



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)



2012

中期報告
INTERIM 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, New Territories
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

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
新界沙田
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

核數師及申報會計師

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

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舖

公司網址

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

投資者關係

陳偉盛先生
ir@changfengaxle.com

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

Founded in 2001, Changfeng Axle (China) Company Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) is one of the leading independent axle component providers 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 manufacturing 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.

業務回顧

自二零零一年創立以來，暢豐車橋(中國)有限公司(「本公司」)及其附屬公司(「統稱「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之一，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。

Management Discussion and Analysis

管理層討論及分析

MDT and HDT Aftermarket

The Group is one of the leading independent axle component providers for China's MDT and HDT aftermarket with the most diversified product offerings among independent axle component providers in China. The axle components were sold to customers in the aftermarket through its extensive sales, marketing and services network across China. For the six months ended 30 June 2012, revenue from the aftermarket business segment amounted to approximately RMB118.5 million (30 June 2011: approximately RMB341.4 million) and accounted for approximately 41.1% (30 June 2011: approximately 60.9%) of the Group's total revenue, representing a decrease of approximately 65.3% over the corresponding period in 2011.

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 six months ended 30 June 2012, revenue from the OEM market amounted to approximately RMB169.6 million (30 June 2011: approximately RMB218.9 million) and accounted for 58.9% (30 June 2011: 39.1%) of the Group's total revenue, representing a decrease of 22.5% over the corresponding period in 2011.

中重型卡車維修市場

本集團為一間中國中重卡維修市場上領先的獨立車橋零部件供應商之一，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。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。於截至二零一二年六月三十日止六個月，來自維修市場業務分部的收入約為人民幣118.5百萬元(二零一一年六月三十日：約人民幣341.4百萬元)，佔本集團總收入約41.1%(二零一一年六月三十日：約60.9%)，較二零一一年同期下降約65.3%。

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。本集團間或亦會將一小部份車橋零部件銷售予其他橋總成供應商。截至二零一二年六月三十日止六個月，來自OEM市場的收入，約為人民幣169.6百萬元(二零一一年六月三十日：約人民幣218.9百萬元)佔本集團總收入的58.9%(二零一一年六月三十日：39.1%)，較二零一一年同期下降22.5%。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2012, the Group recorded a consolidated revenue of approximately RMB288.1 million (30 June 2011: approximately RMB560.2 million), representing a decrease of 48.6% as compared with the same period in 2011. Since the second half of year 2011, there was increasing pressure on the aftermarket and OEM market, the business environment of the truck market continues to remain challenging in year 2012.

Revenue from the Group's aftermarket segment for the six months ended 30 June 2012 decreased by approximately 65.3% to RMB118.5 million from RMB341.4 million for the corresponding period of last year. The decrease in revenue was mainly 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.

Revenue from the Group's OEM and related market segment for the six months ended 30 June 2012 decreased by approximately 22.5% to RMB169.6 million from RMB218.9 million for the corresponding period of last year. This was caused by the decline in growth rate in the trucking industry together with the delay in the launch of new trucks.

Gross profit and gross profit margin

Gross profit for the six months ended 30 June 2012 decreased by 78.0% to approximately RMB40.6 million from RMB184.2 million for the corresponding period of last year. Gross profit margin decreased from approximately 32.9% in 2011 to approximately 14.1% in 2012 mainly due to the decrease in average unit selling price under the keen competition in selling prices within the truck industry, which increased the Group's pressure on the gross profit in the truck market.

財務回顧

收入

截至二零一二年六月三十日止六個月，本集團錄得綜合收入約人民幣288.1百萬元(二零一一年六月三十日：約人民幣560.2百萬元)，較二零一一年同期下降48.6%。自二零一一年下半年起，維修及OEM市場壓力持續不斷，卡車市場業務環境於二零一二年仍具挑戰。

截至二零一二年六月三十日止六個月，本集團維修市場分部收入自去年同期的人民幣341.4百萬元下降約65.3%至人民幣118.5百萬元。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。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。

截至二零一二年六月三十日止六個月，我們的OEM及相關市場分部收入自去年同期的人民幣218.9百萬元下降約22.5%至人民幣169.6百萬元。此乃由於卡車行業增長速度放緩連同新型卡車推出較慢所致。

毛利及毛利率

於截至二零一二年六月三十日止六個月，毛利下降78.0%，自去年同期約人民幣184.2百萬元下降至約人民幣40.6百萬元。毛利率自二零一一年約32.9%下降至二零一二年約14.1%，主要由於在卡車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，此增加了本集團於卡車市場分部毛利率的壓力。

Management Discussion and Analysis

管理層討論及分析

Other income, other gains and losses

Other losses of the Group for the six months ended 30 June 2012 amounted to RMB3.5 million (six months ended 30 June 2011: other gains of RMB6.3 million), the losses was mainly due to the loss on disposal of property, plant and equipment in an aggregate amount of RMB6.1 million.

Selling and distribution expenses

Selling and distribution expenses of the Group for the six months ended 30 June 2012 decreased to approximately RMB10.6 million from approximately RMB13.1 million for the corresponding period of last year. The decrease was mainly due to the decrease in the transportation cost.

Administrative expenses

The Group's administrative expenses for the six months ended 30 June 2012 increased to approximately RMB27.6 million from approximately RMB25.5 million for the corresponding period of last year. The increase in administrative expenses was due to the increase of amortisation and administrative expenses for the new production factory in Sichuan and Kaifeng.

Finance costs

The Group incurred finance costs of approximately RMB20.2 million for the six months ended 30 June 2012, which represented approximately 7% (six months ended 30 June 2011: approximately 1.9%) of its revenue in the corresponding period in 2012. The increase in finance cost was mainly due to the increase in borrowings (total borrowings as at 30 June 2012: RMB514.8 million; 30 June 2011: RMB353.5 million) and borrowing rate.

Taxation

Income tax credit of RMB1.5 million was recorded for the six months ended 30 June 2012 (six months ended 30 June 2011: income tax expense of RMB18.4 million). The decrease in taxation expenses for the first half of 2012 was mainly resulted from the decreased profit and overprovision of taxation expenses as compared to the prior year.

其他收入、其他收益及虧損

截至二零一二年六月三十日止六個月，本集團的其他虧損達人民幣3.5百萬元(截至二零一一年六月三十日止六個月：其他收益人民幣6.3百萬元)，虧損乃主要由於出售物業、廠房及設備虧損合共人民幣6.1百萬元所致。

銷售及分銷費用

本集團的銷售及分銷費用自去年同期約人民幣13.1百萬元減少至約人民幣10.6百萬元。該減少乃由於運輸成本減少所致。

行政費用

截至二零一二年六月三十日止六個月，本集團的行政費用自去年同期約人民幣25.5百萬元增加至約人民幣27.6百萬元。行政費用增加乃由於本公司位於四川及開封的新生產工廠攤銷及行政費用增加所致。

財務費用

本集團於截至二零一二年六月三十日止六個月產生的財務費用約為人民幣20.2百萬元，佔其二零一二年同期收入約7%(截至二零一一年六月三十日止六個月：約1.9%)。財務費用增加乃主要由於借款(二零一二年六月三十日借款總額：人民幣514.8百萬元，二零一一年六月三十日：人民幣353.5百萬元)及借款利率增加所致。

稅項

本集團於截至二零一二年六月三十日止六個月錄得所得稅抵免人民幣1.5百萬元(截至二零一一年六月三十日止六個月：所得稅開支為人民幣18.4百萬元)。於二零一二年上半年稅項開支減少的主要原因為溢利及稅項支出超額撥備與去年同期相比減少。

Management Discussion and Analysis

管理層討論及分析

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, cash and cash equivalent of the Group was approximately RMB86.2 million (as at 31 December 2011: approximately RMB134.5 million).

As compared with the corresponding period in 2011, cash and cash equivalent decreased by approximately RMB48.3 million, which was mainly resulted from the net cash outflow from investing activities of approximately RMB50.7 million (30 June 2011: RMB182.2 million).

As at 30 June 2012, net current assets of the Group was approximately RMB529.4 million (as at 31 December 2011: approximately RMB609.9 million). As at 30 June 2012, the current ratio (i.e. total current assets / total current liabilities) of the Group was approximately 1.69 times as compared with 1.88 times as at 31 December 2011.

As at 30 June 2012, total assets of the Group were approximately RMB2,166.5 million (as at 31 December 2011: approximately RMB2,305.6 million) and total liabilities were approximately RMB765.6 million (as at 31 December 2011: approximately RMB743.0 million). The debt ratio as at 30 June 2012 (i.e. total liabilities/total assets) was 35.3% as compared to 32.2% as at 31 December 2011.

As at 30 June 2012, the Group had total borrowings of approximately RMB514.8 million (as at 31 December 2011: approximately RMB495.9 million). The gearing ratio (i.e. total borrowing/total equity) was approximately 36.7% (as at 31 December 2011: approximately 31.7%).

Trade and bills receivable

Trade and bills receivables of the Group as at 30 June 2012 were approximately RMB660.5 million (as at 31 December 2011: RMB701.7 million). The decrease in balance was mainly due to the decrease in revenue and strengthen of the credit control policy.

流動資金及財務資源

於二零一二年六月三十日，本集團的現金及現金等值項目約為人民幣86.2百萬元(二零一一年十二月三十一日：約人民幣134.5百萬元)。

與二零一一年同期相比，現金及現金等值項目下降約人民幣48.3百萬元，主要來自投資活動的現金流出淨額約人民幣50.7百萬元(二零一一年六月三十日：人民幣182.2百萬元)。

於二零一二年六月三十日，本集團的流動資產淨值約為人民幣529.4百萬元(二零一一年十二月三十一日：約人民幣609.9百萬元)。於二零一二年六月三十日，本集團的流動比率(即總流動資產/總流動負債)與截至二零一一年十二月三十一日的1.88倍相比，約為1.69倍。

於二零一二年六月三十日，本集團的總資產約為人民幣2,166.5百萬元(二零一一年十二月三十一日：約人民幣2,305.6百萬元)，總負債約為人民幣765.6百萬元(二零一一年十二月三十一日：約人民幣743.0萬元)。截至二零一一年六月三十日，負債比率(即總負債/總資產)與截至二零一一年十二月三十一日的32.2%相比，為35.3%。

於二零一二年六月三十日，本集團的借款總額約為人民幣514.8百萬元(二零一一年十二月三十一日：約人民幣495.9百萬元)。資產負債比率(即借款總額/權益總額)約為36.7%(二零一一年十二月三十一日：約31.7%)。

貿易應收款項及應收票據

本集團於二零一二年六月三十日的貿易應收款項及應收票據約為人民幣660.5百萬元(二零一一年十二月三十一日：人民幣701.7百萬元)。結餘增加乃主要由於收入減少及加強借貸政策所致。

Management Discussion and Analysis

管理層討論及分析

Inventory

The inventory balance of the Group as at 30 June 2012 was approximately RMB389.7 million (as at 31 December 2011: approximately RMB323.7 million) which mainly reflected the increase in raw materials and finished goods for the new production site in Kaifeng and Sichuan.

Trade and bills payable

Trade and bills payables of the Group as at 30 June 2012 were approximately RMB204.3 million (as at 31 December 2011: approximately RMB187.9 million). The increase in balance was mainly due to the negotiation for a longer credit term with suppliers.

Contingent Liabilities

As at 30 June 2012, the Group had no significant contingent liabilities (as at 31 December 2011: Nil).

Capital commitment

As at 30 June 2012, the contracted capital commitment of the Group which were not provided in the financial statements were approximately RMB15.7 million (as at 31 December 2011: approximately RMB13.8 million). Such capital commitments were mainly for the capital expenditure in respect of acquisition of production facilities.

In year 2011, 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.

存貨

本集團於二零一二年六月三十日的存貨結餘約為人民幣389.7百萬元(二零一一年十二月三十一日：約人民幣323.7百萬元)，這主要反映因新生產地點位於開封及四川而增加的原材料及產成品。

貿易應付款項及應付票據

本集團於二零一二年六月三十日的貿易應付款項及應付票據約為人民幣204.3百萬元(二零一一年十二月三十一日：約人民幣187.9百萬元)。此結餘的增加乃主要由於與供應商協商更長信貸期限所致。

或然負債

於二零一二年六月三十日，本集團並無重大或然負債(二零一一年十二月三十一日：無)。

資本承擔

於二零一二年六月三十日，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15.7百萬元(二零一一年十二月三十一日：約人民幣13.8百萬元)。此資本承擔主要用於收購生產基地。

於二零一一年，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。

Management Discussion and Analysis

管理層討論及分析

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 30 June 2012, the Group's foreign currencies amounted to approximately RMB10.3 million. During the year ended 30 June 2012, 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 has resolved not to recommend any payment of interim dividend for the six months ended 30 June 2012 (2011: Nil).

PROSPECTS

Faced with the increasing uncertainty in the global economic situation and fierce competition in the China truck market, the Group expects business to be more challenging in the second half of 2012. To ensure the sustainable success, the management has formulated the strategies to cope with these challenges. Strategies include diversifying the range of our casting and punching products, exploring the opportunities in overseas market and improvement of our product quality management program.

Looking forward, riding on the Group's (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.

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。於二零一二年六月三十日，本集團的外幣達約人民幣10.3百萬元。於截至二零一二年六月三十日止年度，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二零一二年六月三十日止六個月派發任何中期股息(二零一一年：無)。

展望

面對全球經濟狀況日益增加之不明朗因素及中國卡車市場之激烈競爭，本集團預期業務將於二零一二年下半年更具挑戰性。為確保持續成功，管理層已制定策略，豐富鑄造及沖焊產品種類，探索開發海外市場業務機會及改善產品質量管理程序，以應對該等挑戰。

展望未來，憑藉本集團(i)遍布中國中重卡維修市場所有車橋零部件供應商的廣泛銷售、營銷及服務網絡；(ii)以高品質獲客戶認同的豐富車橋零部件產品；及(iii)作為於維修市場及OEM市場車橋產品獨立供應商的地位、日益提升的交叉營銷能力以及不斷擴大的銷售額和溢利，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。

Management Discussion and Analysis

管理層討論及分析

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:

- diversifying and developing the new casting and punching products to satisfy the customer requirements in various industries and countries;
- developing new product models or modifying its existing products to satisfy the specification requirements of different types and models of vehicles used overseas;
- 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.

Cost Control

The Group will make use of its 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 functional departments and production lines to lower its administrative and production cost. Furthermore, the Group will strategically cooperate with suppliers in order to lengthen the credit terms and reduce the purchase price.

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：

- 多樣化及開發新的洗鑄及沖焊產品以滿足各行業及各國家的客戶需求；
- 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；
- 當物色到對定製車橋總成可能存在需求的潛在OEM客戶後，在海外OEM市場增加定製車橋總成銷售。

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，本集團將整合功能部門及生產線以降低其行政及生產成本。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。

Management Discussion and Analysis

管理層討論及分析

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 cooperations, 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.

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。

Report on Review of Condensed Consolidated Financial Statements

簡明綜合財務報表審閱報告



TO THE BOARD OF DIRECTORS OF CHANGFENG AXLE (CHINA) COMPANY LIMITED

暢豐車橋(中國)有限公司
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Changfeng Axle (China) Company Limited (the "Company") and its subsidiaries (collectively referred to the "Group") set out on pages 15 to 34, which comprise the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion 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.

致：暢豐車橋(中國)有限公司董事會

(於開曼群島註冊成立的股份有限公司)

引言

本核數師已審閱載於第15至34頁之暢豐車橋(中國)有限公司(「本公司」)及其附屬公司(統稱為「本集團」)之簡明綜合財務報表，此報表包括於二零一二年六月三十日之簡明綜合財務狀況表與截至該日止六個月期間之相關簡明綜合全面收益表、簡明綜合權益變動表和簡明綜合現金流量表及若干說明附註。香港聯合交易所有限公司主板證券上市規則規定，就中期財務資料編製之報告必須符合當中有關條文以及香港會計師公會(「香港會計師公會」)頒佈之香港會計準則第34號「中期財務報告」(「香港會計準則第34號」)。本公司董事須對根據香港會計準則第34號編製及呈列該簡明綜合財務報表負責。本核數師之責任是根據審閱對該簡明綜合財務報表作出結論，並按照委聘之協定條款僅向作為實體之閣下報告結論，且並無其他目的。本核數師不會就本報告之內容向任何其他人士負責或承擔任何責任。

Report on Review of Condensed Consolidated Financial Statements

簡明綜合財務報表審閱報告

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
29 August 2012

審閱範圍

本核數師已根據香港會計師公會頒佈之香港審閱委聘準則第2410號「由實體獨立核數師審閱中期財務資料」進行審閱。審閱簡明綜合財務報表包括主要向負責財務和會計事務之人員作出查詢，並應用分析性和其他審閱程序。審閱範圍遠少於根據香港核數準則進行審核之範圍，故不能令本核數師保證本核數師將知悉在審核中可能發現之所有重大事項。因此，本核數師不會發表審核意見。

結論

按照本核數師之審閱，本核數師並無發現任何事項，令本核數師相信簡明綜合財務報表在各重大方面未有根據香港會計準則第34號編製。

德勤 • 關黃陳方會計師行
執業會計師

香港，二零一二年八月二十九日

Condensed Consolidated Statement of Comprehensive Income

簡明綜合全面收益表

for the six months ended 30 June 2012

截至二零一二年六月三十日止六個月

		Six months ended 截至六個月	
		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	30.6.2011 二零一一年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)
		NOTES 附註	
Revenue	收入	3	288,126
Cost of sales	銷售成本		(247,558)
Gross profit	毛利		40,568
Other income, other gains and losses	其他收入、其他收益 及虧損	4	(3,546)
Selling and distribution expenses	銷售及分銷開支		(10,574)
Research and development expenditure	研發開支		(5,775)
Administrative expenses	行政開支		(27,571)
Impairment losses recognised in respect of property, plant and equipment	物業、廠房及設備之 已確認減值虧損		(136,000)
Interest on bank borrowings wholly repayable within five years	於五年內悉數償還之 銀行借款利息		(20,244)
(Loss) profit before tax	除稅前(虧損)溢利	5	(163,142)
Taxation	稅項	6	1,473
(Loss) profit and total comprehensive (expense) income for the period	期內(虧損)溢利及 全面(開支)收益總額		(161,669)
(Loss) profit and total comprehensive (expense) income for the period, attributable to:	以下人士應佔期內(虧損) 溢利及全面(開支) 收益總額:		
Owners of the Company	本公司擁有人		(161,362)
Non-controlling interests	非控股權益		(307)
			(161,669)
Basic (losses) earnings per share (RMB)	每股基本(虧損)盈利 (人民幣)	7	(0.20)
			0.15

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

at 30 June 2012

於二零一二年六月三十日

		NOTES 附註	30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31.12.2011 二零一一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	9	564,764	612,475
Prepayment for acquisition of machinery	購買機器預付款項		5,449	42,708
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
Prepaid lease payments	預付租賃款項		300,696	294,736
Deferred tax assets	遞延稅項資產		638	1,003
			871,547	1,000,672
Current assets	流動資產			
Inventories	存貨		389,733	323,742
Trade receivables	貿易應收款項	10	468,792	483,412
Bills receivable	應收票據	11	191,674	218,247
Other receivables	其他應收款項	12	152,215	135,721
Prepaid lease payments	預付租賃款項		6,388	6,203
Income tax recoverable	可收回所得稅		-	44
Available-for-sale investments	可供出售投資		-	1,000
Pledged bank deposits	已抵押銀行存款		-	2,100
Bank balances and cash	銀行結餘及現金		86,163	134,450
			1,294,965	1,304,919
Current liabilities	流動負債			
Trade and bills payables	貿易應付款項及應付票據	13	204,373	187,865
Other payables	其他應付款項	14	46,442	53,933
Amount due to a director	應付一名董事款項	18(a)	-	1,500
Borrowings – due within one year	借款 – 於一年內到期	15	514,786	447,968
Income tax payable	應付所得稅		-	3,785
			765,601	695,051
NET CURRENT ASSETS	流動資產淨值		529,364	609,868
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		1,400,911	1,610,540
NON-CURRENT LIABILITY	非流動負債			
Borrowings – due after one year	借款 – 一年後到期	15	-	47,960
			1,400,911	1,562,580
OWNERS' EQUITY	擁有人權益			
Share capital	股本	16	53,560	53,560
Reserves	儲備		1,307,705	1,469,067
Equity attributable to owners of the Company	本公司擁有人應佔權益		1,361,265	1,522,627
Non controlling interests	非控股權益		39,646	39,953
			1,400,911	1,562,580

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

for the six months ended 30 June 2012
截至二零一二年六月三十日止六個月

		Attributable to owners of the Company 本公司擁有人應佔						Non-controlling interests		Total
		Share capital	Share premium	Capital reserves	Surplus reserves	Special reserves	Retained earnings	Total	Non-controlling interests	Total
		股本	股份溢價	股本儲備	盈餘儲備	特殊儲備	保留盈利	合計	非控股權益	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2011 (audited)	於二零一一年一月一日 (經審核)	53,560	599,296	226,982	120,048	822	462,152	1,462,860	-	1,462,860
Profit and total comprehensive income for the period	期內溢利及全面收益總額	-	-	-	-	-	116,404	116,404	-	116,404
At 30 June 2011 (unaudited)	於二零一一年六月三十日 (未經審核)	53,560	599,296	226,982	120,048	822	578,556	1,579,264	-	1,579,264
Loss and total comprehensive expense for the period	期內虧損及全面開支總額	-	-	-	-	-	(56,637)	(56,637)	(121)	(56,758)
Appropriations	撥付	-	-	-	28,972	-	(28,972)	-	-	-
Capital contribution from non-controlling interests of a subsidiary	來自一間附屬公司非控股權益之出資	-	-	-	-	-	-	-	40,074	40,074
At 31 December 2011 (audited)	於二零一一年十二月三十一日 (經審核)	53,560	599,296	226,982	149,020	822	492,947	1,522,627	39,953	1,562,580
Loss and total comprehensive expense for the period	期內虧損及全面開支總額	-	-	-	-	-	(161,362)	(161,362)	(307)	(161,669)
At 30 June 2012 (unaudited)	於二零一二年六月三十日 (未經審核)	53,560	599,296	226,982	149,020	822	331,585	1,361,265	39,646	1,400,911

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

for the six months ended 30 June 2012

截至二零一二年六月三十日止六個月

		Six months ended 截至六個月	
		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	30.6.2011 二零一一年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)
OPERATING ACTIVITIES	經營活動		
(Loss) profit before tax	除稅前(虧損)溢利	(163,142)	134,830
Adjustments for:	就以下各項作出調整：		
Finance costs	融資成本	20,244	10,415
Interest income	利息收入	(469)	(1,141)
Impairment losses in respect of property, plant and equipment	物業、廠房及設備之減值虧損	136,000	-
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	21,255	13,921
Loss from disposal of property, plant and equipment	出售物業、廠房及設備虧損	6,116	-
Release of prepaid lease payments	撥回預付租賃款項	3,118	3,096
Operating cash flows before movements in working capital	營運資金變動前之經營現金流量	23,122	161,121
Increase in inventories	存貨增加	(65,991)	(73,495)
Decrease (increase) in trade receivables	貿易應收款項減少(增加)	21,070	(125,210)
Increase in other receivables	其他應收款項增加	(16,494)	(114,066)
Decrease (increase) in bills receivable	應收票據減少(增加)	26,573	(49,659)
Increase (decrease) in trade and bill payables	貿易應付款項及應付票據增加(減少)	26,388	(11,429)
(Decrease) increase in other payables	其他應付款項(減少)增加	(7,491)	20,091
Cash generated from (used in) operations	經營產生(所用)之現金	7,177	(192,647)
Income tax paid	已付所得稅	(1,903)	(38,197)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	經營活動產生(所用)現金淨額	5,274	(230,844)
INVESTING ACTIVITIES	投資活動		
Purchases of property, plant and equipment	購置物業、廠房及設備	(83,268)	(36,337)
Payment for land use rights	支付土地使用權	(9,263)	(25,535)
Prepayment for acquisition of machinery	支付購買機器預付款項	(5,449)	(83,442)
Placement of pledged bank deposits	存放已抵押銀行存款	(16)	(28,683)
Refund of (prepayment for) acquisition of land use right and buildings	購買土地使用權及樓宇之退款 (預付款項)	43,300	(11,492)
Proceeds from release of pledged bank deposits	解除已抵押銀行存款所得款項	2,116	2,191
Other investing activities items	其他投資活動項目	1,905	1,141
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用現金淨額	(50,675)	(182,157)

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

for the six months ended 30 June 2012
截至二零一二年六月三十日止六個月

		Six months ended 截至六個月	
		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	30.6.2011 二零一一年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)
FINANCING ACTIVITIES	融資活動		
Repayment of borrowings	償還借款	(192,578)	(167,030)
Interest paid	已付利息	(20,244)	(10,415)
Repayment to a director	償還董事款項	(1,500)	-
New borrowings raised	新增借款	211,436	192,039
NET CASH (USED IN) FROM FINANCING ACTIVITIES	融資活動(所用)產生之現金淨額	(2,886)	14,594
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目減少淨額	(48,287)	(398,407)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	於一月一日之現金及現金等值項目	134,450	518,105
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	於六月三十日之現金及 現金等值項目， 即銀行結餘及現金	86,163	119,698

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

for the six months ended 30 June 2012

截至二零一二年六月三十日止六個月

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Group had bank borrowings of approximately RMB514,786,000 at 30 June 2012. The directors are in the opinion that, taking into account the banking facilities currently available and the continuing banking facilities renewal procedures being in place and internally generated net operating cash inflow of the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months commencing from the end of the reporting period. Hence, the condensed consolidated financial statements have been prepared on a going concern basis.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

Application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs")

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

- amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*; and
- amendments to HKAS 12 *Deferred Tax: Recovery of Underlying Assets*.

1. 編製基準

簡明綜合財務報表乃根據由香港會計師公會頒佈之香港會計準則第34號*中期財務報告*及香港聯合交易所有限公司證券上市規則(「上市規則」)附錄16之適用披露規定而編製。

本集團於二零一二年六月三十日之銀行借款約為人民幣514,786,000元。董事認為，經考慮目前可獲得之銀行融資、既有之持續銀行融資更新程序以及本集團內部產生之經營現金流入淨額，本集團擁有充足之營運資金用於現時需求，至少可應付從報告期末起之下十二個月。因此，簡明綜合財務報表已按持續基準編製。

2. 主要會計政策

簡明綜合財務報表乃按歷史成本基準編製。

除下文所述者外，截至二零一二年六月三十日止六個月的簡明綜合財務報表所用會計政策及計算方法與本集團截至二零一一年十二月三十一日止年度之年度財務報表所載者一致。

採納香港財務報告準則(「香港財務報告準則」)(修訂本)

於本中期期間，本集團已首次應用多項由香港會計師公會(「香港會計師公會」)頒佈的以下香港財務報告準則(修訂本)：

- 香港財務報告準則第7號(修訂本)*金融工具：披露－轉讓金融資產*；及
- 香港會計準則第12號(修訂本)*遞延稅項：收回相關資產*。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

for the six months ended 30 June 2012
截至二零一二年六月三十日止六個月

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

(a) Operating segments

The Group has two reportable and 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.

2. 主要會計政策(續)

於本中期期間採納上述香港財務報告準則(修訂本)並無對該等簡明綜合財務報表之呈報金額及/或該等簡明綜合財務報表所載披露資料構成任何重大影響。

3. 收入及分部資料

(a) 營運分部

本集團擁有以下兩個須報告營運分部：

- OEM及相關市場—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。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

for the six months ended 30 June 2012

截至二零一二年六月三十日止六個月

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

3. 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 部份收入		Segment results 部份業績	
		Six months ended 截至六個月		Six months ended 截至六個月	
		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	30.6.2011 二零一一年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	30.6.2011 二零一一年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)
OEM and related market	OEM及相關市場	169,598	218,863	26,755	59,832
Aftermarket	維修市場	118,528	341,362	13,813	124,390
Total segment and consolidated	分部總計及綜合	288,126	560,225	40,568	184,222
Other income, other gains and losses	其他收入、其他收益及虧損			(3,546)	6,312
Selling and distribution expenses	銷售及分銷開支			(10,574)	(13,125)
Research and development expenditure	研發開支			(5,775)	(6,714)
Administrative expenses	行政開支			(27,571)	(25,450)
Impairment losses recognised in respect of property, plant and equipment	物業、廠房及設備之已確認減值虧損			(136,000)	-
Interest on bank borrowings wholly repayable within five years	於五年內悉數償還之銀行借款利息			(20,244)	(10,415)
(Loss) profit before tax	除稅前(虧損)溢利			(163,142)	134,830

Revenue reported above represents revenue generated from external customers.

以上呈報收入指從外部客戶產生的收入。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

for the six months ended 30 June 2012

截至二零一二年六月三十日止六個月

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

3. 收入及分部資料(續)

(c) Segment assets

(c) 分部資產

		Assets 資產	
		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31.12.2011 二零一一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
OEM and related market	OEM及相關市場	173,808	130,758
Aftermarket	維修市場	294,984	352,654
Total of all segments	所有分部合計	468,792	483,412
Unallocated	未分配	1,697,720	1,822,179
Consolidated assets	綜合資產	2,166,512	2,305,591

Segment assets represent trade receivables.

分部資產指貿易應收款項。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

for the six months ended 30 June 2012

截至二零一二年六月三十日止六個月

4. OTHER INCOME, OTHER GAINS AND LOSSES

4. 其他收入、其他收益及虧損

		Six months ended 截至六個月	
		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	30.6.2011 二零一一年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)
Bank interest income	銀行利息收入	469	1,141
Government grants (note)	政府津貼(附註)	2,012	4,060
Net foreign exchange gain (loss)	匯兌收益(虧損)淨額	11	(168)
Income from suppliers on defects claim	來自供應商缺陷索償的收入	34	1,436
Donation	捐款	(9)	(3)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	(6,116)	-
Others	其他	53	(154)
		(3,546)	6,312

Note: Grants primarily represented incentives received from local authorities by the Group entities for the eminent contribution of tax payment and encouragement of its business development. These grants are accounted for as immediate financial support with no future related costs expected to be incurred nor related to any assets.

附註：津貼主要指地方機關就突出稅項供款向本集團實體授出款項，以鼓勵其業務發展。該等授出款項列作即期財務支援，預期未來將不產生相關費用及與任何資產無關。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

for the six months ended 30 June 2012
截至二零一二年六月三十日止六個月

5. (LOSS) PROFIT BEFORE TAX

(Loss) profit before tax has been arrived at after charging:

5. 除稅前(虧損)溢利

除稅前(虧損)溢利已扣除：

		Six months ended 截至六個月	
		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	30.6.2011 二零一一年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)
Employee benefits expenses (including directors' emoluments):	僱員福利開支(包括董事薪酬)：		
– salaries and other benefits	– 薪金及其他福利	32,792	32,390
– retirement benefit scheme contributions	– 退休福利計劃供款	2,454	2,446
Total staff costs	總員工成本	35,246	34,836
Depreciation of property, plant and equipment	物業、廠房及設備折舊	21,255	13,921
Release of prepaid lease payments	撥回預付租賃付款	3,118	3,096
Auditors' remuneration	核數師酬金	738	588
Cost of inventories recognised as expenses, included in	已確認為開支之存貨成本，包括		
– cost of sales	– 銷售成本	246,464	372,659
– research and development expenditure	– 研發開支內	1,963	2,925

6. TAXATION

6. 稅項

		Six months ended 截至六個月	
		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	30.6.2011 二零一一年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)
Tax (credit) expense comprises:	稅項(信貸)開支包括：		
Current tax expense	即期稅項開支	19	18,434
Overprovision in prior year	過往年度超額撥備	(1,857)	–
Deferred tax expense (credit)	遞延稅項開支(信貸)	365	(8)
		(1,473)	18,426

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

for the six months ended 30 June 2012

截至二零一二年六月三十日止六個月

6. TAXATION (CONTINUED)

The income tax expense represents the People's Republic of China ("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 six months ended 30 June 2012 and 2011 except for the group entities described below.

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

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 six months ended 30 June 2011. Due to expiry of the tax relief, Fujian Changfeng was subject to 25% tax rate for the six months ended 30 June 2012. Fujian Changfeng was loss making for the six months ended 30 June 2012.

On 15 August 2010 and 29 October 2010, Kaifeng Changfeng Axle Manufacturing Co., Ltd. ("Kaifeng Changfeng") and Longyan Shengfeng Machinery Manufacturing Co., Ltd. ("Longyan Shengfeng"), both are wholly-owned subsidiaries of the Company, obtained "High and New Technology Enterprise" status for 3 years, respectively, that entitled Kaifeng Changfeng and Longyan Shengfeng a preferential tax rate of 15% for the period from 2011 to 2013 according to the PRC Tax Law.

6. 稅項(續)

所得稅開支指中華人民共和國(「中國」)企業所得稅，該稅項乃就於截至二零一二年及二零一一年六月三十日止六個月在中國的集團實體的應課稅收入按現行稅率25%計算，惟下述集團實體除外。

本公司在開曼群島註冊成立及不須繳付任何所得稅。

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(「外國企業所得稅」)法，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。於截至二零一一年六月三十日止六個月，福建暢豐按12.5%的稅率繳納企業所得稅。由於稅項減免到期，於截至二零一二年六月三十日止六個月福建暢豐須按25%的稅率繳稅。截至二零一二年六月三十日止六個月，福建暢豐產生虧損。

於二零一零年八月十五日及二零一零年十月二十九日，本公司兩間全資附屬公司開封暢豐車橋有限公司(「開封暢豐」)及龍岩盛豐機械製造有限公司(「龍岩盛豐」)分別獲得「高新技術企業」證書，為期三年，根據中國稅法，此證書可讓開封暢豐及龍岩盛豐從二零一一年至二零一三年止期間享受15%的優惠稅率。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

for the six months ended 30 June 2012
截至二零一二年六月三十日止六個月

7. (LOSSES) EARNINGS PER SHARE

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

7. 每股(虧損)盈利

本公司擁有人應佔每股基本(虧損)盈利乃根據以下數據計算：

		Six months ended 截至六個月	
		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	30.6.2011 二零一一年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)
(Losses) earnings (Losses) earnings for the purpose of basic (losses) earnings per share ((Loss) profit for the period attributable to owners of the Company)	(虧損) 盈利 (虧損) 盈利－每股基本(虧損) 盈利(本公司擁有人應佔期內(虧損) 溢利)	(161,362)	116,404
		Six months ended 截至六個月 30.6.2012 & 30.6.2011 二零一二年六月三十日 及 二零一一年六月三十日	
Number of shares Number of ordinary shares for the purposes of basic (losses) earnings per share	股份數目 普通股數目 －每股基本(虧損) 盈利	800,000,000	

No diluted (losses) earnings per share is presented as the Company did not have any potential ordinary shares in issue during the six months ended 30 June 2012 and 2011 or at the end of each reporting period.

由於於截至二零一二年及二零一一年六月三十日止六個月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(虧損) 盈利。

8. DIVIDENDS

No dividends were paid, declared or proposed during the interim reporting period. The directors of the Company do not recommend the payment of an interim dividend (six months ended 30 June 2011: nil).

8. 股息

本公司於報告期內概無支付、宣派或建議宣派任何股息。本公司董事不建議派付中期股息(二零一一年六月三十日止六個月：無)。

Notes to the Condensed Consolidated Financial Statements

簡明綜合財務報表附註

for the six months ended 30 June 2012

截至二零一二年六月三十日止六個月

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment amounting to approximately RMB116,096,000 (six months ended 30 June 2011: approximately RMB61,262,000) for the purpose of expanding the Group's business.

The Group disposed of certain property, plant and equipment with an aggregate carrying amount of RMB6,552,000 (six months ended 30 June 2011: nil) for cash proceeds of RMB436,000, resulting in a loss on disposal of RMB6,116,000 (six months ended 30 June 2011: nil).

During the six months ended 30 June 2012, as the Group incurred operating losses of RMB27,142,000 before the impairment of RMB136,000,000 recognised in respect of property, plant and equipment, the directors of the Company considered this was an impairment indicator. Thus, the directors of the Company conducted an impairment assessment on the Group's property, plant and equipment. With reference to the valuation report issued by an independent external valuer, the directors have made impairment losses of RMB136,000,000 in respect of property, plant and equipment as at 30 June 2012. The impairment loss was recognised for the Group for which the recoverable amount, which was based on value in use, was less than the carrying amount. The recoverable amounts of the relevant assets have been determined on the basis of the value in use calculation using a pre-tax discount rate of 13.25% (post-tax discount rate of 9.5%). This calculation uses cash flow projections based on financial forecasts approved by management of the Group covering five years with the cash flows beyond such period are extrapolated using a steady growth rate till the end of useful lives of the relevant assets. Key assumptions for the value in use calculations relate to the estimation of cash inflow/outflows which include budgeted sales and gross margin, such estimation is based on the management's expectations for the prospective market and market development.

9. 物業、廠房及設備之變動

於本期間，本集團購置約人民幣116,096,000元（截至二零一一年六月三十日止六個月：約人民幣61,262,000元）的物業、廠房及設備，以擴展本集團業務。

本集團已出售總賬面值為人民幣6,552,000元（截至二零一一年六月三十日止六個月：無）之若干物業、廠房及設備換取現金所得款項人民幣436,000元，導致出售虧損為人民幣6,116,000元（截至二零一一年六月三十日止六個月：無）。

於截至二零一二年六月三十日止六個月，由於在確認對物業、廠房及設備進行減值人民幣136,000,000元之前，本集團產生經營虧損人民幣27,142,000元，本公司董事認為此乃減值跡象。因此，本公司董事對本集團之物業、廠房及設備進行了減值評估。根據一名獨立外部估值師出具之估值報告，董事於二零一二年六月三十日對物業、廠房及設備作出減值虧損人民幣136,000,000元。減值虧損已由本集團確認，而根據使用價值計算之可回收金額少於賬面值。相關資產之可收回金額已按使用稅前貼現率13.25%（稅後折現率9.5%）的使用價值釐定。該計算方法乃使用本集團管理層批准涵蓋五年財務預測之現金流預測，而該期間之外之現金流乃使用直至相關資產可使用年期結束時穩定增長率推測。使用價值計算法之主要假設與現金流入／流出估計有關，包括預算銷售額及毛利，該估計乃依據管理層就未來市場及市場發展之預期。

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for the six months ended 30 June 2012
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10. TRADE RECEIVABLES

Trade receivables comprise the following:

Trade receivables 貿易應收款項
Less: impairment loss on trade receivables 減：貿易應收款項之減值虧損

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

The following is an aging analysis of trade receivables (net of impairment loss on trade receivables), presented based on the invoice date, at the end of the reporting period:

0 to 90 days 0至90日
91 to 120 days 91至120日
121 to 180 days 121至180日
181 to 365 days 181日至365日
Over 365 days 365日以上

10. 貿易應收款項

貿易應收款項包括以下各項：

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

以下為於報告期末貿易應收款項(扣除貿易應收款項減值虧損)(按發票日期呈列)的賬齡分析如下：

	30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31.12.2011 二零一一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
	517,492	532,112
	(48,700)	(48,700)
	468,792	483,412

	30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31.12.2011 二零一一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
	157,870	115,713
	33,902	42,149
	30,228	119,234
	167,402	199,292
	79,390	7,024
	468,792	483,412

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11. BILLS RECEIVABLE

At the end of the reporting period, bills receivable outstanding amounting to RMB135,449,000 (2011: RMB101,504,000) have been endorsed to certain creditors. The Group continues to present the endorsed bills as bills receivable until maturity.

The following is an aging analysis of bills receivable:

0 to 90 days	0至90日
91 to 120 days	91至120日
121 to 180 days	121至180日
181 days to 365 days	181日至365日

11. 應收票據

於報告期末，未償還應收票據金額為人民幣135,449,000元(二零一一年：人民幣101,504,000元)已背書予若干債權人。本集團繼續呈列已背書票據為應收票據，直至到期。

應收票據的賬齡分析如下：

30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31.12.2011 二零一一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
97,897	173,021
41,037	31,093
51,840	14,133
900	-
191,674	218,247

12. OTHER RECEIVABLES

Other receivables comprise the following:

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

12. 其他應收款項

其他應收款項包括以下各項：

30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31.12.2011 二零一一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
17,522	6,321
102,957	100,795
1,625	3,057
30,111	25,548
152,215	135,721

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13. TRADE AND BILLS PAYABLES

Trade and bills payables comprise the following:

		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31.12.2011 二零一一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Trade payables	貿易應付款項	201,873	167,765
Bills payable	應付票據	2,500	20,100
		204,373	187,865

The following is an aging analysis of trade payables:

		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31.12.2011 二零一一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Within 30 days	30日內	35,276	70,153
31 to 60 days	31至60日	37,333	35,916
61 to 90 days	61至90日	49,133	31,972
91 to 180 days	91至180日	61,489	11,790
181 to 365 days	181至365日	18,642	17,934
		201,873	167,765

The following is an aging analysis of bills payable.

		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31.12.2011 二零一一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
31 to 60 days	31至60日	-	-
61 to 90 days	61至90日	-	-
91 to 180 days	91至180日	2,500	20,100
		2,500	20,100

13. 貿易應付款項及應付票據

貿易應付款項及應付票據包括以下各項：

貿易應付款項之賬齡分析如下：

		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31.12.2011 二零一一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Trade payables	貿易應付款項	201,873	167,765
Bills payable	應付票據	2,500	20,100
		204,373	187,865

貿易應付款項之賬齡分析如下：

		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31.12.2011 二零一一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Within 30 days	30日內	35,276	70,153
31 to 60 days	31至60日	37,333	35,916
61 to 90 days	61至90日	49,133	31,972
91 to 180 days	91至180日	61,489	11,790
181 to 365 days	181至365日	18,642	17,934
		201,873	167,765

應付票據之賬齡分析如下：

		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31.12.2011 二零一一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
31 to 60 days	31至60日	-	-
61 to 90 days	61至90日	-	-
91 to 180 days	91至180日	2,500	20,100
		2,500	20,100

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14. OTHER PAYABLES

Other payables comprise the following:

Advances from customers	來自客戶的墊款
Payables and accruals for property, plant and equipment	物業、廠房及設備應付款項及應計款項
Payroll and welfare payables	應付工資及福利
Warranty accrual	保修應計款項
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

14. 其他應付款項

其他應付款項包括以下各項：

30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31.12.2011 二零一一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
7,974	5,321
9,262	19,142
3,198	4,415
1,174	1,088
14,834	13,704
4,120	5,659
5,880	4,604
46,442	53,933

15. BORROWINGS

During the period, the Group obtained new bank borrowings amounting to approximately RMB211,436,000 (six months ended 30 June 2011: approximately RMB192,039,000). The borrowings carry interest at variable market rates range from 6.41% to 7.87% (six months ended 30 June 2011: 5.04% to 7.5%) and are repayable in instalments over a period of one year from the end of the reporting period. The loans were used to serve as general working capital.

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

15. 借款

於期內，本集團獲得新銀行借款約人民幣211,436,000元(截至二零一一年六月三十日止六個月：約人民幣192,039,000元)。該借款按介乎於6.41%至7.87%(截至二零一一年六月三十日止六個月：5.04%至7.5%)的浮動市場利率計息並自報告期間結束於一年內分期償還。貸款用作一般營運資金。

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。已抵押資產的帳面值如下：

Property, plant and equipment	物業、廠房及設備	30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31.12.2011 二零一一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Land use rights	土地使用權	149,056	109,832
Trade receivables	貿易應收款項	85,131	86,038
		66,405	73,739
		300,592	269,609

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16. SHARE CAPITAL

16. 股本

		Number of shares 股份數目	Amount 金額 US\$'000 千美元
Ordinary shares of the United States dollars ("US\$") 0.01 each	每股面值0.01美元(「美元」)的普通股		
<i>Issued & fully paid:</i> At 1 January 2011, 30 June 2011, 1 January 2012 and 30 June 2012	<i>已發行及繳足：</i> 於二零一一年一月一日、 二零一一年六月三十日、 二零一二年一月一日及 二零一二年六月三十日	800,000,000	8,000
			30.6.2012 & 31.12.2011 二零一二年六月三十日 及 二零一一年十二月三十一日 RMB'000 人民幣千元
Shown on the condensed consolidated statement of financial position	於簡明綜合財務狀況表列示		53,560

17. CAPITAL COMMITMENTS

17. 資本承擔

		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	31.12.2011 二零一一年 十二月三十一日 RMB'000 人民幣千元 (audited) (經審核)
Capital expenditure in respect of acquisition of plant and machinery and land use rights – contracted for but not provided for in the condensed consolidated financial statements	收購廠房及機器及土地使用權的資本開支 — 已訂約但未於簡明綜合財務報表撥備	15,726	13,833

A subsidiary of the Group has a capital commitment in respect of capital contribution of RMB60,000,000 (2011: RMB60,000,000) to Changfeng Gear Co., Ltd..

本集團一間附屬公司有一項資本承諾，有關向暢豐齒輪有限公司出資人民幣60,000,000元(二零一一年：人民幣60,000,000元)。

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18. RELATED PARTY DISCLOSURES

During the period, the Group entered into the following transactions with related parties:

- (a) Details of balance of amount due to a director are set out in the condensed consolidated statement of financial position on page 16. The balance was interest free, unsecured and repayable on demand. The balances were settled during the period.
- (b) Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 30 June 2012 and 2011 was as follows:

18. 關連人士披露

於期內，本集團已與關連人士訂立下列交易：

- (a) 有關應付董事款項結餘的詳情載列於第16頁的簡明綜合財務狀況表內。結餘均為免息、無抵押及按要求償還。所有金額均已於期內結清。
- (b) 主要管理人員報酬

於截至二零一二年及二零一一年六月三十日止六個月，董事及其他主要管理人員的薪酬如下：

		Six months ended 截至六個月	
		30.6.2012 二零一二年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)	30.6.2011 二零一一年 六月三十日 RMB'000 人民幣千元 (unaudited) (未經審核)
Short-term benefits	短期福利	1,732	1,641
Discretionary bonus	酌情花紅	-	230
Post-employment benefits	退休福利	31	18
		1,763	1,889

RESULTS AND APPROPRIATIONS

The results of the Group for the six months ended 30 June 2012 are set out in the condensed consolidated statement of comprehensive income on page 15.

The board of directors (the “Directors”) of the Company (the “Board”) does not recommend the payment of any interim dividend for the six months ended 30 June 2012 (2011: Nil).

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

As at 30 June 2012, 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 Appendix 10 of the Listing Rules to be notified to the Company and the Stock Exchange were as follows:

業績及分配

本集團於截至二零一二年六月三十日止六個月的業績載於第 15 頁的簡明綜合全面收益表。

本公司董事（「董事」）會（「董事會」）不建議就截至二零一二年六月三十日止六個月派付任何中期股息（二零一一年：無）。

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

截至二零一二年六月三十日，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；或根據聯交所附錄十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：

Other Information 其他資料

(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 30 June 2012, 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:

於二零一二年六月三十日，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%或以上權益及短倉的人士如下：

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

Other Information 其他資料

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
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%	3
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%	3
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%	3
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%	3
CCB International Assets Management (Cayman) Limited	Interest of a controlled corporation 受控法團權益	244,915,968	30.61%	3.4
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%	3
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%	3
Wan Tai Investments Limited 萬鈦投資有限公司	Security interests 質押權益	244,915,968	30.61%	3

Other Information 其他資料

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) 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.
- (4) 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) 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。
- (4) 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。

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the shareholders of the Company. These can be achieved by an effective Board, segregation of duties with clear accountability, sound internal control, appropriate risk assessment procedures and transparency of the Company. The Board will continue to review and improve the corporate governance practices from time to time to ensure the Group is led by an effective Board in order to optimize returns for the shareholders of the Company. During the period from 1 January 2012 till 31 March 2012, the Company has applied the principles of and has complied with all code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set forth in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the revised CG Code for the period from 1 April 2012 till 30 June 2012, save for the deviation as set forth below:

Code Provision A.6.7

Code Provision A.6.7 of the CG Code provides that independent non-executive directors and non-executive directors should attend general meetings of the Company. Due to prior business engagements external to the Company, the non-executive director of the Company, Ms. Dong Ying, Dorothy, and the independent non-executive directors of the Company, Mr. Zhu Weizhou, Dr. Li Xiuqing and Mr. Chong Ching Hei were not able to attend the annual general meeting of the Company held on 7 June 2012.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its listed shares during the six months ended 30 June 2012. Neither the Company nor any of its subsidiaries had purchased, sold or repurchased any of the listed shares of the Company during the six months ended 30 June 2012.

企業管治常規

本公司致力維持高水平的企業管治常規及程序，務求成為一家具透明度及負責任的企業，以開放態度接受本公司股東問責。此目標可透過本公司有效的董事會、分明的職責劃分、良好的內部監控、恰當的風險評估程序及透明度來實現。董事會將繼續不時檢討及改善本集團的企業管治常規，確保本集團在董事會的有效領導下，為本公司股東取得理想回報。於二零一二年一月一日至二零一二年三月三十一日止期間內，本公司一直應用香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四所載企業管治常規守則（「企業管治守則」）的原則，並遵守企業管治守則的所有守則條文及於二零一二年四月一日至二零一二年六月三十日止期間內遵守經修訂的企業管治守則，惟以下偏離除外：

守則條文第A.6.7條

企業管治守則之守則條文第A.6.7條規定獨立非執行董事及非執行董事須出席本公司股東大會。由於公司之前的外部業務活動，本公司非執行董事董穎女士及獨立非執行董事朱偉洲先生、李秀清博士及莊清喜先生並無參加本公司於二零一二年六月七日舉行之股東週年大會。

購買、出售及贖回本公司股份

本公司於截至二零一二年六月三十日止六個月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二零一二年六月三十日止六個月內購買、出售及贖回本公司任何上市股份。

Other Information

其他資料

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct for securities transactions. Specific enquiries have been made with all Directors, who have confirmed and declared that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2012.

AUDIT COMMITTEE

The audit committee of the Company (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 supervise the financial reporting process and internal control system of the Group 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, all of whom are 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 has reviewed the consolidated financial statements of the Group for the six months ended 30 June 2012.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to our management and staff for their dedication and contribution to the Group throughout the six months ended 30 June 2012.

By Order of the Board
Wong Kwai Mo
Chairman

Hong Kong, 29 August 2012

遵守董事進行證券交易的標準守則

本公司已採納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及聲明，彼等於截至二零一二年六月三十日止六個月內已遵守標準守則所載的規定條文準則。

審核委員會

本公司審核委員會(「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集團的財務申報程序及內部監控系統，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控制程序，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。

審核委員會已審閱本集團截至二零一二年六月三十日止六個月的綜合財務報表。

致謝

截至二零一二年六月三十日止六個月期間，本集團的管理層及員工專心致志，貢獻良多，本人謹代表董事會向他們致衷心謝意。

承董事會命
董事長
王桂模

香港，二零一二年八月二十九日

