席*)
莊清喜先生
王桂模先生

提名委員會

李秀清博士 (*主席*)
王桂模先生
朱偉洲先生

主要股份過戶登記處

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 609
Grand Cayman KY1-1107
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 708, 7/F,
Delta House,
3 On Yiu Street,
Shatin,
Hong Kong

PRINCIPAL BANKERS

Bank of China
China Construction Bank
Industrial and Commercial Bank of China

AUDITORS AND REPORTING ACCOUNTANTS

Deloitte Touche Tohmatsu

LEGAL ADVISOR

Sidley Austin
Jun He Law Offices

COMPLIANCE ADVISOR

CCB International Capital Limited

STOCK CODE

1039

HONG KONG SHARE REGISTRAR

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

COMPANY'S WEBSITE

<http://www.changfengaxle.com.hk>

INVESTOR RELATIONSHIP

Mr. Chan Wai Shing
ir@changfengaxle.com

香港主要營業地點

香港
沙田
安耀街3號
滙達大廈
7樓708室

主要往來銀行

中國銀行
中國建設銀行
中國工商銀行

核數師

德勤•關黃陳方會計師行

法律顧問

盛德律師事務所
君合律師事務所

合規顧問

建銀國際金融有限公司

股票代號

1039

香港股份過戶登記處

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

公司網址

<http://www.changfengaxle.com.hk>

投資者關係

陳偉盛先生
ir@changfengaxle.com

Chairman's Statement 主席報告

To the Shareholders,

I would like to extend my sincere thanks to all of you for supporting Changfeng Axle (China) Company Limited (the "Company"). On behalf of the board of directors (the "Board") of the Company, I am pleased to present you the audited results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011 (the "Year").

In 2001, Ms. Wu Ching, the founder of the Company, established Fujian Changfeng Axle Manufacturing Co., Ltd. (which was previously known as Longyan Changfeng Mechanical Factory Co. Ltd.), which was engaged in manufacture and sales of axle housings and other axle components. Over the effort of the management in the past years, the Company was successfully listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 24 September 2010, thus tapping the international capital market. This listing not only boosted the Company's capital base, but also strengthened our Group's leading position in the industry and enhanced the Company's competitive advantage, creating more business opportunities and giving an impetus to the Group's development.

Year 2011 was a challenging year due to the uncertainties economic environment in China and around the world. The medium and heavy truck industry in China was affected by the slow down of construction and infrastructure development projects, the tightening of credit policy and the high operating cost of transportation industry. Facing the less favorable truck industry environment in China, for the year ended 31 December 2011, the Group recorded a revenue of RMB920.7 million (2010: RMB approximately RMB1,318.7 million) and net profit attributable to equity holders of RMB59.8 million (2010: RMB285.7 million), representing a decrease of 30.2% and 79.1%, respectively.

各位股東：

本人謹此就閣下對本公司的支持致以萬分感謝。本人代表暢豐車橋(中國)有限公司(「本公司」)董事會(「董事會」)，欣然向閣下提呈本公司及其附屬公司(統稱為「本集團」)截至二零一一年十二月三十一日止年度(「本年度」)的經審核業績。

於二零零一年，本公司創辦人胡靜女士成立福建暢豐車輻製造有限公司(前身為龍岩暢豐機械製造有限公司)，經營橋殼和其他車橋零部件的生產與銷售。經過管理層過去多年的努力，本公司於二零一零年九月二十四日在香港聯合交易所有限公司(「聯交所」)成功上市，進軍國際資本市場。此次上市不僅加強本公司的資本基礎，亦增強本集團在業界的領導地位，提高本公司的競爭優勢，創建更多業務機會及推動本集團的發展。

二零一一年是充滿挑戰的一年，因為中國及全球經濟環境存在不明朗因素。建設及基礎設施發展項目速度放緩，信貸政策緊縮，運輸業營運成本趨高，中國中重卡行業因此受到影響。面對中國不利的卡車行業環境，截至二零一一年十二月三十一日止年度，本集團錄得收益人民幣920.7百萬元(二零一零年：人民幣約1,318.7百萬元)及權益持有人應占純利人民幣59.8百萬元(二零一零年：人民幣285.7百萬元)，分別減少30.2%及79.1%。

Chairman's Statement 主席報告

During the Year, the Group proactively faced the challenge in its business. It expanded its product offerings and strengthened its development and production capability through enhancement of production bases. The Group continued to implement quality control procedures and enhance its research and development capabilities.

Looking forward, the Group aims to develop its overseas market, strengthen its leading position in the axle assemblies and related component parts industry, and increase the Group's production efficiency and improve the production, distribution and logistic capability to meet robust market demand for high-quality products. In response to the challenging truck industry, the Group will expand the market coverage in the PRC through its extensive sales, marketing and services network. With its strong research and development capability, the Group has developed proprietary axle production technologies and processes that have facilitated the production of new and improved axle products, further expanding its product offerings and hence becoming a "one-stop" provider of axle components for the MDT and HDT aftermarket in the PRC. Leveraging the Group's leading position in the industry and optimized operational mode, it is believed that the Group will fully benefit from development opportunity in the enormous market in the PRC and achieve better results and hence optimize return for shareholders.

Finally, on behalf of the Board, I would like to take this opportunity to express my gratitude to all shareholders, customers, employees, suppliers and partners for their continuous support and encouragement. We are committed to using the highest quality and technical standards and fully utilize every opportunity to give returns to shareholders and all teams for their long-term support.

Mr. Wong Kwai Mo
Chairman

30 March 2012

於本年度，本集團積極面對業務中的挑戰，透過壯大生產基地，擴展產品種類及增強產品開發和生產能力。本集團繼續實施質量監控程序，並增強其研發能力。

展望未來，本集團力爭開發其海外市場，於車橋配件及相關部件行業鞏固領先地位，提高本集團的生產效率並改善生產、分銷及物流能力以滿足市場對高質量產品的強勁需求。為應對充滿挑戰的卡車行業，本集團計劃利用其廣泛的銷售、營銷及服務網絡拓展市場覆蓋範圍。本集團擁有強勁的研發能力，已開發出專有車橋生產技術及工序，從而幫助生產新型和改進型車橋產品，進一步擴大其產品種類，使本集團成為中國中重卡維修市場車橋零部件的「一站式」供應商。憑藉本集團於業內的領先地位及優化的營運模式，相信本集團將從龐大的中國市場中全面受惠，取得更佳成績，為股東爭取最佳回報。

最後，本人藉此機會代表董事會對全體股東、客戶、員工、供應商及合作夥伴一直以來的支持及鼓勵表示感謝。我們致力於採納最高的質量及技術標準，充分利用每個機會回饋股東及所有團隊的長期支持。

主席
王桂模

二零一二年三月三十日

Management Discussion and Analysis 管理層討論及分析

BUSINESS REVIEW

Founded in 2001, the Group is a leading independent axle component provider for China's medium duty truck ("MDT") and heavy duty truck ("HDT") aftermarket, and also one of the largest independent axle assembly providers for China's MDT and HDT original equipment manufacturers ("OEM") market. The Group is principally engaged in the manufacture and sales of axle assemblies and axle components in the People's Republic of China ("PRC").

The Group's diversified axle component product offerings include seven major categories of axle components with over 680 models. The products cover all major axle components, including cast steel and punched steel axle housings, brake drums, axle shafts, axle differentials and reducers, steering knuckles and front axle beams. An extensive range of front, middle and rear axle assemblies and suspension assemblies are also manufactured in over 400 models. The Group adopts vertically integrated production process, with comprehensive axle component production capabilities and research and development abilities enabling the Group to swiftly respond to changes in market trends and meet customer demands. Proprietary processing techniques are used in production process to manufacture quality products which are characterized by their strong durability and competitive prices.

The Group has four production facilities in the PRC, one of which is located in Kaifeng city, Henan province, two of which are located in Longyan city, Fujian province and one of which is located in Nanchong city, Sichuan province. Those production facilities are strategically located in proximity to primary suppliers and OEM customers so as to accelerate the Group's procurement process, reduce product delivery time and transportation costs and improve logistical efficiency to meet customers' demands.

MDT and HDT Aftermarket

The Group is the leading independent axle component provider for China's MDT and HDT aftermarket with the most diversified product offerings among independent axle component providers in China. During the year ended 31 December 2011, the axle components were sold to customers in the aftermarket through its extensive sales, marketing and services network across the PRC. For the year ended 31 December 2011, revenue generated from the aftermarket amounted to approximately RMB538.1 million (2010: approximately RMB871.5 million) and accounted for approximately 58.4% (2010: approximately 66.1%) of the Group's total revenue, representing a decrease of approximately 7.7% as compared with the corresponding period last year.

業務回顧

自二零零一年創立以來，本集團乃中國中型卡車（「中卡」）及重型卡車（「重卡」）維修市場上領先的獨立車橋零部件供應商，亦為中國中重卡原設備製造商（「OEM」）市場上最大型的獨立橋總成供應商之一。本集團主要在中華人民共和國（「中國」）從事製造及銷售橋總成及車橋零部件。

本集團提供的多樣化車橋零部件產品包括七大類別的車橋零部件，涉及超過680種型號。產品涵蓋所有主要車橋零部件，包括鑄鋼及沖焊橋殼、制動鼓、半軸、差減速器總成、轉向節及前軸。種類多樣的前橋總成、中橋總成、後橋總成及平衡懸架總成亦生產出超過400種型號。本集團採用垂直整合的生產過程，加上全面的車橋零部件生產能力及研發能力，令本集團能夠對市場趨勢的變化迅速作出反應並滿足客戶的需求。生產過程中會運用專有加工技術生產超耐用及價格具競爭力的優質產品。

本集團於中國擁有四個生產基地，其中一個位於河南省開封市，兩個位於福建省龍岩市，另外一個位於四川省南充市。生產基地策略性地設在主要供應商及OEM客戶附近，使本集團可加快採購過程、縮短產品交付時間、降低運輸成本及提高物流效率，以滿足客戶的需求。

中重型卡車維修市場

本集團為中國中重卡維修市場上領先的獨立車橋零部件供應商，在中國眾多獨立車橋零部件供應商中，提供最多樣化的車橋零部件產品。於截至二零一一年十二月三十一日止年度，本集團主要透過中國的廣泛銷售、營銷及服務網絡向客戶銷售車橋零部件。於截至二零一一年十二月三十一日止年度，來自維修市場的收入約為人民幣538.1百萬元（二零一零年：約人民幣871.5百萬元），佔本集團總收入約58.4%（二零一零年：約66.1%），較去年同期減少約7.7%。

Management Discussion and Analysis 管理層討論及分析

MDT and HDT OEM market

The Group primarily sells axle assemblies directly to OEMs in the PRC on a made-to-order basis to match its customers' specification requirements. A small portion of axle components is occasionally sold to other axle assembly providers. For the year ended 31 December 2011, revenue from the OEM market amounted to approximately RMB382.6 million (2010: approximately RMB447.2 million) and accounted for 41.6% (2010: 33.9%) of the Group's total revenue, representing an increase of 7.7% as compared with the corresponding period last year.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2011, the Group recorded a consolidated revenue of approximately RMB920.7 million (2010: approximately RMB1,318.7 million), representing a decrease of 30.2% as compared with the same period in 2010.

Revenue from our aftermarket segment decreased by approximately 38.3% from RMB871.5 million in 2010 to RMB538.1 million in 2011. The decrease in revenue was due to (i) less favorable industry environment caused by the slow down of construction and infrastructure development projects in China, which hampered the demand in the aftermarket industry; and (ii) decrease in unit selling price of certain products under keen competition in the aftermarket industry. The keen competition in the aftermarket industry was mainly due to the slow down of demand in axle components industry and tightening of the credit policy in China, as a result some of the competitors sold their products at a low cost in order to maintain cashflow liquidity. The Group also participated in the price competition during the second half of 2011 in order to maintain its market share. The Group expects the price competition will lessen or come to an end in year 2012 as the less competitive players will be forced to exit the market, and the aftermarket industry market situation will improve.

Revenue from the Group's OEM and related market segment decreased by approximately 14.4% from RMB447.2 million in 2010 to RMB382.6 million in 2011. This was mainly due to the decline in growth rate in the trucking industry together with the delay in the launch of new trucks.

中重型卡車 OEM 市場

本集團主要直接向中國OEM廠商銷售按訂單製造，符合客戶規格要求的橋總成。本集團間亦會將一小部份車橋零部件銷售予其他橋總成供應商。截至二零一一年十二月三十一日止年度，來自OEM市場的收入約為人民幣382.6百萬元(二零一零年：約人民幣447.2百萬元)，佔本集團總收入的41.6%(二零一零年：33.9%)，較去年同期上升7.7%。

財務回顧

收入

於截至二零一一年十二月三十一日止年度，本集團錄得綜合收入約人民幣920.7百萬元(二零一零年：約人民幣1,318.7百萬元)，較二零一零年同期減少30.2%。

我們的維修市場分部收入自二零一零年的人民幣871.5百萬元減少約38.3%，至二零一一年的人人民幣538.1百萬元。此收入減少乃主要由於(i)由於中國的建設及基礎設施發展項目速度放緩，令行業環境不容樂觀，此狀況抑制了維修市場行業的需求；及(ii)於維修市場行業競爭愈加激烈的情況下，若干產品的單位售價下降所致。維修市場行業競爭激烈乃主要由於中國車橋零部件行業需求減緩及信貸政策縮緊所致，故若干競爭者按低價傾銷其產品，以維持充足的現金流。本集團亦於二零一一年下半年加入價格競爭，以維持本集團的市場份額。由於小部分競爭者將會被強制退出該市場，本集團預計價格競爭將於二零一二年有所緩解或結束，維修市場行業的市場狀況將會改善。

本集團的OEM及相關市場分部收入自二零一零年的人民幣447.2百萬元減少約14.4%，至二零一一年的人人民幣382.6百萬元。此收入減少主要由於卡車行業增長率下降及延遲推出新型卡車所致。

Management Discussion and Analysis 管理層討論及分析

Gross profit and gross profit margin

For the year ended 31 December 2011, the Group's gross profit decreased by 42.6% from approximately RMB439.3 million in 2010 to approximately RMB252.1 million. Gross profit margin decreased from approximately 33.3% in 2010 to approximately 27.4% in 2011 mainly due to the decrease in average unit selling price under the keen competition in selling prices in the aftermarket industry, which increased the Group's pressure on the gross profit margin in the aftermarket segment.

Other income

Other income of the Group increased from approximately RMB2.5 million in 2010 to approximately RMB7.7 million in the 2011, the increase was mainly attributable to the receipt of the government grant for the Group's eminent contribution of tax payment, encouragement for the Group's business development and refund of various taxes paid.

Selling and distribution expenses

Selling and distribution expenses of the Group increased from approximately RMB22.4 million in 2010 to approximately RMB26.0 million in 2011. The increase was mainly due to the increase in staff cost to retain and hire talented sales and marketing personnel.

Administrative expenses

The Group's administrative expenses increased from approximately RMB48.5 million in 2010 to approximately RMB63.9 million in 2011. The increase in administrative expenses was mainly due to (i) the increase in the amortisation of prepaid lease payment; (ii) the increase in the number of administration staff and corresponding staff cost for the supervision of the new production site of the Group; and (iii) increase in miscellaneous expenses incurred for operation of the new production site.

Finance costs

The Group incurred finance costs of approximately RMB25.9 million in 2011, which represented approximately 2.8% (2010: approximately 1.7%) of its revenue and an increase of approximately 14.9% from RMB22.5 million in 2010.

毛利及毛利率

於截至二零一一年十二月三十一日止年度，本集團的毛利減少42.6%，自二零一零年約人民幣439.3百萬元減少至約人民幣252.1百萬元。毛利率自二零一零年約33.3%下降至二零一一年約27.4%，主要由於在維修市場行業售價方面競爭愈加激烈的情況下平均單位售價下降所致，此增加了本集團於維修市場分部毛利率的壓力。

其他收入

本集團的其他收入自二零一零年約人民幣2.5百萬元增加至二零一一年約人民幣7.7百萬元，該增長主要由於就本集團納稅貢獻杰出、鼓勵本集團業務開發及退回已付多種稅項收取政府補助金所致。

銷售及分銷費用

本集團的銷售及分銷費用自二零一零年約人民幣22.4百萬元增長至二零一一年約人民幣26.0百萬元。該增長乃由於用於挽留及聘用優秀銷售及營銷人員的員工成本上升所致。

行政費用

本集團的行政費用自二零一零年約人民幣48.5百萬元增加至二零一一年約人民幣63.9百萬元。行政費用增加主要由於(i)攤銷預付租賃款項增加；(ii)監督集團新生產點的行政人員數目及相應員工成本增加；及(iii)新生產點運營所產生的各種費用增加所致。

財務費用

本集團於二零一一年產生的財務費用約為人民幣25.9百萬元，佔其收入約2.8%（二零一零年：約1.7%），較二零一零年的人民幣22.5百萬元增加約14.9%。

Management Discussion and Analysis 管理層討論及分析

Taxation

Tax charge decreased by approximately 56.4% from RMB49.9 million in 2010 to RMB21.8 million in 2011 due to the decreased profit. The effective tax rate in 2011 was 26.7% (2010: 14.9%).

Profit attributable to equity holders of the Company

For the year ended 31 December 2011, the Group achieved a profit attributable to owners of the Company of approximately RMB59.8 million, which represented a decline of approximately 79.1% as compared with the corresponding period of last year. Basic earnings per share decreased by RMB0.37 from RMB0.44 per share in 2010 to RMB0.07 per share in 2011.

LIQUIDITY AND FINANCIAL RESOURCES

Cash and cash equivalent of the Group were mainly generated from the cash flow deriving from operating activities and financing activities.

As at 31 December 2011, cash and cash equivalent of the Group was approximately RMB134.4 million (2010: approximately RMB518.1 million).

As compared with the year of 2010, cash and cash equivalent decreased by approximately RMB383.7 million, which was mainly resulted from the net cash outflow from operating activities of approximately RMB301.6 million (2010: net cash inflow of RMB209.2 million) and net cash outflow for investing activities of approximately RMB223.6 million (2010: approximately RMB414.4 million).

As at 31 December 2011, net current assets of the Group was approximately RMB609.9 million (2010: approximately RMB676.1 million). As at 31 December 2011, the current ratio (i.e. total current assets / total current liabilities) of the Group was approximately 187.7% (2010: approximately 209.9%).

As at 31 December 2011, total assets of the Group were approximately RMB2,305.6 million (2010: approximately RMB2,079.1 million) and total liabilities were approximately RMB743.0 million (2010: approximately RMB616.2 million). As at 31 December 2011, the debt ratio (i.e. total liabilities / total assets) was 32.2% (2010: 29.6%).

稅項

由於溢利減少，故稅項開支自二零一零年的人民幣49.9百萬元減少約56.4%至二零一一年的人民幣21.8百萬元。二零一一年的實際稅率為26.7%（二零一零年：14.9%）。

本公司股權持有人應佔溢利

截至二零一一年十二月三十一日止年度，本集團錄得本公司擁有人應佔溢利約人民幣59.8百萬元，較去年同期下降約79.1%。每股基本盈利自二零一零年的每股人民幣0.44元減少人民幣0.37元至二零一一年每股人民幣0.07元。

流動資金及財務資源

本集團的現金及現金等值項目主要來自經營活動及融資活動的現金流量。

於二零一一年十二月三十一日，本集團的現金及現金等值項目約為人民幣134.4百萬元（二零一零年：約人民幣518.1百萬元）。

與二零一零年相比，現金及現金等值項目減少約人民幣383.7百萬元，主要由於來自經營活動的現金流出淨額約人民幣301.6百萬元（二零一零年：現金流入淨額人民幣209.2百萬元），以及來自投資活動的現金流出淨額約人民幣223.6百萬元（二零一零年：約人民幣414.4百萬元）。

於二零一一年十二月三十一日，本集團的流動資產淨值約為人民幣609.9百萬元（二零一零年：約人民幣676.1百萬元）。於二零一一年十二月三十一日，本集團的流動比率（即總流動資產／總流動負債）約為187.7%（二零一零年：約209.9%）。

於二零一一年十二月三十一日，本集團的總資產約為人民幣2,305.6百萬元（二零一零年：約人民幣2,079.1百萬元），總負債約為人民幣743.0百萬元（二零一零年：約人民幣616.2百萬元）。於二零一一年十二月三十一日，負債比率（即總負債／總資產）為32.2%（二零一零年：29.6%）。

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As at 31 December 2011, the Group had total borrowings of approximately RMB495.9 million (2010: approximately RMB328.4 million), and the gearing ratio (i.e. total borrowing/total capital and reserve) was approximately 31.7% (2010: approximately 22.5%).

The Group will continue to strengthen its liquidity and financial resources through the improvement of the working capital (especially collection of trade receivables) and undrawn committed facilities to facilitate the Group's investment activities.

Trade and bills receivable

Trade and bills receivables of the Group in 2011 were approximately RMB750.4 million (2010: RMB390.5 million). The increase in balance was due to the extension of the credit term to customers.

The average turnover days of trade and bills receivable increased from 103 days in 2010 to 226 days in 2011. The increase in average turnover days of trade and bills receivable was due to the increase in the percentage of customers who require longer payment terms.

Inventory

The inventory balance of the Group for the year ended 31 December 2011 amounted to approximately RMB323.7 million (2010: approximately RMB290.3 million) which mainly reflected the increase in raw materials and finished goods required for the market demand for the new production site in Kaifeng and Sichuan.

The average turnover days in inventory increased from 101 days in 2010 to 168 days in 2011. This was mainly due to the commencement of operation in the new production facilities in Kaifeng and Sichuan.

Trade and bills payable

Trade and bills payables of the Group in 2011 were approximately RMB187.9 million (2010: approximately RMB189.5 million). The decrease in balance was due to the decrease in procurement of raw materials.

The average turnover days of trade and bills payables increased from 69 days in 2010 to 103 days in 2011 as the Group has negotiated a longer credit term with suppliers.

於二零一一年十二月三十一日，本集團的借款總額約為人民幣495.9百萬元(二零一零年：約人民幣328.4百萬元)，資產負債比率(即借款總額/資本及儲備總額)約為31.7%(二零一零年：約22.5%)。

本集團將透過改善營運資金(尤其是收回貿易應收款項)及未提取承諾信貸來開展本集團的投資活動，來繼續增強其流動資金及財務資源。

貿易應收款項及應收票據

本集團於二零一一年的貿易應收款項及應收票據約為人民幣750.4百萬元(二零一零年：人民幣390.5百萬元)。結餘的增加乃由於向客戶延長信貸期所致。

貿易應收款項及應收票據的平均週轉天數由二零一零年的103日增加至二零一一年的226日。貿易應收款項及應收票據的平均週轉天數有所增加乃主要由於要求更長支付期的客戶比率增加所致。

存貨

本集團於截至二零一一年十二月三十一日止年度的存貨結餘約為人民幣323.7百萬元(二零一零年：約人民幣290.3百萬元)，這主要反映為應對於開封及四川兩個生產點的市場需求而增加的原材料及完成產品。

存貨平均週轉天數由二零一零年的101日增加至二零一一年的168日。此乃主要由於開封及四川的新生產設施開始運營。

貿易應付款項及應付票據

本集團於二零一一年的貿易應付款項及應付票據約為人民幣187.9百萬元(二零一零年：約人民幣189.5百萬元)。此結餘的減少乃由減少採購原材料。

貿易應付款項及應付票據的平均週轉天數由二零一零年的69日增加至二零一一年的103日，此乃由於本集團已與供應商議定更長的信貸期。

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Pledged assets

As at 31 December 2011, the Group has pledged assets of approximately RMB269.6 million (2010: approximately 257.1 million) to secure the grant of banking facilities. As at 31 December 2011, the Group did not pledge the equity shares of any of its PRC subsidiaries as collateral to secure bank borrowings (2010: approximately 167.1 million).

Contingent Liabilities

As at 31 December 2011, the Group had no significant contingent liabilities (2010: Nil).

Capital commitment

As at 31 December 2011, the contracted capital commitment of the Group which were not provided in the financial statements were approximately RMB13.8 million (2010: approximately RMB54.0 million). Such capital commitments were mainly for the capital expenditure in respect of upgrading and acquisition of certain production equipment at our production facilities.

During the year under review, Changfeng Gear Manufacturing Co., Ltd (“Changfeng Gear”) was incorporated pursuant to the cooperation agreement entered into by and between the Group and an independent third party on 11 November 2010, pursuant to which the Group and the independent third party, being a non-controlling shareholder of Changfeng Gear, owns 60% and 40% of the equity interest therein, respectively. The Group made a cash contribution of RMB60,000,000 to Changfeng Gear whilst the non-controlling shareholder contributed new machineries with an aggregate value of RMB40,000,000 to Changfeng Gear. The Group and the non-controlling shareholder are committed to inject an additional amount of RMB60,000,000 and RMB40,000,000, respectively, in the year 2012.

Employees and remuneration policy

As at 31 December 2011, the Group had 1,867 employees (2010: 2,422 employees). For the year ended 31 December 2011, total staff costs were approximately RMB73.5 million (2010: approximately RMB73.5 million).

The Group also provided internal training, external training and correspondence courses for its staff in order to promote self improvement and enhancement of skills relevant to work. The remuneration of the directors of the Company was determined with reference to their position, responsibilities and experience and prevailing market conditions.

抵押資產

於二零一一年十二月三十一日，本集團已抵押約人民幣269.6百萬元(二零一零年：約人民幣257.1百萬元)的資產，作為獲授銀行融資的擔保。於二零一一年十二月三十一日，本集團並未將任何其中國附屬公司的權益股份用作銀行借款的抵押(二零一零年：約167.1百萬元)。

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)。

資本承擔

於二零一一年十二月三十一日，已訂約但並無於財務報表作出撥備的本集團資本承擔約為人民幣13.8百萬元(二零一零年：約人民幣54.0百萬元)。此資本承擔主要用於支付就於本集團生產基地更新及購買若干生產設備所產生的資本開支。

於回顧年內，福建暢豐齒輪有限公司(「暢豐齒輪」)乃根據本集團與一名獨立第三方於二零一零年十一月十一日訂立的合作協議註冊成立，據此，本集團及獨立第三方(即暢豐齒輪的非控股股東)於其中分別擁有60%及40%的權益。本集團向暢豐齒輪提供現金供款人民幣60,000,000元，而非控股股東則向暢豐齒輪提供價值合共約人民幣40,000,000元的新機器。本集團及非控股股東承諾將於二零一二年分別額外注入人民幣60,000,000元及人民幣40,000,000元。

僱員及薪酬政策

於二零一一年十二月三十一日，本集團有1,867名僱員(二零一零年：2,422名僱員)。截至二零一一年十二月三十一日止年度，總員工成本約為人民幣73.5百萬元(二零一零年：約人民幣73.5百萬元)。

本集團亦為其員工提供內部培訓、外部培訓及函授課程，以提倡自我改進及增強其與工作相關的技能。本公司董事之酬金乃參考其職務、責任、經驗及當前市況而釐定。

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Foreign exchange risk

The business of the Group is mainly located in the PRC and most of the transactions are carried out in Renminbi. Most of the assets and liabilities of the Group are computed in Renminbi. As at 31 December 2011, the Group's foreign currencies amounted to approximately RMB6.8 million. During the year ended 31 December 2011, the Group did not utilize any future contracts, currency borrowings and otherwise to hedge against its foreign exchange risk. However, the Group will monitor the risk exposures and will consider to hedge against material currency risk if required.

DIVIDEND

The Board does not recommend payment of any final dividend for the year ended 31 December 2011 (2010: Nil).

PROSPECTS

Looking forward, riding on its (i) extensive sales, marketing and services network among all axle component providers in China's MDT and HDT aftermarket; (ii) diversified axle component offerings well recognized for high quality by customers; (iii) role as an independent provider of axle products in both the aftermarket and OEM market, enhancing the cross-marketing capabilities and maximising the sales and profit, the Group seeks to strengthen its leading position in the axle industry, to further expand its product offerings and to become a "one-stop" provider of axle components for the MDT and HDT aftermarket in China.

The Group will further enhance the following aspects in order to increase its competitiveness in the market.

Expand overseas market

In order to expand gradually into overseas markets in anticipation of overseas demand for the Group's products, the Company will leverage its broad range of quality product offerings, product development capabilities and cost competitiveness, the Group are well positioned to expand sales of its products into overseas markets. The Group will implement its overseas expansion plan gradually through a variety of efforts, including:

- developing new product models or modifying its existing products to satisfy the specification requirements of different types and models of vehicles used overseas;

外匯風險

本集團的業務主要位於中國，而大部分交易以人民幣進行。本集團的大部分資產和負債均以人民幣計算。於二零一一年十二月三十一日，本集團的外幣達約人民幣6.8百萬元。於截至二零一一年十二月三十一日止年度，本集團並無使用任何遠期合同、貨幣借款或以其他方式對沖本集團的外匯風險。然而，本集團會監察所承受的風險，並會考慮於有需要時對沖重大貨幣風險。

股息

董事會並不建議就截至二零一一年十二月三十一日止年度派發任何末期股息(二零一零年：無)。

展望

展望未來，憑藉(i)於中國中重卡維修市場上的所有車橋零部件供應商之中擁有廣泛的銷售、營銷及服務網絡；(ii)多樣化且其高質量獲客戶肯定的車橋零部件產品；及(iii)作為車橋產品的獨立供應商於維修市場及OEM市場的領先地位，提升交叉營銷能力以及大大提高銷售額和溢利，本集團力爭於車橋行業鞏固其領先地位，進一步擴大其產品種類，使本集團成為中國中重卡維修市場車橋零部件的「一站式」供應商。

本集團將進一步加強以下各方面以增強其於市場上的競爭力。

擴大海外市場

由於預期海外市場對本集團的產品有一定需求，為逐步進軍海外市場，本公司將憑借其種類繁多的高質量產品品種、產品開發能力及成本競爭力，本集團現已就開拓海外市場的產品銷售作好充分準備。本集團將逐步透過多項努力實現海外拓展計劃，包括：

- 開發新產品型號或修改現有產品以符合海外市場使用的不同種類及型號汽車的規格要求；

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- increasing the sales of its axle components products in the overseas axle aftermarket, initially in Southeast Asia, by leveraging the Group's existing overseas distributors and developing new distributors through its marketing channels; and
- increasing the sales of its customized axle assemblies in the overseas OEM market, upon identifying potential OEM customers who may have a need for customized axle assemblies.
- 透過利用本集團現有的海外分銷商，在海外車橋維修市場增加我們車橋零部件產品的銷售，首先開拓東南亞市場，並通過本集團的營銷渠道發展新的分銷商；及
- 當物色到對定製橋總成可能存在需求的潛在OEM客戶後，在海外OEM市場增加定製橋總成銷售。

Marketing Network

In order to enhance its market penetration of the MDT and HDT aftermarket, the Group will (i) expand its OEM market by selling axle assemblies with higher margin with a view to increase subsequent demand for their corresponding aftermarket products; (ii) expand its extensive sales, marketing and services network vertically and horizontally; and (iii) provide comprehensive models and products offerings, with its strong brand recognition.

Product Development

In order to increase the Group's production efficiency and improve its product development capabilities, the Group strategically cooperates with various research institutions in the PRC. Under such cooperation, new technology and raw materials will be developed for the production of axle components. Besides, the Group plans to develop new processing technologies and establish national-level testing laboratories aimed at increasing the production speed in order to further shorten the product development cycle and conduct the testing of its products in-house for certification purposes within a shorter time frame than at third-party testing facilities, thereby significantly reducing its overall product development cycle.

Cost Control

The Group will make use of the four production facilities located in the PRC which form an even broader strategic production and distribution network for its products, so as to efficiently control the production cost and logistic cost. Besides, the Group will consolidate production lines to lower its production cost. Furthermore, the Group will strategically cooperate with suppliers in order to lengthen the credit terms and reduce the purchase price.

市場網絡

為提高我們於中重型卡車維修市場的市場佔有率，本集團將(i)通過銷售較高利潤的車橋配件擴充OEM市場以增加其相應維修市場產品的後續需求；(ii)垂直及水平地擴大其廣泛的銷售、營銷及服務網絡；及(iii)其全面的產品型號及種類與強大的品牌知名度。

產品開發

為增強本集團的生產效率提高產品開發能力，本集團策略性地與中國多間研究院合作。通過合作，本集團將開發新技術及原材料用作車橋零部件的生產。此外，本集團計劃開發新的加工技術並建立國家級檢測實驗室，旨在提高生產速度，以進一步縮短產品開發週期並第三方檢測設施更短的時間對其產品就認證目的進行內部測試，從而大大減少其整體產品開發週期。

成本控制

本集團將利用位於中國的四個生產基地，這將為其產品形成一個更廣闊的策略生產及分銷網絡，從而有效地控制生產成本及物流成本。此外，本集團將整合生產線以降低其生產成本。此外，本集團將策略性地與供應商合作，從而延長信貸期並降低採購價格。

Directors and Senior Management 董事及高級管理層

EXECUTIVE DIRECTORS

Mr. Wong Kwai Mo (王桂模), aged 48, was appointed as the Director on 21 May 2008 and was re-designated as the chairman and the executive Director on 28 June 2010. Mr. Wong is responsible for the overall management, business and strategic development, and major decision-making of our Group. Mr. Wong has over 15 years of management and operations experience in the automotive parts and axle industry. Mr. Wong graduated from East China University of Political Science and Law (華東政法大學) with a bachelor's degree in law in 1987 and worked for Longyan City Public Security Bureau (龍岩市公安局) and Longyan City Administration of Industry and Commerce (龍岩市工商行政管理局) respectively until 1991. He then relocated to Hong Kong in 1992. Mr. Wong served as the factory manager of Yongding Changfeng Machinery Manufacturing Factory ("Yongding Changfeng") from 1993 to 2004 during which he gained experience in management and administration. Mr. Wong joined our Group in 2001 when his spouse, Ms. Wu Ching, founded Fujian Changfeng. From 2008 onwards, he has been the director and the general manager of Fujian Changfeng. Mr. Wong has developed several patents relating to axle components.

Ms. Wu Ching (胡靜), aged 47, was appointed as the Director on 21 May 2008 and was re-designated as the executive Director on 28 June 2010. Together with Mr. Wong, Ms. Wu is responsible for overall management, business and strategic development, and major decision-making of our Group. Ms. Wu has over 15 years of management and operations experience in the automotive parts and axle industry. Ms. Wu graduated from Fujian Normal University (福建師範大學) with a bachelor's degree in arts in 1985 and worked for Education Bureau of Longyan (龍岩市教育局) from 1986 to 1989. Ms. Wu then relocated to Hong Kong in 1989. Ms. Wu worked for Yongding Changfeng from 1993 to 2001 during which she gained experience in management. Ms. Wu founded Fujian Changfeng in March 2001. Since 2001, she has been the chairperson of Fujian Changfeng. Ms. Wu is currently the deputy chairperson of Longyan City Machinery Industry Association (龍岩市機械行業協會) and Longyan City Association of Women Entrepreneurs (龍岩市女企業家協會) and a member of Yongding County CPPCC (永定縣政協). Ms. Wu received the National Machinery Industry Outstanding Entrepreneur (全國機械工業優秀企業家) award in 2009 jointly by the China Machinery Industry Federation (中國機械工業聯合會) and the China Machinery Enterprise Management Association (中國機械工業企業管理協會).

執行董事

王桂模先生，48歲，於二零零八年五月二十一日獲委任為我們的董事，並於二零一零年六月二十八日調任為我們的主席兼執行董事。王先生負責本集團的整體管理、業務及策略發展及作出主要決策。王先生在汽車零件及車橋行業的管理及營運方面擁有逾15年的經驗。王先生於一九八七年畢業於華東政法大學，獲法律學學士學位，並於一九九一年前分別任職於龍岩市公安局及龍岩市工商行政管理局。彼隨後於一九九二年移居香港。王先生於一九九三年至二零零四年擔任永定縣長豐機械製造廠（「永定長豐」）的廠長，彼於在任期間獲得有關管理及行政方面的經驗。王先生於二零零一年加入本集團，當時其配偶胡靜女士創立福建暢豐。自二零零八年以來，他一直擔任福建暢豐的董事兼總經理。王先生已開發有關車橋零部件的若干項專利。

胡靜女士，47歲，於二零零八年五月二十一日獲委任為我們的董事，並於二零一零年六月二十八日調任為我們的執行董事。王先生與胡女士一起負責本集團的整體管理、業務及策略發展及作出主要決策。胡女士在汽車零件及車橋行業的管理及營運方面擁有逾15年的經驗。胡女士於一九八五年畢業於福建師範大學，獲文學學士學位，並於一九八六年至一九八九年於龍岩市教育局工作。胡女士隨後於一九八九年移居香港。由一九九三年至二零零一年，胡女士於永定長豐工作，彼於在任期間獲得有關管理方面的經驗。胡女士於二零零一年三月創立福建暢豐。自二零零一年以來，她一直擔任福建暢豐的董事長。胡女士現時為龍岩市機械行業協會及龍岩市女企業家協會的副會長及永定縣政協委員。胡女士於二零零九年獲中國機械工業聯合會與中國機械工業企業管理協會共同頒發全國機械工業優秀企業家稱譽。

Directors and Senior Management 董事及高級管理層

Mr. Lai Fengcai (賴鳳彩), aged 35, has been appointed as the chief executive officer and executive Director on 24 September 2010. Mr. Lai is responsible for overall management, business and strategic development, major decision-making, operations, sales and marketing, internal control of our Group. Mr. Lai has worked in our Group for nine years and he joined our Group as the head of the production department of Fujian Changfeng in 2001. He was promoted as the deputy general manager of Fujian Changfeng in 2003 and was respectively in charge of production, procurement, sales and marketing. From 2006 onwards, he has been the vice president of Fujian Changfeng in charge of the day-to-day operations of Fujian Changfeng. He has over nine years of experience in operation and management in the automotive parts and axle industry. Mr. Lai is currently studying in the Executive Development Program at the Guanghua School of Management of Peking University (北京大學光華管理學院).

NON-EXECUTIVE DIRECTOR

Ms. Dong Ying, Dorothy (董穎), aged 41, was appointed as the Director on 6 August 2008 and was re-designated as the non-executive Director on 28 June 2010. Ms. Dong has over 15 years of experience in investments and corporate finance. Ms. Dong is a managing partner of C.V. Starr Investment Advisors (Asia) Limited and, prior to an internal restructuring, Starr International Company (Asia), Limited (together, "Starr Asia"). Prior to joining Starr Asia in 2007, she served as a vice president at AIG Global Investment Corp. (Shanghai) Ltd., a division of American International Group, Inc, focusing on private equity in the PRC, and as a director at Anglo Chinese Corporate Finance Limited and the director of its Shanghai advisory company. Ms. Dong received a bachelor's degree in law from Shanghai University (Fudan Sub-school) in the PRC in July 1992, and a Master of Business Administration degree from McGill University, Canada in June 1997. She was admitted as a Chartered Financial Analyst in September 1999 and is a member of the Hong Kong Society of Financial Analysts and the CFA Institute.

Ms. Dong is a representative from Starr Investments Cayman II, Inc. ("Starr Investments") on our Board. Following our Listing, Ms. Dong will be subject to the normal retirement, re-election and removal processes applicable to all other Directors as stipulated in the Articles.

賴鳳彩先生，35歲，自二零一零年九月二十四日起獲委任為我們的行政總裁兼執行董事。賴先生負責本集團的整體管理、業務及策略發展、作出主要決策、營運、銷售及營銷及內部監控。賴先生已在本集團工作九年並於二零零一年加入本集團擔任福建暢豐生產部主管。彼於二零零三年被擢升為福建暢豐副總經理，主管生產、採購、銷售及營銷。由二零零六年起，彼獲委任為福建暢豐副總裁，負責福建暢豐的日常營運。彼在汽車零件及車橋行業的營運及管理方面擁有逾9年的經驗。彼現時正在北京大學光華管理學院高層管理培訓中心深造。

非執行董事

董穎女士，41歲，於二零零八年八月六日獲委任為我們的董事，並於二零一零年六月二十八日調任為我們的非執行董事。董女士在投資及企業財務方面擁有逾15年的經驗。董女士為C.V. Starr Investment Advisors (Asia) Limited 執行合夥人，而於內部改組前，其任Starr International Company (Asia), Limited (合稱「Starr Asia」) 董事總經理。於二零零七年加盟Starr Asia前，彼為美國國際集團的業務支部AIG Global Investment Corp. (Shanghai) Ltd. 的副總裁，專門負責中國私人股權投資，並曾任英高財務顧問有限公司董事及其上海諮詢公司董事。董女士於一九九二年七月在中國上海大學(復旦分校)取得法學士學位，及於一九九七年六月在加拿大McGill University取得工商管理碩士學位。彼於一九九九年九月成為一名特許財務分析師並為香港財務分析師學會及CFA Institute會員。

董女士於我們的董事會乃代表Starr Investments Cayman II, Inc. (「Starr Investments」)。於本公司上市後，董女士須遵從細則所載適用於所有其他董事的一般退任、重選和罷免程序。

Directors and Senior Management 董事及高級管理層

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhu Weizhou (朱偉洲), aged 46, has been appointed as the independent non-executive Director on 24 September 2010. Mr. Zhu graduated from East China University of Political Science and Law (華東政法大學) with a bachelor's degree in law in 1987. Mr. Zhu has been the chairman of Xifu Investment Co., Ltd. (西富投資有限公司) from October 2007 onwards. Mr. Zhu was a director of Gemdale Co., Ltd. (金地集團股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600383), from November 2006 to April 2008. Mr. Zhu also served as an assistant to the chairman of Guangsha Holdings Venture Capital Co., Ltd. (廣廈控股創業投資有限公司), the controlling shareholder of Zhejiang Guangsha Co., Ltd. (浙江廣廈股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600052), from August 2002 to December 2008.

Dr. Li Xiuqing (李秀清), aged 46, has been appointed as the independent non-executive Director on 24 September 2010. Dr. Li received a doctor's degree in legal history, a master's degree in law and a bachelor's degree in law from East China University of Political Science and Law (華東政法大學) in June 2004, June 1990 and July 1987, respectively. She is a professor of law and doctoral tutor at East China University of Political Science and Law (華東政法大學). Dr. Li is the chief editor of ECUPL Journal (華東政法大學學報). She was a visiting scholar at Oxford University from January 2003 to July 2003 and received the Shanghai Outstanding Young Jurist (上海市優秀中青年法學家) award in 2006. Dr. Li has published more than 30 articles in major law journals in the PRC.

Mr. Chong Ching Hei (莊清喜), aged 39, has been appointed as the independent non-executive Director on 24 September 2010. Mr. Chong graduated from Hong Kong Polytechnic University with a master's degree in professional accounting in December 2005. Mr. Chong has over 14 years of experience in auditing and corporate financial services. Mr. Chong was admitted as an associate member of the Hong Kong Institute of Certified Public Accountants in October 1999 and a fellow member of the Association of International Accountants in June 2004. Mr. Chong now serves as the financial controller of a private group engaged in the development, manufacture and sales of construction materials in China. Prior to joining that Company, Mr. Chong was a financial controller and company secretary of China Water Property Group Limited, a company listed on the Stock Exchange (Stock Code: 2349). Mr. Chong was also the financial controller and company secretary of Coastal Rapid Transit Company Limited (濱海交通發展有限公司), the subsidiary of Tianjin Development Holdings Limited whose shares are listed on the Stock Exchange (Stock Code: 882), from April 2004 to March 2006. Mr. Chong previously worked for Deloitte Touche Tohmatsu in Hong Kong for over seven years.

獨立非執行董事

朱偉洲先生，46歲，自二零一零年九月二十四日起獲委任為我們的獨立非執行董事。朱先生於一九八七年畢業於華東政法大學，獲法律學士學位。朱先生由二零零七年十月起出任西富投資有限公司董事長。朱先生於二零零六年十一月至二零零八年四月期間出任金地集團股份有限公司（一家於上海證券交易所上市的公司，股份代號：600383）董事。朱先生亦於二零零二年八月至二零零八年十二月任浙江廣廈股份有限公司（一家於上海證券交易所上市的公司，股份代號：600052）的控股股東廣廈控股創業投資有限公司主席助理。

李秀清博士，46歲，自二零一零年九月二十四日起獲委任為我們的獨立非執行董事。李博士於二零零四年六月、一九九零年六月及一九八七年七月在華東政法大學分別取得法律史博士學位、法律碩士學位及法律學士學位。彼為華東政法大學法學教授及博士生導師。李博士為華東政法大學學報總編輯。自二零零三年一月至二零零三年七月，彼亦為牛津大學訪問學者，並於二零零六年獲頒發上海市優秀中青年法學家獎。李博士曾於中國的主要法律期刊上發表逾30篇論文。

莊清喜先生，39歲，自二零一零年九月二十四日起獲委任為我們的獨立非執行董事。莊先生於二零零五年十二月畢業於香港理工大學，獲專業會計碩士學位。莊先生在審計及企業財務服務方面擁有逾十四年的經驗。莊先生於一九九九年十月成為香港會計師公會會員及於二零零四年六月成為國際會計師協會資深會員。莊先生現時為一家於中國從事開發、製造及銷售建材集團之財務總監。於加入該公司前，莊先生曾任為中國水務地產集團有限公司（一家於聯交所上市的公司，股份代號：2349）財務總監及公司秘書。於二零零四年四月至二零零六年三月期間，莊先生亦曾擔任天津發展控股有限公司（其股份於聯交所上市，股份代號：882）之附屬公司濱海交通發展有限公司的財務總監兼公司秘書。莊先生曾在香港德勤•關黃陳方會計師行任職超過七年。

Directors and Senior Management 董事及高級管理層

SENIOR MANAGEMENT

Mr. Yang Jinwen (楊金文), aged 38, is the vice president. Mr. Yang is responsible for daily operations, production, distribution and product development for our Group. Mr. Yang has worked in our Group for nine years. He has over ten years of experience in operation and management in the automotive parts and axle industry. Mr. Yang graduated from China Agricultural University (中國農業大學) with a bachelor's degree in heat engines (熱力發動機) in 1996. He was qualified as an intermediate mechanical engineer in December 2003 by the Personnel Bureau of the city of Longyan (龍岩市人事局). He was responsible for technology management at Longyan Pump and Nozzle Plant of Longma Group of Fujian (福建龍馬集團龍岩油嘴油泵廠) from August 1996 to February 2002.

Mr. Chan Wai Shing (陳偉盛), aged 32, is the chief financial officer, company secretary and one of our authorized representatives. Mr. Chan is responsible for corporate finance, legal, auditing, accounting, investor and public relations, and administration of our Group. Mr. Chan joined our Group in September 2009. He graduated from City University of Hong Kong with a bachelor's degree in accountancy in 2001. Mr. Chan has over eight years of experience in auditing, advisory accounting and financial management. He worked for Techtronic Industries Company Limited whose shares are listed on the Stock Exchange (Stock Code: 669) from October 2008 to August 2009. Mr. Chan worked for Ernst & Young from September 2001 to October 2008. Mr. Chan was qualified as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in September 2005 and he was admitted as a fellow of the Association of Chartered Certified Accountants in November 2009. Mr. Chan is currently studying for his master's degree in financial analysis at the Hong Kong University of Science and Technology.

高級管理層

楊金文先生，38歲，我們的副總裁。楊先生負責本集團的日常業務、生產、分銷及產品開發。楊先生已在本集團工作9年。彼在汽車零件及車橋行業的營運及管理方面擁有逾10年的經驗。楊先生於一九九六年畢業於中國農業大學，獲熱力發動機學士學位。彼於二零零三年十二月獲龍岩市人事局認可為中級工程師。於一九九六年八月至二零零二年二月期間，彼負責福建龍馬集團龍岩油嘴油泵廠的技術管理。

陳偉盛先生，32歲，我們的財務總監兼公司秘書以及授權代表之一。陳先生負責本集團的企業財務、法律、審計、會計、投資者及公共關係及行政事宜。陳先生於二零零九年九月加入本集團。彼於二零零一年畢業於香港城市大學，獲會計學學士學位。陳先生在審計、會計諮詢及財務管理方面擁有逾8年經驗。於二零零八年十月至二零零九年八月期間，彼曾任職於創科實業有限公司(其股份於聯交所上市，股份代號：669)。陳先生於二零零一年九月至二零零八年十月於安永會計師事務所任職。陳先生於二零零五年九月成為香港會計師公會的執業會計師，並於二零零九年十一月成為特許公認會計師公會資深會員。陳先生現正攻讀香港科技大學財務分析師碩士學位。

Directors' Report 董事會報告

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

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 21 May 2008 under The Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands with ("Companies Law") with limited liability.

In preparing for the listing of the Company's shares on the Main Board of the Stock Exchange, the Group has undergone a reorganization since 16 April 2008. As a result, the Company became the holding company of each of the companies currently comprising the Group. Details of the reorganization are set out in the prospectus of the Company dated 13 September 2010. The shares of the Company were listed on the Main Board of the Stock Exchange on 24 September 2010.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in note 29 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year under review.

RESULTS AND DISTRIBUTION

The results of the Group for the year ended 31 December 2011 are set out in the financial statements on page 42.

The Board does not recommend the payment of any final dividend in respect of the year ended 31 December 2011.

FINANCIAL STATEMENTS

The summary of the results, assets and liabilities of the Group for the year ended 31 December 2011 is set out on page 42-43.

RESERVES

Movements in the reserves of the Group during the year ended 31 December 2011 is set out on page 44.

DISTRIBUTABLE RESERVES

As at 31 December 2011, there is no distributable reserves held by the Company.

董事會欣然提呈本集團截至二零一一年十二月三十一日止年度的年報及經審核財務報表。

一般資料

本公司於二零零八年五月二十一日在開曼群島根據開曼群島法例第22章公司法(一九六一年第三號法例,經綜合及修訂)(「公司法」)註冊成立為有限公司。

本集團為籌備本公司股份在聯交所主板上市,於二零零八年四月十六日起進行重組。本公司從而成為現組成本集團各公司的控股公司。重組詳情載於本公司日期為二零一零年九月十三日的招股章程。本公司股份於二零一零年九月二十四日起在聯交所主板上市。

主要業務

本公司的主要業務為投資控股。附屬公司的主要業務詳情及載於財務報表附註29。本集團之主要業務性質於回顧年度內並無任何重大變動。

業績及分配

本集團截至二零一一年十二月三十一日止年度的業績載於第42頁的財務報表內。

董事會並不建議就截至二零一一年十二月三十一日止年度派付任何末期股息。

財務報表

本集團於截至二零一一年十二月三十一日年度的業績、資產及負債概要載於第42至第43頁。

儲備

本集團於截至二零一一年十二月三十一日止年度內之儲備變動載於第44頁。

可供分配儲備

於二零一一年十二月三十一日,本公司沒有可供分派儲備。

SHARE CAPITAL

Changes in share capital of the Company for the year ended 31 December 2011 and as at that date are set out in note 24 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the articles of association of the Company (the "Articles") or the laws of Cayman Islands, which would oblige the Company to offer new shares to existing shareholders on a pro-rata basis.

SHARE OPTION SCHEME

Pursuant to the resolutions in writing passed by all shareholders of the Company on 28 June 2010, the Company approved and adopted a share option scheme for the purpose of enabling the Group to grant options to selected participants as incentives or rewards for their contribution to the Group (the "Share Option Scheme"). During the year ended 31 December 2011, no share option had been granted under the Share Option Scheme.

As at the date of this annual report, the total number of Shares available for issue under the Share Option Scheme was 80,000,000 Shares, which represented 10% of the Shares in issue.

The Share Option Scheme became effective on 24 September 2010 and the options issued pursuant to the Share Option Scheme will expire no later than 10 years from the date of grant of the option. Under the Share Option Scheme, the Board may grant options to any employees, directors, advisors, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries to subscribe shares of the Company.

For any options granted to Directors, chief executives or substantial shareholders of the Company, options to be granted shall be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of options).

The number of shares issued and to be issued in respect of options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the total shares of the Company in issue at any point in time, without prior approval from the shareholders.

股本

本公司股本截至二零一一年十二月三十一日止年度及於當日之變化載於本財務報表附註24。

優先購買權

根據本公司之組織章程細則(「細則」)或開曼群島法例，並無載列有關本公司須按比例向現有股東提呈發售新股份之優先購買權規定。

購股權計劃

根據本公司全體股東於二零一零年六月二十八日通過的書面決議案，本公司批准及採納一項購股權計劃以允許本集團向所選的參與者授出購股權作為其對本集團作出貢獻的鼓勵或獎賞(「購股權計劃」)。截至二零一一年十二月三十一日止年度，並無根據購股權計劃授出任何購股權。

於本年報日期，根據購股權計劃可發行的股份總數為80,000,000股，佔當日已發行股份的10%。

購股權計劃於二零一零年九月二十四日生效，根據購股權計劃授出的購股權將於授出日期起計不超過十年後屆滿。根據購股權計劃，董事會可授出購股權予董事會全權認為將會或已經對本公司或其任何附屬公司作出貢獻的任何僱員、董事、顧問、諮詢人、供應商、客戶、代理及有關其他人士以認購本公司股份。

任何授予本公司之董事、高級行政人員或主要股東的購股權，均須經本公司獨立非執行董事(不包括身為購股權建議承授人的任何獨立非執行董事)批准。

未經股東事先批准，於任何一年內，因行使已授予或可授予任何人士的購股權而已發行及可予發行之股份數目，不得超過於授出當時本公司已發行股份數目的1%。

Directors' Report 董事會報告

The amount payable on acceptance of an option is HK\$1.00, which will be payable on or before a prescribed acceptance date. In relation to any options granted under the Share Option Scheme, the exercise price is determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

The Share Option Scheme does not contain any minimum period(s) for which an option must be held before it can be exercised. However, at the time of granting of the options, the Board may specify any such minimum period(s).

Unless otherwise terminated by the Board or the shareholders in general meeting in accordance with the terms of the Share Option Scheme, the Scheme shall be valid and effective for a period of 10 years from the date on which it becomes unconditional which was 24 September 2010, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

MAJOR SUPPLIERS AND CUSTOMERS

During the year under review, the aggregate sales attributable to the Group's five largest customers comprised approximately 25.3% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 8.4% of the Group's total sales. The aggregate purchases during the year under review attributable to the Group's five largest suppliers were approximately 32.4% of the Group's cost of sales and the purchases attributable to the Group's largest supplier were approximately 13.9% of the Group's cost of sales.

So far as is known to the directors, none of the directors, their associates or substantial shareholders owns more than 5% of the Company's issued share capital nor had any interest in the share capital of any of the five largest customers and suppliers of the Group.

BANK BORROWINGS

Particulars of bank borrowings of the Group as at 31 December 2011 are set out in note 23 to the consolidated financial statements.

接納購股權時的應付款項為1.00港元，該款項將於規定的接納日期或之前支付。就任何根據該計劃授出的購股權而言，行使價由董事釐定，不得低於下列三者中之最高者：(i) 授出當日本公司股份的收市價；(ii) 於緊接授出日期前五個營業日股份的平均收市價；及(iii) 本公司股份的面值。

購股權計劃並無載列購股權可獲行使前須持有的任何最短期限。然而，於授出購股權時，董事會可具體規定任何有關最短期限。

除非經董事會或股東在股東大會上遵照購股權計劃的條款另行終止，否則該計劃的有效期為十年，由成為無條件的二零一零年九月二十四日起計算，該期間結束後不會再授出或提呈購股權，惟若為使十年期屆滿前授出的任何仍然有效的購股權得以行使，或根據購股權計劃的條文可能另有規定，購股權計劃的條文將繼續具有十足效力。

主要供應商及客戶

於回顧年度內，本集團五大客戶應佔銷售總額佔本集團銷售總額約25.3%，而本集團最大客戶應佔銷售額則佔本集團總銷售額約8.4%。於回顧年度內，本集團五大供應商應佔採購總額佔本集團銷售成本約32.4%，而本集團最大供應商應佔銷售成本則佔本集團總採購額約13.9%。

據董事所知，概無任何董事、彼等之聯繫人或該等主要股東擁有超過本公司已發行股本之5%或於本集團的五大客戶及五大供應商中擁有任何股本權益。

銀行借貸

本集團於二零一一年十二月三十一日之銀行借貸詳情載於綜合財務報表附註23。

DONATIONS

Charitable and other donations made by the Group during the year under review amounted to approximately RMBNil (2010: approximately RMB137,000).

PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2011, the Group held property, plant and equipment of approximately RMB612.5 million. Details of the movements are set out in note 15 to the consolidated financial statements. Had the Group's buildings been included in these financial statements at such valuation amount throughout the year ended 31 December 2011, an additional depreciation charge of approximately RMB31.8 million would have been charged to the consolidated income statement for the year ended 31 December 2011.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its listed shares during the year ended 31 December 2011. Neither the Company nor any of its subsidiaries had purchased, sold or repurchased any of the listed shares of the Company during the year ended 31 December 2011.

DIRECTORS

During the year under review, the Board comprised of directors:

Executive Directors:

Mr. Wong Kwai Mo (Chairman) (appointed on 28 June 2010)

Ms. Wu Ching (appointed on 28 June 2010)

Mr. Lai Fengcai (appointed on 24 September 2010)

Non-executive Directors:

Ms. Dong Ying, Dorothy (appointed on 28 June 2010)

Independent non-executive Directors:

Mr. Zhu Weizhou (appointed on 24 September 2010)

Dr. Li Xinqing (appointed on 24 September 2010)

Mr. Chong Ching Hei (appointed on 24 September 2010)

In accordance with article 84 of the Articles, each of Mr. Lai Fengcai, Mr. Zhu Weizhou and Mr. Chong Ching Hei will retire from the office of Director by rotation and, being eligible, will offer himself/herself for re-election at the forthcoming annual general meeting.

捐贈

本集團於回顧年度內作出的慈善及其他捐贈金額約為人民幣零元(二零一零年：約人民幣137,000元)

物業、廠房及設備

截至二零一一年十二月三十一日年度內，本集團擁有物業、廠房及設備約人民幣612.5百萬元。變動之詳情載於綜合財務報表附註15。若將該估值於截至二零一一年十二月三十一日止年度納入於該等財務報表，則會有額外折舊費用約人民幣31.8百萬元在截至二零一一年十二月三十一日止年度之綜合收益表中支銷。

購買、出售或贖回本公司股份

本公司於截至二零一一年十二月三十一日止年度並無贖回其任何上市股份。本公司或其任何附屬公司概無於截至二零一一年十二月三十一日止年度內購買、出售及贖回本公司任何上市股份。

董事

於回顧年度，董事會包括七名董事：

執行董事：

王桂模先生(主席)(於二零一零年六月二十八日獲委任)

胡靜女士(於二零一零年六月二十八日獲委任)

賴鳳彩先生(於二零一零年九月二十四日獲委任)

非執行董事：

董穎女士(於二零一零年六月二十八日獲委任)

獨立非執行董事：

朱偉洲先生(於二零一零年九月二十四日獲委任)

李秀清博士(於二零一零年九月二十四日獲委任)

莊清喜先生(於二零一零年九月二十四日獲委任)

按照細則第84條，賴鳳彩先生、朱偉洲先生及莊清喜先生各自將在即將召開的股東週年大會上依章輪值退任董事，合資格者並將參加重新選舉。

Directors' Report 董事會報告

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors and the non-executive Director has entered into a service agreement with the Company for an initial term of three years commencing from 24 September 2010, whereas each of the independent non-executive Directors has entered into a letter of appointment with the Company and is appointed for an initial term of three years commencing from 24 September 2010.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Director an annual confirmation of their independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and considers all the independent non-executive Directors to be independent.

DIRECTORS' REMUNERATION

The Remuneration Committee considers and recommends to the Board the remuneration and other benefits paid by the Company to the Directors. The remuneration of all Directors is subject to regular monitoring by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate. Details of Directors' remuneration are set out in note 12 to the financial statements.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 14 to 17 of the annual report.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under the heading "Connected Transactions", there was no contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party to and in which a Director had a material interest in, whether directly or indirectly, and subsisted at the end of the financial year under review or at any time during the financial year under review save as disclosed under the section headed "Related Party Disclosures" below and note 28 to the financial statements.

董事服務合約

各執行董事及非執行董事已與本公司訂立服務協議，初步為期三年，而任期由二零一零年九月二十四日開始，而各獨立非執行董事已與本公司訂立委任函件，而任期由二零一零年九月二十四日開始，初步為期三年。

擬於即將召開的股東週年大會上膺選連任的董事概無與本集團任何成員公司訂立任何本集團不可於一年內終止而毋須賠償(法定賠償除外)的合約。

獨立性確認書

本公司已接獲各獨立非執行董事根據聯交所證券上市規則(「上市規則」)第3.13條發出的年度獨立性確認書，並認為所有獨立非執行董事均為獨立人士。

董事薪酬

薪酬委員會考量並向董事會建議本公司支付董事的薪酬及其他福利。薪酬委員會定期審核所有董事的薪酬，以確保董事的薪酬及補償水平適當。董事薪酬之詳情載列於財務報表附註12。

董事及高級管理層履歷

本公司董事及本集團高級管理層的履歷詳情載於本年報第14頁至第17頁。

董事於合約之重大權益

除「關連交易」一段所披露者外，本公司或其任何附屬公司概無訂立與本集團業務有關，且本公司董事在其中直接或間接擁有重大利益且於回顧財政年度結束時或於回顧財政年度內任何時間仍然有效的任何重大合約，惟下文「關連方披露」一節及財務報表附註28所披露者除外。

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

None of the Directors held any interests in any competing business against the Company or any of its jointly controlled entities and subsidiaries for the year ended 31 December 2011.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year under review were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

As at 31 December 2011, the interests or short positions of each Director and chief executive in the shares, underlying shares or debentures of the Company or its any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are being taken or deemed to have taken under such provision of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of the Company (the "Model Code") as set out in the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

董事於競爭業務之權益

截至二零一一年十二月三十一日止年度，概無董事於同本公司或其任何共同控制實體及附屬公司存在競爭的業務中擁有任何權益。

董事購買股份或債券之權利

於回顧年度內任何時間，概無向任何董事或彼等各自配偶或未成年子女獲授予透過購買本公司股份或債券的方式獲得權益的權利，或彼等行使任何該等權利，或本公司、其控股公司或其任何附屬公司或同系附屬公司為作出使董事有權購買任何其他實體的該等權利的任何安排中的一方。

本公司董事及最高行政人員於股份、相關股份及債券中的權益及淡倉

於二零一一年十二月三十一日，董事及最高行政人員於本公司或其相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份及債券中擁有根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益或淡倉（包括根據證券及期貨條例的有關條文被當作或視為擁有的權益及淡倉）；或根據證券及期貨條例第352條須記錄於該條所述登記冊的權益或淡倉；或根據上市規則所載本公司董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所的權益及淡倉如下：

Directors' Report 董事會報告

(i) Interest in our Company

(i) 於本公司的權益

Name of Director 董事名稱	Nature of Interest 權益性質	Number of Securities 證券數目	Approximate percentage of shareholding 概約股權百分比
Wu Ching (Note) 胡靜 (附註)	Interest of a controlled corporation 受控法團權益	404,762,592	50.60%
Wong Kwai Mo (Note) 王桂模 (附註)	Interest of a controlled corporation 受控法團權益	404,762,592	50.60%

Note: Each of Wu Ching and Wong Kwai Mo holds 50% of the issued share capital of Changfeng Axle Holdings Ltd. ("Changfeng BVI").

附註：胡靜及王桂模各自持有50%Changfeng Axle Holdings Ltd. (「暢豐BVI」)已發行股本。

(ii) Interest in associated corporations

(ii) 於相聯法團的權益

Name of Director 董事名稱	Name of associated corporation 相聯法團名稱	Number of shares 股份數目	Percentage Shareholding 股權百分比
Wu Ching 胡靜	Changfeng BVI 暢豐BVI	25,000	50%
Wong Kwai Mo 王桂模	Changfeng BVI 暢豐BVI	25,000	50%

SUBSTANTIAL SHAREHOLDERS

主要股東

As at 31 December 2011, the following persons had interests and short positions of 5% or more in the Shares as recorded in the register required to be kept under Section 336 of the SFO:

於二零一一年十二月三十一日，於股份中擁有根據證券及期貨條例第336條須存置之登記冊內記錄之5%或以上權益及淡倉的人士如下：

Long positions in the Shares and underlying Shares of our Company

本公司股份及相關股份的好倉

Name of shareholder 股東名稱	Nature of interest 權益性質	Interests in Shares 股份權益	Approximate percentage shareholding 概約股權百分比	Notes 附註
Changfeng BVI 暢豐BVI	Beneficial owner 實益擁有人	404,762,592	50.60%	1
Wu Ching 胡靜	Interest of a controlled corporation 受控法團權益	404,762,592	50.60%	1
Wong Kwai Mo 王桂模	Interest of a controlled corporation 受控法團權益	404,762,592	50.60%	1
Starr International Foundation	Interest of a controlled corporation 受控法團權益	114,801,600	14.35%	2

Directors' Report 董事會報告

Name of shareholder 股東名稱	Nature of interest 權益性質	Interests in Shares 股份權益	Approximate percentage shareholding 概約股權百分比	Notes 附註
Starr International AG	Interest of a controlled corporation 受控法團權益	114,801,600	14.35%	2
Starr International	Interest of a controlled corporation 受控法團權益	114,801,600	14.35%	2
Starr International Investments Ltd	Interest of a controlled corporation 受控法團權益	114,801,600	14.35%	2
Starr Insurance and Reinsurance Ltd	Interest of a controlled corporation 受控法團權益	114,801,600	14.35%	2
Starr International Cayman, Inc.	Interest of a controlled corporation 受控法團權益	114,801,600	14.35%	2
Starr Investments Cayman II, Inc.	Beneficial owner 實益擁有人	114,801,600	14.35%	2
Bliss Fortune Holdings Limited ("Bliss Fortune") 祺福控股有限公司(「祺福」)	Beneficial owner 實益擁有人	45,519,840	5.69%	3
Liu Man Chun 廖文振	Interest of a controlled corporation 受控法團權益	45,519,840	5.69%	3
China Construction Bank Corporation 中國建設銀行股份有限公司	Interest of a controlled corporation 受控法團權益	244,915,968	30.61%	4
CCB International Group Holdings Limited 建行國際集團控股有限公司	Interest of a controlled corporation 受控法團權益	244,915,968	30.61%	4
CCB Financial Holdings Limited 建行金融控股有限公司	Interest of a controlled corporation 受控法團權益	244,915,968	30.61%	4
CCB International (Holdings) Limited 建銀國際(控股)有限公司	Interest of a controlled corporation 受控法團權益	244,915,968	30.61%	4
CCB International Assets Management (Cayman) Limited	Interest of a controlled corporation 受控法團權益	244,915,968	30.61%	4.5
CCB International Asset Management Limited 建銀國際資產管理有限公司	Interest of a controlled corporation 受控法團權益	244,915,968	30.61%	4
Central Huijin Investment Ltd. 中央匯金投資有限公司	Interest of a controlled corporation 受控法團權益	244,915,968	30.61%	4
Wan Tai Investments Limited 萬鈺投資有限公司	Security interests 質押權益	244,915,968	30.61%	4

Directors' Report 董事會報告

Notes:

- (1) Changfeng BVI is owned as to 50% by Wu Ching and as to 50% by Wong Kwai Mo. Both Wu Ching and Wong Kwai Mo are deemed to be interested in the Shares held by Changfeng BVI for the purpose of the SFO.
- (2) Starr Investments is wholly-owned by Starr International Cayman, Inc., which is in turn wholly-owned by Starr Insurance and Reinsurance Ltd.. Starr Insurance and Reinsurance Ltd. is a wholly-owned subsidiary of Starr International Investments Ltd., which is in turn wholly-owned by Starr International Company Inc. ("Starr International"). Starr International is wholly-owned by Starr International AG, which is wholly-owned by Starr International Foundation, a charitable foundation established in Switzerland. Each of Starr International Foundation, Starr International AG, Starr International, Starr International Investments Ltd., Starr Insurance and Reinsurance Ltd. and Starr International Cayman, Inc. is deemed to be interested in the Shares held by Starr Investments for the purpose of the SFO.
- (3) Bliss Fortune is wholly-owned by Liu Man Chun, and Liu Man Chun is deemed to be interested in the Shares held by Bliss Fortune for the purpose of the SFO.
- (4) Wan Tai Investments Limited is wholly-owned by CCB International Asset Management Limited. CCB International Asset Management Limited is wholly-owned CCB International Assets Management (Cayman) Limited, CCB International Assets Management (Cayman) Limited is wholly-owned by CCB International (Holdings) Limited. CCB International (Holdings) Limited is wholly-owned by CCB Financial Holdings Limited. CCB Financial Holdings Limited is wholly-owned by CCB International Group Holdings Limited. CCB International Group Holdings Limited is wholly-owned by China Construction Bank Corporation which is ultimately indirectly owned by Central Huijin Investment Ltd.. Accordingly, each of CCB International Asset Management Limited, CCB International (Holdings) Limited, CCB Financial Holdings Limited, CCB International Group Holdings Limited, China Construction Bank Corporation and Central Huijin Investment Ltd is deemed to be interested in the security interests held by Wan Tai Investments Limited, for the purpose of the SFO.
- (5) CCB International Assets Management (Cayman) Limited was spin off from the Group of China Construction Bank Corporation on 20 February 2012.

附註：

- (1) 暢豐BVI由胡靜擁有50%權益及由王桂模擁有50%權益。根據證券及期貨條例，胡靜與王桂模均被視為擁有暢豐BVI所持有股份的權益。
- (2) Starr Investments由Starr International Cayman, Inc.全資擁有，Starr International Cayman, Inc.由Starr Insurance and Reinsurance Ltd.全資擁有。Starr Insurance and Reinsurance Ltd.為Starr International Investments Ltd.的全資附屬公司，Starr International Investments Ltd.由Starr International Company Inc. (「Starr International」)全資擁有。Starr International由Starr International AG全資擁有，Starr International AG由Starr International Foundation (於瑞士成立的慈善基金)全資擁有。根據證券及期貨條例，Starr International Foundation、Starr International AG、Starr International、Starr International Investments Ltd.、Starr Insurance and Reinsurance Ltd.及Starr International Cayman, Inc.各自被視為擁有Starr Investments所持有股份的權益。
- (3) 祺福由廖文振全資擁有，而根據證券及期貨條例，廖文振被視為擁有祺福所持有股份的權益。
- (4) 萬鈺投資有限公司由建銀國際資產管理有限公司全資擁有。建銀國際資產管理有限公司由CCB International Assets Management (Cayman) Limited全資擁有，CCB International Assets Management (Cayman) Limited由建銀國際(控股)有限公司全資擁有。建銀國際(控股)有限公司由建行金融控股有限公司全資擁有。建行金融控股有限公司由建行國際集團控股有限公司全資擁有。建行國際集團控股有限公司由中國建設銀行股份有限公司全資擁有，而中國建設銀行股份有限公司由中央匯金投資有限公司最終間接擁有。因此，根據證券及期貨條例，建銀國際資產管理有限公司、建銀國際(控股)有限公司、建行金融控股有限公司、建行國際集團控股有限公司、中國建設銀行股份有限公司及中央匯金投資有限公司各自被視為擁有萬鈺投資有限公司所持有股份的質押權益。
- (5) CCB International Assets Management (Cayman) Limited於二零一二年二月二十日從中國建設銀行股份有限公司分拆。

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float throughout the year ended 31 December 2011.

RETIREMENT SCHEME

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, each of the employer and employee are required to make contributions of 5% of the employees' relevant income to the scheme, subject to a cap of monthly relevant income of HK\$20,000. Contributions made to the scheme are vested immediately.

The employees of the subsidiaries in the People's Republic of China participate in the retirement schemes operated by the local authorities. The subsidiaries are required to contribute a certain percentage of their salaries to these schemes to pay the benefits. The only obligation of the Group in respect to these schemes is the required contributions under the schemes.

For the year ended 31 December 2011, the Group's total contributions to the retirement schemes charged in the income statement amounted to approximately RMB8.4 million (2010: approximately RMB6.6 million). Details of the Group's pension scheme and the basis of calculation are set out in note 10 to the financial statements.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investor confidence and the Company's accountability and transparency. The Company therefore strives to attain and maintain effective corporate governance practices and procedures. Throughout the year ended 31 December 2011, the Company has complied with the CG Code contained in Appendix 14 to the Listing Rules. The Group's principal corporate governance practices are set out on pages 32 to 39 of the annual report.

公眾持股量充足

根據本公司可獲得的資料及董事所知，於截至二零一一年十二月三十一日止年度，本公司始終維持充足的公眾持股量。

退休計劃

本集團根據香港強制性公積金計劃條例為受香港僱傭條例管轄的司法權區的受聘僱員設立一項強制性公積金計劃（「強積金計劃」）。強積金計劃為一項由獨立受託人管理的定額供款退休計劃。根據強積金計劃，雇主及其僱員各自須按僱員相關收入的5%向計劃供款，最高為每月相關收入的20,000港元。計劃供款即時歸屬。

於中華人民共和國的附屬公司僱員均參與由有關當局設立的退休計劃。附屬公司須按僱員薪金某個百分比向該等計劃供款以支付福利。本集團對該等計劃的唯一責任為根據計劃作出所需供款。

截至二零一一年十二月三十一日止年度，本集團對退休計劃的總供款約人民幣8.4百萬元（二零一零年：約人民幣6.6百萬元）自收益表中扣除。有關本集團的退休金計劃及計算基準載於財務報表附註10。

企業管治常規守則

本公司承諾建立良好企業管治慣例及程序以加強投資者信心及本公司之間責性及透明度。因此，本公司致力達到及保持有效的企業管治慣例及程序。截至二零一一年十二月三十一日止整個年度內，本公司已遵守上市規則附錄14所載的企業管治守則。本集團的主要企業管治常規載於本年報第32頁至第39頁。

Directors' Report 董事會報告

CONNECTED TRANSACTIONS

During the year ended 31 December 2011, the Group entered into the following continuing transactions with its connected persons. The transactions constituted "continuing connected transactions" for the Company under the Listing Rules. Waivers from strict compliance with the announcement requirements, or the announcement and independent shareholders' approval requirements, had been received from the Stock Exchange. The transactions are subject to the reporting requirements set out in Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS WHICH ARE SUBJECT TO THE REPORTING, ANNOUNCEMENT AND INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1. Purchase of roughcast axle housing from Yongding Changfeng Machinery Manufacturing Factory ("Yongding Changfeng")

On 29 May 2010, the Company entered into a sale and purchase agreement (the "Purchase Agreement") with Yongding Changfeng, pursuant to which the Company agreed to purchase or procure its subsidiaries to purchase roughcast axle housing from Yongding Changfeng for the production of the products for a term of three years commencing from 1 January 2010 to 31 December 2012.

The price for the roughcast axle housing supplied by Yongding Changfeng will be determined on the following basis in order of priority:

- the price prescribed by the State (including any price prescribed by any relevant local authorities), if applicable;
- the price recommended under the State pricing guidelines, when no State-prescribed price is available;
- the market price, when neither the State-prescribed price nor the State recommended price is available; or
- the price which is no less favourable to the Group than is available from independent third parties, when none of the above is available or applicable.

關連交易

截至二零一一年十二月三十一日止年度，本集團與其關連人士簽訂以下持續交易。根據上市規則，該等交易構成本公司的「持續關連交易」。本公司已取得聯交所豁免嚴格遵守公告規定或公告及獨立股東批准的規定。該等交易須遵守根據上市規則第14A章所載的申報規定。

須遵守申報、公告及獨立股東批准規定的持續關連交易

1. 自永定縣長豐機械製造廠（「永定長豐」）購買橋殼毛坯

於二零一零年五月二十九日，本公司與永定長豐訂立買賣協議（「採購協議」），據此，本公司同意採購或促使其附屬公司向永定長豐採購橋殼毛坯，以供生產我們產品之用，自二零一零年一月一日起至二零一二年十二月三十一日止為期三年。

由永定長豐所供應的橋殼毛坯的價格將根據以下基準按優先次序釐定：

- 如適用，根據國家定價（包括由任何相關地方機構所定的任何價格）；
- 若無國家定價，根據國家定價指引下的建議定價；
- 若無國家定價亦無國家建議定價，根據市場價格；或
- 若無以上定價或有關定價不適用時，根據對於本集團而言不遜於可自獨立第三方獲得的價格。

Mr. Lu is a cousin of Mr. Wong Kwai Mo, being one of the controlling shareholders of the Company. As Yongding Changfeng may be substantially influenced or controlled by Mr. Lu, who is the legal representative and the factory manager of Yongding Changfeng, and Mr. Wong Kwai Mo, who has held a prior position and role at Yongding Changfeng, Yongding Changfeng is therefore deemed as a connected person of our Company pursuant to Rules 14A.06 and 14A.11(4) of the Listing Rules.

During the year under review, the aggregate amount of transactions under the Purchase Agreement was approximately RMB41.1 million and the waiver granted by the Stock Exchange was RMB50 million. As at 31 December 2011, the Group has advanced RMB39,692,000 for the purchase of goods to Yongding Changfeng.

CONTINUING CONNECTED TRANSACTIONS WHICH ARE SUBJECT TO THE REPORTING AND ANNOUNCEMENT REQUIREMENTS BUT EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

2. Supply Agreement with Yongding Changfeng

On 29 May 2010, the Company entered into a supply agreement (the "Supply Agreement") with Yongding Changfeng, pursuant to which the Company has agreed to supply or procure members of the Group to supply scrap steel which is steel waste created during the production of steel and expected to be disposed of or not required by the Group to Yongding Changfeng for a term of three years commencing from 1 January 2010 to 31 December 2012.

The price for the scrap steel supplied by the Group to Yongding Changfeng will be determined on the following basis in order of priority:

- the price prescribed by the State (including any price prescribed by any relevant local authorities), if applicable;
- the price recommended under the State pricing guidelines, when no State-prescribed price is available;
- the market price, when neither the State-prescribed price nor the State recommended price is available; or
- the price which is no less favorable to the Group than is available from independent third parties, when none of the above is available or applicable.

盧先生為本公司控股股東之一王桂模先生的表兄弟。由於永定長豐可能大受永定長豐的法定代表人兼工廠經理盧先生及先前於永定長豐擁有職位及職務的王桂模先生影響或控制，因此根據上市規則第14A.06及14A.11(4)條，永定長豐被視為本公司的關連人士。

於回顧年度內，採購協議項下的交易總額為約人民幣41.1百萬元，而聯交所授出的豁免為人民幣50百萬元。於二零一一年十二月三十一日，本集團已向永定長豐就採購貨品支付墊款人民幣39,692,000元。

須遵守申報及公告規定但獲豁免遵守獨立股東批准規定的持續關連交易

2. 永定長豐的供應協議

於二零一零年五月二十九日，本公司與永定長豐訂立供應協議（「供應協議」），據此，本公司同意供應或促使本集團成員公司向永定長豐供應廢鋼（生產鋼過程中產生而本集團預期出售或不需要的鋼廢料），自二零一零年一月一日起至二零一二年十二月三十一日止為期三年。

由本集團向永定長豐供應廢鋼的價格將根據以下基準按優先次序釐定：

- 如適用，根據國家定價（包括由任何相關地方機構所定的任何價格）；
- 若無國家定價，根據國家定價指引下的建議定價；
- 若無國家定價亦無國家建議定價，根據市場價格；或
- 若無以上定價或有關定價不適用時，根據對於本集團而言不遜於可自獨立第三方獲得的價格。

Directors' Report 董事會報告

Mr. Lu is a cousin of Mr. Wong Kwai Mo, being one of the controlling shareholders of the Company. As Yongding Changfeng may be substantially influenced or controlled by Mr. Lu, who is the legal representative and the factory manager of Yongding Changfeng, and Mr. Wong Kwai Mo, who has held a prior position and role at Yongding Changfeng, Yongding Changfeng is therefore deemed as a connected person of our Company pursuant to Rules 14A.06 and 14A.11(4) of the Listing Rules.

During the year under review, the aggregate amounts of transaction under Supply Agreement was approximately RMB9.8 million and the waiver granted by the Stock Exchange was RMB20 million.

Pursuant to Rule 14A.38 of the Listing Rules, the Board has engaged the auditor of the Company to perform certain agreed upon procedures in respect of the continuing connected sale and purchase transactions of the Group. The auditor has reported its factual findings on these procedures to the Board. The independent non-executive Directors have reviewed the continuing connected transactions and the report of the auditor.

In the opinion of the independent non-executive Directors, the continuing connected transactions entered into by the Group were:

- (i) in the ordinary and usual course of business of the Group;
- (ii) either (a) on normal commercial terms; or (b) where there is no available comparison, on terms that are no less favorable to the Group than terms to or from independent third parties; and
- (iii) in accordance with the agreements governing the transactions on terms that are fair and reasonable so far as the shareholders.

Other than disclosed above, there was no other transaction which needs to be disclosed as connected transaction in accordance with the requirements of the Listing Rules during the year ended 31 December 2011.

DIVIDEND

The Board does not recommend the payment of any final dividend in respect of the year ended 31 December 2011.

盧先生為本公司控股股東之一王桂模先生的表兄弟。由於永定長豐可能大受永定長豐的法定代表人兼工廠經理盧先生及先前於永定長豐擁有職位及職務的王桂模先生影響或控制，因此根據上市規則第14A.06及14A.11(4)條，永定長豐被視為本公司的關連人士。

於回顧年度內，供應協議項下的交易總額為約人民幣9.8百萬元，而聯交所授出的豁免為人民幣20百萬元。

根據上市規則第14A.38條，董事會已聘用本公司之核數師就本集團之持續關連買賣交易進行若干共同協定的程序。核數師已根據該等程序向董事會報告其據實調查結果。獨立非執行董事已審閱該等持續關連交易及核數師之報告。

獨立非執行董事認為，本集團乃於下列情況下訂立該等持續關連交易：

- (i) 於本集團日常業務過程中進行；
- (ii) (a) 按正常商業條款訂立；或 (b) 倘無可比較，則按照不遜於本集團向獨立第三方提供或獨立第三方向本集團提供之條款訂立；及
- (iii) 根據規管該等交易之協議，其條款對股東而言屬公平合理。

除上文所披露者外，截至二零一一年十二月三十一日止年度，概無任何其他交易須根據上市規則規定視作關連交易予以披露。

股息

董事會並不建議就截至二零一一年十二月三十一日止年度派付任何末期股息。

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 4 June, 2012 to Thursday, 7 June 2012, both days inclusive, during which period no transfer of shares will be registered. In order to determine who are entitled to attend and vote at the forthcoming annual general meeting of the Company to be held on Thursday, 7 June 2012, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Friday, 1 June 2012.

AUDIT COMMITTEE

The Audit Committee had reviewed together with the management and external auditors the accounting principles and policies adopted by the Group and the audited annual consolidated financial statements for the year ended 31 December 2011.

AUDITORS

The consolidated financial statements for the year ended 31 December 2011 have been audited by Deloitte Touche Tohmatsu who shall retire at the forthcoming annual general meeting of the Company. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

By order of the Board

Wong Kwai Mo
Chairman

Hong Kong, 30 March 2012

暫停辦理股東過戶登記

本公司將自二零一二年六月四日(星期一)至二零一二年六月七日(星期四)(首尾兩天包括在內)暫停辦理股東過戶登記,在此期間暫停股份過戶。為確定股東是否有權出席本公司將於二零一二年六月七日(星期四)舉行之應屆股東週年大會及於會上投票,所有股份過戶文件連同有關股票證書必須不遲於二零一二年六月一日(星期五)下午4時30分交回本公司香港股份過戶登記處香港中央證券登記有限公司,地址為香港皇后大道東183號合和中心17樓1712-1716室。

審核委員會

審核委員會已與管理層及外聘核數師審閱本集團採納的會計原則及政策以及截至二零一一年十二月三十一日止年度的經審核年度綜合財務報表。

核數師

截至二零一一年十二月三十一日止年度的綜合財務報表已由執業會計師德勤•關黃陳方會計師行審核。德勤•關黃陳方會計師行須於本公司應屆股東週年大會上告退。本公司將於應屆股東週年大會上提呈一項決議案以再度委任德勤•關黃陳方會計師行為本公司的核數師。

承董事會命

主席
王桂模

香港,二零一二年三月三十日

Corporate Governance Report 企業管治報告

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 31 December 2011.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Company's shareholders. The Board strives to adhere to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for its shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for shareholders.

The Company has complied with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2011.

THE BOARD

The Board consists of 7 Directors, 3 of whom are executive Directors, 1 of whom is non-executive Director and 3 of whom are independent non-executive Directors. The functions and duties conferred on the Board include convening shareholders' meetings and reporting on the work of the Board to the shareholders at shareholders' meetings as may be required by applicable laws, implementing resolutions passed at shareholders' meetings, determining the Company's business plans and investment plans, formulating the Company's annual budget and final accounts, formulating the Company's proposals for dividend and bonus distributions as well as exercising other powers, functions and duties as conferred on it by the Articles and

董事會欣然於截至二零一一年十二月三十一日止年度的年報中呈列本企業管治報告。

企業管治常規

本公司承諾建立良好的企業管治常規及程式，冀能成為一家具透明度及問責性的機構，以開放態度向公司股東負責。董事會致力於遵守企業管治原則並已採納良好的企業管治常規，以符合法律及商業準則，專注於例如內部監控、公平披露及向所有股東負責等領域，以確保本公司所有業務之透明度及問責性。本公司相信，有效的企業管治是為股東創造更多價值之基礎。董事會將繼續不時檢討及改善本集團之企業管治常規，以確保本集團由有效董事會領導以為股東帶來最大回報。

本公司已於截至二零一一年十二月三十一日止整個年度遵守上市規則附錄 14 所載的企業管治常規守則（「企業管治守則」）。

董事會

董事會由七名董事組成，即三名執行董事、一名非執行董事及三名獨立非執行董事。董事會之功能及職責包括根據適用法律之可能規定召開股東大會並於會上向股東報告董事會之工作，實施股東大會上通過之決議案，釐定本公司之業務計劃及投資計劃，制定本公司之年度預算及最終賬目，制定本公司之股息及花紅分派建議以及行使細則及適

applicable laws. The senior management is delegated the authority and responsibilities by the Board for the day-to-day management and operations of the Group. The Board meets regularly to review the financial and operating performance of the Company, and considers and approves the overall strategies and policies of the Company. The composition of the Board is well balanced with the directors 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 experience and expertise to the Company.

The Company has received an annual confirmation of independence from each of its independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. Based on the contents of such confirmation, the Company considers that the three independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in Rule 3.13 of the Listing Rules.

All Directors have separate and independent access to the Company's senior management to fulfill their duties and, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense. All Directors also have access to the company secretary who is responsible for ensuring that the Board procedures, and all applicable rules and regulations, are followed. An agenda and accompanying Board/committee papers are distributed to the Directors/Board committee members with reasonable notice in advance of the meetings. Minutes of Board meetings and meetings of Board committees, which records in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views expressed, are kept by the company secretary and are open for inspection by Directors.

The Company has subscribed appropriate and sufficient insurance coverage on directors' liabilities in respect of legal actions taken against directors arising out of corporate activities.

The Board meets regularly to review the financial and operating performance of the Company, and considers and approves the overall strategies and policies of the Company.

Mr. Wong Kwai Mo is the husband of Ms. Wa Ching, and Ms. Wa Ching is the wife of Mr. Wong Kwai Mo.

用法律賦予董事會之其他權力、功能及職責。董事會授予高級管理層授權及責任負責本集團之日常管理及經營。董事會定期會面，以檢討本公司之財務及經營表現，並審議及批准本公司之總體策略及政策。董事會之成員各有所長，而董事對於本集團所從業務均具備充分行業知識、豐富的企業及策略規劃經驗及／或專門技術。執行董事及獨立非執行董事為本公司帶來不同的經驗及專門技術。

根據上市規則第3.13條，本公司已從各位獨立非執行董事接獲年度獨立確認書。根據有關確認書之內容，本公司認為，三位獨立非執行董事均為獨立，且彼等符合上市規則第3.13條所載有關獨立性之特定指引。

所有董事可個別及獨立地與本公司的高級管理層人員接洽以履行彼等之職責，並於提出合理的要求後在適當的情況下尋求獨立專業意見，費用由本公司支付。所有董事亦可與公司秘書接洽，而公司秘書乃負責確保董事會的程序及一切適用規則和規例獲得遵循。議程及隨附的董事會／委員會文件可於會議召開前事先給予合理通知下分發予董事／董事委員會成員。董事會會議及董事委員會會議的記錄乃詳細記錄董事會所考慮的事項及達致的決定，包括董事所提出的任何事項或發表的反對意見，概由公司秘書存檔，並可供董事查閱。

本公司已購買適合及充足保險，以覆蓋董事就企業活動期間產生對董事所提出法律訴訟的責任。

董事會定期會面，以檢討本公司之財務及經營表現，並審議及批准本公司之總體策略及政策。

王桂模先生乃胡靜女士之丈夫，而胡靜女士乃王桂模先生之妻子。

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Non-executive Directors

The non-executive Director has entered into a service agreement with the Company for an initial term of three years commencing from 24 September 2010, whereas each of the independent non-executive Directors has entered into a letter of appointment with the Company and is appointed for an initial term of three years commencing from 24 September 2010.

In accordance with article 84 of the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

BOARD COMMITTEES

As an integral part of sound corporate governance practices, the Board has established the following Board committees to oversee the particular aspects of the Group's affairs. Each of these committees comprises independent non-executive Directors who are being invited to join as members.

AUDIT COMMITTEE

The Audit Committee was established in compliance with Rules 3.21 and 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review and monitor the Company's financial reporting and internal control principles of the Company and to provide advice and comments to the Board. The members meet regularly with the external auditors and the Company's senior management for the review, supervision and discussion of the Company's financial reporting and internal control procedures and ensure that management has discharged its duty to have an effective internal control system. The Audit Committee consists of three members, namely Mr. Chong Ching Hei, Mr. Zhu Weizhou and Dr. Li Xiuqing, of which are all independent non-executive Directors. Mr. Chong Ching Hei, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee.

The Audit Committee held two meeting during the year under review.

非執行董事

非執行董事已與本公司訂立服務協議，自二零一零年九月二十四日開始初步為期三年，而每位獨立非執行董事已與本公司訂立委聘書，其委任自二零一零年九月二十四日開始初步為期三年。

根據細則第84條，於每次股東週年大會上，當時之三分之一董事（倘數目並非三(3)之倍數，則為最接近之數目，惟不得少於三分之一）須輪值告退，惟各董事均須最少每三年輪值退任一次。

董事會轄下委員會

作為優良企業管治常規的重要構成部分，董事會已成立以下的董事委員會，以監察本集團特定範疇的事務。各委員會的成員皆由獲邀加入委員會的獨立非執行董事組成。

審核委員會

審核委員會按照上市規則第3.21及3.22條成立，並備有按照企業管治守則的規定書面職權範圍。審核委員會的主要職責為審核及監督本公司的財務申報及本公司的主要內部監控系統，並向董事會提供建議及意見。成員定期與外部核數師及本公司高級管理人員進行會晤，以審核、監督及討論本公司的財務申報及內部監控程序，並確保管理層履行其職責建立有效的內部監控系統。審核委員會由三名成員，即莊清喜先生、朱偉洲先生及李秀清博士（均為獨立非執行董事）組成。莊清喜先生具備適當的專業資格及會計事宜經驗，故獲委任為審核委員會主席。

審核委員會於回顧年度已召開兩次會議。

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2011, including the accounting principles and practices adopted by the Group, selection and appointment of the external auditors.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 24 September 2010 with written terms of reference in compliance with the CG Code. The Remuneration Committee is chaired by Mr. Zhu Weizhou with two independent non-executive Directors, namely Mr. Chong Ching Hei and Mr. Wong Kwai Mo, as members. The principal responsibilities of the Remuneration Committee are to formulate and recommend remuneration policy to the Board, to make recommendations to the Board on the Company's policy and structure for all directors and senior management remuneration, approve and review management's proposals with reference to the Board's corporate goals and objectives and the make recommendations to the Board on the remuneration of non-executive directors of the Company. The Board expects the Remuneration Committee to exercise independent judgment and ensures that executive Directors do not participate in the determination of their own remuneration.

The Remuneration Committee held one committee meeting during the year under review.

NOMINATION COMMITTEE

The Nomination Committee was established on 24 September 2010. The chairman is Dr. Li Xiuqing, an independent non-executive Director, and the two other members are Mr. Wong Kwai Mo and Zhu Weizhou, both of them are independent non-executive Directors. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, making recommendation to the Board on selection of candidates for directorships, appointment, reappointment of Directors and Board succession and assessing the independence of independent non-executive Directors.

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的綜合財務報表，包括本集團採納的會計原則及常規、甄選及委任外部核數師。

薪酬委員會

薪酬委員會乃按照企業管治守則的規定於二零一零年九月二十四日成立，並備有書面職權範圍。薪酬委員會由朱偉洲先生主持，兩名獨立非執行董事，即莊清喜先生及王桂模先生為成員。薪酬委員會的主要職責為制定薪酬政策並向董事會提供意見；就本公司所有董事及高級管理人員的全體薪酬政策及架構向董事會提供意見；參考董事會訂立的企業方針及目標而批准及檢討管理層的建議及就本公司非執行董事的薪酬向董事會提供意見。董事會預期薪酬委員會行使獨立判斷並確保執行董事並不參與釐定彼等本身的薪酬。

於回顧年度，薪酬委員會已召開一次會議。

提名委員會

提名委員會於二零一零年九月二十四日成立。主席為獨立非執行董事李秀清先生，而其他兩名成員為王桂模先生及朱偉洲先生（兩者均為獨立非執行董事）。提名委員會負責審核董事會的結構、規模和構成；就甄選董事職務候選人、委任、重新委任董事及董事會的繼任事宜向董事會提供意見，並評估獨立非執行董事的獨立性。

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The Nomination Committee held one meeting during the year under review.

於回顧年度，提名委員會已召開一次會議。

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

會議及董事出席次數

The individual attendance record of each Director at the meetings of the Board, Audit Committee, Remuneration Committee and Nomination Committee during the year ended 31 December 2011 is set out below:

截至二零一一年十二月三十一日止年度，各位董事出席董事會、審核委員會、薪酬委員會及提名委員會會議的個人出席記錄載列如下：

		Board Meeting 董事會會議	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會
<i>Executive directors</i> 執行董事					
Mr. Wong Kwai Ho (Chairman)	王桂模先生(主席)	5/5	N/A 不適用	1/1	1/1
Ms. Wu Ching	胡靜女士	5/5	N/A 不適用	N/A 不適用	N/A 不適用
Mr. Lai Fengcai	賴鳳彩先生	5/5	N/A 不適用	N/A 不適用	N/A 不適用
<i>Non-executive Directors</i> 非執行董事					
Ms. Dong Ying, Dorothy	董穎女士	5/5	N/A 不適用	N/A 不適用	N/A 不適用
<i>Independent non-executive Directors</i> 獨立非執行董事					
Mr. Zhu Weizhou	朱偉洲先生	5/5	2/2	1/1	1/1
Mr. Li Xiuqing	李秀清博士	5/5	2/2	N/A 不適用	1/1
Mr. Chong Ching Hei	莊清喜先生	5/5	2/2	1/1	N/A 不適用

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

遵守董事進行證券交易的標準守則

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct for securities transactions. Specific enquiries have been made with all Directors, who have confirmed that, during the period under review, they were in compliance with the required provisions set out in the Model Code. All Directors declared that they have complied with the Model Code for the year ended 31 December 2011.

本公司已採納上市規則附錄十所載的上市發行人董事進行證券交易的標準守則(「標準守則」)作為其進行證券交易的行為守則。全體董事作出具體查詢後確認，彼等於回顧期內一直遵守標準守則所載的規定條文。全體董事宣稱彼等於截至二零一一年十二月三十一日止年度內一直遵守標準守則的規定。

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparation of the financial statements for the financial year ended 31 December 2011 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards. The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report".

AUDITORS' REMUNERATION

During the year ended 31 December 2011, the remuneration paid or payable to the Group's auditors, Deloitte Touche Tohmatsu, in respect of their audit and non-audit services are as follows:

Items 項目

Statutory audit services	法定核數服務
Non-audit services	非核數服務
Total	總數

董事對財務報表的責任

董事知悉彼等編製截至二零一一年十二月三十一日止財政年度財務報表的責任，財務報表如實反映本公司及本集團於該日的事務狀況及本集團截至該日期止年度的業績及現金流量，並根據適用的法定規定及會計準則按持續經營基準妥為編製。有關本公司外聘核數師對財務報表所承擔之申報責任的聲明，已載於「獨立核數師報告」內。

核數師薪酬

截至二零一一年十二月三十一日止年度，已付或應付本集團核數師德勤•關黃陳方會計師行的核數及非核數服務薪酬如下：

Amount
金額
(RMB'000)
(人民幣千元)

1,863
28
1,891

Corporate Governance Report 企業管治報告

INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control systems in order to safeguard the Group's assets and shareholders' interests, and review and monitor the effectiveness of the Company's internal control and risk management systems on a regular basis so as to ensure that internal control and risk management systems in place are adequate. The Company has established written policies and procedures applicable to all operating units to ensure the effectiveness of internal controls. The Company also has a process for identifying, evaluating, and managing the significant risks to the achievement of its operational objective. This process is subject to continuous improvement and was in place since 24 September 2010 and up to the date of this report. The day-to-day operation is entrusted to the individual department, which is accountable for its own conduct and performance, and is required to strictly adhere to the policies set by the Board. The Company carries out reviews on the effectiveness of the internal control systems from time to time in order to ensure that they are able to meet and deal with the dynamic and ever changing business environment.

During the year under review, the Board has conducted a review and assessment of the effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management for the year ended 31 December 2011. Internal Control department was assigned to assist the Board to perform high-level review of the internal control systems for its business operations and processes. Such review covered the financial, compliance and operational controls as well as risk management mechanisms and assessment was made by discussions with the management of the Company and its external auditors. The Board believes that the existing internal control system is adequate and effective.

內部監控

董事會負責維持健全有效的內部監控制度，以保障本集團資產及股東利益，並定期檢討及規管本公司內部監控及風險管理系統之效率，以確保足夠內部監控及風險管理系統。本公司已制定適用於所有營運單位的書面政策及程序，確保內部監控的效率。本公司亦有識別、評估及管理重大風險的程序以達成其管理目標。該程序須不斷改善，並自二零一零年九月二十四日起及直至本報告日期始終使用。日常營運則委託個別部門，對其本身部門的行為及表現進行問責，並須嚴格遵守董事會制定的政策。本公司不時進行內部監控系統效率的審閱，確保其能夠符合及應對靈活及不時轉變之經營環境。

於回顧年度內，董事會已對本公司截至二零一一年十二月三十一日止年度之內部監控系統進行檢討及評估，包括財務、營運及合規控制及風險管理。內部監控部門已被指派協助董事會就其業務營運及流程進行深入檢討。該檢討涵蓋財務、守規及營運監控以及風險管理機制，並與本公司之管理層及其內部核數師討論後作出評估。董事會相信，現有內部監控系統乃充分有效。

DEED OF NON-COMPETITION

The Company has received, from each of the controlling shareholders of the Company, an annual declaration on his/her/its compliance with the undertakings contained in the Deed of Non-Competition entered into by each of them in favour of the Company pursuant to which each of the controlling shareholders of the Company has undertaken to the Company that he/she/it will not and will procure that his/her/its associates (other than members of the Group) not to, engage in any of our business including (without limitation) the following activities:

- acquiring, holding, developing, transferring, disposing or otherwise dealing in, whether directly or indirectly, axle components business or related investments;
- engaging, having a right or in any way having an economic interest, in the promotion or development of or investment in axle components business; or
- acquiring, holding, transferring, disposing or otherwise dealing in any option, right or interest over any of the matters set out in the two paragraphs above;

except for acquiring, holding, transferring, disposing or otherwise dealing in, directly or indirectly, shares of any company, joint venture, corporation or entity of any nature, whether or not incorporated, with any interest in the matters set out in the three paragraphs above so long as their aggregate interest in any such entity is less than 5% of its equity interest.

Details of the Deed of Non-Competition were disclosed in the Prospectus under the section headed "Relationship with Our Controlling Shareholders".

The independent non-executive Directors have reviewed and were satisfied that each of the controlling shareholders of the Company has complied with the Deed of Non-Competition for the year ended 31 December 2010.

不競爭契據

本公司已收到本公司各控股股東就彼遵守不競爭契據所載承諾而作出的年度聲明。不競爭契據由各控股股東與本公司訂立，據此，本公司各控股股東向本公司承諾將不會，及將促使其聯繫人士（本集團的成員公司除外）不會，從事任何我們所從事的業務，包括但不限於以下活動：

- 直接或間接收購、持有、開發、轉讓、出售或以其他方式買賣車橋零部件業務或相關投資；
- 從事車橋零部件業務的推廣或開發或投資工作，於當中擁有權利或以任何方式擁有經濟利益；或
- 收購、持有、轉讓、出售或以其他方式買賣涉及以上兩段所述事項的任何購股權、權利或權益；

惟只要於任何實體的權益合共少於其股本權益5%，則直接或間接收購、持有、轉讓、出售或以其他方式買賣任何公司、合營企業、企業或任何性質實體（不論是否已註冊成立）的股份，連同涉及以上三段所述事項的任何權益除外。

不競爭契據的詳情於招股章程「與控股股東的關係」一節中披露。

獨立非執行董事已審閱並滿意各控股股東於截至二零一零年十二月三十一日止年度遵守不競爭契據的情況。

Corporate Governance Report 企業管治報告

COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of maintaining a clear, timely and effective communication with the shareholders of the Company and investors. The Board also recognizes that effective communication with its investors is critical in establishing investor confidence and to attract new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure the investors and the shareholders of the Company will receive accurate, clear, comprehensive and timely information of the Group through the publication of annual reports, interim reports, announcements and circulars. The Company also publishes all corporate communications on the Company's website at www.changfengaxle.com.hk. The Board maintains regular dialogues with institutional investors and analysts from time to time to keep them informed of the Group's strategy, operations, management and plans. The Directors and members of various board committees will attend the annual general meeting of the Company and answer any questions raised. The resolution of every important proposal will be proposed at general meetings separately.

The chairman of general meetings of the Company would explain the procedures for conducting a poll before proposing a resolution for voting. The poll results will be announced at general meetings and published on the websites of the Stock Exchange and the Company, respectively. In addition, the Company regularly meets with institutional investors, financial analysts and financial media, and promptly releases information related to any significant progress of the Company, so as to promote the development of the Company through mutual and efficient communications.

與股東的聯繫

董事會深明與本公司股東及投資者保持明確、及時和有效的聯繫之重要性。董事會亦深知與投資者之有效溝通，乃建立投資者信心及吸引新投資者之關鍵。因此，本集團致力於保持高透明度、確保本公司投資者及股東通過刊發年報、中期報告、公佈及通函，得到準確、清晰、完整而及時的本集團資料。本公司亦在公司網站 www.changfengaxle.com.hk 刊登全部企業通訊。董事會與機構投資者及分析員不時保持溝通，讓彼等得悉本集團的策略、營運、管理及計畫。董事及各委員會成員均將出席本公司股東週年大會及解答問題。股東大會上，各項重要議案須以獨立決議案方式提呈。

本公司股東大會主席會於投票方式表決一項決議案之前解釋要求及進行投票的程式。投票的結果將於大會上宣佈，並將分別在聯交所及本公司的網站上公佈。此外，本公司定期與機構投資者、財務分析師及財務媒體會晤，並即時發佈有關本公司任何重大進程之資料，從而透過雙向及高效之聯繫促進本公司之發展。

Deloitte. 德勤

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHANGFENG AXLE (CHINA) COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Changfeng Axle (China) Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 41 to 105, 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 (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with 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 HKICPA. 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 暢豐車橋(中國)有限公司股東 獨立核數師報告

(於開曼群島註冊成立的股份有限公司)

本行審計了第41頁至第105頁列載的暢豐車橋(中國)有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)綜合財務報表,包括二零一一年十二月三十一日的綜合財務狀況表和截至該日期止年度的綜合全面收益表、綜合權益變動表及綜合現金流量表,以及重大會計政策概要和其他說明性附註。

董事對綜合財務報表的責任

編製綜合財務報表及確保這些財務報表遵循香港會計師公會(「香港會計師公會」)發佈的《香港財務報告準則》以及《香港公司條例》的披露要求作出真實及公平的反映是 貴公司董事的責任。由此董事確認必須採用內部控制以確保綜合財務報表的編製不存在重大錯報(不論該等錯報是否因欺詐或錯誤而導致)。

核數師的責任

本行的責任是在實施審計工作的基礎上對這些綜合財務報表發表審計意見,除此之外別無其他目的。本行不就本報告之內容向任何其他人士承擔任何責任或接受任何義務。本行遵循香港會計師公會發佈的《香港審計準則》執行審計工作。該等準則要求本行遵守職業道德規範,並計劃和執行審計工作以對綜合財務報表是否不存在重大錯報獲取合理保證。

Independent Auditor's Report 獨立核數師報告

AUDITOR'S RESPONSIBILITY (CONTINUED)

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 its 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

30 March 2012

核數師的責任(續)

審計工作涉及實施程式，以獲取有關綜合財務報表金額和披露的審計證據。選擇的審計程式取決於審計師的判斷，包括對由於欺詐或錯誤導致的綜合財務報表重大錯報風險的評估。在進行風險評估時，核數師考慮與主體編製真實及公平地反映財務狀況的綜合財務報表相關的內部控制，以設計恰當的審計程式，但目的並非對內部控制的有效性發表意見。審計工作還包括評價董事選用會計政策的恰當性和作出會計估計的合理性，以及評價綜合財務報表的總體列報。

本行相信，本行獲取的審計證據是充分、適當的，為發表審計意見提供了基礎。

審計意見

本行認為，綜合財務報表遵循《香港財務報告準則》真實及公平地反映了 貴集團二零一一年十二月三十一日的情況以及 貴集團截至該日期止年度的利潤和現金流量，並且已遵循《香港公司條例》的披露規定進行適當編製。

德勤•關黃陳方會計師行

執業會計師

香港

二零一二年三月三十日

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

		NOTES 附註	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
Revenue	收入	7	920,681	1,318,709
Cost of sales	銷售成本		(668,588)	(879,379)
Gross profit	毛利		252,093	439,330
Other income and other gains and losses	其他收入及其他收益及虧損	8	7,680	2,532
Selling and distribution expenses	銷售及分銷開支		(26,044)	(22,393)
Research and development expenditure	研發開支		(13,857)	(12,860)
Administrative expenses	行政開支		(63,851)	(48,510)
Impairment loss on trade receivables	貿易應收款項減值虧損	20	(48,700)	–
Finance costs	融資成本	9	(25,900)	(22,534)
Profit before tax	除稅前溢利	10	81,421	335,565
Taxation	稅項	11	(21,775)	(49,890)
Profit and total comprehensive income for the year	年內溢利及全面收益總額		59,646	285,675
Profit (loss) and total comprehensive income (expense) attributable to:	以下人士應佔溢利(虧損)及全面收益(開支)總額			
Owners of the Company	本公司擁有人		59,767	285,675
Non-controlling interests	非控股權益		(121)	–
			59,646	285,675
			RMB	RMB
Basic earnings per share	每股基本盈利	13	0.07	0.44

Consolidated Statement of Financial Position 綜合財務狀況表

at 31 December 2011

於二零一一年十二月三十一日

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Changfeng Axle (China) Company Limited ■ Annual Report 2011

		NOTES 附註	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
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	612,475	396,325
Prepaid lease payments	預付租賃款項	16	294,736	291,172
Prepayment for acquisition of machinery	購買機器預付款項		42,708	99,094
Prepayment for acquisition of land use right and buildings	購買土地使用權及樓宇預付款項		49,750	–
Available-for-sale investments	可供出售投資	17	–	1,000
Deferred tax assets	遞延稅項資產	18	1,003	–
			1,000,672	787,591
Current assets	流動資產			
Inventories	存貨	19	323,742	290,287
Trade and other receivables	貿易及其他應收款項	20	837,380	474,922
Prepaid lease payments	預付租賃款項	16	6,203	6,005
Income tax recoverable	可收回所得稅		44	–
Available-for-sales investments	可供出售投資	17	1,000	–
Pledged bank deposits	已抵押銀行存款	21	2,100	2,177
Bank balances and cash	銀行結餘及現金	21	134,450	518,105
			1,304,919	1,291,496
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	22	241,798	257,345
Amount due to a director	應付一名董事款項	28(b)	1,500	800
Borrowings-due within one year	借款－於一年內到期	23	447,968	328,450
Income tax payable	應付所得稅		3,785	28,767
			695,051	615,362
NET CURRENT ASSETS	流動資產淨值		609,868	676,134
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		1,610,540	1,463,725
NON-CURRENT LIABILITIES	非流動負債			
Deferred tax liabilities	遞延稅項負債	18	–	865
Borrowings – due after one year	借款－於一年後到期	23	47,960	–
			1,562,580	1,462,860
CAPITAL AND RESERVE	股本及儲備			
Share capital	股本	24	53,560	53,560
Reserves	儲備		1,469,067	1,409,300
Equity attributable to owners of the Company	本公司擁有人應佔權益		1,522,627	1,462,860
Non-controlling interests	非控股權益		39,953	–
			1,562,580	1,462,860

The consolidated financial statements on pages 41 to 105 were approved and authorised for issue by the Board of Directors on 30 March 2012 and are signed on its behalf by:

載於第41頁至105頁的綜合財務報表於二零一二年三月三十日獲董事會批准及授權刊發，並由下列董事代表簽署：

Director
董事

Director
董事

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

		Reserves 儲備						Non- controlling interests	Total 合計
		Share capital 股本	Share premium 股份溢價	Capital reserves 股本儲備	Surplus reserves 盈餘儲備	Special reserves 特殊儲備	Retained earnings 保留盈利		
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元 (note a) (附註a)	RMB'000 人民幣千元 (note b) (附註b)	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2010	於二零一零年一月一日	343	-	226,982	59,647	822	236,878	-	524,672
Profit and total comprehensive income for the year	年內溢利及全面收益總額	-	-	-	-	-	285,675	-	285,675
Appropriations	撥付	-	-	-	60,401	-	(60,401)	-	-
Issue of new shares (note 24)	發行新股份(附註24)	13,388	650,608	-	-	-	-	-	663,996
Capitalisation issue (note 24)	資本化發行(附註24)	39,829	(39,829)	-	-	-	-	-	-
Transaction cost attributable to issue of new shares	應佔發行新股份交易成本	-	(11,483)	-	-	-	-	-	(11,483)
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	53,560	599,296	226,982	120,048	822	462,152	-	1,462,860
Profit and total comprehensive income for the year	年內溢利及全面收益總額	-	-	-	-	-	59,767	(121)	59,646
Appropriations	撥付	-	-	-	28,972	-	(28,972)	-	-
Capital contribution from non-controlling interests of a subsidiary (note 31)	視作一間附屬公司 非控股權益注資(附註31)	-	-	-	-	-	-	40,074	40,074
At 31 December 2011	於二零一一年十二月三十一日	53,560	599,296	226,982	149,020	822	492,947	39,953	1,562,580

Notes:

- a. The balance represents deemed distribution, transfer and deemed contribution arising group reorganisation for listing purposes which took place in 2008 and 2009.
- b. The balance comprising statutory surplus reserve and discretionary surplus reserve, which are non-distributable and the transfer to these reserves is determined according to the relevant laws in the People's Republic of China ("PRC") and by the board of directors of the PRC subsidiaries in accordance with the Article of Associate of the subsidiaries. Statutory surplus reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company. Discretionary surplus reserve can be used to expand the existing operations of the Company's PRC subsidiaries.

附註:

- a. 該結餘指於二零零八年及二零零九年為上市目的而進行集團重組時產生的視作分派、轉讓及視作供款。
- b. 該結餘包括不可分派的法定盈餘儲備及酌情盈餘儲備，對該等儲備進行的轉撥乃根據中華人民共和國(「中國」)相關法律進行及由中國附屬公司的董事會根據該等附屬公司的組織章程決定。法定盈餘儲備可用作彌補往年虧損或轉換為本公司中國附屬公司的額外資本。酌情盈餘儲備可用作擴充本公司中國附屬公司現時的營運規模。

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	經營活動		
Profit before tax	除稅前溢利	81,421	335,565
Adjustments for:	就以下各項作出調整：		
Impairment loss on trade receivables	貿易應收款項減值虧損	48,700	-
Depreciation of property, plant and equipment	物業、廠房及設備折舊	31,821	23,476
Finance costs	融資成本	25,900	22,534
Release of prepaid lease payments	撥回預付租賃款項	6,144	1,957
Loss from disposal of property, plant and equipment	出售物業、廠房及設備虧損	2,488	-
Interest income	利息收入	(1,744)	(1,674)
Operating cash flows before movements in working capital	營運資金變動前之經營現金流量	194,730	381,858
Increase in inventories	存貨增加	(33,455)	(95,569)
Increase in trade and other receivables	貿易及其他應收款項增加	(411,158)	(95,443)
(Decrease) increase in trade and other payables	貿易及其他應付款項(減少)增加	(3,065)	60,581
Cash (used in) generated from operations	經營(所用)產生之現金	(252,948)	251,427
Income tax paid	已付所得稅	(48,669)	(42,213)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	經營活動(所用)所得現金淨額	(301,617)	209,214
INVESTING ACTIVITIES	投資活動		
Purchases of property, plant and equipment	購買物業、廠房及設備	(141,301)	(154,896)
Prepayment for acquisition of land use right and buildings	購買土地使用權及樓宇預付款	(49,750)	-
Placement of pledged bank deposits	存放已抵押銀行存款	(30,859)	(46,738)
Payment of prepaid lease payments	支付預付租賃款項	(30,616)	(189,381)
Prepayment for acquisition of machinery	購買機器預付款項	(5,761)	(92,974)
Proceeds from release of pledged bank deposits	解除已抵押銀行存款所得款項	30,936	74,428
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備所得款項	1,991	-
Interest received	已收利息	1,744	1,674
Advance to a director	預付一名董事墊款	-	(5,520)
Purchases of available-for-sale investments	購買可供出售投資	-	(1,000)
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用現金淨額	(223,616)	(414,407)

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		
New borrowings raised	新增借款	555,977	522,742
Repayments of borrowings	償還借款	(388,499)	(459,736)
Interest paid	已付利息	(25,900)	(22,534)
Proceeds from issue of new shares	發行新股份所得款項	-	652,513
Advance from a director	董事墊款	-	5,865
NET CASH FROM FINANCING ACTIVITIES	融資活動產生之現金淨額	141,578	698,850
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目 (減少) 增加淨額	(383,655)	493,657
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	年初現金及現金等值項目	518,105	24,448
CASH AND CASH EQUIVALENTS AT THE END OF YEAR, represented by bank balances and cash	年終現金及現金等值項目， 即銀行結餘及現金	134,450	518,105

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

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Changfeng Axle (China) Company Limited ■ Annual Report 2011

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands. Its immediate and also the ultimate holding company is Changfeng Axle Holdings Ltd. (incorporated in the British Virgin Islands). The Company's shares were listed on the Stock Exchange of Hong Kong Limited with effect from 24 September 2010. The address of the Company's registered office is at Room 708, 7/F, Delta House, 3 On Yiu Street, Shatin, New Territories, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Group are manufacture and sale of axle and related components in the People's Republic of China ("PRC"). Particulars of the subsidiaries of the Company are set out in note 29.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

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
對香港財務報告準則之修訂

HKAS 24 (as revised in 2009)
香港會計準則第24號(二零零九年經修訂)

Amendments to HKAS 32
香港會計準則第32號(修訂本)

Amendments to HK(IFRIC)-Int 14
香港(國際財務報告詮釋委員會)－詮釋第14號(修訂本)

HK(IFRIC)-Int 19
香港(國際財務報告詮釋委員會)－詮釋第19號

1. 一般資料

本公司於開曼群島註冊成立為獲豁免有限公司。其直接及最終控股公司為Changfeng Axle Holdings Ltd. (於英屬處女群島註冊成立)。本公司的股份已自二零一零年九月二十四日起於香港聯合交易所有限公司上市。本公司的註冊辦事處為香港新界沙田安耀街3號匯達大廈7樓708室。

本公司的主要業務為投資控股。本集團的主要業務為於中華人民共和國(「中國」)製造及銷售車橋及相關零部件。本公司的附屬公司詳情載於附註29。

綜合財務報表以與本公司功能貨幣相同之人民幣(「人民幣」)列示。

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，本集團已採用下列香港會計師公會(「香港會計師公會」)所頒佈之新訂及經修訂香港財務報告準則：

Improvements to HKFRSs issued in 2010
二零一零年頒佈的香港財務報告準則之改進

Related Party Disclosures
關連人士披露

Classification of Rights Issues
供股之分類

Prepayments of a Minimum Funding Requirement
最低資本規定之預付款項

Extinguishing Financial Liabilities with Equity
Instruments
以股權工具抵銷金融負債

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

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

New and revised HKFRSs issued but not yet effective

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

香港財務報告準則第7號(修訂本)

HKFRS 9

香港財務報告準則第9號

HKFRS 10

香港財務報告準則第10號

HKFRS 11

香港財務報告準則第11號

HKFRS 12

香港財務報告準則第12號

HKFRS 13

香港財務報告準則第13號

Amendments to HKAS 1

香港會計準則第1號(修訂本)

Amendments to HKAS 12

香港會計準則第12號(修訂本)

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)

於本年度採納該等新訂及經修訂香港財務報告準則並無對本集團於本年度及過往年度的財務表現及狀況及該等綜合財務報表所載披露資料構成重大影響。

已頒布但尚未生效的新訂及經修訂香港財務報告準則

本集團並無提早應用以下列已頒佈但尚未生效的新訂及經修訂香港財務報告準則：

Disclosures-Transfers of Financial Assets¹
Disclosures-Offsetting Financial Assets and
Financial Liabilities²

Mandatory Effective Date of HKFRS 9 and
Transition Disclosures³

披露－轉移金融資產¹

披露－抵銷金融資產及金融負債²

香港財務報告準則第9號

之強制性生效日期及過渡性披露³

Financial Instruments³

財務工具³

Consolidated Financial Statements²

綜合財務報表²

Joint Arrangements²

聯合安排²

Disclosure of Interests in Other Entities²

於其他實體權益之披露²

Fair Value Measurement²

公平值計量²

Presentation of Items of Other Comprehensive
Income⁵

其他全面收益項目之呈列⁵

Deferred Tax-Recovery of Underlying Assets⁴

遞延稅項－收回相關資產⁴

Notes to the Consolidated Financial Statements 綜合財務報表附註

for the year ended 31 December 2011
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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (CONTINUED)

New and revised HKFRS issued but not yet effective (continued)

HKAS 19 (as revised in 2011)
香港會計準則第19號(二零一一年經修訂)

HKAS 27 (as revised in 2011)
香港會計準則第27號(二零一一年經修訂)

HKAS 28 (as revised in 2011)
香港會計準則第28號(二零一一年經修訂)

Amendments to HKAS 32
香港會計準則第32號(修訂本)

HK(IFRIC)-Int 20
香港(國際財務報告詮釋委員會)－詮釋第20號

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.

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

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)

已頒布但尚未生效的新訂及經修訂香港財務報告準則(續)

Employee Benefits²
僱員福利²

Separate Financial Statements²
獨立財務報表²

Investments in Associates and Joint Ventures²
於聯營公司及合營企業之投資²

Offsetting Financial Assets and Financial Liabilities⁶
抵消金融資產及金融負債⁶

Stripping Costs in the Production Phase of a Surface Mine²
露天礦場生產期的剝除成本²

¹ 於二零一一年七月一日或之後開始年度期間生效。

² 於二零一三年一月一日或之後開始年度期間生效。

³ 於二零一五年一月一日或之後開始年度期間生效。

⁴ 於二零一二年一月一日或之後開始年度期間生效。

⁵ 於二零一二年七月一日或之後開始年度期間生效。

⁶ 於二零一四年一月一日或之後開始年度期間生效。

香港財務報告準則第9號(於二零零九年頒佈)對金融資產的分類及計量引入新規定。香港財務報告準則第9號(於二零一零年修訂)包括金融資產的分類及計量以及終止確認的規定。

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

New and revised HKFRS issued but not yet effective (continued)

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The directors have not yet performed a detailed analysis of the impact of the application of this Standard and hence have not qualified the extent of the impact.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

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）

已頒布但尚未生效的新訂及經修訂香港財務報告準則（續）

香港財務報告準則第9號要求所有屬香港會計準則第39號*財務工具：確認及計量*範圍內的已確認金融資產其後均按攤銷成本或公平值計量。尤其是，按商業模式持有而目的為收取合約現金流量的債務投資，以及僅為支付本金及未償還本金利息的合約現金流量的債務投資，一般均於其後會計期間結束時按攤銷成本計量。所有其他債務投資及股本投資均於其後會計期間結束時按公平值計量。此外，根據香港財務報告準則第9號，實體須作出不可撤回之選擇，以於其他全面收益呈報股本投資（並非持作買賣者）公平值之其後變動，只有股息收入一般於損益確認。

董事仍未對採用該準則之影響進行詳細分析，因此無法估計其影響。

新訂及經修訂香港財務報告準則於合併、聯合安排、聯營公司及其披露

於二零一一年六月，頒佈了一組五項關於合併、聯合安排、聯營公司及其披露的準則，包括香港財務報告準則第10號、香港財務報告準則第11號、香港財務報告準則第12號、香港會計準則第27號（二零一一年經修訂）及香港會計準則第28號（二零一一年經修訂）。

以下為該等五項準則的主要要求。

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

New and revised standards on consolidation, joint arrangements, associates and disclosures (continued)

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK (SIC)-Int 12 Consolidation-Special Purpose Entities. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. However, the directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

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）

新訂及經修訂香港財務報告準則於合併、聯合安排、聯營公司及其披露（續）

香港財務報告準則第10號取代了部分於香港會計準則第27號綜合及獨立財務報表中對於處理綜合財務報表以及香港（國際財務報告詮釋委員會）－詮釋第12號的綜合－特別目的實體。香港財務報告準則第10號包括對控制新釋義的三個原素：(a) 投資者的權力、(b) 對其於被投資者的參與之範圍或權益，以致可變的回報及(c) 對被投資者能否使用權力以影響其投資回報。於香港財務報告準則第10號內加入詳盡的指引以處理複雜的情境。

香港財務報告準則第12號為披露準則及適用於所有實體持有權益於附屬公司、聯合安排、聯營公司及／或未被合併之結構實體。一般而言，香港財務報告準則第12號的披露要求比現行標準之要求為更詳盡。

該等五項準則之生效期為於二零一三年一月一日或之後開始的年度期間。提早應用乃為容許但該等五項準則需同時應用。

董事預期該等五項準則將於二零一三年一月一日開始的年度期間於本集團的綜合財務報表採用。然而，董事仍未對採用該等準則之影響進行詳細分析，因此仍無法估計其影響。

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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 values, as explained in accounting policies 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 year are included in the consolidated statement 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 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.

Non-controlling interests in subsidiaries are presented separately from the Group's equity then.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

3. 主要會計政策

綜合財務報表乃按照香港會計師公會頒布的香港財務報告準則編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則及香港公司條例的適用披露規定。

綜合財務報表乃按歷史成本基準（如下文所載的會計政策所述，按公平值計算的若干財務工具除外）編製。

綜合賬目基準

綜合財務報表包括本公司及本公司控制的實體（其附屬公司）的財務報表。於本公司有權規管一個實體的財務及經營政策以從其活動得益時，則本公司被視為取得該實體的控制權。

所收購或出售的附屬公司於年內的業績載入自收購有效日期起直至出售有效日期止（如適合）的綜合全面收益表。

如有必要，附屬公司的財務報表會予以調整，使其會計政策與本集團其他成員公司所採用者一致。

集團內公司間一切交易、結餘及收支均於綜合賬目時全額撇銷。

於附屬公司的非控股權益與本集團當時的權益單獨分開呈列。

全面收益總額分配至非控股權益

附屬公司的全面收益及開支總額歸屬於本公司擁有人及非控股權益會導致非控股權益結餘產生虧絀，附屬公司的全面收益及開支總額仍然歸屬於本公司擁有人及非控股權益。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policies below); and

3. 主要會計政策 (續)

本集團於現有附屬公司的擁有權權益變動

本集團於附屬公司擁有權權益變動而無導致失去控制權者均作為股本交易入賬。本集團的權益及非控股權益的賬面值經調整以反映彼等於附屬公司的相對權益變動。經調整非控股權益的金額與已付或已收代價的公平值間的任何差額直接於權益中確認並歸屬於本公司擁有人。

業務合併

收購業務乃以收購法列賬。於業務合併中轉讓的對價以公平值計量，即本集團轉讓的資產於收購日期的公平值、本集團對被收購方前擁有人的負債及本集團為交換被收購方控制權而發行的股本權益的總和。與收購相關的成本於產生時於損益賬中確認。

於收購日期，已收購的可識別資產及已假設的負債按其公平值確認，惟以下情況除外：

- 與僱員福利安排相關的遞延稅項資產或負債及負債或資產乃分別根據香港會計準則第12號所得稅及香港會計準則第19號僱員福利確認及計量；
- 於收購日期，與被收購方以股份為基礎的付款安排或為取代被收購方以股份為基礎的付款安排而由本集團訂立的以股份為基礎的安排相關的負債或股本工具乃根據香港財務報告準則第2號以股份為基礎的付款計量（請參閱下文會計政策）；及

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss.

Changes in the fair value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

3. 主要會計政策 (續)

業務合併 (續)

- 根據香港財務報告準則第5號持作出售的非流動資產及已終止經營業務劃分為持作出售的資產(或出售組別)乃根據該準則計量。

商譽計量為已轉撥的對價、於被收購方的任何非控股權益金額及收購方先前持有的被收購方股本權益(如有)的公平值的總和超過可識別的被收購資產及已承擔債務於收購日期的淨額的數額。倘若於評估後，於收購日期的已收購可識別資產及已假設負債數額的淨值超過已轉撥的對價、於被收購方的任何非控股權益的金額及收購方先前持有的被收購方權益(如有)的公平值的總和，則超出部份即時於損益賬中確認為廉價購買收益。

非控股權益可初步按公平值或非控股權益於被收購方可識別資產淨值的已確認數額應佔的比例計量。計量基準根據各項交易基準選擇。

假如業務合併分階段完成，本集團先前持有的被收購方股本權益於收購日期(即本集團取得控制權的日期)按公平值重新計量，而因此產生的收益或虧損(如有)則於損益賬中確認。

於收購日期前於其他全面收益中確認並於權益累計的先前持有的股本權益公平值變動，於本集團取得對被收購方的控制權時於損益賬重新歸類。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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;
- 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.

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.

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.

3. 主要會計政策 (續)

收入確認

收入按已收或應收代價的公平值計量，並代表就於日常業務過程中出售貨品的應收金額（扣除折讓及銷售相關稅項）。

銷售貨品之收入於貨品付運及轉讓所有權時達成以下條件時予以確認：

- 本集團將貨品擁有權的主要風險及回報轉嫁予買方；
- 本集團對所售貨品不再具有一般與擁有權相關的程度的持續管理參與權，亦無實際控制權；
- 收入金額能可靠計量；
- 與交易相關的經濟利益可能流入本集團；及
- 交易已產生或將予產生的成本能可靠計量。

當經濟利益可能流入本集團及收入金額能可靠計量時，金融資產的利息收入方獲確認。利息收入乃參照未償還本金額及適用實際利率按時間基準累算，實際利率乃將於金融資產預期可使用年期內的估計日後收取現金確切地貼現至該資產於初步確認時的賬面淨值的利率。

租賃

凡租賃條款規定將擁有權的絕大部份風險及回報撥歸承租人之租賃均列作融資租賃。所有其他租賃則列作經營租約。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (continued)

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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.

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.

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

3. 主要會計政策 (續)

租賃 (續)

本集團作為承租人

經營租賃付款於租賃年內按直線基準確認為開支，除非另有系統基準更能代表租賃資產使用經濟利益的時間模式。

外幣

為編製各個別集團實體的財務報表，以非實體功能貨幣(外幣)進行的交易均按交易日期的適用匯率換算為各自的功能貨幣(即該實體經營所在主要經濟環境的貨幣)記賬。於報告期末，以外幣計值的貨幣項目均按於該日適用的匯率重新換算。按歷史成本計量以外幣計值的非貨幣項目則毋須重新換算。

因結算貨幣項目及重新換算貨幣項目而產生的滙兌差額於其產生期間的損益內確認。

借款成本

收購、建造或生產合資格資產(即需要一段頗長時間始能達致其擬定用途或可供銷售的資產)的直接應計借款成本均計入該等資產的成本，直至該等資產大體上已可作其擬定用途或可供銷售為止。

所有其他借款成本均於其產生期間內的損益內確認。

政府津貼

政府津貼於確認前須先有合理保證本集團將遵守津貼隨附的條件及能夠收取該等津貼。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government grants (continued)

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments made to state-managed retirement benefit scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

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 substantively enacted by the end of the reporting period.

3. 主要會計政策 (續)

政府津貼 (續)

政府津貼按有系統的基準於本集團將津貼所擬補償的相關成本確認為開支的期間於損益內確認。以要求本集團購買建造收購非流動資產的政府津貼於綜合財務狀況報表內確認為遞延收入並會於有關資產的可使用年期內轉撥至損益內。

就作為對已產生的開支或虧損的補償或就為本集團提供即時財務支持而不涉及未來相關成本的目的而應收的政府津貼乃於其應收的期間在損益內確認。

退休福利成本

向國家管理退休福利計劃作出的付款乃於僱員提供令其有權取得供款的服務時確認為開支。

稅項

所得稅開支指當期應付稅款與遞延稅項的總和。

當期應付稅項按有關年度應課稅溢利計算。應課稅溢利與綜合全面收益表所列溢利不同，因為其不包括於其他年度的應課稅或可扣減的收入或開支項目，亦不包括毋須課稅或不可扣稅項目。本集團的即期稅項負債乃按於報告期末已頒佈或實際上已頒佈的稅率計算。

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 differences 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 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 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.

3. 主要會計政策 (續)

稅項 (續)

遞延稅項按綜合財務報表內資產及負債賬面值與計算應課稅溢利時採用的相應稅基之間的暫時差額予以確認。一般就所有應課稅暫時差額確認遞延稅項負債。遞延稅項資產一般則於可能出現應課稅溢利對銷可用的可扣稅暫時差額時確認。若初次確認一項交易(業務合併除外)的其他資產及負債而產生暫時差額，而該差額不會影響應課稅溢利或會計溢利，則不會確認該等資產及負債。

與於附屬公司之投資有關之應課稅暫時差額確認為遞延稅項負債，除本集團能夠控制暫時差額的回撥及暫時差額很大機會於可預見將來不會撥回則除外。與該等投資相關之可扣減暫時差額產生之遞延稅項資產僅於可能將有足夠應課稅溢利以應用暫時差額的利益且預期將於可見將來撥回時始確認。

遞延稅項資產的賬面值於報告期末被審閱，而倘不再可能擁有足夠應課稅溢利以收回所有或部份資產時則會作出扣減。

遞延稅項資產及負債按預期將於清付負債或變賣資產期間適用之稅率，按於報告期末已頒佈或實際上已頒佈之稅率(及稅法)計量。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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 reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress includes property, plant and equipment in the course of construction for its own use purposes. Construction in progress is carried at cost, less any recognised impairment loss. 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.

3. 主要會計政策 (續)

稅項 (續)

遞延稅項負債及資產之計量反映於報告期末本集團預計收回或清付其資產及負債之賬面值之模式而引致之稅務後果。

當期及遞延稅項於損益中確認，惟倘其與於其他全面收益或直接於權益確認之項目相關，則當期及遞延稅項亦會分別於其他全面收益或直接於權益確認。就因對業務合併進行初始會計處理而產生的當期稅項或遞延稅項而言，稅務影響乃計入業務合併的會計處理內。

物業、廠房及設備

物業、廠房及設備(包括持作用於生產或供應貨品或服務，或用於行政用途的樓宇，惟在建工程除外)按成本減其後累積折舊及累積減值虧損(如有)於綜合財務狀況表內列賬。

物業、廠房及設備項目(在建工程除外)減其剩餘價值乃按其估計可使用年期限用直線法確認折舊以撇銷該等項目的成本。估計可使用年期、剩餘價值及折舊方法乃於報告期末檢討，估計變動的影響按預先計提的基準入賬。

在建工程包括用作生產或自用而正在建造過程中的物業、廠房及設備。在建工程按成本減任何已確認的減值虧損列賬。當在建工程完成及準備作擬定用途時，在建工程分類為物業、廠房及設備的適當類別。該等資產的折舊於資產可投入擬定用途時按與其他物業資產相同的基準開始提撥。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (continued)

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 the disposal or retirement 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.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Prepaid lease payments

Prepaid lease payments representing land use rights in the PRC are stated at cost and amortised on a straight-line basis over the lease terms. Prepaid lease payments which are to be amortised in the next twelve months or less are classified as current assets.

Impairment of non-current assets other than financial assets

At the end of reporting period, the Group reviews the carrying amounts of its non-current assets other than financial assets to determine whether there is any indication that those assets have suffered an impairment loss. 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 as an expense immediately.

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 years. A reversal of an impairment loss is recognised as income immediately.

3. 主要會計政策 (續)

物業、廠房及設備 (續)

個別物業、廠房及設備的項目於出售或於預期繼續使用該資產不會帶來任何日後經濟利益時取消確認。物業廠房及設備項目的出售或停用而產生的任何收益或虧損按其銷售所得款項淨額與資產賬面值的差額釐定並於損益內確認。

研發開支

研究活動開支於其產生期間確認為開支。

預付租賃付款

預付租賃付款指於中國的土地使用權，乃按成本呈列及於租賃年內以直線基準攤銷，而將於未來十二個月或以內攤銷的預付租賃付款被分類為流動資產。

除金融資產外的非流動資產減值

於報告期末，本集團審閱其除金融資產外的非流動資產的賬面值，藉此決定是否有任何跡象顯示該等資產出現減值虧損。倘估計資產的可收回金額少於其賬面值，則資產的賬面值將被削減至其可收回金額。減值虧損即時被確認為開支。

倘其後撥回減值虧損，則會增加資產的賬面值至其可收回金額的經修訂估計，惟已增加的賬面值不會超過倘於過去年度概無就資產確認減值虧損所釐定的賬面值。撥回減值虧損即時被確認為收益。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 costs of completion and costs necessary to model the axle.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and 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 directly attributable to the acquisition or issue of financial assets and liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

3. 主要會計政策 (續)

存貨

存貨按成本與可變現淨值中之較低者呈列。成本按加權平均法計算。可變現淨值指存貨的預計售價減任何估計完成成本及車橋定型的必要成本。

撥備

當本集團因過往事件而承擔現有責任，而本集團可能須償付該責任時確認撥備，該責任的金額可以可靠地估計。撥備按於報告期末對償付現有責任所需的代價的最佳估計計量，並經考慮與該責任相關的風險及不確定因素。倘使用估計清償現有責任的現金流量計量撥備，其賬面值為該等現金流量（倘貨幣的時間價值影響重大）的現值。

財務工具

當集團實體成為工具合約條文的訂約方時，本集團的金融資產及負債於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。因收購或發行金融資產及負債（按公平值經損益入賬的金融資產或金融負債除外）而直接應佔的交易成本於初步確認時按適用情況加入或扣自該項金融資產或金融負債的公平值。

金融資產

本集團的金融資產均分類歸入貸款及應收款項以及可供出售金融資產。分類乃視乎金融資產之性質及用途，並於初步確認時釐定。

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.

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 receivables, bills receivable, other receivables, amount due from a director, pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit and loss, 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 on financial assets below).

3. 主要會計政策 (續)

財務工具 (續)

金融資產 (續)

實際利率法

實際利率法乃計算金融資產的經攤銷成本以及分攤相關期間的利息收入的方法。實際利率乃按金融資產的預計年期或(如適用)較短期間內準確折讓至初步確認的賬面淨值的估計未來現金收入(包括構成實際利率不可或缺部份的已付或已收的一切費用、交易成本及其他溢價或折讓)的利率。

債務工具的利息收入乃按實際利率基準確認。

貸款及應收款項

貸款及應收款項為附帶固定或可釐定付款的非衍生金融資產，而其在活躍市場並無報價。於初步確認後，貸款應收款項(包括貿易應收款項、應收票據、其他應收款項、應收董事款項、已抵押銀行存款及銀行結餘及現金)乃採用實際利息法以攤銷成本減任何已識別減值虧損列賬。

可供出售金融資產

可供出售金融資產為指定或並無分類為按公平值計入損益的金融資產、貸款及應收款項或持至到期投資的非衍生工具。

可供出售金融資產於報告期末按公平值計量。公平值變動於其他全面收益確認及於投資重估儲備累積，直至該金融資產被出售或釐定出現減值，屆時過往於投資重估儲備累積的累計收益或虧損會重新分類至損益(請參閱下文有關金融資產減值虧損的會計政策)。

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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.

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.

For other financial assets, 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 and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

3. 主要會計政策 (續)

財務工具 (續)

金融資產 (續)

金融資產減值

金融資產乃於報告期末評估減值跡象。倘有客觀證據證明，投資的估計未來現金流因首次確認金融資產後發生的一項或多項事件而受到影響，則金融資產被認為將出現減值。

就可供出售股本投資而言，當投資的公平值出現重大或長期減值至低於其成本，則被視為減值的客觀證據。

就其他金融資產而言，減值的客觀證據可能包括：

- 發行人或對手方的重要財務困難；或
- 違反合約，如利息或本金支付的違約或拖欠；或
- 借款人可能將宣告破產或財務重組。

就若干類別的金融資產（如貿易應收款項）而言，被評為不會單獨作出減值的資產會彙集一併評估減值。應收款項組合出現減值的客觀證據包括本集團過往收款紀錄、組合內逾期超過平均信貸期的還款數目上升，以及國家或地區經濟狀況出現明顯變動導致應收款項未能償還。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial asset's 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.

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.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss 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. 主要會計政策 (續)

財務工具 (續)

金融資產 (續)

金融資產減值 (續)

就按攤銷成本入賬的金融資產而言，已確認減值虧損數額以資產賬面值與以金融資產原來實際利率貼現的估計未來現金流之現值之間的差異來計算。

除貿易應收款項的賬面值是通過撥備賬作出扣減外，金融資產的賬面值減少乃直接經由所有金融資產的減值虧損而導致。撥備賬賬面值的變化於損益中確認。當一項貿易應收款項被認為不可收回時，將於撥備賬作出撇銷。倘於過往撇銷的金額於其後收回，則會計入損益中。

當可供出售金融資產被視作減值時，先前於其他全面收益中確認的累計收益或虧損會於減值發生的期間重新分類至損益中。

就按攤銷成本計量的金融資產而言，倘於隨後期間減值虧損額減少且該減幅客觀上與確認減值虧損後所發生之事件有關，則先前已確認的減值虧損會在其後期間於損益賬中撥回，惟須以減值撥回當日的資產賬面值不得超過未確認減值時原有的攤銷成本為限。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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. For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements 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 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. 主要會計政策 (續)

財務工具 (續)

金融資產 (續)

金融資產減值 (續)

可供出售股本投資的減值虧損將不會透過損益撥回。於減值虧損後的公平值增加直接於其他全面收益確認及於投資重估儲備累積。就可供出售債務投資而言，倘投資公平值的增加客觀地與確認減值虧損後發生的事件有關，則於其後透過損益撥回減值虧損。

金融負債及股權工具

本集團發行的金融負債及股權工具乃根據已訂立的合約安排內容以及金融負債及股權工具的定義分類為金融負債或股權。

股權工具

股權工具乃扣除所有負債後證明於本集團資產內擁有剩餘權益的任何合約。本集團發行的股權工具按已收所得款項扣除直接發行成本確認。

實際利率法

實際利率法為計算金融負債的攤銷成本及在相關期間分配利息開支的方法。實際利率是在金融負債的預計年期或較短期間(如適用)內，將其未來現金付款確切貼現為初始確認時賬面淨值所使用的利率。

利息開支按實際利率基準確認。

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3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Effective interest method (continued)

The Group's financial liabilities, which include trade and other payables, amount due to a director and borrowings, are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

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

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.

The Group derecognises a financial liability when, and only when, the Group's obligations 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. 主要會計政策 (續)

財務工具 (續)

金融負債及股權工具 (續)

實際利率法 (續)

本集團的金融負債(包括貿易及其他應付款項、應付一名董事款項及借款)初步按公平值計量,其後採用實際利息法按攤銷成本計量。

本集團所發行的股權工具於扣除直接發行成本後按已收所得款項入賬。

解除確認

僅於資產所得現金流量的合約權利屆滿時,或金融資產所有權之絕大部分風險及回報轉讓予另一實體時,本集團方會取消確認金融資產。倘本集團並未轉讓亦未保留所有權的絕大部分風險及回報,並繼續控制已轉讓資產,則本集團可繼續將資產確認入賬,條件為須持續涉及該項資產,以及確認一項相關負債。倘本集團保留已轉讓金融資產所有權的絕大部分風險及回報,則本集團繼續確認該金融資產並亦確認已收所得款項之有抵押借款。

本集團只有在責任獲解除、註銷或屆滿時,將解除確認金融負債。獲解除確認的金融負債的賬面值與已付及應付的代價間差額於損益中確認。

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4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

(a) Useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are expected to be shorter than estimated, or it will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold. Change in these estimations may have a material impact on the results of the Group.

4. 重大會計判斷及估計不確定因素主要來源

於應用附註3所述的本集團會計政策時，管理層須對並未能輕易從其他途徑得悉的資產及負債的賬面值作出判斷、估計及假設。估計及相關假設乃基於過往經驗及其他被視為相關的因素。實際結果可能與該等估計不同。

估計及相關假設將按持續基準被審閱。倘對會計估計的修訂僅影響一段期間，則僅於估計被修訂的期間確認對會計估計的修訂，或倘修訂影響目前及未來期間則會於修訂及未來期間予以確認。

估計不確定因素主要來源

以下為可產生須對未來十二個月內的資產及負債賬面值作出重大調整的重大風險的有關未來主要假設，以及於報告期末的其他估計不確定因素的主要來源。

(a) 物業、廠房及設備的使用年期

本集團管理層決定其物業、廠房及設備的估計使用年期及相關折舊金額。此估計乃基於有關性質及功能相近的物業、廠房及設備的實際使用年期的過往經驗。倘使用年期預期將較估計為短或其將撇銷或撇減已棄置或出售的陳舊或非戰略資產時，管理層將增加折舊金額。該等估計的改變可能對本集團的業績構成重大影響。

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

(b) Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2011, the carrying amount of trade receivables is approximately RMB483,412,000 (net of impairment loss of RMB48,700,000) (2010: RMB390,466,000 net of impairment loss of RMBnil).

(c) Impairment of inventories

The Group records inventories at the lower of cost and net realisable value. Net realisable value is the estimated selling price for inventories, less all the estimated costs of completion and costs necessary to make the sales.

Operational procedures have been in place to monitor the risk as a significant proportion of the Group's of working capital is devoted to inventories. Procedure-wise, the management reviews the inventory aging listing on a regular basis for those aged inventories. This involves comparison of carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether allowance is required to be made in the financial statements for any obsolete and slow-moving items. Although the Group carried periodic review on the net realisable value of inventory, the actual realisable value of inventory is not known until the sales take place.

4. 重大會計判斷及估計不確定因素主要來源 (續)

估計不確定因素主要來源 (續)

(b) 貿易應收款項的估計減值

倘存在減值虧損的客觀證據，本集團會考慮未來現金流量估計。減值虧損金額乃按資產賬面值金額與估計未來現金流量（不包括尚未產生的未來信貸損失）的現值之間的差額計算，並會按金融資產的原來實際利率（即於初步確認時計算的實際利率）貼現。倘實際未來現金流量少於預期，則可能產生重大減值虧損。於二零一一年十二月三十一日，貿易應收款項的賬面值約為人民幣483,412,000元（扣除減值虧損人民幣48,700,000元）（二零一零年：人民幣390,466,000元，扣除減值虧損人民幣零元）。

(c) 存貨減值

本集團按成本或可變現淨值（以較低者為準）將存貨入賬。可變現淨值為存貨的估計售價減任何估計完成成本及進行銷售所需的成本。

由於本集團相當大部份的營運資金亦用作增加存貨，因此已制訂營運程序以監察此風險。根據程序，管理層定期就陳舊存貨審閱存貨貨齡清單。此涉及比較陳舊存貨項目的賬面值及相關之可變現淨值。目的為確定是否須於財務報表就任何陳舊及滯銷項目作出撥備。儘管本集團定期審閱存貨的可變現淨值，惟直至銷售前不能得知存貨的實際可變現價值。

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4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (continued)

(d) Provision for warranty claims

Provision for warranty is made based on the possible claims on the products by customers with reference to the warranty coverage period and the percentage of warranty expenses incurred over total sales amounts during the financial year. In case where the actual claims are greater than expected, a material increase in warranty expenses may arise, which would be recognised in profit or loss for the period in which such a claim takes place. Warranty provision has been included in trade and other payables with carrying amount of approximately RMB1,088,000 at 31 December 2011 (2010: RMB1,039,000) (note 22).

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts (which include bank and other borrowings), cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, share premium, capital and special reserves, surplus reserves and retained earnings.

The directors of the Group review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital and will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

4. 重大會計判斷及估計不確定因素主要來源 (續)

估計不確定因素主要來源 (續)

(d) 保修索償撥備

保修撥備乃經參考保修有效期間及已產生的保修開支佔於財政年度的總銷售金額的百分比就客戶對產品的可能索償而作出。倘實際索償較預期為多，則保修開支可能顯著增加，而此將於作出索償的期間於損益確認。於二零一一年十二月三十一日保修撥備賬面值計入貿易及其他應付款項約為人民幣1,088,000元(二零一零年：人民幣1,039,000元)(附註22)。

5. 資本風險管理

本集團管理其資本以確保本集團內的實體將能持續經營並同時透過優化債務及權益結餘為股東帶來最大回報。本集團的整體策略較去年維持不變。

本集團的資產結構包括淨債務(其中包括銀行及其他借款)、現金及現金等值項目及本公司擁有人應佔權益，其中包括股本、股份溢價、資本及特別儲備、盈餘儲備及保留盈利。

本集團董事定期審閱資本架構。作為審閱的一部分，董事考慮資本成本及與各類資本相關的風險，並將透過支付股息、發行新股以及發行新債或贖回現有債務平衡其整體資本架構。

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6. FINANCIAL INSTRUMENTS

6. 財務工具

(a) Categories of financial instruments

(a) 財務工具類別

	Financial instrument classification 財務工具分類	Carrying amount 賬面值	
		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			
Trade and other receivables 貿易及其他應收款項	Loans and receivables 貸款及應收款項	707,980	396,391
Pledged bank deposits 已抵押銀行存款	Loans and receivables 貸款及應收款項	2,100	2,177
Bank balances and cash 銀行結餘及現金	Loans and receivables 貸款及應收款項	134,450	518,105
Available-for-sale investments 可供出售投資	Available-for-sale financial assets 可供出售金融資產	1,000	1,000
		845,530	917,673
Financial liabilities 金融負債			
Trade and other payables* 貿易及其他應付款項*	At amortised cost 按攤銷成本	216,026	227,343
Amount due to a director 應付一名董事款項	At amortised cost 按攤銷成本	1,500	800
Borrowings 借款	At amortised cost 按攤銷成本	495,928	328,450
		713,454	556,593

* Excluded advances from customers, warranty accrual, other tax payables and accruals.

* 不包括來自客戶的墊款、應計保修、其他應付稅項及應計款項。

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6. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies

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

(c) Currency risk

Certain bank balances of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting period are as follows:

United States dollars ("US\$")	美元 (「美元」)
Hong Kong dollars ("HK\$")	港元 (「港元」)

6. 財務工具 (續)

(b) 金融風險管理目標及政策

本集團主要財務工具包括貿易應收款項及其他應收款項、已抵押銀行存款、現金及銀行結餘、貿易應付款項及其他應付款項、應付董事款項及借款。財務工具詳情於各自附註披露。有關財務工具的風險包括市場風險(包括貨幣風險、利率風險及其他價格風險)、信貸風險及流動性風險。下文載列降低該等風險的政策。管理層管理及監察該等風險以確保及時及有效採取適當措施。

(c) 貨幣風險

本集團若干銀行結餘以外幣列值。本集團現時並無外幣對沖政策。然而，管理層監控匯兌風險及將考慮對沖重大外幣風險為日益重要。

於報告期末，本集團以外幣列值的貨幣資產賬面值如下：

Assets 資產	
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
5,126	1,133
1,651	10,722

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6. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Currency risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 2% increase and decrease in RMB, the functional currency of the respective group entities, against the relevant foreign currencies for the years ended 31 December 2011 and 2010. The sensitivity rate represents management's assessment of the reasonably possible change in foreign exchange rates with reference to historical fluctuation of foreign exchange rates during the year. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at 31 December 2011 and 2010 for a corresponding change in foreign currencies rates. A negative number below indicates a decrease in post-tax profit for the year where the RMB strengthens against the relevant currencies. For a weakening of RMB against the relevant currency, there would be an equal and opposite impact on the post-tax profit for the year.

US\$	美元
HK\$	港元

The bank balances denominated in foreign currencies fluctuated throughout the year and in management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

6. 財務工具(續)

(c) 貨幣風險(續)

敏感度分析

下表詳述截至二零一一年及二零一零年十二月三十一日止年度，本集團對人民幣升值及貶值2%的敏感度，各集團實體的功能貨幣兌相關外幣升值及貶值的敏感度。該敏感性指管理層經參考年內過往匯率波動，對外匯匯率合理波動作出的評估。敏感度分析僅包括以尚餘外幣計值的貨幣項目，並於二零一一年及二零一零年十二月三十一日對彼等換算按外幣匯率相應變動作出調整。以下負數顯示，倘人民幣兌相關貨幣升值，則年內稅後溢利減少。就人民幣兌相關貨幣貶值而言，其對年內稅後溢利的影響則等同及相反。

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
(98)	(21)
(32)	(208)

以外幣計值的銀行結餘整個年度在波動及管理層認為，由於年末風險並未反映年內風險，故敏感度分析並非固有外匯風險。

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6. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to cash flow interest rate risk on the variable rate of interest earned on the pledged bank deposits and bank balances. The Group's borrowings have fixed interest rates and therefore, are subject to fair value interest rate risk.

Sensitivity analysis

The following analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year and all other variables were held constant. A 25 basis point (2010: 25 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

For those bank balances with interest rate of 0.001% per annum, the analysis below reflects the sensitivity that the interest rate may drop to 0%. The pre-tax profit for the year would increase/(decrease) as follows:

25 basis points higher	上升 25 個基點
25 basis points lower	下跌 25 個基點

The Group monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

6. 財務工具(續)

(d) 利率風險

利率風險為一項財務工具的未來現金流量的公平值將因市場利率改變而波動所帶來的風險。本集團因已抵押銀行存款及銀利結餘所賺取的利息的利率改變而面對現金流量利率風險。本集團的借款以固定利率計息，故受公平值利率風險影響。

敏感度分析

以下分析之編製乃假設於報告期末尚餘的財務工具於整個年度尚未償付及所有其他變量維持不變。倘向主要管理人員作出內部報告的利率風險屬管理層經對利率波動的合理評估，則使用升值或貶值 25 個基點(二零一零年：25 個基點)。

就該等年利率為 0.001% 的銀行結餘而言，以下分析反映利率可能跌至 0% 的敏感度。年內除稅前溢利將增加/(減少)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
341 (324)	1,301 (1,276)

本集團監察利率風險，並將於必要時考慮對沖重大利率風險。

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6. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Other price risk

The Group is exposed to other price risk through its investments fund (as disclosed in note 17) as at 31 December 2011. If the price of the investment fund had been 5% higher/lower, the Group's investment valuation reserve would increase/decrease by approximately RMB50,000 for the year ended 31 December 2011 as a result of the changes in fair value of investment fund.

(f) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial asset fails to meet its contractual obligations.

The Group has concentration of credit risk at 10.5% (2010: 4%) and 22.7% (2010: 10.2%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively. The Group also has concentration of credit risk by geographical location as trade and bills receivable comprise various debtors which are located in PRC.

The Group manages this risk by reviewing 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 September 2011, due to the downturn of economy, the Company set up a committee ("Committee") to focus on the settlement of the trade receivables. The Committee regularly reviewed, discussed and analyzed the status of trade receivables on a weekly or monthly basis. Based on the nature of customers, the Committee classified the customers to different portfolios for analysis. The works of Committee included understanding of background, financial strength, sales and repayment of each portfolio.

6. 財務工具(續)

(e) 其他價格風險

於二零一一年十二月三十一日，本集團因投資於投資基金(誠如附註17所披露)承受其他價格風險。如投資基金的價格上升/下跌5%，本集團於截至二零一一年十二月三十一日止年度的投資估值儲備會因投資基金公平值的變動而增加/減少約人民幣50,000元。

(f) 信貸風險

信貸風險為因一名金融資產的客戶或第三方未能履行其合約責任而產生意外虧損的風險。

本集團擁有佔貿易應收款項總額10.5%(二零一零年：4%)及22.7%(二零一零年：10.2%)的信貸集中風險，分別來自本集團的最大客戶及五大客戶。由於多名有關貿易應收款項及應收票據的債務人乃位於中國，故本集團在地域上亦出現信貸風險集中情況。

本集團透過審閱於報告期末各個別貿易債務的可收回金額管理此項風險，從而確保已就不可收回金額作出足夠的減值虧損撥備。

於二零一一年九月，由於經濟衰退，本公司設立一個委員會(「委員會」)以關注貿易應收款項的結算情況。該委員會每周或每月定期檢討、討論及分析貿易應收款項的狀況。根據客戶的性質，委員會將客戶分類為不同組合進行分析。委員會的職責包括了解各組合的背景、財務實力、銷售及償還能力。

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6. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Credit risk (continued)

As at 31 December 2011, the Group had trade receivables amounted to RMB532,112,000 (before impairment loss of RMB48,700,000). The Committee has prepared a report to analyse the status of recoverability by portfolio and the basis of provision on customers for management review. As at 31 December 2011, specific provisions of RMB42,000,000 were suggested by the Committee. The Committee reported that these debtors were of financial problems and the recoverability of these receivables were low. In addition, the management made additional specific provisions of RMB6,700,000 after reviewing the subsequent settlement and aging status up to the date of issuance of these financial statements. The board of directors has reviewed the report of the Committee and analysis prepared by the management and considered the total provision of RMB48,700,000 is adequate but not excessive. The board of directors closely reviewed the collectability of trade receivables and considered the trade receivables at 31 December 2011 of RMB 483,412,000 (after impairment loss of RMB48,700,000) is collectible.

The board of directors considered the credit risk of the bill receivables and liquid funds is limited because the majority of counterparties are reputable state-owned banks located in the PRC.

Other than the concentration of the credit risk on trade receivables, bills receivable and bank balances and pledged bank deposits, the Group does not have any other significant concentration of credit risk.

(g) Liquidity risk

In the management of the liquidity risk, the Group closely monitors its cash position resulting from its operations and maintains a level of cash and cash equivalents deemed adequate by the management to meet in full its financial obligations as they fall due for the foreseeable future. The management monitors the utilisation of bank and other borrowings.

6. 財務工具(續)

(f) 信貸風險(續)

於二零一一年十二月三十一日，本集團擁有貿易應收款項達人民幣532,112,000元(未計減值虧損人民幣48,700,000元)。委員會已編製一份報告以分析按組合劃分的可收回情況及客戶撥備基準，以供管理層審閱。於二零一一年十二月三十一日，委員會建議專項撥備人民幣42,000,000元。委員會認為，該等債務人存在財務問題且該等應收款項的可收回性甚微。此外，管理層於審閱截至該等財務報表刊發日期後的結算及賬齡情況後，作出額外專項撥備人民幣6,700,000元。董事會已審閱委員會報告及管理層編製的分析報告，並認為撥備總額人民幣48,700,000元乃為充足而不致過多。董事會密切檢討貿易應收款項的可收回性，並認為於二零一一年十二月三十一日的貿易應收款項人民幣483,412,000元(已計減值虧損人民幣48,700,000元)屬可收回。

由於大部份交易對手為於中國頗具聲譽的國有銀行，因此，董事會認為應收票據及流動資金的信貸風險有限。

除貿易應收款項、應收票據以及銀行結餘及已抵押銀行存款的集中信貸風險外，本集團概無任何其他重大信貸集中風險。

(g) 流動性風險

於管理流動性風險時，本集團密切監察其因其營運所產生的現金狀況及維持管理層認為足夠的現金及現金等值項目水平以全面應付於可見未來到期的財務責任。管理層監察銀行及其他借款的動用情況。

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6. FINANCIAL INSTRUMENTS (CONTINUED)

(g) Liquidity risk (continued)

The following table details the Group's remaining contractual maturity for its financial liabilities as at 31 December 2011 and 2010. 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.

Liquidity and interest risk tables

		Weighted average interest rate 加權 平均利率 %	Within			Total undiscounted cash flows 總未貼現 現金流量	Carrying amount 賬面值
			3 months 三個月內	3 months to 1 year 三個月至 一年	1-2 years 一年至 兩年		
		%	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
As at 31 December 2011	於二零一一年 十二月三十一日						
Trade and other payables	貿易及其他應付款項	-	166,202	49,824	-	216,026	216,026
Amount due to a director	應付一名董事款項	-	1,500	-	-	1,500	1,500
Borrowings	借款	6.62%	168,203	291,458	51,053	510,714	495,928
			335,905	341,282	51,053	728,240	713,454
As at 31 December 2010	於二零一零年 十二月三十一日						
Trade and other payables	貿易及其他應付款項	-	171,723	55,620	-	227,343	227,343
Amount due to a director	應付一名董事款項	-	800	-	-	800	800
Borrowings-due within one year	借款-一年內到期	5.89%	138,577	199,327	-	337,904	328,450
			311,100	254,947	-	566,047	556,593

(h) Fair value

The fair value of financial assets and financial liabilities (excluding available-for-sale investments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

For available-for-sale investments, the fair value is determined with reference to price quoted by the bank, which is determined by reference to the net assets of the fund.

6. 財務工具(續)

(g) 流動性風險(續)

下表詳述於二零一一年及二零一零年十二月三十一日，本集團及本公司的金融負債的餘下合約到期期限。下表乃根據以本集團及本公司可能被要求付款的最早日期為基準的金融負債的未貼現現金流量編製。此表同時包括利息及本金現金流量。

流動性及利率風險表

		Weighted average interest rate 加權 平均利率 %	Within			Total undiscounted cash flows 總未貼現 現金流量	Carrying amount 賬面值
			3 months 三個月內	3 months to 1 year 三個月至 一年	1-2 years 一年至 兩年		
		%	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
As at 31 December 2011	於二零一一年 十二月三十一日						
Trade and other payables	貿易及其他應付款項	-	166,202	49,824	-	216,026	216,026
Amount due to a director	應付一名董事款項	-	1,500	-	-	1,500	1,500
Borrowings	借款	6.62%	168,203	291,458	51,053	510,714	495,928
			335,905	341,282	51,053	728,240	713,454
As at 31 December 2010	於二零一零年 十二月三十一日						
Trade and other payables	貿易及其他應付款項	-	171,723	55,620	-	227,343	227,343
Amount due to a director	應付一名董事款項	-	800	-	-	800	800
Borrowings-due within one year	借款-一年內到期	5.89%	138,577	199,327	-	337,904	328,450
			311,100	254,947	-	566,047	556,593

(h) 公平值

金融資產及金融負債(不包括可供出售投資)的公平值乃根據以貼現現金流量分析為基準的公認定價模式或使用可觀察的目前市場交易的價格釐定。

可供出售投資的公平值乃參考銀行的報價釐定，而銀行的報價則參考基金資產淨值釐定。

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6. FINANCIAL INSTRUMENTS (CONTINUED)

(h) Fair value (continued)

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Fair value measurements recognised in the consolidated statements of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 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 markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6. 財務工具(續)

(h) 公平值(續)

本公司董事認為，按攤銷成本於綜合財務報表入賬的金融資產及金融負債的賬面值與其公平值相若。

於綜合財務狀況報表確認的公平值計量

下表提供於初步確認後按公平值計量的財務工具的分析，乃根據公平值可觀察程度分為級別一至三。

- 級別一公平值計量由相同資產或負債在活躍市場的報價(未經調整)得出。
- 級別二公平值計量由級別一所載報價以外的可觀察資產或負債數據直接(即價格)或間接(即源自價格)得出。
- 級別三公平值計量由包括並非以可觀察市場數據(不可觀察數據)為基礎的資產或負債數據的估值技術得出。

Available-for-sale investments
– Level 3

可供出售投資
— 級別三

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
1,000	1,000

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7. REVENUE AND SEGMENT INFORMATION

(a) Products within each operating segment

The segment information reported was by business, determined by the types of products and the types of customers to which the products are sold, which is consistent with the internal information that is regularly reviewed by the directors of the Company, who are the chief operating decision makers of the Group, for the purposes of resource allocation and assessment of performance.

The Group has two reportable operating segments as follows:

- OEM and related market-manufacturing and selling of axle assemblies and axle components to heavy duty truck and middle duty truck manufacturers and other assembly manufacturers.
- Aftermarket-manufacturing and selling of axle components and axle assemblies to market for providing after-sales services.

7. 收入及分部資料

(a) 各營運分部內的產品

所申報的分部資料乃以產品種類及購買產品的客戶類型釐定業務，此與作為本集團主要營運決策人的董事定期審閱以分配資源及評估表現的內部資料相符。

本集團擁有以下兩個須報告營運分部：

- OEM及相關市場一向重型卡車及中型卡車製造商及其他總成製造商製造及銷售橋總成及車橋零部件。
- 維修市場—製造及於市場銷售車橋零部件及橋總成以提供售後服務。

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7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

7. 收入及分部資料(續)

(b) Segment revenue and results

(b) 分部收入及分部業績

		Segment revenue		Segment results	
		分部收入		分部業績	
		2011	2010	2011	2010
		二零一一年	二零一零年	二零一一年	二零一零年
		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
OEM and related market	OEM及相關市場	382,610	447,232	97,111	118,539
Aftermarket	維修市場	538,071	871,477	154,982	320,791
External revenue/ segment result	外部收入/ 分部業績	920,681	1,318,709	252,093	439,330
Other income and other gains and losses	其他收入及 其他收益及虧損			7,680	2,532
Selling and distribution expenses	銷售及分銷開支			(26,044)	(22,393)
Research and development expenditure	研發開支			(13,857)	(12,860)
Administrative expenses	行政開支			(63,851)	(48,510)
Impairment loss on trade receivables (note)	貿易應收款項 減值虧損(附註)			(48,700)	-
Finance costs	融資成本			(25,900)	(22,534)
Profit before tax	除稅前溢利			81,421	335,565
Taxation	稅項			(21,775)	(49,890)
Profit and total comprehensive income for the year	年內溢利及 全面收益總額			59,646	285,675

Revenue reported above represents revenue generated from external customers. There was no inter-segment sales during the year.

以上呈報收入指從外部客戶產生的收入。於年內並無分部間銷售。

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the gross profit of each operating segment. This is the measure reported to the directors of the Company for the purposes of resources allocation and performance assessment.

營運分部的會計政策與附註3所述的本集團會計政策相同。分部業績指各營運分部的毛利。此為就分配資源及評估表現目的而向本公司董事申報的計算項目。

Note: The amount consisted of an impairment loss on trade receivables for the OEM and related market of RMB12,098,000 and trade receivables for aftermarket of RMB36,602,000.

附註：該款項包括於OEM及相關市場的貿易應收款項減值虧損人民幣12,098,000元及於維修市場的貿易應收款項人民幣36,602,000元。

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7. REVENUE AND SEGMENT INFORMATION (CONTINUED)

(c) Segment assets

OEM and related market Aftermarket	OEM及相關市場 維修市場
Total of all segments Unallocated	所有分部合計 未分配
Consolidated assets	綜合資產

Segment assets represent trade receivables.

Segment liabilities are not presented as liabilities are generally incurred for all operating segments and not presented to the directors for performance assessment and resource allocation.

(d) Geographical information

The Group principally operates in the PRC(country of domicile of the operating subsidiaries). No non-current assets of the Group are located outside the PRC.

All of the Group's revenue from external customers is attributed to the group entities' countries of domicile (i.e. the PRC).

(e) Information about major customers

None of individual customer of the Group contributed over 10% or more of the Group's revenue during each of the years ended 31 December 2011 and 2010.

7. 收入及分部資料(續)

(c) 分部資產

		Assets 資產	
		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
		130,758	74,241
		352,654	316,225
		483,412	390,466
		1,822,179	1,688,621
		2,305,591	2,079,087

分部資產指貿易應收款項。

由於所有營運分部一般亦會產生負債及不會向董事就表現評估及資源分配呈報，故不會呈列分部負債。

(d) 地域資料

本集團主要於中國營運(營運附屬公司的註冊國家)。概無本集團的非流動資產位於中國以外。

所有本集團來自外部客戶的收入均歸屬於集團實體的註冊國家(即中國)。

(e) 有關主要客戶的資料

於截至二零一一年及二零一零年十二月三十一日止年度各年，本集團客戶貢獻佔比概無超過本集團收益的10%或以上。

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8. OTHER INCOME AND OTHER GAINS AND LOSSES

8. 其他收入及其他收益及虧損

		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
Government grant (note)	政府津貼(附註)	5,556	1,381
Income from suppliers on defects claim	來自供應商缺陷索償的收入	3,095	4,596
Bank interest income	銀行利息收入	1,744	1,674
Loss from disposal of property, plant and equipment	出售物業、廠房及設備的虧損	(2,488)	-
Net foreign exchange loss	匯兌虧損淨額	(339)	(4,922)
Donation	捐款	-	(137)
Others	其他	112	(60)
		7,680	2,532

Note: The amounts primarily represented incentives granted by local authorities to the group entities located in the PRC for the eminent contribution of tax payment, encouragement of its business development and refund of various taxes paid, award of being successfully listed on the Main Board of Hong Kong Stock Exchange. These grants are accounted for as immediate financial support and award with no future related costs expected to be incurred nor related to any assets.

附註：該等金額主要指地方機關就突出稅項供款向本集團位於中國的實體授出款項，以鼓勵其業務發展及退回多項已付稅項，獎勵成功於香港聯交所主板上市。該等津貼概無附帶未達成的條件及其他或然條件。該等授出款項列作即期財務支援及獎勵，預期未來將不產生相關費用及與任何資產無關。

9. FINANCE COSTS

9. 融資成本

		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
Interest on:	以下各項的利息：		
Bank borrowings wholly repayable within five years	於五年內悉數償還的銀行借款	24,805	21,439
Other borrowings wholly repayable within five years	於五年內悉數償還的其他借款	1,095	1,095
		25,900	22,534

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10. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

Employee benefits expenses (including directors):	僱員福利開支(包括董事):
– salaries and other benefits	– 薪金及其他福利
– retirement benefit scheme contributions	– 退休福利計劃供款
Total staff costs	總員工成本
Depreciation of property, plant and equipment	物業、廠房及設備折舊
Release of prepaid lease payments	撥回預付租賃付款
Auditors' remuneration	核數師酬金
Listing expenses (included in administrative expenses)	上市開支(包括在行政開支內)
Cost of inventories recognised as expenses (included in cost of sales and research and development expenditure)	已確認為開支之存貨成本 (包括在銷售成本及研發開支內)

10. 除稅前溢利

除稅前溢利已扣除：

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
65,109	66,902
8,406	6,572
73,515	73,474
31,821	23,476
6,144	1,957
1,476	1,530
–	15,125
657,226	885,109

11. TAXATION

Tax expense comprises:	稅項開支包括：
Current tax expense	即期稅項開支
Underprovision in prior year	過往年度撥備不足
Deferred taxation (note 18)	遞延稅項(附註18)

11. 稅項

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
22,937	49,115
706	792
(1,868)	(17)
21,775	49,890

The income tax expense for the year represents the PRC Enterprise Income Tax which is calculated at the prevailing tax rate of 25% on the taxable income of the group entities in the PRC for the years ended 31 December 2011 and 2010.

年內所得稅開支指中國企業所得稅，該稅項乃就於截至二零一一年及二零一零年十二月三十一日止年度，於中國的集團實體的應課稅收入按現行稅率25%計算。

The Company was incorporated in the Cayman Islands and is not subject to any income tax.

本公司在開曼群島註冊成立及不須繳付任何所得稅。

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11. TAXATION (CONTINUED)

Chang Feng Holding (Hong Kong) Limited (“Changfeng HK”), a wholly owned subsidiary of the Company, was incorporated in Hong Kong and has had no assessable profit subject to Hong Kong Profits Tax since its incorporation.

Fujian Changfeng Axle Manufacturing Co., Ltd. (“Fujian Changfeng”), a wholly owned subsidiary of the Company, was established in the PRC. In accordance with Foreign Enterprise Income Tax (“FEIT”) Laws in PRC, Fujian Changfeng was approved to be exempted from FEIT for two years starting from its first profit making year since its establishment and followed by a 50% tax relief for the next three years. Fujian Changfeng was subject to 12.5% tax rate for the years ended 31 December 2010 and 2011, the second and third year entitled for 50% tax relief. Longyan Shengfeng and Kaifeng Changfeng obtained the certificate of High Technology Enterprise in 2010 and the applicable tax rate is 15% for the year ended 31 December 2011.

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

11. 稅項(續)

暢豐控股香港有限公司(「暢豐香港」)為本公司一家全資附屬公司，於香港註冊成立，且自其註冊成立以來概無須繳付香港利得稅的應課稅溢利。

福建暢豐車橋製造有限公司(「福建暢豐」)為本公司一家全資附屬公司，於中國成立。根據中國外國企業所得稅法(「外國企業所得稅」)，福建暢豐獲批准豁免於自其註冊成立以來的首個獲利年度起的兩年繳納外國企業所得稅，而此後三年獲50%的稅務減免。於截至二零一零年及二零一一年十二月三十一日止年度，福建暢豐按12.5%的稅率繳納企業所得稅，而於第二及第三個年度獲50%的稅項減免。龍岩盛豐及開封暢豐於二零一零年取得高新技術企業證書，截至二零一一年十二月三十一日止年度的適用稅率為15%。

年內稅款可於綜合全面收益表與除稅前溢利對賬如下：

		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
Profit before tax	除稅前溢利	81,421	335,565
Tax at the domestic income tax rate of 25%	按內資企業所得稅率25%繳納的稅項	20,355	83,891
Tax effect of expenses not deductible for tax purpose	不可扣稅開支的稅務影響	5,796	5,529
Tax effect of deductible temporary difference not recognised	未確認可扣減暫時性差額的稅務影響	12,175	-
Tax effect of tax losses not recognised	未確認稅項虧損的稅務影響	4,051	920
Utilisation of tax losses previously not recognised	動用原先未確認稅項虧損	(117)	-
Underprovision in prior year	過往年度撥備不足	706	792
Effect of tax concessions granted to PRC subsidiaries	向中國附屬公司授出稅項優惠的影響	(21,191)	(41,242)
		21,775	49,890

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11. TAXATION (CONTINUED)

Under the New Tax Law, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated distributable profits of the PRC subsidiaries amounting to approximately RMB532,631,000 and RMB460,697,000 at 31 December 2011 and 2010, respectively, as the Company is able to control the timing of the reversal of temporary differences and it is probable the temporary differences will not reverse in the foreseeable future.

As at 31 December 2011, the Group had deductible temporary difference of RMB48,700,000 attributable to the impairment loss on trade receivables. No deferred tax asset has been recognised in relation to such deductible temporary difference as, in the opinion of directors, the utilisation of such temporary difference is remote.

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

The emoluments of the directors on a name basis are as follows:

For the year ended 31 December 2011

Wong Kwai Mo*	王桂模*
Wu Ching*	胡靜*
Lai Feng Cai*	賴鳳彩*
Dong Ying, Dorothy	董穎
Zhu Wei Zhou	朱偉洲
Li Xiu Qing	李秀清
Zhuang Qing Xi	莊清喜

11. 稅項(續)

根據新稅法，自二零零八年一月一日起就以中國附屬公司所賺取的溢利宣派的股息徵收預扣稅。由於本公司可控制撥回暫時性差額時間，且暫時性差額可能將不會於可見將來撥回，因此，於綜合財務報表內概無就於二零一一年及二零一零年十二月三十一日分別歸屬於中國附屬公司累計可供分派溢利約人民幣532,631,000元及人民幣460,697,000元的暫時性差額作出遞延稅項撥備。

於二零一一年十二月三十一日，本集團擁有因貿易應收款項減值虧損而產生的可扣減暫時性差額為人民幣48,700,000元。由於董事認為使用該等暫時性差額微乎其微，因此並無有關該等可扣減暫時性差額的遞延稅項資產已被確認。

12. 董事及僱員薪酬

(a) 董事酬金

董事酬金按姓名基準載述如下：

截至二零一一年十二月三十一日止年度

	Other emoluments 其他酬金			Total emoluments 總酬金 RMB'000 人民幣千元
	Fees 袍金 RMB'000 人民幣千元	Salaries and other benefits 薪金及 其他利益 RMB'000 人民幣千元	Retirement benefits scheme contributions 退休福利 計劃供款 RMB'000 人民幣千元	
Wong Kwai Mo*	-	1,194	10	1,204
Wu Ching*	-	1,194	10	1,204
Lai Feng Cai*	-	327	3	330
Dong Ying, Dorothy	-	-	-	-
Zhu Wei Zhou	-	85	-	85
Li Xiu Qing	-	85	-	85
Zhuang Qing Xi	-	85	-	85
	-	2,970	23	2,993

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12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(a) Directors' emoluments (Continued)

For the year ended 31 December 2010

Wong Kwai Mo*	王桂模*	–	180	–	180
Wu Ching*	胡靜*	–	180	–	180
Lai Feng Cai* (note)	賴鳳彩* (附註)	–	150	–	150
Dong Ying, Dorothy	董穎	–	–	–	–
Zhu Wei Zhou	朱偉洲	–	24	–	24
Li Xiu Qing	李秀清	–	24	–	24
Zhuang Qing Xi	莊清喜	–	24	–	24
		–	582	–	582

* Executive directors

Note: appointed on 24 September 2010

None of the directors waived any emoluments during the years ended 31 December 2011 and 2010.

(b) Employees' emoluments

During the year ended 31 December 2011, of the five individuals with the highest emoluments in the Group, three (2010: three) were directors of the Company whose emoluments are included in the disclosures in note (a) above. The emoluments of the five individuals are as follows:

Salaries and other benefits	薪金及其他福利
Discretionary bonus	酌情花紅
Contributions to retirement benefits scheme	退休福利計劃供款

12. 董事及僱員薪酬(續)

(a) 董事酬金(續)

截至二零一零年十二月三十一日止年度

Fees 袍金 RMB'000 人民幣千元	Other emoluments 其他酬金		Total emoluments 總酬金 RMB'000 人民幣千元
	Salaries and other benefits 薪金及其他利益 RMB'000 人民幣千元	Retirement benefits scheme contributions 退休福利計劃供款 RMB'000 人民幣千元	
–	180	–	180
–	180	–	180
–	150	–	150
–	–	–	–
–	24	–	24
–	24	–	24
–	24	–	24
–	582	–	582

* 執行董事

附註：於二零一零年九月二十四日獲委任

於截至二零一一年及二零一零年十二月三十一日止年度，董事概無放棄任何酬金。

(b) 僱員酬金

於截至二零一一年十二月三十一日止年度，本集團五名最高薪人士中，其中三名(二零一零年：三名)為本公司董事，彼等薪酬於上文附註(a)披露。該五名人士的酬金如下：

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
3,386	1,048
341	232
37	11
3,764	1,291

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12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (CONTINUED)

(b) Employees' emoluments (Continued)

Their emoluments were within the following bands:

Nil to HK\$1,000,000 (equivalents to approximately Nil to RMB851,000)	零至1,000,000港元(相等於約零至人民幣851,000元)
HK\$1,000,001 to HK\$1,500,000 (equivalents to approximately RMB851,001 to RMB1,276,500)	1,000,001港元至1,500,000港元(相等於約人民幣851,001元至人民幣1,276,500元)

During both years, no emoluments were paid by the Group to 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.

12. 董事及僱員薪酬(續)

(b) 僱員酬金(續)

彼等的酬金介乎以下範圍：

No. of individuals 僱員人數	
2011 二零一一年	2010 二零一零年
3	5
2	-

於該兩年，本集團概無向五名最高薪人士(包括董事及僱員)支付酬金以作為加入或加入本集團後的獎勵或離職的補償。

13. EARNINGS PER SHARE

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

Earnings
Earnings for the purposes of basic earnings per share (Profit for the year attributable to owners of the Company)

盈利
盈利—每股基本盈利(本公司擁有人應佔年內溢利)

13. 每股盈利

本公司擁有人應佔每股基本盈利乃根據以下數據計算：

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
59,767	285,675

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13. EARNINGS PER SHARE (CONTINUED)

Number of shares

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

股份數目

普通股加權平均數
— 每股基本盈利

For the year ended 31 December 2011, the weighted average number of ordinary shares amounts to 800,000,000.

For the year ended 31 December 2010, the weighted average number of ordinary shares has been adjusted for 595,000,000 shares upon capitalisation issue retrospectively and 200,000,000 shares issued in global offering as more fully described in note 24.

No diluted earnings per share is presented as the Company did not have any potential ordinary shares in issue during both years or at the end of each reporting period.

14. DIVIDENDS

No dividend was paid or declared by the Company during the years ended 31 December 2011 and 2010.

13. 每股盈利(續)

2011 二零一一年	2010 二零一零年
800,000,000	654,246,575

於截至二零一一年十二月三十一日止年度，普通股加權平均數達800,000,000股。

於截至二零一零年十二月三十一日止年度，普通股加權平均數追溯調整資本化發行的595,000,000股股份及全球發售中已發行的200,000,000股股份，詳情載於附註24。

由於於該兩個年度或於各報告期末本公司並無任何潛在已發行普通股，故並無呈列每股攤薄盈利。

14. 股息

本公司於截至二零一一年及二零一零年十二月三十一日止年度概無支付或宣派任何股息。

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15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Buildings	Motor vehicles	Furniture, fixture and equipment 傢俬、裝置及設備	Machinery 機器	Construction in progress 在建工程	Total 合計
		樓宇 RMB'000 人民幣千元	汽車 RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
COST	成本						
At 31 December 2009 and 1 January 2010	於二零零九年十二月三十一日 及二零一零年一月一日	118,352	956	2,364	174,903	16,923	313,498
Additions	添置	29,263	4,619	1,719	25,086	76,712	137,399
Transfer	轉讓	24,111	-	-	5,339	(29,450)	-
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	171,726	5,575	4,083	205,328	64,185	450,897
Additions	添置	2,943	584	1,480	119,661	127,782	252,450
Transfer	轉讓	47,690	-	-	6,427	(54,117)	-
Disposal	出售	-	-	-	(6,019)	-	(6,019)
At 31 December 2011	於二零一一年十二月三十一日	222,359	6,159	5,563	325,397	137,850	697,328
ACCUMULATED DEPRECIATION	累計折舊						
At 31 December 2009 and 1 January 2010	於二零零九年十二月三十一日 及二零一零年一月一日	10,217	321	652	19,906	-	31,096
Provided for the year	年內撥備	5,446	182	488	17,360	-	23,476
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	15,663	503	1,140	37,266	-	54,572
Provided for the year	年內撥備	7,140	873	1,004	22,804	-	31,821
Disposal	出售	-	-	-	(1,540)	-	(1,540)
At 31 December 2011	於二零一一年十二月三十一日	22,803	1,376	2,144	58,530	-	84,853
CARRYING VALUES	賬面值						
At 31 December 2011	於二零一一年十二月三十一日	199,556	4,783	3,419	266,867	137,850	612,475
At 31 December 2010	於二零一零年十二月三十一日	156,063	5,072	2,943	168,062	64,185	396,325

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15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment, other than construction in progress, are depreciated on straight-line basis at the following rates after taking into account residual values:

Buildings
Motor vehicles
Furniture, fixture and equipment
Machinery

The Group has pledged certain buildings to secure general banking facilities grant to the Group at the end of each reporting period as detailed in note 23.

15. 物業、廠房及設備(續)

除在建工程以外的以上物業、廠房及設備項目經計及剩餘價值後，按以下比率以直線基準折舊：

樓宇	4.5%
汽車	18%
傢俬、裝置及設備	18%
機器	9%

於各報告期末，本集團已抵押若干樓宇，以獲得授予本集團的一般銀行融資，詳情見附註23。

16. PREPAID LEASE PAYMENTS

At 1 January 2010	二零一零年一月一日	
Additions	添置	
Released to profit or loss	轉撥至損益	
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	
Additions	添置	
Released to profit or loss	轉撥至損益	
At 31 December 2011	於二零一一年十二月三十一日	

RMB'000
人民幣千元

89,043
210,091
(1,957)

297,177
9,906
(6,144)

300,939

Analysed for reporting purpose:	就申報目的分析：
Current assets	流動資產
Non-current assets	非流動資產

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

6,203
294,736

6,005
291,172

300,939

297,177

At 31 December 2011, the Group's prepaid lease payments comprise medium-term lease leasehold land located in PRC.

Prepaid lease payments are released to profit or loss over the lease terms ranging from 45 to 50 years.

於二零一一年十二月三十一日，本集團的預付租賃付款包括位於中國的中期租約租賃土地。

預付租賃付款於介乎45至50年的租期內轉撥至損益。

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16. PREPAID LEASE PAYMENTS (CONTINUED)

The Group is in the process of obtaining the land use right certificate of a parcel of land included in prepaid lease payments with carrying amount of approximately RMB4,091,000 at 31 December 2011 (2010: RMB206,983,000).

17. AVAILABLE-FOR-SALE INVESTMENTS

Investment fund 投資基金

The fair value of the above investment is determined based on the price quoted by a bank, the fund issuer.

18. DEFERRED TAX

The following are the major deferred tax liabilities (assets) recognised and movement thereon during the years ended 31 December 2011 and 2010:

At 1 January 2010	於二零一零年一月一日	882	–	882
Credit to profit or loss	於損益賬列支銷	(17)	–	(17)
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	865	–	865
Credit to profit or loss	於損益賬列支銷	(17)	(1,851)	(1,868)
At 31 December 2011	於二零一一年十二月三十一日	848	(1,851)	(1,003)

The revaluation of the prepaid lease payments, buildings, machinery, motor vehicles, furniture, fixtures and equipment and inventories was arisen from the acquisition of a subsidiary, Longyan Shengfeng in prior years.

16. 預付租賃付款(續)

本集團將獲得一幅土地的土地使用權，計入預付租賃款項，於二零一一年十二月三十一日的賬面值約為人民幣4,091,000元(二零一零年：人民幣206,983,000元)。

17. 可供出售投資

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
1,000	1,000

上述投資的公平值乃根據銀行(基金發行人)的報價釐定。

18. 遞延稅項

以下為已確認的主要遞延稅項負債(資產)及其於截至二零一一年及二零一零年十二月三十一日止年度的變動：

Revaluation of identifiable assets and liabilities 重估可識別 資產及負債 RMB'000 人民幣千元	Unrealised profit for inventories 存貨未變現 溢利 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
882	–	882
(17)	–	(17)
865	–	865
(17)	(1,851)	(1,868)
848	(1,851)	(1,003)

預付租賃款項、樓宇、機器、汽車、傢俬、裝置及設備以及存貨的重估來自過往年度收購一間附屬公司龍岩盛豐。

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18. DEFERRED TAX (CONTINUED)

The tax losses are principally attributable to subsidiaries in the PRC with no deferred tax asset has been recognised in respect of the tax losses, due to the unpredictability of future profits streams. The tax losses of the PRC subsidiaries can be carried forward for five years. The Group has no other significant unprovided deferred tax for the years ended 31 December 2011 and 2010.

The Group had unrecognised tax losses as follows:

18. 遞延稅項(續)

稅項虧損主要來自中國附屬公司，由於未來溢利的不可預見性，因此並無就稅項虧損確認遞延稅項資產。中國附屬公司的稅項虧損可結轉五年。於截至二零一一年及二零一零年十二月三十一日止年度，本集團概無其他重大未撥備遞延稅項。

本集團擁有的未確認稅項虧損如下：

		RMB'000 人民幣千元	Expiry date 到期日
At 1 January 2010	於二零一零年一月一日	958	2014
Addition	添置	3,679	
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	4,637	2014-2015
Addition – PRC	添置 – 中國	14,633	
Addition – Hong Kong	添置 – 香港	1,570	
Utilised	已動用	(467)	
At 31 December 2011	於二零一一年十二月三十一日	20,373	2015-2016

19. INVENTORIES

Raw materials	原材料
Work-in-progress	在製品
Finished goods	製成品

19. 存貨

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
111,027	126,006
80,423	55,554
132,292	108,727
323,742	290,287

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20. TRADE AND OTHER RECEIVABLES

Trade and other receivables comprise the following:

Trade receivables	貿易應收款項
Less: impairment loss on trade receivables	減：貿易應收款項 減值虧損
Bills receivable	應收票據
Other receivables	其他應收款項
Advances to suppliers	向供應商墊款
Prepaid expenses	預付開支
VAT-in recoverable	增值稅—可收回
Total trade and other receivables	貿易及其他應收款項總額

At the end of the reporting period, bills receivable outstanding amounting to RMB101,504,000 (2010: Nil) have been endorsed to certain creditors. The Group continues to present the endorsed bills as bills receivable until maturity.

The Group allows an average credit period of 90-120 days to its trade customers. The aging analysis of trade receivables and bills receivable is presented based on the invoice date at the end of the reporting period.

20. 貿易及其他應收款項

貿易應收款項的賬齡分析如下：

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
532,112	390,466
(48,700)	—
483,412	390,466
218,247	70
6,321	5,855
100,795	70,222
3,057	684
25,548	7,625
837,380	474,922

於報告期末，未償還應收票據達人民幣101,504,000元(二零一零年：無)已背書予若干債權人。本集團繼續將已背書票據以應收票據呈列直至到期日為止。

本集團向其貿易客戶提供90至120日的平均信貸期。貿易應收款項及應收票據的賬齡分析根據於報告期末的發票日期呈列。

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20. TRADE AND OTHER RECEIVABLES (CONTINUED)

The aging of trade receivables (net of impairment loss on trade receivables) is as follows:

0 to 90 days	0至90日
91 to 120 days	91至120日
121 to 180 days	121至180日
180 to 365 days	180至365日
Over 365 days	365日以上

The aging of bills receivable is as follows:

0 to 90 days	0至90日
91 to 120 days	91至120日
121 to 180 days	121至180日

Before accepting any new customers, the Group has assessed the potential customer's credit quality and defined credit limit of each customer. Limits attributed to customers are reviewed once a year.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

Included in the Group's trade receivables balances are debtors with aggregate carrying amount of approximately RMB367,699,000 and RMB7,846,000 at 31 December 2011 and 2010, respectively, which are past due for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience.

20. 貿易及其他應收款項(續)

貿易應收款項(扣除貿易應收款項減值虧損)的賬齡分析如下:

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
115,713	331,885
42,149	52,245
119,234	6,336
199,292	–
7,024	–
483,412	390,466

應收票據的賬齡分析如下:

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
173,021	70
31,093	–
14,133	–
218,247	70

於接受任何新客戶前,本集團已評估潛在客戶的信貨質素及各客戶的定額信貸限額。給予客戶的限額會每年審閱一次。

於決定貿易應收款項的可收回性時,本集團考慮自最初授出信貸之日起至報告期末貿易應收款項的信貨質素的任何轉變。

計入本集團貿易應收款項結餘為於二零一一年及二零一零年十二月三十一日總賬面值分別約人民幣367,699,000元及人民幣7,846,000元的應收賬款,該等應收賬款已逾期,惟由於信貸質素並無重大轉變及根據過往經驗,該等款項仍被視為可收回,因此,本集團並未就該等款項作出減值虧損撥備。

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20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Aging of trade receivables which are past due but not impaired:

91 to 120 days	91 至 120 日
121 to 180 days	121 至 180 日
181 to 365 days	181 至 365 日
Over 365 days	365 日以上

Movement in the impairment loss on trade receivables

1 January	一月一日
Impairment loss recognised on receivables	應收款項之已確認減值虧損
31 December	十二月三十一日

Included in the impairment loss on trade receivables are individually impaired trade receivables with an aggregate balance of RMB48,700,000 (2010: Nil) which have delayed payments for more than 90 days or ceased business relationship.

21. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits and bank balances carry interest rates ranging from 0.01% to 5.5% per annum for the year ended 31 December 2011 (2010: 0.001% to 4.86%).

Pledged bank deposits represent amounts deposited with banks as security for the banks accepted bills issued to its suppliers for the purchase of raw materials.

20. 貿易及其他應收款項(續)

已逾期但未減值的貿易應收款項賬齡分析：

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
42,149	1,510
119,234	6,336
199,292	—
7,024	—
367,699	7,846

貿易應收款項減值虧損的變動

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
—	—
48,700	—
48,700	—

貿易應收款項減值虧損包括逾期支付超過90日或終止業務關係的個別已減值貿易應收款項，餘額合計人民幣48,700,000元(二零一零年：無)。

21. 已抵押銀行存款／銀行結餘及現金

於截至二零一一年十二月三十一日止年度，已抵押銀行存款及銀行結餘的年利率介乎0.01%至5.5%(二零一零年：0.001%至4.86%)。

已抵押銀行存款代表存入銀行以作為銀行接受向其供應商發出以購買原材料的票據的金額的抵押。

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22. TRADE AND OTHER PAYABLES

Trade and other payables comprise the following:

Trade payables	貿易應付款項
Bills payable	應付票據
Advances from customers	來自客戶的墊款
Payables for land use rights	土地使用權應付款項
Payables for property, plant and equipments	物業、廠房及設備應付款項
Payroll and welfare payables	應付工資及福利
Warranty accrual (note)	保修應計款項(附註)
Other accruals	其他應計款項
Other tax payable	其他應付稅項
Other payables	其他應付款項

Note: At 31 December 2011 and 2010, the warranty provision represents management's best estimate of the Group's liability under 6-month warranty granted on products, based on prior experience and industry practice for defective products.

The following is an aging analysis of trade payables, presented based on invoice date, at the end of each reporting period:

Within 30 days	30日內
31 to 60 days	31至60日
61 to 90 days	61至90日
91 to 180 days	91至180日
181 to 365 days	181至365日

22. 貿易及其他應付款項

貿易及其他應付款項包括以下各項：

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
167,765	182,337
20,100	7,140
187,865	189,477
5,321	8,897
-	20,710
19,142	10,214
4,415	4,820
1,088	1,039
13,704	4,429
5,659	15,637
4,604	2,122
241,798	257,345

附註：於二零一一年及二零一零年十二月三十一日，保修撥備指管理層對本集團就產品提供的六個月保修所承擔的責任的最佳估計，並以過往經驗及有關缺陷產品的行業常規為基準。

以下為於各報告期末的貿易應付款項(按發票日期呈列)的賬齡分析：

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
70,153	79,321
35,916	28,660
31,972	18,736
11,790	28,275
17,934	27,345
167,765	182,337

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22. TRADE AND OTHER PAYABLES (CONTINUED)

The following is an aging analysis of bills payable, presented based on issuance date, at the end of each reporting period:

31 to 60 days	31 至 60 日
61 to 90 days	61 至 90 日
91 to 180 days	91 至 180 日

Trade payables and bills payable principally comprise amounts outstanding for purchase of goods. The credit period for purchase of goods is between 30 to 180 days.

23. BORROWINGS

Bank borrowings
Other borrowings

Unsecured
Secured

Carrying amount repayable:

Within one year
More than one year, but not exceeding two years

Less: Amount due within one year shown under current liabilities

Amounts shown under non-current liabilities

銀行借款
其他借款

無抵押
有抵押

付還面值：

於一年內
超過一年但不超過兩年

減：須於一年內償還的金額
(於流動負債呈列)

非流動負債項下的金額

22. 貿易及其他應付款項(續)

以下為於各報告期末的應付票據(按發行日期呈列)的賬齡分析：

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
-	7,140
-	-
20,100	-
20,100	7,140

貿易應付款項及應付票據主要包括結欠購買貨品金額。購買貨品的信貸期介乎30至180日。

23. 借款

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
480,928	308,450
15,000	20,000
495,928	328,450
105,000	46,600
390,928	281,850
495,928	328,450
447,968	328,450
47,960	-
495,928	328,450
(447,968)	(328,450)
47,960	-

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23. BORROWINGS (CONTINUED)

All borrowings are denominated in RMB, carry fixed interest rates and shown under current liabilities.

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

Fixed-rate borrowings 定息借款

The borrowings are guaranteed and/or secured by the following:

Type A A類
Type B B類

Type A: Borrowings were secured by certain assets of the Group (note 1).

Type B: Borrowings were secured by bills receivable.

23. 借款(續)

所有借款均以人民幣計算、以固定利率計息及於流動負債呈列。

本集團的借款的實際利率(其亦相等於合約利率)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
4.05%-7.225% per annum 年利率	1.81%-9.10% per annum 年利率

借款透過以下方式擔保及/或抵押:

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
377,844	281,850
13,084	-
390,928	281,850

A類: 借款以本集團若干資產抵押(附註1)。

B類: 借款以應收票據作擔保。

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23. BORROWINGS (CONTINUED)

Note 1: The Group has pledged certain assets to secure banking facilities granted to the Group. The carrying values of the assets pledged are as follows:

Property, plant and equipment	物業、廠房及設備
Land use rights	土地使用權
Trade receivables	貿易應收款項

At 31 December 2010, the Group pledged the equity shares of certain PRC subsidiaries as collateral to secure bank borrowings amounting to RMB167,100,000. The pledge has been released during the year.

24. SHARE CAPITAL

Ordinary shares of the United States dollars ("US\$") US\$0.01 each 普通股為每股面值0.01美元 (「美元」)

Authorised:

At 1 January 2010
Subdivision (note 1)
Addition (note 1)

法定：

於二零一零年一月一日
拆細(附註1)
增加(附註1)

At 31 December 2010, 1 January 2011 and 31 December 2011 於二零一零年十二月三十一日、二零一一年一月一日及二零一一年十二月三十一日

Issued & fully paid:

At 1 January 2010
Subdivision (note 1)
Capitalisation issue (note 2)
Global offering (note 3)

已發行及繳足：

於二零一零年一月一日
拆細(附註1)
資本化發行(附註2)
全球發售(附註3)

At 31 December 2010, 1 January 2011 and 31 December 2011 於二零一零年十二月三十一日、二零一一年一月一日及二零一一年十二月三十一日

23. 借款(續)

附註1：本集團已抵押若干資產以作為向本集團授出的銀行融資的擔保。已抵押的資產的賬面值如下：

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
109,832	115,061
86,038	86,451
73,739	55,612
269,609	257,124

於二零一零年十二月三十一日，本集團已將若干中國附屬公司的權益股份用作金額為人民幣167,100,000元的銀行借貸的抵押。該抵押已於年內解除。

24. 股本

Number of shares 股份數目	Amount 金額 US\$'000 千美元
50,000	50
4,950,000	—
4,995,000,000	49,950
5,000,000,000	50,000
50,000	50
4,950,000	—
595,000,000	5,950
200,000,000	2,000
800,000,000	8,000

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

24. SHARE CAPITAL (CONTINUED)

24. 股本(續)

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

Shown on the consolidated
statement of financial position

於綜合財務狀況表呈列

53,560

Notes:

附註:

- (1) On 28 June 2010, shareholders' resolutions of the Company were passed pursuant to which each share of US\$1.00 in the share capital of the Company were subdivided into 100 shares of US\$0.01 each. On the same date, the Company increased its authorised share capital to US\$50,000,000 divided into 5,000,000,000 shares, with a par value of US\$0.01 each. Such additional shares rank *pari passu* in all aspects with the shares then in issue.
- (2) On 28 June 2010, shareholders' resolutions of the Company were passed to capitalize an amount of US\$5,950,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par of 595,000,000 and the shares rank *pari passu* in all aspects with the shares then in issue.
- (3) In September 2010, the Company issued 200,000,000 shares with par value of US\$0.01 each, at a price of HK\$4.00 per share by way of a global offering to Hong Kong and overseas investors.

- (1) 於二零一零年六月二十八日，本公司股東決議案獲通過，據此，本公司股本中每股面值1.00美元的股份拆細為100股每股0.01美元的股份。同日，本公司增加其法定股本至50,000,000美元，分為5,000,000,000股每股面值0.01美元的股份。該等額外股份與已發行的股份在所有方面享有同等權益。
- (2) 於二零一零年六月二十八日，本公司股東決議案獲通過，透過使用該筆款項悉數結付面值595,000,000股股份，將本公司股份溢價賬進賬項5,950,000美元予以資本化，及該等股份與當時已發行股份在所有方面享有同等權益。
- (3) 於二零一零年九月，本公司透過向香港及海外投資者全球發售，按每股4.00港元發行200,000,000股每股面值0.01美元的股份。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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25. OPERATING LEASE

Minimum lease payments paid under operating leases in respect of office premises amounted to RMB642,000 and RMB405,000 for the year ended 31 December 2011 and 2010, respectively.

At the end of each reporting period, the Group had commitments for future 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	第二年至第五年(包括首尾兩年)

Operating lease payments represent rental payable by the Group for certain office premises and warehouse properties. Leases are negotiated for a term of 1 to 2 years with fixed rate.

25. 經營租賃

根據辦公室物業的經營租賃已付的最低租賃付款於截至二零一一年及二零一零年十二月三十一日止年度分別為人民幣642,000元及人民幣405,000元。

於各報告期末，本集團根據不可撤銷經營租賃的未來租賃付款承擔的到期情況如下：

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
332	509
-	271

經營租賃付款指本集團就若干辦公室物業及倉儲物業應付的租金。租賃按一年至兩年期磋商及以固定比率計算。

26. OTHER COMMITMENTS

Capital expenditure in respect of acquisition of plant and machinery – contracted for but not provided in the consolidated financial statements (note)	收購廠房及機器的資本開支 — 已訂約但未於綜合財務報表撥備(附註)
Capital expenditure in respect of capital contribution to a subsidiary (note 31)	向一間附屬公司注資的資本開支(附註31)

Note: The capital expenditure is related to the construction of production facilities for expansion of the Group's operation.

26. 其他承擔

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
13,833	53,990
60,000	-

附註：資本開支與興建生產基地以擴充本集團的營運規模有關。

Notes to the Consolidated Financial Statements 綜合財務報表附註

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27. RETIREMENT BENEFIT PLAN

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs to the Scheme, which contribution is matched by employees.

The employees of the Group are members of state-managed retirement benefit scheme operated by the PRC government. The Company's subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

28. RELATED PARTY DISCLOSURES

The Group had the following transactions with related parties:

- (a) Particulars of the amount due from a director are as follows:

Ms. Wu Ching (note) 胡靜女士(附註)

Note: Maximum amount outstanding during the year ended 31 December 2011 and 2010 were RMBnil and RMB7,748,000, respectively.

27. 退休福利計劃

本集團為所有合資格的香港僱員設立強制性公積金計劃。該計劃的資產與本集團資產分開，並由信託人控制的基金持有。本集團按相關薪金成本5%向該計劃供款，與僱員供款一致。

本集團的僱員為由中國政府運作的國家管理退休福利計劃的成員。本公司附屬公司須按工資成本的若干百分比向退休福利計劃供款以提供福利資金。本集團就退休福利計劃的唯一責任為作出計劃項下的規定供款。

28. 關連人士披露

本集團已進行以下關連人士交易：

- (a) 應收董事款項詳情如下：

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
-	-

附註：於截至二零一一年及二零一零年十二月三十一日止年度所結欠的最高金額分別為人民幣零元及人民幣7,748,000元。

Notes to the Consolidated Financial Statements 綜合財務報表附註

for the year ended 31 December 2011
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28. RELATED PARTY DISCLOSURES (CONTINUED)

- (b) Details of balances of amount due to a director are set out in the consolidated statement of financial position on page 42. The amount due to a director as at 31 December 2011 and 2010 are interest free, unsecured and repayable on demand.
- (c) During the years ended 31 December 2011 and 2010, the Group entered into the following significant transaction with a director:

Purchase of motor vehicle	購買汽車
Mr. Wong Kwai Mo	王桂模先生

- (d) Compensation of key management personnel

The remuneration of directors and other members of key management during the years ended 31 December 2011 and 2010 was as follows:

Short-term benefits	短期福利
Post-employment benefits	退休福利

28. 關連人士披露 (續)

- (b) 有關應付董事款項的詳情載列於第42頁的綜合財務狀況表內。於二零一一年及二零一零年十二月三十一日，所有應付董事款項均為免息、無抵押及按要求償還。
- (c) 於截至二零一一年及二零一零年十二月三十一日止年度，本集團與董事進行以下重大交易：

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
1,500	800

- (d) 主要管理人員薪酬

於截至二零一一年及二零一零年十二月三十一日止年度，董事及其他主要管理人員的薪酬如下：

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
3,779	1,340
38	12
3,817	1,352

Notes to the Consolidated Financial Statements 綜合財務報表附註

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29. PARTICULARS OF SUBSIDIARIES

The Company has the following indirectly held, unless otherwise stated, subsidiaries:

29. 附屬公司詳情

本公司擁有以下間接持有(另有註明者除外)的附屬公司：

Name of subsidiary 附屬公司名稱	Place and of incorporation/ establishment 註冊成立/ 成立地點及日期	Issued and fully paid share/ registered capital 已發行及繳足股份/ 註冊股本	Effective equity interest attributable to the Group as at 31 December 本集團應佔實際股本權益 於十二月三十一日		Principal activities 主要業務
			2011 二零一一年	2010 二零一零年	
暢豐控股香港有限公司 Changfeng HK 暢豐控股香港有限公司 (「暢豐香港」)	Hong Kong 14 February 2008 香港 二零零八年二月十四日	HK\$10,000 10,000 港元	100% (directly) (直接)	100% (directly) (直接)	Investment holding 投資控股
福建暢豐車橋製造有限公司 Fujian Changfeng 福建暢豐車橋製造有限公司 (「福建暢豐」)	PRC 5 March 2001 中國 二零零一年三月五日	RMB813,000,000 人民幣 813,000,000 元	100%	100%	Manufacture and sale of axle and related components 製造及銷售車橋及相關零部件
龍岩盛豐機械製造有限公司 Longyan Shengfeng 龍岩盛豐機械製造有限公司 (「龍岩盛豐」)	PRC 29 March 2006 中國 二零零六年三月二十九日	RMB293,000,000 人民幣 293,000,000 元	100%	100%	Manufacture and sale of roughcast 製造及銷售毛坯
開封暢豐車橋有限公司 Kaifeng Changfeng 開封暢豐車橋有限公司 (「開封暢豐」)	PRC 19 April 2006 中國 二零零六年四月十九日	RMB375,000,000 人民幣 375,000,000 元	100%	100%	Manufacture and sale of axle 製造及銷售車橋
北京暢豐機電研究所 Beijing Changfeng 北京暢豐機電研究所 (「北京暢豐」)	PRC 6 July 2010 中國 二零一零年七月六日	RMB1,000,000 人民幣 1,000,000 元	100%	100%	Research and development of axle and related components 研發車橋及相關零部件
四川暢豐車橋有限公司 Sichuan Changfeng 四川暢豐車橋有限公司 (「四川暢豐」)	PRC 16 July 2009 中國 二零零九年七月十六日	RMB160,000,000 人民幣 160,000,000 元	100%	100%	Manufacture and sale of axle 製造及銷售車橋
福連暢豐齒輪有限公司 Changfeng Gear 福連暢豐齒輪有限公司 (「暢豐齒輪」)	PRC 21 July 2011 中國 二零一一年七月二十一日	RMB100,000,000 人民幣 100,000,000 元	60%	–	Manufacture and sale of axle 製造及銷售車橋

Notes to the Consolidated Financial Statements 綜合財務報表附註

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30. NON-CASH TRANSACTION

During the year, Changfeng Gear was incorporated pursuant to the cooperation agreement entered into by and between the Group and an independent third party on 11 November 2010, pursuant to which the Group and the independent third party, being a non-controlling shareholder of Changfeng Gear, own 60% and 40% of the equity interest therein, respectively. During the year, the Group made a cash contribution of RMB60,000,000 to Changfeng Gear whilst the non-controlling shareholder contributed new machineries with an aggregate value of RMB40,000,000. The Group and the non-controlling shareholder are committed to inject an additional amount of RMB60,000,000 and RMB40,000,000 respectively, in the year 2012.

31. FINANCIAL SUMMARY OF THE COMPANY

RESULTS

Administrative expenses	行政開支
Interest income	利息收入
Loss for the year	年內虧損

30. 非現金交易

於年內，暢豐齒輪乃根據本集團與一名獨立第三方於二零一零年十一月十一日訂立的合作協議註冊成立，據此，本集團及獨立第三方（即暢豐齒輪的非控股股東）於其中分別擁有60%及40%的權益。於年內，本集團向暢豐齒輪提供現金供款人民幣60,000,000元，而非控股股東則提供價值合共約人民幣40,000,000元的新機器。本集團及非控股股東承諾將於二零一二年分別額外注入人民幣60,000,000元及人民幣40,000,000元。

31. 本公司財務概要

業績

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
(15,252)	(18,612)
-	41
(15,252)	(18,571)

Notes to the Consolidated Financial Statements 綜合財務報表附註

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31. FINANCIAL SUMMARY OF THE COMPANY (CONTINUED)

31. 本公司財務概要(續)

ASSETS AND LIABILITIES

資產及負債

		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
NON-CURRENT ASSET	非流動資產		
Investment in a subsidiary	於一間附屬公司的投資	863,894	875,066
CURRENT ASSET	流動資產		
Bank balance	銀行結餘	1,975	9,452
CURRENT LIABILITIES	流動負債		
Other payables	其他應付款項	10,041	1,590
Amount due to a subsidiary	應付一間附屬公司款項	12,496	6,112
Amount due to a director	應付一名董事款項	-	7,526
		22,537	15,228
Net current liabilities	流動負債淨額	(20,562)	(5,776)
Total assets less current liabilities	總資產減流動負債	843,332	869,290
OWNERS' EQUITY	擁有人權益		
Share capital	股本	53,560	53,560
Reserves	儲備	789,772	815,730
		843,332	869,290

Notes to the Consolidated Financial Statements 綜合財務報表附註

for the year ended 31 December 2011
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32. RESERVE

32. 儲備

		Share premium 股份溢價 RMB'000 人民幣千元	Capital reserve 股本儲備 RMB'000 人民幣千元 (Note) (附註)	Accumulated deficits 累計虧絀 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
At 1 January 2010	於二零一零年一月一日	-	226,982	(5,472)	221,510
Loss and total comprehensive expense for the year	年內虧損及全面 開支總額	-	-	(16,248)	(16,248)
Issue of ordinary shares	發行普通股	650,608	-	-	650,608
Transaction cost attributable to issue of new ordinary shares	應佔發行新股份 交易成本	(11,483)	-	-	(11,483)
Share Premium capitalization	股份溢價資本化	(39,829)	-	-	(39,829)
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	599,296	226,982	(21,720)	804,558
Loss and total comprehensive expense for the year	年內虧損及全面 開支總額	-	-	(14,786)	(14,786)
At 31 December 2011	於二零一一年 十二月三十一日	599,296	226,982	(36,506)	789,772

Note: The balance represents deemed distribution, transfer and deemed contribution arising group reorganisation for listing purposes which took place in 2008 and 2009.

附註：該結餘指於二零零八年及二零零九年為上市目的而進行集團重組時產生的視作分派、轉讓及視作供款。

5-Year Financial Summary 五年財務摘要

		Year ended 31 December 截至十二月三十一日止年度				2011
		2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	二零一一年 RMB'000 人民幣千元
RESULTS	業績					
Revenue	收益	176,668	417,830	801,151	1,318,709	920,681
Profit before tax	除稅前溢利	42,255	93,170	190,912	335,565	81,421
Income tax (expense) charge	所得稅(開支)抵免	-	(1,593)	(28,128)	(49,890)	(21,775)
Profit for the year	年內溢利	42,255	91,577	162,784	285,675	59,646
		At 31 December 於十二月三十一日				2011
		2007 二零零七年 RMB'000 人民幣千元	2008 二零零八年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元	2010 二零一零年 RMB'000 人民幣千元	二零一一年 RMB'000 人民幣千元
ASSETS AND LIABILITIES	資產及負債					
Total assets	資產總值	301,537	575,933	1,006,422	2,079,087	2,305,591
Total liabilities	負債總值	(172,551)	(294,045)	(481,750)	(616,227)	(743,011)
Net assets	淨資產	128,986	281,888	524,672	1,462,860	1,562,580

This report is published in both English and Chinese languages. Should there be any inconsistency between the Chinese and English versions, the English version shall prevail.

本報告以中英文兩種語言印製，在兩種文體的說明上存在歧義時，以英文為準。



畅丰