



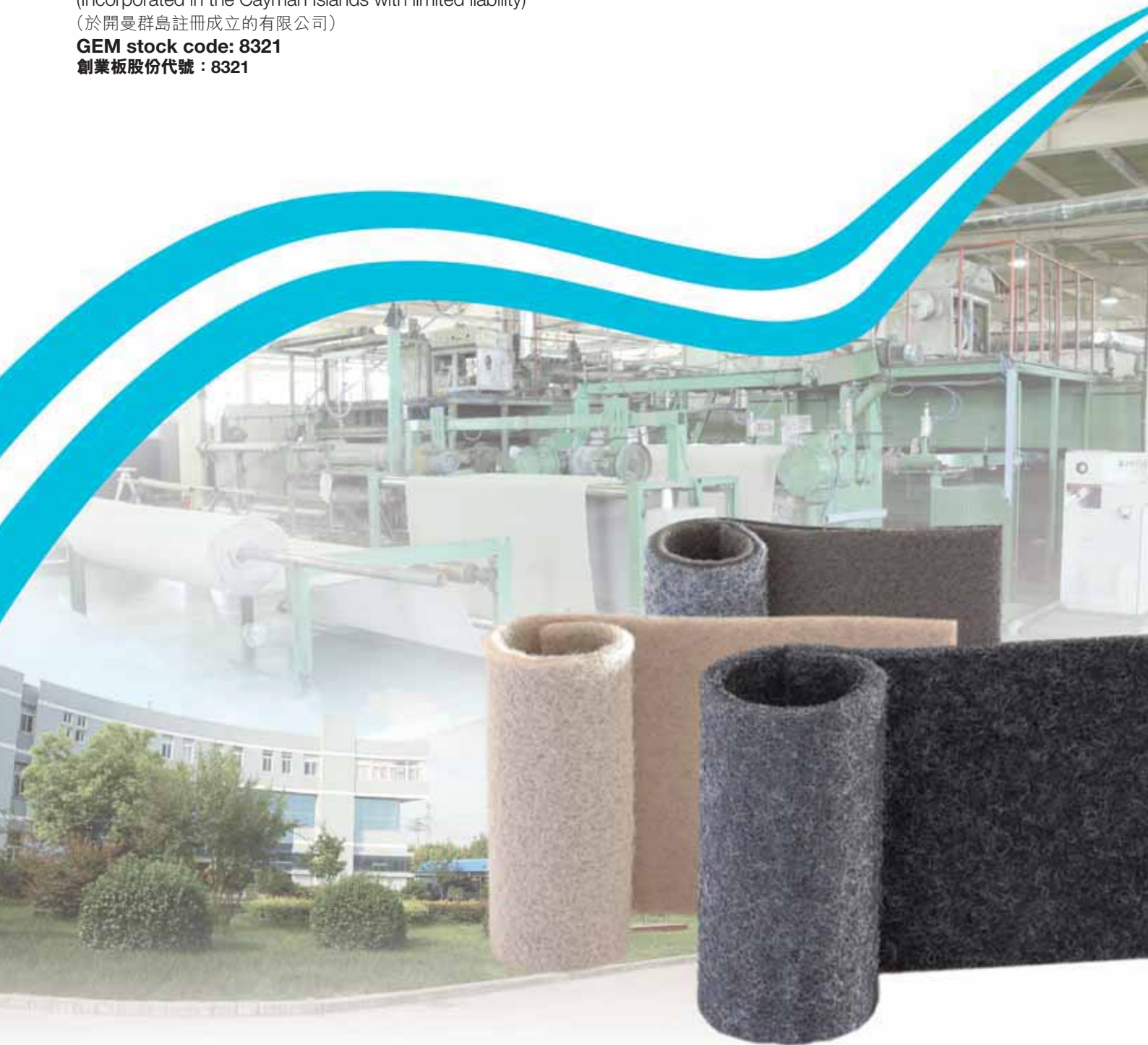
China Automotive Interior Decoration Holdings Limited 中國汽車內飾集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

GEM stock code: 8321

創業板股份代號：8321



2010 Annual Report
年報

Contents

目錄

2	Corporate Information	2	公司資料
4	Chairman's Statement	4	主席報告
8	Management Discussion and Analysis	8	管理層討論及分析
20	Biographical Information of Directors and Senior Management	20	董事及高級管理層的履歷資料
25	Corporate Governance Report	25	企業管治報告
32	Directors' Report	32	董事會報告
41	Independent Auditor's Report	41	獨立核數師報告
43	Consolidated Income Statement	43	綜合收益表
44	Consolidated Statement of Comprehensive Income	44	綜合全面收益表
45	Consolidated Statement of Financial Position	45	綜合財務狀況表
47	Statement of Financial Position	47	財務狀況表
48	Consolidated Statement of Changes in Equity	48	綜合權益變動表
49	Consolidated Statement of Cash Flows	49	綜合現金流量表
51	Notes to the Financial Statements	51	財務報表附註
100	Summary of Financial Information	100	財務資料概要

Corporate Information

公司資料

Executive Directors

Mr. Zhuang Yuejin (*Chairman*)
Ms. Wong Hsiao Hung
Mr. Pak Ping
Ms. Ruan Bixia
Mr. Chen Xianping

Independent Non-Executive Directors

Mr. Law Tze Lun
Dr. Tang Yanfei
Mr. Feng Xueben

Audit Committee

Mr. Law Tze Lun (*Chairman*)
Dr. Tang Yanfei
Mr. Feng Xueben

Remuneration Committee

Mr. Zhuang Yuejin (*Chairman*)
Mr. Law Tze Lun
Mr. Feng Xueben

Nomination Committee

Mr. Zhuang Yuejin (*Chairman*)
Mr. Law Tze Lun
Dr. Tang Yanfei

Compliance Officer

Ms. Wong Hsiao Hung

Company Secretary

Mr. Wong Chi Wah *CPA, FCCA*

Authorised Representatives

Mr. Wong Chi Wah
Ms. Wong Hsiao Hung

Auditor

RSM Nelson Wheeler
Certified Public Accountants

Solicitors

Fred Kan & Co.

執行董事

莊躍進先生(*主席*)
黃小紅女士
白平先生
阮碧霞女士
陳顯平先生

獨立非執行董事

羅子璘先生
湯炎非博士
馮學本先生

審核委員會

羅子璘先生(*主席*)
湯炎非博士
馮學本先生

薪酬委員會

莊躍進先生(*主席*)
羅子璘先生
馮學本先生

提名委員會

莊躍進先生(*主席*)
羅子璘先生
湯炎非博士

監察主任

黃小紅女士

公司秘書

王志華先生 *CPA, FCCA*

授權代表

王志華先生
黃小紅女士

核數師

中瑞岳華(香港)會計師事務所
執業會計師

律師

簡家驄律師行

Corporate Information (Continued)

公司資料(續)

Registered Office

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

Headquarter and Principal Place of Business in Hong Kong

Room 1003, New Lee Wah Centre,
88 Tokwawan Road, Kowloon,
Hong Kong

Principal Place of Business in the PRC

No. 28 Xinfeng Road, Xinfeng Industrial Park, Fangqian Town,
New District, Wuxi City, Jiangsu Province, the PRC

Cayman Islands Share Registrar and Transfer Office

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Principal Banker

Industrial and Commercial Bank of China
Wuxi Xi Shan Sub-branch
Ying Bin North Road
Dong Ting Town
Xi Shan District,
Wuxi City, the PRC

Compliance Adviser

Sun Hung Kai International Limited

Company Website

www.joystar.com.hk

Stock Code

8321

註冊辦事處

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

總辦事處及香港主要營業地點

香港
九龍土瓜灣道88號
新利華中心1003室

中國主要營業地點

中國江蘇省無錫市新區
坊前鎮新豐工業園新風路28號

開曼群島股份過戶登記處

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

股份過戶登記處香港分處

卓佳證券登記有限公司
香港
灣仔
皇后大道東28號
金鐘匯中心26樓

主要往來銀行

中國工商銀行
無錫錫山支行
中國
無錫市
錫山區
東亭鎮
迎賓北路

合規顧問

新鴻基國際有限公司

公司網站

www.joystar.com.hk

股份代號

8321

Chairman's Statement

主席報告



Our success is contributed by the Group's stringent and systematic quality control, strong research and development capabilities as well as experienced management team.

我們的成功建立於本集團嚴格和系統化的品質監控、強大的研發實力以及經驗豐富的管理團隊。





The Group's overall turnover increased by 40.9% as compared to that of last year.

本集團整體營業額較去年上升40.9%。

Chairman and Chief Executive Officer
主席兼行政總裁

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of China Automotive Interior Decoration Holdings Limited (the "Company"), I am pleased to present the audited annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the financial year ended 31 December 2010.

The year of 2010 has been undoubtedly meaningful for the development of the Group. The Group was successfully listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited on 29 September 2010 by way of placing, as the first listed company principally engaged in manufacture of interior decoration materials for automobiles. The net proceeds from the placing enhanced the financial position of the Group to implement its business plans.

各位股東：

本人謹代表中國汽車內飾集團有限公司(「本公司」)董事會(「董事會」)欣然提呈本公司及其附屬公司(統稱「本集團」)截至二零一零年十二月三十一日止財政年度之經審核全年業績。

二零一零年度對本集團的發展而言，無疑是意義深遠的。本集團於二零一零年九月二十九日以配售形式在香港聯合交易所有限公司創業板成功上市，成為首間主要從事製造汽車內飾材料的上市公司，而配售的所得款項淨額增強了本集團的財務狀況，從而能夠實施其業務計劃。

For the year ended 31 December 2010, the Group's overall turnover increased by 40.9% as compared to that of last year. The substantial increase was mainly attributable to the Group's stringent and systematic quality control, strong research and development capabilities as well as experienced management team to capture the blooming automobile industry in the PRC.

The Group will endeavour to improve its operational efficiency, develop new products with higher profit margin and implement its business plans. In addition, the Group is also exploring overseas market opportunities, aiming to deliver better performance in the coming year.

On behalf of the Group, I would like to take this opportunity to express my sincere gratitude to all of our customers, business partners and investors for their support and trust towards the Group. Further, I would like to express my sincere thanks to our Directors and employees for their dedications and contributions to the Group.

By order of the Board

Zhuang Yuejin

Chairman and Chief Executive Officer

Hong Kong, 18 March 2011



截至二零一零年十二月三十一日止年度，本集團的整體營業額較去年上升40.9%。大幅增長主要歸因於本集團嚴格和系統化的品質監控、強大的研發實力以及經驗豐富的管理團隊，從而可受惠於中國蓬勃的汽車行業。

本集團將致力提升營運效益，開發利潤率更高的新產品及實施其業務計劃。此外，本集團亦正物色海外市場機會，旨在於來年達到最佳的業績。

本人謹代表本集團，藉此機會向本集團之所有客戶、業務夥伴及投資者對本集團的支持和信任致以衷心的謝意。此外，本人亦衷心感謝我們的董事及僱員對本集團作出的努力和貢獻。

承董事會命

莊躍進先生

主席兼行政總裁

香港，二零一一年三月十八日



Management Discussion and Analysis

管理層討論與分析



The Group will endeavour to improve its operational efficiency, develop new products, and explore overseas market opportunities.

本集團將致力改善其營運效率、發展新產品及開拓海外市場機遇。



Management Discussion and Analysis (Continued)

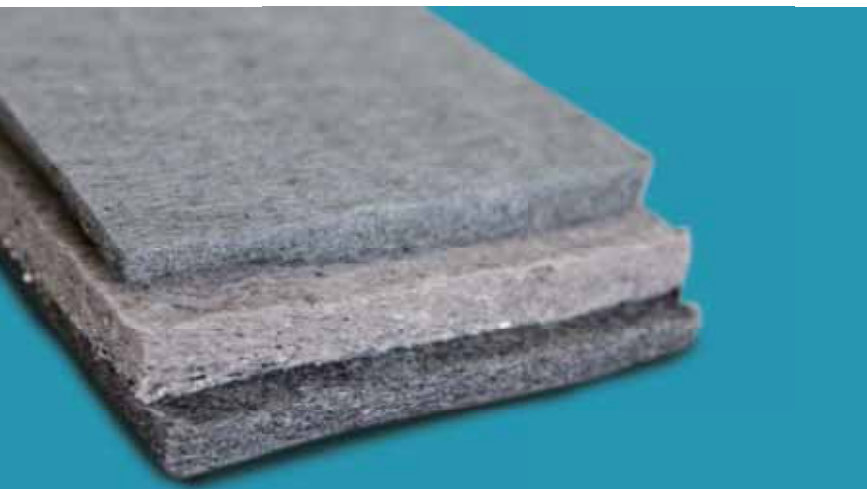
管理層討論與分析(續)

Business Review

The Group is principally engaged in the manufacture and sale of nonwoven fabric products used in automotive interior decoration parts. The majority of the Group's nonwoven fabric products are supplied to and further processed by the Group's customers in order to make different automotive parts such as floor, head lining, seat cover, parcel tray, trunk, luggage-side trim, hubcap and car-mat. The Group's nonwoven fabric products are also used in infrastructure.

Expansion of production capacity

At the beginning of 2010, the Group had a total of 17 production lines with annual production capacity of 15 million m² of nonwoven fabric at its production plant located in Wuxi city, Jiangsu Province, the PRC. To cope with the anticipated production growth, the Group has expanded its production by increasing the number of production lines to 20 and the aggregate annual production capacity reached 16 million m² of nonwoven fabric by the end of 2010.



Listing on the GEM

On 29 September 2010, shares of the Company were listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited ("Stock Exchange") by way of placing. The net proceeds from the placing, amounted to approximately HK\$30.6 million. The Directors intend to utilize the net proceeds in accordance with the Group's business plans to establish itself as a leading manufacturer of nonwoven fabric for automotive interior decoration in the PRC.

業務回顧

本集團主要從事製造及銷售用於汽車內飾件的無紡布產品。本集團大部分無紡布產品均供應予客戶作進一步加工，以製成不同的汽車內飾件，例如汽車主地毯面料、頂蓬面料、座椅面料、衣帽架面料、行李箱蓋毯面料、行李箱側毯面料、輪罩面料及汽車腳踏墊面料。本集團的無紡布產品亦用於基建方面。

擴大產能

於二零一零年年初，本集團位於中國江蘇省無錫市的生產廠房擁有合共17條生產線，無紡布年產能為15百萬平方米。為應付預期生產增長，本集團已通過將生產線數目增加至20條以擴大生產，於二零一零年年底，無紡布的總年產能達16百萬平方米。



於創業板上市

於二零一零年九月二十九日，本公司股份以配售方式於香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)上市。配售所得款項淨額約為30.6百萬港元。董事根據本集團的業務計劃，擬利用所得款項令本集團成為領先的汽車內飾無紡布中國製造商。

Management Discussion and Analysis (Continued)

管理層討論與分析(續)

Launch of noise-absorbing and heat-insulating materials

Leveraging on the successful achievement of the Group's research team, the Group has started to manufacture various types of noise-absorbing and heat-insulating products for different types of automobiles in the second half of 2010 to meet the market demands in time. The Group will further invest in research and development of higher quality of noise-absorbing and heat-insulating products that would be used in broader range of automobile industry.

推出吸音及隔熱物料

憑藉本集團研發團隊取得的成果，本集團已於二零一零年下半年開始製造用於不同類型汽車的各類吸音及隔熱產品，把握時機滿足熾熱的市場需求。本集團將進一步投資於研發更優質的吸音及隔熱產品，該產品將於汽車行業中得到廣泛應用。



Financial Review

Revenue

The Group's revenue for the year ended 31 December 2010 was illustrated in three main categories:

財務回顧

收益

本集團截至二零一零年十二月三十一日止年度的收益按三個主要類別列示：

		Year ended 31 December 截至十二月三十一日止年度	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Nonwoven fabric for use in automobiles	用於汽車的無紡布	75,773	49,109
Materials for automotive floor carpet	汽車主地毯面料	43,048	30,789
Materials for other automotive parts	其他汽車配件面料	4,269	7,465
Nonwoven fabric for use in infrastructure	用於基建的無紡布		
		123,090	87,363

For the year ended 31 December 2010, the Group's turnover amounted to approximately RMB123.0 million as compared to that of approximately RMB87.4 million in 2009, representing an increase of 40.9%.

The growth of turnover is mainly attributable to the increase in quantity of nonwoven fabric sold by approximately 40.4% or 4.0 million m² from approximately 9.9 million m² in 2009 to 13.9 million m² in 2010 under continuous growth of automobile industry in the PRC. The Group has focused on the automobile related production, which resulted in drop in revenue from nonwoven fabric for use in infrastructure.

Gross profit

The gross profit of the Group increased by approximately RMB2.2 million or 8.1% from approximately RMB27.1 million in 2009 to approximately RMB29.3 million in 2010. The gross profit margin decreased from 31.0% for the year ended 31 December 2009 to 23.8% for the year ended 31 December 2010, which was mainly attributable to rapid and substantial increase in the prices of fibers being the Group's major raw materials for production in the second half year in 2010.

截至二零一零年十二月三十一日止年度，本集團的營業額約為人民幣123.0百萬元，而二零零九年則約為人民幣87.4百萬元，升幅為40.9%。

本集團營業額增長主要由於在中國汽車業的持續增長下，售出無紡布數量由二零零九年約9.9百萬平方米增加約40.4%或4.0百萬平方米至二零一零年的13.9百萬平方米。本集團專注於汽車相關生產，導致用於基建的無紡布收益有所下跌。

毛利

本集團毛利由二零零九年約人民幣27.1百萬元增加約人民幣2.2百萬元或8.1%至二零一零年約人民幣29.3百萬元。毛利率由截至二零零九年十二月三十一日止年度的31.0%下跌至截至二零一零年十二月三十一日止年度的23.8%，主要因為本集團主要用作生產的原材料纖維於二零一零年下半年的價格急速飆升。

Other income

The Group's other income for the year ended 31 December 2010 increased by approximately RMB7,105,000 from approximately RMB75,000 for the year ended 31 December 2009 to approximately RMB7,180,000 for the year ended 31 December 2010. The substantial increase was mainly contributed by provision of technical support income by a supplier of approximately RMB3,000,000 and government grant of approximately RMB3,000,000 being listing rewards as well as approximately RMB900,000 in respect of compensation for additional workdone during the construction of factory premises.

Selling and distribution costs

The selling and distribution costs increased by approximately RMB2.7million or 67.5% from approximately RMB4.0 million in the year ended 31 December 2009 to RMB6.7 million in the year ended 31 December 2010. The increase was mainly due to an increase of transportation costs by approximately 55.8% or RMB1.8 million under the expansion of the Group's business.

Administrative expenses

The administrative expenses increased by approximately RMB2.5 million or 34.7% from approximately RMB7.2 million in the year ended 31 December 2009 to approximately RMB9.7 million in the year ended 31 December 2010. The increase was principally attributable to increase in the Group's staff costs (including directors' remuneration and pension), research and development, travelling and entertainment expenses in relation to expansion of the Group's business.

Finance costs

The finance costs decreased by approximately RMB0.1 million or 5.6% from approximately RMB1.8 million in the year ended 31 December 2009 to approximately RMB1.7 million in the year ended 31 December 2010. The decrease was mainly due to no payment of interest to related parties and partly offsetting by increase in bank borrowings.

Profit for the year attributable to owners of the Company

The profit for the year attributable to the owners of the Company was approximately RMB14.5 million for the year of 2010 compared with approximately RMB12.1 million for the corresponding year of 2009. The increase was mainly due to increase in revenue and other income and partly offsetting by increase in selling and distribution costs together with administrative expenses.

其他收入

截至二零一零年十二月三十一日止年度，本集團的其他收入由截至二零零九年十二月三十一日止年度約人民幣75,000元增加約人民幣7,105,000元至約人民幣7,180,000元。其他收入大幅增長主要由於供應商提供技術支援收入約人民幣3,000,000元、作為上市獎勵的政府補助約人民幣3,000,000元，以及就於廠房興建期間完成額外工作的補償約人民幣900,000元。

銷售及分銷成本

銷售及分銷成本由截至二零零九年十二月三十一日止年度約人民幣4.0百萬元增加約人民幣2.7百萬元或67.5%至截至二零一零年十二月三十一日止年度約人民幣6.7百萬元。上升主要由於本集團業務擴充導致運輸成本上升約55.8%或人民幣1.8百萬元。

行政開支

行政開支由截至二零零九年十二月三十一日止年度約人民幣7.2百萬元增加約人民幣2.5百萬元或34.7%至截至二零一零年十二月三十一日止年度約人民幣9.7百萬元。行政開支增加主要由於本集團業務擴充導致本集團的員工成本(包括董事薪酬及津貼)、研發開支、差旅及招待費增加所致。

融資成本

融資成本由截至二零零九年十二月三十一日止年度約人民幣1.8百萬元減少約人民幣0.1百萬元或5.6%至截至二零一零年十二月三十一日止年度約人民幣1.7百萬元。融資成本減少主要由於並無向關聯方支付利息且部分由銀行借款增加抵銷。

本公司擁有人應佔年度溢利

於二零一零年，本公司擁有人應佔年度溢利約為人民幣14.5百萬元，而二零零九年則約為人民幣12.1百萬元。有關增長乃主要因收益及其他收入增加，且部份被銷售及分銷成本連行政開支增加所抵銷。

Liquidity, Financial Resources and Capital Structure 流動性、財務資源及資本結構

		As at 31 December 於十二月三十一日	
		2010 二零一零年	2009 二零零九年
		RMB'000 人民幣千元	RMB'000 人民幣千元
Current assets	流動資產	98,862	65,329
Current liabilities	流動負債	49,085	68,155
Current ratio	流動比率	2.01	0.96

The current ratio of the Group as at 31 December 2010 was 2.01 times as compared to that of 0.96 times as at 31 December 2009. It was mainly resulted from the net proceeds raised from the placing of shares of the Company on the GEM of the Stock Exchange on 29 September 2010 as well as the growth of the Group's business.

As at 31 December 2010, bank and cash balances of the Group amounted to approximately RMB19.0 million (2009: RMB22.1 million), and approximately RMB2.9 million (2009: RMB1.9 million) of which are denominated in Hong Kong dollars, United States dollars and Euro.

Taking into account the Group's cash reserves and recurring cash flows from its core operations, the Group's financial position is stable and healthy.

The Group experienced both surged prices and shortage of supply in fibers during the fourth quarter in 2010. In order to secure the supply of materials and to stabilize the price thereof in future, the management decided to place refundable trade deposits of approximately RMB11.0 million with the suppliers by the end of 31 December 2010.

The capital of the Group comprises only ordinary shares of HK\$0.10 each. As at 31 December 2010, the total number of the ordinary shares of the Group in issue was 200,000,000 shares.

As at 31 December 2010, the Group's gearing ratio (represented by totals of borrowings and finance lease payable divided by summation of total bank borrowings and finance lease payable and equity) amounted to approximately 20.5% (2009: 38.9%).

本集團於二零一零年十二月三十一日的流動比率為2.01倍，而於二零零九年十二月三十一日則為0.96倍。此乃主要由於本公司於二零一零年九月二十九日在聯交所創業板配售股份所籌集的所得款項淨額以及本集團業務增長所導致。

於二零一零年十二月三十一日，本集團銀行及現金結餘約為人民幣19.0百萬元(二零零九年：人民幣22.1百萬元)，其中約人民幣2.9百萬元(二零零九年：人民幣1.9百萬元)以港元、美元及歐元列值。

經考慮本集團現金儲備及其核心業務的經常性現金流量後，本集團的財務狀況乃屬穩健。

於二零一零年第四季，本集團經歷纖維價格飆升及供應短缺。為確保日後的物料供應及穩定價格，管理層決定於截至二零一零年十二月三十一日向供應商支付可退回的貿易按金約人民幣11.0百萬元。

本集團資本僅由每股面值0.10港元之普通股組成。於二零一零年十二月三十一日，本集團的已發行普通股總數為200,000,000股。

於二零一零年十二月三十一日，本集團的資本負債比率(即借款及應付融資租賃之總和除以銀行借款總額和應付融資租賃及權益之總和)約為20.5%(二零零九年：38.9%)。

Management Discussion and Analysis (Continued)

管理層討論與分析(續)

Significant Investments

As at 31 December 2010, there was no significant investment held by the Group. (2009: Nil)

Material Acquisitions or Disposals

For the year ended 31 December 2010, there were no material acquisitions or disposal of subsidiaries and affiliated companies by the Group.

Pledge on Assets

As at 31 December 2010, the Group secured its bank borrowings by buildings with a carrying amounts of approximately RMB7.8 million (2009: RMB8.1 million) and prepaid land lease payments with a carrying amounts of approximately RMB3.1 million (2009: RMB3.2 million). The carrying amounts of motor vehicles held by the Group under finance lease amounted to approximately RMB0.9 million (2009: RMB1.1 million).

An approximately RMB6.4 million (2009: Nil) of trade receivables were pledged to a bank to secure short-term bank borrowings.

Foreign Exchange Exposure

Majority of the assets and liabilities of the Group were denominated in Renminbi and Hong Kong dollars. As at 31 December 2010, the Group had no significant exposure under foreign exchange contracts, interest, currency swaps or other financial derivatives.

Employees and Remuneration Policy

As at 31 December 2010, the Group employed a total of 211 (2009: 192) employees. The emolument policy of the employees of the Group is set up by the Board on the basis of their experience, qualifications and competence. Other employees' benefits include contributions to statutory mandatory provident funds, and social insurance together with housing provident funds to its employees in Hong Kong and the PRC respectively.

A remuneration committee was set up for, inter alia, reviewing the Group's emolument policy and structure for all directors and senior management of the Group.

重大投資

於二零一零年十二月三十一日，本集團並無持有重大投資(二零零九年：無)。

重大收購或出售

於截至二零一零年十二月三十一日止年度，本集團概無就附屬公司及聯營公司進行重大收購或出售。

抵押資產

於二零一零年十二月三十一日，本集團以賬面值約人民幣7.8百萬元(二零零九年：人民幣8.1百萬元)的樓宇及賬面值約人民幣3.1百萬元(二零零九年：人民幣3.2百萬元)的預付土地租賃款項擔保其銀行借款。本集團根據融資租賃持有的機動車賬面值約為人民幣0.9百萬元(二零零九年：人民幣1.1百萬元)。

大約人民幣6.4百萬元(二零零九年：無)的貿易應收款抵押給銀行，以取得短期銀行借款。

外匯風險

本集團大部分資產及負債以人民幣及港元計值。於二零一零年十二月三十一日，本集團概無因外匯合約、利息、貨幣掉期或其他金融衍生產品而面臨任何重大風險。

僱員及薪酬政策

於二零一零年十二月三十一日，本集團共聘用211名(二零零九年：192名)僱員。本集團的僱員薪酬政策乃由董事會根據其經驗、資歷及工作能力而制定。其他僱員福利分別包括香港及中國僱員的法定強制性公積金供款、社會保險以及住房公積金。

薪酬委員會已告成立，旨在(其中包括)審核本集團所有董事及高級管理層的薪酬政策及結構。

Management Discussion and Analysis (Continued)

管理層討論與分析(續)

Capital Commitment

As at 31 December 2010, the Group had capital expenditure contracted but not provided for in the financial statements amounting to approximately RMB14.0 million (2009: RMB13.3 million).

Contingent Liabilities

As at 31 December 2010, the Group did not have any significant contingent liabilities.

Comparison of Business Objectives With Actual Business Progress

An analysis comparing the business objectives as set out in the Company's prospectus dated 21 September 2010 (the "Prospectus") with the Group's actual business progress for the period from 13 September 2010, being the latest practicable date prior to issue of the Prospectus (the "Latest Practicable Date") to 31 December 2010 is set out below:

資本承擔

於二零一零年十二月三十一日，本集團已訂約但並未載入財務報表的資本開支約為人民幣14.0百萬元(二零零九年：人民幣13.3百萬元)。

或然負債

於二零一零年十二月三十一日，本集團並無任何重大或然負債。

業務目標與實際業務進展之比較

本公司日期為二零一零年九月二十一日的招股章程所載的業務目標與本集團自二零一零年九月十三日(即刊發招股章程前的最後實際可行日期(「最後實際可行日期」))至二零一零年十二月三十一日期間的實際業務進展之比較載列如下：

Business objectives for the period from the Latest Practicable Date to 31 December 2010 as stated in the Prospectus

招股章程所述，
自最後實際可行日期
至二零一零年十二月三十一日
期間的業務目標

Actual business progress up to 31 December 2010

截至二零一零年十二月三十一日
的實際業務進展

1. Expansion of production capacity

擴充產能

Upgrading two existing production lines
Installing new equipment for
perfection of production
提升兩條現有生產線，為完善生產安裝新設備

During the year, the Group has completed upgrading glue mixture production line as well as needle punching production line.

In addition, the Group has also completed installation of a new production line of wood powder plate. The installation of PE coating production line is in progress.

於年內，本集團已完成提升背膠生產線及針刺生產線。

此外，本集團亦已完成安裝木粉板的新生產線，而淋膜生產線的安裝則正在進行。

**Business objectives for the period
from the Latest Practicable Date to
31 December 2010 as stated
in the Prospectus**

招股章程所述，
自最後實際可行日期
至二零一零年十二月三十一日
期間的業務目標

**Actual business progress up to
31 December 2010**

截至二零一零年十二月三十一日
的實際業務進展

2. Acquisition of land and construction of
new factory premises
購買土地及興建新廠房

Acquiring land
購買土地

The Group is still in the progress of negotiating the terms of acquiring land with the Management Committee of Xibei Yuan District of the Xishan Economic Development Zone of Jiangsu Province. The Group is also exploring other suitable land with favourable offer for the construction of new factory premises with the view of maximizing the shareholders' interest.

本集團仍正在與江蘇省錫山經濟開發區錫北園區管理委員會就購買土地條款進行磋商。為實現股東利益的最大化，本集團亦正物色其他具優惠條件的合適土地以興建新廠房。

3. Development of new products
開發新產品

Noise-absorbing and heat-insulating
nonwoven fabric;
吸音及隔熱無紡布：

The Group has successfully developed noise-absorbing and heat-insulating nonwoven fabric which was applied in the engine and floor for different types of automobiles and has distributed the products in the second half of 2010.

本集團已成功開發應用於不同車型的發動機及地板的吸音及隔熱無紡布，並已於二零一零年下半年分銷該產品。

Nonwoven fabric for filtering system of
high-speed trains
用於動車組過濾系統的無紡布

The Group is now negotiating with universities in the PRC for the purpose of conducting research and development in smooth and filtering materials used in high speed trains.

本集團現正就進行用於動車組的防刺及過濾物料的研發與中國多所大學進行磋商。

Management Discussion and Analysis (Continued)

管理層討論與分析(續)

Use of Proceeds

The net proceeds from the placing was approximately HK\$30.6 million, which was different from the estimated net proceeds of approximately HK\$34.4 million (estimated on the assumption that the placing price would be the mid-point of the stated range as stated in the Prospectus). The Group intends to adjust the use of proceeds in the same manner and in the same proportion as shown in the Prospectus.

During the year, the Group has applied the net proceeds as follows:

所得款項用途

配售所得款項淨額約為30.6百萬元，其有別於估計所得款項淨額約34.4百萬元(估計乃假設配售價格為招股章程所載配售價格範圍之中間價)。本集團擬按招股章程所示之相同方式及比例調整所得款用途。

於年內，本集團已將所得款項淨額用於如下用途：

			Adjusted use of proceeds in the same manner and proportion as stated in the Prospectus from Latest Practicable Date to 31 December 2010	Actual use of the proceeds from the Latest Practicable Date to 31 December 2010
			自最後實際可行日期至二零一零年十二月三十一日，按招股章程所示之相同方式及比例調整之所得款用途	自最後實際可行日期至二零一零年十二月三十一日之所得款項實際用途
		Note	HK\$'000	HK\$'000
		附註	千港元	千港元
Expansion of production capacity	擴充產能	1	3,945	2,093
Acquisition of land and construction of new factory premises	購買土地及興建新廠房	2	15,212	–
Development of new products	開發新產品	3	781	1,593
			19,938	3,686

Management Discussion and Analysis (Continued)

管理層討論與分析(續)

Note:

1. The Group is still negotiating the price and terms with suppliers in respect of certain intended acquisition of plant and machinery, which results in slowing down the application of funds in the expansion of the Group's production capacity.
2. As the Group is still negotiating the terms of acquiring land with the Management Committee of Xibei Yuan District of the Xishan Economic Development Zone of Jiangsu Province in respect of the acquisition of land, no proceeds has been applied in relation thereto by the end of 2010. The Group is also exploring other suitable land with favourable offer for the construction of new factory premises with the view of maximizing the shareholders' interest.
3. As the demand of the noise-absorbing and heat-insulating products is substantially high in the market, the Group has devoted more resources in research and development of the relevant product.

The remaining balance of the net proceeds has been placed in the interest bearing deposits with banks.

Outlook

According to the statistics released from China Association of Automobile Manufacturers ("CAAM"), automobile production and sales reached approximately 18,265,000 units and 18,062,000 units respectively in 2010, representing an increase of approximately 32.4% and 32.4% respectively compared to those in 2009. By the end of 2010, some policies have been launched in the automobile market, such as phased out of sales tax reduction in automobiles and restriction of issuance of vehicle licences in Beijing. CAAM still expects the automobile production will increase by 10% to 15% in 2011.

With reference to the Securities Times, the numbers of vehicles per thousand population in the PRC is just one-third of the developed countries. Increase of purchase of private vehicle is expected in the PRC under the continuous increase in personal income. The Group believes the automobile industry will be more favourable which results in the increase in demand of automotive interior decoration materials in the coming year.

The Group will continue to increase its production capacity in order to meet the increasing market demand. In addition, the Group will strengthen its quality control and its operational efficiency. More importantly the Group will focus on the research and development of new products with higher profit margin. Further, the Group is initially exploring the export opportunities that would increase and secure the Group's market shares.

附註：

1. 本集團仍正在就擬購買的若干廠房及機器與供應商磋商價格及條款，導致用於擴充本集團產能之資金應用有所放緩。
2. 由於本集團仍在就購買土地之條款與江蘇省錫山經濟開發區錫北園區管理委員會進行磋商，故截至二零一零年並未就此動用所得款項。本集團亦正在物色任何其他具優惠條件的合適土地以興建新廠房，以為股東爭取最大利益。
3. 由於吸音及隔熱產品的市場需求殷切，本集團已投入大量資源進行相關產品之研發。

所得款項淨額之餘額已作為計息存款存置於銀行。

前景

根據中國汽車工業協會公佈的數據，於二零一零年的汽車產量及銷量分別約為18,265,000輛及18,062,000輛，較二零零九年分別增長約32.4%及32.4%。於二零一零年年底，一些有關汽車市場的政策出台，例如分階段取消汽車銷售稅減免及於北京限制發放汽車牌照。中國汽車工業協會仍然預期，汽車產量於二零一一年將會增長10%至15%。

根據證券時報，中國每千人均汽車擁有數量僅為發達國家的三分之一。隨著個人收入持續增加，預期中國私人汽車購買量將會增加。本集團相信，汽車行業前景將愈顯利好，帶動來年對汽車內飾物料的需求增長。

本集團將繼續增加其產能，以滿足市場需求的增長。此外，本集團將加強其質量管理並提高經營效率。與此同時，本集團更將會專注於擁有較高利潤率的新產品研發。此外，本集團正在初步尋求出口機會，藉此加強及確保本集團的市場份額。

Biographical Information of Directors and Senior Management

董事及高級管理層的履歷資料

Executive Directors

Mr. Zhuang Yuejin, aged 48, is the Chairman of the Board, Chief Executive Officer of the Company and one of the founders of the Group. He was appointed as an executive Director on 12 April 2010. Mr. Zhuang is a director of Joystar (BVI) Automotive Interior Decoration Limited (“Joystar BVI”) and Joystar International Investment Limited (“Joystar HK”) since March 2010 and February 2003 respectively. Mr. Zhuang was a director of Joystar (Wuxi) Automotive Interior Decoration Co., Ltd. (“Joystar Wuxi”) from December 2003 to March 2007 and has resumed directorship at Joystar Wuxi since March 2010. Mr. Zhuang is also a director of Joystar (BVI) Auto Inter-parts Limited and Joystar China Investment Limited since 17 November 2010 and 25 November 2010. Mr. Zhuang is also the chairman of the remuneration committee and the nomination committee of the Company.

Mr. Zhuang is responsible for formulating the Group’s corporate strategy, overseeing its production operations and the overall steering of the Group’s strategic development.

Mr. Zhuang graduated from Xiamen Fisheries College in 1981 and was approved as a qualified engineer by the Intermediate Level Adjudication Committee of Xiamen City Marine Engineering Department in 1990. From 1997 to 2001, Mr. Zhuang was the director and the general manager of Xiamen Marine Industries (Group) Co., Limited (stock code: 000658), a PRC incorporated company which was then a state-participated company and was listed on the Shenzhen Stock Exchange. He has over 7 years of experience in the nonwoven textile industry. Mr. Zhuang is the spouse of Ms. Ruan Bixia, an executive Director.

Ms. Wong Hsiao Hung, aged 56, was appointed as an executive Director on 9 December 2009. She is a director of Joystar BVI and Joystar HK since December 2009 and November 2004 respectively. Ms. Wong is also the compliance officer of the Company and a director of Joystar (BVI) Auto Inter-parts Limited and Joystar China Investment Limited since 17 November 2010 and 25 November 2010.

Ms. Wong is responsible for overseeing the general strategic implementation and development of the Group, with particular emphasis on international marketing and expansion of client network.

Ms. Wong graduated from Millikin University in the United States with a bachelor’s degree in business administration in 1986. She is also a member of the Millikin University Board of Trustee, the governing body managing the resources of and responsible for the future development of the university. In 2001, she co-founded and became the director of Leo Lighting Limited, a Hong Kong incorporated company engaging in the export of lighting products for hospitality and furniture industries mainly to the U.S. market. Leveraging on her rich management experience in international trade, Ms. Wong joined the Group as the director of Joystar HK in 2004. Ms. Wong is the sister-in-law of Mr. Pak Ping, an executive Director.

執行董事

莊躍進先生，48歲，為本集團董事會主席、本公司行政總裁及本集團創辦人之一。彼於二零一零年四月十二日獲委任為執行董事。莊先生自二零一零年三月及二零零三年二月分別為Joystar (BVI) Automotive Interior Decoration Limited (「Joystar BVI」)及怡星國際投資有限公司(「怡星香港」)之董事。莊先生自二零零三年十二月至二零零七年三月為怡星(無錫)汽車內飾件有限公司(「怡星無錫」)之董事，並自二零一零年三月重新擔任怡星無錫之董事。莊先生自二零一零年十一月十七日及二零一零年十一月二十五日起分別為Joystar (BVI) Auto Inter-parts Limited及怡星中國投資有限公司之董事。莊先生亦為本公司薪酬委員會及提名委員會之主席。

莊先生負責制定本集團的公司策略、監管生產經營及本集團策略發展的整體方向。

莊先生於一九八一年畢業於廈門市水產大專班並於一九九零年獲廈門市水產工程技術中級職務評審委員會批准為合資格工程師。一九九七年至二零零一年間莊先生於一間在中國註冊成立的公司廈門海洋實業(集團)股份有限公司(股份代號：000658)擔任董事兼總經理，該公司當時為國有參股公司，並於深圳證券交易所上市。彼於非織造行業擁有超過七年經驗。莊先生為執行董事阮碧霞女士之配偶。

黃小紅女士，56歲，於二零零九年十二月九日獲委任為執行董事。彼自二零零九年十二月及二零零四年十一月起分別為Joystar BVI及怡星香港之董事。黃女士亦為本公司之監察主任，並自二零一零年十一月十七日及二零一零年十一月二十五日起分別為Joystar (BVI) Auto Inter-parts Limited及怡星中國投資有限公司之董事。

黃女士負責監管本集團的整體策略實施及發展，且特別專注於國際推廣及擴大客戶網絡。

黃女士在一九八六年畢業於美國密利克大學，並取得工商管理學士學位。彼亦為Millikin University Board of Trustee之成員，此為管理該大學資源及負責該大學未來發展的監管機構。於二零零一年，彼共同創辦Leo Lighting Limited並擔任董事，Leo Lighting Limited為一間於香港註冊成立的公司，從事酒店業及傢俱行業的燈飾產品出口，主要專注於美國市場。憑藉其在國際貿易領域豐富的管理經驗，黃女士於二零零四年加盟本集團，擔任怡星香港董事。黃女士為執行董事白平先生的大姨。

Biographical Information of Directors and Senior Management (Continued)

董事及高級管理層的履歷資料(續)

Mr. Pak Ping, aged 51, was appointed as an executive Director on 12 April 2010. He is one of the founders of the Group. Mr. Pak is a director of Joystar BVI, Joystar HK and Joystar Wuxi since March 2010, February 2003 and December 2003 respectively. Mr. Pak is also a director of Joystar (BVI) Auto Inter-parts Limited and Joystar China Investment Limited since 17 November 2010 and 25 November 2010. Mr. Pak is primarily responsible for coordinating the marketing activities and formulating product development strategies for the Group.

Mr. Pak has over 15 years of experience in the nonwoven material and carpet industry. With extensive experience and profound knowledge on the nonwoven product industry, Mr. Pak co-founded the Group with Mr. Zhuang in 2003. Mr. Pak is the brother-in-law of Ms. Wong Hsiao Hung, an executive Director.

Ms. Ruan Bixia, aged 46, was appointed as an executive Director on 12 April 2010. She is primarily responsible for supervising the delivery of customer service and the Group's expansion within the PRC market.

Ms. Ruan graduated from Fujian Chemical Industry School in July 1989. She has over 8 years of experience in the nonwoven textile industry. Ms. Ruan is the spouse of Mr. Zhuang Yuejin, an executive Director.

Mr. Chen Xianping, aged 41, was appointed as an executive Director and a director of Joystar Wuxi on 12 April 2010 and March 2010 respectively. He is also the deputy general manager of Joystar Wuxi. Mr. Chen is responsible for overseeing the purchasing department and managing the production workshops of the Group.

Mr. Chen graduated from Wuhan Institute of Textile Engineering (now known as Wuhan Textile University in 1994 specialising in textile engineering. Mr. Chen has over 16 years of experience in the industrial use textile industry. Mr. Chen joined the Group in 2005 and has since then served as the deputy general manager of Joystar Wuxi. Mr. Chen is the spouse of Ms. Wang Haiying, the deputy general manager of Joystar Wuxi.

Independent Non-Executive Directors

Dr. Tang Yanfei, aged 47, was appointed as an independent non-executive Director on 12 April 2010. He is a member of the audit committee and the remuneration committee of the Company. Dr. Tang graduated from Wuhan University with a bachelor's degree in engineering in 1984. He further obtained from Wuhan University a master's degree and a doctor's degree in Economics respectively in 1987 and 1997. Dr. Tang was approved as a qualified auctioneer by the Ministry of Personnel and the Ministry of Commerce of the PRC in 1997.

白平先生，51歲，於二零一零年四月十二日獲委任為執行董事。彼為本集團創辦人之一。白先生亦自二零一零年三月、二零零三年二月及二零零三年十二月起分別為Joystar BVI、怡星香港及怡星無錫董事。白先生自二零一零年十一月十七日及二零一零年十一月二十五日起分別為Joystar (BVI) Auto Inter-parts Limited及怡星中國投資有限公司之董事。白先生主要負責協調市場推廣活動及制定本集團的產品開發策略。

白先生於無紡布物料及地毯行業擁有超過十五年經驗。透過於無紡布產品行業的廣泛經驗及深入認識，白先生與莊先生於二零零三年共同創辦本集團。白先生為執行董事黃小紅女士的妹夫。

阮碧霞女士，46歲，於二零一零年四月十二日獲委任為執行董事，彼主要負責監察所提供的客戶服務及本集團於中國市場的拓展。

阮女士於一九八九年七月畢業於福建化工學校。彼於無紡布行業擁有逾八年經驗。阮女士為執行董事莊躍進先生的配偶。

陳顯平先生，41歲，於二零一零年四月十二日及二零一零年三月分別獲委任為執行董事及怡星無錫董事。彼亦為怡星無錫副總經理。陳先生負責監管採購部及管理本集團的生產車間。

陳先生在一九九四年畢業於武漢紡織工學院(現稱為武漢紡織大學)的紡織工程專業。陳先生於工業用紡織業擁有逾十六年的經驗。陳先生於二零零五年加入本集團，其後擔任怡星無錫的副總經理。彼為怡星無錫副總經理王海英女士之配偶。

獨立非執行董事

湯炎非博士，47歲，於二零一零年四月十二日獲委任為獨立非執行董事，彼為本公司審核委員會及薪酬委員會之成員。湯博士於一九八四年畢業於武漢大學，並取得工程學學士學位。彼進一步於一九八七年及一九九七年分別於武漢大學取得經濟學碩士及博士學位。湯博士於一九九七年獲中國人事部及商務部批准為合資格拍賣師。

Biographical Information of Directors and Senior Management (Continued)

董事及高級管理層的履歷資料(續)

Dr. Tang was appointed as the manager of the development department of Shenzhen Overseas Chinese Town Holding Company (stock code: 000069), a PRC incorporated company listed on the Shenzhen Stock Exchange, in 1998. From 2003 to 2004, he took office as the general manager of the investment management department of China Oceanwide Holdings Group, a PRC incorporated company and the holding company of Oceanwide Real Estate Group Co., Ltd. (stock code: 000046), a company listed on the Shenzhen Stock Exchange. Dr. Tang is currently an auctioneer at Beijing Jingding Auctions Limited.

Mr. Law Tze Lun, aged 38, was appointed as an independent non-executive Director on 12 April 2010. He is the chairman of the audit committee, and a member of the nomination committee and the remuneration committee of the Company.

Mr. Law obtained a Bachelor of Commerce (Accounting) from Curtin University of Technology in Australia in 1999. He is a Certified Public Accountant (Practising) of the Hong Kong Institute of Certified Public Accountants and a Certified Practising Accountant of CPA Australia. Mr. Law has over 18 years of experience in auditing, accounting and finance gained by taking up various positions in a number of accounting firms in Hong Kong. Mr. Law is a practising Certified Public Accountant in Hong Kong and is a director of ANSA CPA LIMITED.

Mr. Law is the independent non-executive director of Come Sure Group (Holdings) Limited (stock code: 794), a Cayman Islands incorporated company listed on the Stock Exchange and Gemini Property Investments Limited (previously known as Kee Shing (Holdings) Limited) (stock code: 174), a Hong Kong incorporated company listed on the Stock Exchange.

Mr. Feng Xueben, aged 63, was appointed as an independent non-executive Director on 12 April 2010. He is a member of the audit committee and the nomination committee of the Company. Mr. Feng was approved as a qualified engineer specialising in textile machinery design by the Textile Industry Department of the People's Republic of China in 1989. Since 2003, Mr. Feng has been the chief engineer of Wuxi Jiayuan Nonwovens Technology Research Institute.

Mr. Feng was an independent director of Fujian Nanfang Textile Co., Ltd (stock code: 600483), a company listed on the Shanghai Stock Exchange, from June 2002 to May 2008. He was the deputy director of Nonwoven Textile Machinery Professional Committee of China Textile Machinery Association from 2007 to 2009. Since February 2010, Mr. Feng has also become an independent non-executive director of Costin New Materials Group Limited (stock code: 2228), a Cayman Islands incorporated company listed on the Stock Exchange.

於一九九八年，湯博士獲委任為一間於中國註冊成立且於深圳證券交易所上市的深圳華僑城控股股份有限公司(股份代號：000069)之發展部經理。於二零零三年至二零零四年，彼於一間中國註冊成立公司中國泛海控股集團擔任投資管理部總經理，該公司為深圳證券交易所上市公司泛海建設集團股份有限公司(股份代號：000046)的控股公司。湯博士目前為北京京鼎拍賣有限公司的拍賣師。

羅子璘先生，38歲，於二零一零年四月十二日獲委任為獨立非執行董事。彼為本公司審核委員會主席，以及提名委員會及薪酬委員會之成員。

羅先生於一九九九年取得澳洲科庭科技大學的商業(會計)學士學位。彼為香港會計師公會的註冊執業會計師及澳洲會計師公會的註冊執業會計師。羅先生於香港多間會計師事務所擔任多個職位，累積了超過十八年審計、會計及財務經驗。羅先生為香港註冊執業會計師並兼任錦璘會計師行有限公司之董事。

羅先生擔任開曼群島註冊成立並於聯交所上市之公司錦勝集團(控股)有限公司(股份代號：794)及香港註冊成立並於聯交所上市之公司盛洋地產投資有限公司(前稱奇盛(集團)有限公司(股份代碼：174))的獨立非執行董事。

馮學本先生，63歲，於二零一零年四月十二日獲委任為獨立非執行董事。彼為本公司審核委員會及提名委員之成員。馮先生於一九八九年獲中華人民共和國紡織工業部批准為合資格紡機設計工程師。自二零零三年起，馮先生於無錫嘉元非織造技術研究所擔任總工程師。

於二零零二年六月至二零零八年五月間，馮先生於上海證券交易所上市公司福建南紡股份有限公司(股份代號：600483)擔任獨立董事。馮先生於二零零七年至二零零九年擔任中國紡織機械器材工業協會非織造布機械專業委員會的副主任。自二零一零年二月起，馮先生亦擔任海東青新材料集團有限公司(股份代號：2228)(一間於開曼群島註冊成立並於聯交所上市的公司)的獨立非執行董事。

Biographical Information of Directors and Senior Management (Continued)

董事及高級管理層的履歷資料(續)

Senior Management

Ms. Wang Haiying, aged 41, is the deputy general manager of Joystar Wuxi. Ms. Wang is responsible for overseeing the production process and quality control of the Group.

Ms. Wang graduated from Wuhan Institute of Textile Engineering (now known as Wuhan Textile University) in 1994 specialising in textile engineering. She has extensive experience in the industrial use textile industry. Ms. Wang joined the Group as the head of quality control department of Joystar Wuxi in 2004. She became the deputy general manager of Joystar Wuxi in 2007. Ms. Wang is the spouse of Mr. Chen Xianping, an executive Director, a director and the deputy general manager of Joystar Wuxi.

Mr. Han Zhiqing, aged 56, has been the deputy general manager of Joystar Wuxi since 2004 and is responsible for coordinating the technological development and mechanical support for the Group.

Mr. Han graduated from Shanghai Wool and Jute Textile Company Workers' University in 1982, specialising in woolen textile. Mr. Han has over 10 years of extensive experience in the industrial use textile industry.

Mr. Wong Chi Wah, aged 36, was appointed as the chief financial controller and the company secretary of the Company on 22 February 2010 and 12 April 2010 respectively. He is responsible for the company secretarial, financial, accounting management and internal audit affairs of the Company.

Mr. Wong graduated from the Hong Kong Polytechnic University with a bachelor's degree in accountancy in 1996. He is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Wong has 14 years of experience in auditing, accounting and finance.

Ms. Wu Danping, aged 36, is the manager of the accounting department of Joystar Wuxi. Ms. Wu is responsible for the financial reporting and the management of the accounting and finance department of Joystar Wuxi.

Ms. Wu obtained the Certificate of Accounting Professional issued by the Jiangsu Province Department of Finance and the Qualification Certificate of Specialty and Technology with specialty in accountancy conferred by the Ministry of Finance of the PRC in 1997 and 2006 respectively.

高級管理層

王海英女士，41歲，為怡星無錫之副總經理。王女士負責監管生產過程及本集團的品質監控。

王女士於一九九四年畢業於武漢紡織工學院(現稱為武漢紡織大學)的紡織工程專業。彼於工業用紡織行業擁有豐富經驗。王女士於二零零四年加入本集團，擔任怡星無錫的品管部主管。於二零零七年，彼擔任怡星無錫的副總經理。王女士為執行董事兼怡星無錫董事及副總經理陳顯平先生之配偶。

韓志清先生，56歲，自二零零四年起一直為怡星無錫之副總經理，負責協調本集團的技術發展及機器支援。

韓先生於一九八二年畢業於上海市毛麻公司職工大學的毛紡專業。韓先生於工業用紡織行業擁有超過十年的豐富的經驗。

王志華先生，36歲，於二零一零年二月二十二日及二零一零年四月十二日分別獲委任為本公司的財務總監及公司秘書。彼負責本公司的公司秘書、財務、會計管理及內部審核事務。

王先生於一九九六年畢業於香港理工大學，並取得會計學學士學位。彼為香港會計師公會會員及英國特許公認會計師公會之資深會員。王先生擁有十四年的審計、會計及財務經驗。

吳丹萍女士，36歲，為怡星無錫會計部經理。吳女士負責財務報告及管理怡星無錫會計及財務部。

吳女士分別於一九九七年及二零零六年取得江蘇省財政廳頒發的會計從業資格證書及中華人民共和國財政部授予的專業技術資格證書(會計專業)。

Biographical Information of Directors and Senior Management (Continued)

董事及高級管理層的履歷資料(續)

In 2008, Ms. Wu completed a online diploma programme in accountancy from China Agricultural University. She has 15 years of experience in financial accounting and reporting.

Mr. Wu Ganghua, aged 40, is the manager of the sales and marketing department of Joystar Wuxi. He is responsible for the sales and marketing operation of Joystar Wuxi.

In 1990, Mr. Wu graduated from Jiangsu Province Wuxi City College of Mechanical Manufacturing (now known as Wuxi Institute of Technology). He was qualified as an assistant engineer in mechanical manufacturing by Wuxi City Professional Title Reform Committee in 1996. Mr. Wu further obtained a graduation certificate from Nanjing Normal University in 1999. Mr. Wu joined Joystar Wuxi in 2004.

於二零零八年，吳女士完成中國農業大學的一個網上會計文憑課程。彼在財務會計及申報領域擁有十五年經驗。

吳剛華先生，40歲，為怡星無錫銷售及推廣部經理。彼負責怡星無錫的銷售及市場推廣運作。

於一九九零年，吳先生畢業於江蘇省無錫市機械製造學校(現稱無錫職業技術學院)。彼於一九九六年獲無錫市職稱改革工作領導小組認可為機械製造助理工程師。於一九九九年，吳先生又取得南京師範大學的畢業證書。吳先生於二零零四年加盟怡星無錫。

Corporate Governance Report

企業管治報告

Pursuant to the Rule 18.44 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the "GEM Listing Rules"), the Board is pleased to present the corporate governance report for the year ended 31 December 2010. This report highlights the key corporate governance practices of the Company.

Corporate Governance Practices

The Company is committed to maintaining high standards of corporate governance to protect the interests of the shareholders of the Company. The Company's corporate governance practices are based on principles, code provisions and certain recommended best practices as set out in the Code on Corporate Governance Practices ("Code") in Appendix 15 to the GEM Listing Rules. Except for the deviation from Code provision A.2.1 as described below, the Company had complied with the Code since the date of listing of its shares on GEM on 29 September 2010 ("Listing Date") to 31 December 2010.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors, the Company confirmed that all Directors have complied with the code of conduct and the required standard of dealings concerning securities transactions by the Directors from the Listing Date to 31 December 2010.

Board of Directors

As at 31 December 2010, the Board comprises five executive Directors and three independent non-executive Directors as follows:

Executive Directors

Mr. Zhuang Yuejin (*Chairman*)
Ms. Wong Hsiao Hung
Mr. Pak Ping
Ms. Ruan Bixia
Mr. Chen Xianping

Independent non-executive Directors

Mr. Law Tze Lun
Dr. Tang Yanfei
Mr. Feng Xueben

根據聯交所創業板證券上市規則(「創業板上市規則」)第18.44條，董事會欣然呈列截至二零一零年十二月三十一日止年度之企業管治報告。本報告強調本公司的主要企業管治規範。

企業管治規範

本公司致力保持高水平的企業管治，以保障本公司股東之利益。本公司的企業管治規範乃基於創業板上市規則附錄十五的企業管治常規守則(「守則」)的各項原則、守則條文及若干建議最佳常規。除對守則條文第A.2.1條有下文所述之偏離外，本公司自其股份於二零一零年九月二十九日在創業板上市之日期(「上市日」)起至二零一零年十二月三十一日止期間一直遵守守則。

有關董事進行證券交易之行為守則

本公司已採納有關董事進行證券交易之行為守則，其條款並不遜於創業板上市規則第5.48條至第5.67條所載之交易準則規定。經向全體董事作出特定查詢後，本公司確認全體董事自上市日至二零一零年十二月三十一日期間均一直遵守行為守則及有關董事進行證券交易之交易準則規定。

董事會

於二零一零年十二月三十一日，董事會由下列五名執行董事及三名獨立非執行董事組成：

執行董事

莊躍進先生(主席)
黃小紅女士
白平先生
阮碧霞女士
陳顯平先生

獨立非執行董事

羅子璘先生
湯炎非博士
馮學本先生

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The biographical details of the Directors and the relationship among the members of the Board are set out in the “Biographical Information of Directors and Senior Management” on pages 20 to 24 of this report.

Generally, the responsibilities of the Board include:

- Formulation of overall strategic development of the Group;
- Monitoring the financial performance and internal control of the Group’s business operations;
- Material acquisitions, investments, disposal of assets or any significant capital expenditure;
- Appointment, removal or reappointment of Board members and auditors;
- Remuneration of Directors;
- Communications with key stakeholders;
- Recommendation and declaration of any interim and final dividends

Executive Directors are responsible for running the Group and executing the strategies adopted by the Board. The Board delegates day-to-day activities to the management with department heads responsible for different aspects of the business. The non-executive Directors serve the relevant function of bringing independent judgment on the development, performance and risk management of the Group through their contributions in board meetings. They are also serving on Audit Committee, Remuneration Committee and Nomination Committee.

During the year, the Board complies at all times with the requirement of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each independent non-executive Director an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors to be independent.

董事會的結構平衡，每名董事均具備充分的行業知識、廣泛的企業及策略規劃經驗及／或與本集團業務有關的專門技術。董事之履歷詳情及董事會成員之間的關係載於本報告第20頁至第24頁的「董事及高級管理層的履歷資料」。

一般而言，董事會之職責包括：

- 制定本集團之整體策略發展；
- 監察本集團業務經營的財務表現及內部監控；
- 重大收購、投資、出售資產或任何重大資本開支；
- 委任、罷免或重新委任董事會成員及核數師；
- 董事酬金；
- 與主要權益擁有人溝通；
- 建議及宣派任何中期及末期股息

執行董事負責經營本集團及執行董事會所採納之策略。董事會將日常活動指派予管理層，其中各部門主管負責不同範疇的業務。非執行董事透過參與董事會會議，履行對本集團的發展、表現及風險管理作出獨立判斷的有關職能。彼等亦為審核委員會、薪酬委員會及提名委員會成員。

於年內，董事會時刻遵守創業板上市規則之相關規定，委任至少三名獨立非執行董事及當中至少一名擁有適當專業資格，或擁有會計或相關財務管理的專長。本公司已根據創業板上市規則第5.09條接獲各獨立非執行董事就其獨立性作出之年度確認。本公司認為，全體獨立非執行董事均屬獨立人士。

Corporate Governance Report (Continued)

企業管治報告(續)

The Board normally has four scheduled meetings a year at quarterly interval and meets as and when required to discuss the overall business, development strategy, operations and financial reporting of the Company. Since the Listing Date and up to 31 December 2010, the Board held one meeting. The Directors can attend meetings in person or through other means of electronic communication in accordance with the Company's articles of association. The following table shows the attendance of individual Directors at the meeting held during the year:

董事會通常每年召開四次例會，每季舉行一次，及於有需要時會晤，以討論本公司的整體業務、發展策略、業務及財務申報事宜。自上市日起至二零一零年十二月三十一日，董事會舉行一次會議。董事可親自或透過本公司組織章程細則所容許之其他電子通訊方式出席會議。下表載列個別董事年內出席會議之情況：

Members	No. of Attendance	成員	出席次數
<i>Executive Directors</i>		<i>執行董事</i>	
Mr. Zhuang Yuejin	1/1	莊躍進先生	1/1
Ms. Wong Hsiao Hung	1/1	黃小紅女士	1/1
Mr. Pak Ping	1/1	白平先生	1/1
Ms. Ruan Bixia	1/1	阮碧霞女士	1/1
Mr. Chen Xianping	1/1	陳顯平先生	1/1
<i>Independent Non-executive Directors</i>		<i>獨立非執行董事</i>	
Mr. Law Tze Lun	1/1	羅子璘先生	1/1
Dr. Tang Yanfei	1/1	湯炎非博士	1/1
Mr. Feng Xueben	1/1	馮學本先生	1/1

The Directors will receive details of agenda and minutes of committee meetings in advance of and after each Board meeting respectively. The company secretary will distribute relevant documents to the Directors in a timely manner to enable the Directors to make informed decisions on matters to be raised at the Board meetings. All Directors have access to the advice and services of the company secretary who is responsible for ensuring the procedures of the Board meetings are complied with, and in consultation with the compliance officer of the Company, advising the Board on compliance matters.

董事分別於每次董事會會議舉行前後收到詳細之議程和委員會會議之記錄。公司秘書將適時向董事分發有關文件，以使董事能就將於董事會會議提出之事宜作出知情決定。全體董事可獲得公司秘書的意見及服務，而公司秘書負責確保董事會程序已獲遵守，並向本公司監察主任作出諮詢，從而就合規事宜向董事會提出建議。

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

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

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Zhuang Yuejin is the Chairman and the Chief Executive Officer of the Company. Such deviation from Code provision A.2.1 is deemed appropriate as it is considered to be more efficient to have one single person as the Chairman of the Company as well as to discharge the executive functions of a chief executive officer, and it provides the Group with strong and consistent leadership in the development and execution of long term business strategies. The Board believes that the balance of power and authority is adequately ensured by the operations of the Board which comprises highly experienced individuals. There are three independent non-executive Directors on the Board. All of them possess adequate independence and therefore the Board considers the Company has achieved balance and provided sufficient protection of its interests.

Appointment, Re-Election and Removal

Under Code provision A.4.1, all the non-executive Directors should be appointed for a specific term, subject to re-election.

At present, each of Mr. Law Tze Lun, Dr. Tang Yanfei, Mr. Feng Xueben, the independent non-executive Directors have been appointed for a term of one year commencing from 12 April 2010 with automatic renewal, subject to termination by either party giving the other not less than three months' prior written notice.

According to the Company's articles of association, one-third of the Directors are required to retire from office at each annual general meeting, provided that every Director shall be subject to retirement by rotation at least once in every three years.

主席及行政總裁

根據守則條文第A.2.1條，主席與行政總裁的角色應有區分，不應由一人同時兼任。

莊躍進先生為本公司主席兼行政總裁。有關偏離守則條文第A.2.1條的情況被視為恰當，此乃由於由一人擔任本公司主席並履行行政總裁的行政職能相信更具效率，且為本集團提供強大及一致的領導，方便發展及推行長遠的業務策略。董事會深信，董事會由經驗豐富的人士組成，故董事會的運作能充份確保權力得到制衡。董事會有三名獨立非執行董事。由於彼等均具充分的獨立性，故此董事會認為，本公司已取得平衡，並能充份保障本公司的利益。

委任、重選及退任

根據守則條文第A.4.1條，所有非執行董事的委任應有指定任期，惟可重選連任。

目前，獨立非執行董事羅子璘先生、湯炎非博士及馮學本先生各自之任期自二零一零年四月十二日起，為期一年，並會自動續期，惟任何一方可事先向另一方發出不少於三個月之書面通知而予以終止。

根據本公司之組織章程細則，於每屆股東週年大會上，當時三分之一的董事須輪值退任，惟每名董事每三年須至少輪值退任一次。

Nomination Committee

According to paragraph A.4.4 of the Code, the listed issuers are recommended to set up a nomination committee with a majority of the members thereof being independent non-executive directors.

The Company established a nomination committee on 13 September 2010 with written terms of reference in compliance with the Code. The nomination committee is mainly responsible for making recommendations to the Board regarding candidates to fill vacancies on the Board. The nomination committee comprises one executive Director, namely Mr. Zhuang Yuejin, and two independent non-executive Directors, namely Mr. Law Tze Lun and Mr. Feng Xueben. Mr. Zhuang Yuejin has been appointed as the chairman of the nomination committee.

No meeting was held by the nomination committee from the Listing Date to 31 December 2010.

Remuneration Committee

The Company established a remuneration committee on 13 September 2010 with written terms of reference in compliance with Code provision B.1.1. The primary duties of the remuneration committee include reviewing the terms of remuneration packages, determining the award of bonuses and considering the grant of options under the share option scheme of the Company. The remuneration committee comprises one executive Director, namely, Mr. Zhuang Yuejin and two independent non-executive Directors, namely Mr. Law Tze Lun and Dr. Tang Yanfei. Mr. Zhuang Yuejin has been appointed as the chairman of the remuneration committee.

No meeting has been held by the remuneration committee from the Listing Date to 31 December 2010.

Audit Committee

The Company established an audit committee on 13 September 2010 in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. Written terms of reference in compliance with Code provision C.3.3 have been adopted. The primary duties of the audit committee are, among other things, to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises three independent non-executive Directors, namely Mr. Law Tze Lun, Mr. Feng Xueben and Dr. Tang Yanfei. Mr. Law Tze Lun has been appointed as the chairman of the audit committee.

提名委員會

根據守則第A.4.4條，建議上市發行人成立提名委員會，且大部分成員應為獨立非執行董事。

本公司於二零一零年九月十三日成立提名委員會，並以書面列明符合守則的職權範圍。提名委員會主要負責就填補董事會空缺的候選人向董事會作出建議。提名委員會目前由一名執行董事莊躍進先生，及兩名獨立非執行董事羅子璘先生及馮學本先生組成。莊躍進先生已獲委任為提名委員會主席。

提名委員會自上市日起至二零一零年十二月三十一日並無舉行會議。

薪酬委員會

本公司於二零一零年九月十三日成立薪酬委員會，並以書面列明符合守則條文第B.1.1條的職權範圍。薪酬委員會主要職責包括審閱薪酬待遇條款、釐定花紅獎勵及考慮根據購股權計劃授出購股權。薪酬委員會目前由一名執行董事莊躍進先生，及兩名獨立非執行董事羅子璘先生及湯炎非博士組成。莊躍進先生已獲委任為薪酬委員會主席。

薪酬委員會自上市日起至二零一零年十二月三十一日並無舉行會議。

審核委員會

本公司根據創業板上市規則第5.28至5.33條於二零一零年九月十三日成立審核委員會。而符合守則條文第C3.3條的書面職權範圍已獲採納。審核委員會的主要職責為(其中包括)審閱及監察本集團的財務申報程序及內部監控。本公司審核委員會目前由三位獨立非執行董事組成，分別為羅子璘先生、馮學本先生及湯炎非博士。羅子璘先生已獲委任為審核委員會主席。

Corporate Governance Report (Continued)

企業管治報告(續)

During the period from the Listing Date to 31 December 2010, one meeting was held by the audit committee. The following table shows the attendance of individual members at the meeting held during the year:

審核委員會自上市日起至二零一零年十二月三十一日期間舉行一次會議。下表為年內各成員於會議之出席率：

Members	No. of Attendance	成員	出席次數
Mr. Law Tze Lun	1/1	羅子璘先生	1/1
Dr. Tang Yanfei	1/1	湯炎非博士	1/1
Mr. Feng Xueben	1/1	馮學本先生	1/1

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

審核委員會於季度、中期、年度報告以及業績公告時呈董事會前審閱該等報告。審核委員會不僅注視會計政策及常規變動的影響，於審閱本公司季度、中期、年度報告以及業績公告時亦會關注是否符合會計準則、創業板上市規則及相關法律規定。

Auditor's Remuneration

For the year ended 31 December 2010, the remuneration payable and paid to the auditor, RSM Nelson Wheeler in respect of audit services and non-audit service assignments in connection with the purpose of listing of the shares of the Company amounted to HK\$580,000 and HK\$1,780,000 respectively.

核數師薪酬

截至二零一零年十二月三十一日止年度，就有關審核服務及為本公司股份上市目的之非審核服務應付及已付予核數師中瑞岳華(香港)會計師事務所的款項分別為580,000港元及1,780,000港元。

Investor Relations and Communication with Shareholders

The Company has established a range of communication channels between itself and its shareholders, and investors. These include the publication of annual, interim and quarterly reports, notices, announcements and circulars, the Company's website at www.joystar.com.hk and meetings with investors and analysts.

投資者關係及與股東之溝通

本公司已於其與股東及投資者之間設立多種溝通渠道。當中包括刊發年度、中期及季度報告、通告、公告及通函，本公司網站www.joystar.com.hk及與投資者及分析員會晤。

The Company encourages all shareholders to attend the annual general meetings to stay informed of the Group's strategy and goals. It provides an opportunity for direct communication between the Board and its shareholders. The chairman of the meeting explains the detailed procedures for conducting a poll and then answers any questions from shareholders. The poll results are published on the websites of the Company and the Stock Exchange.

本公司鼓勵所有股東出席股東週年大會，了解本集團之最新策略及目標。股東週年大會提供機會讓董事會與其股東直接溝通。大會主席會解釋以投票方式進行表決的詳細程序，然後回答股東的任何提問。投票結果會刊登於本公司及聯交所之網站。

Internal Control

The Board recognises the importance of maintaining an adequate and effective internal control system to safeguard the Company's assets against unauthorised use or disposition, and to protect the interests of shareholders of the Company.

The audit committee assumes the overall responsibility for reviewing the adequacy and integrity of the Group's internal control system. As a means to enhance the corporate governance of the Group, the Company has also established a compliance committee, which comprises all independent non-executive Directors, to oversee the Group's compliance with the relevant PRC rules and regulations.

During the year, the Board has discussed and reviewed the relevant proposals made by senior management in order to ensure an adequate and effective system of internal control. The Board has conducted a review of the effectiveness of the internal control system of the Company and its subsidiaries during the period from the Listing Date to 31 December 2010, which covers all material controls, including financial, operational and compliance controls functions.

Financial Reporting

The Directors acknowledged their responsibility for the preparation of the financial statements, which give a true and fair view of the financial position of the Group. The auditor of the Company is responsible to form an independent opinion based on the audit, on the financial statements prepared by the Directors and report the opinion solely to the shareholders of the Company.

內部監控

董事會認同維持充份及有效內部監控系統甚為重要，此能防止本公司的資產在未經授權情況下遭動用或出售，並保障本公司股東權益。

審核委員會檢討本集團內部監控系統的充足及可靠性，並對此負上全部責任。作為促進本集團企業管治的一項舉措，本公司亦已成立由本公司全部獨立非執行董事組成的合規委員會，以監督本集團遵守相關中國法規的情況。

年內，董事會已討論及審閱高級管理層提出的相關建議方案，以確保內部監控系統充足及有效。董事會已就本公司及其附屬公司於上市日起至二零一零年十二月三十一日期間之內部監控制度成效進行檢討，內容涵蓋所有重要監控，包括財務、營運、及合規監控功能。

財務報告

董事負責編製真實而公平地呈列本集團財務狀況的財務報表。本公司核數師負責根據其審核工作之結果，就董事編製的財務報表作出獨立意見，並僅向本公司股東匯報其意見。

Directors' Report

董事會報告

The Directors have pleasure in presenting their report and the audited financial statements of the Group for the year ended 31 December 2010 (the "Year").

1. Principal Activities

The Group is principally engaged in the manufacture and trading of nonwoven fabric products used in automotive interior decoration parts and infrastructure.

2. Results and Financial Position

The Group's results for the Year are set out in the consolidated income statement and consolidated statement of comprehensive income on page 43 and 44.

The state of affairs of the Group and of the Company at 31 December 2010 are set out in the statements of financial position on pages 45 to 47.

3. Share Capital

Details of the movements in the share capital of the Company are set out in note 32 to the financial statements.

4. Subsidiaries

Particulars of the Company's subsidiaries are set out in note 21 to the financial statements.

5. Summary of Financial Information

A summary of financial results and of the assets and liabilities of the Group are set out in the section headed "Summary of Financial Information" on page 100 in this report.

6. Reserves

The movements in the reserves of the Group during the Year are set out in the consolidated statement of comprehensive income and consolidated statement of changes in equity. The movements in the reserves of the Company during the Year are set out in note 33(b) to the financial statements.

7. Distributable Reserves

At 31 December 2010, the Company's reserve available for distribution to owners of the Company comprising share premium account amounted to approximately RMB9,850,000.

8. Dividends

The Directors do not recommend the payment of any dividend for the Year.

董事會欣然呈列其報告及本集團截至二零一零年十二月三十一日止年度(「本年度」)的經審核財務報表。

1. 主要業務

本集團主要從事製造及銷售用於汽車內飾件及基建的無紡布產品。

2. 業績及財務狀況

本集團於年內的業績載於第43頁及第44頁之綜合收益表及綜合全面收益表。

本集團及本公司於二零一零年十二月三十一日的業務狀況載於第45頁至第47頁之財務狀況表。

3. 股本

本公司的股本變動詳情載於財務報表附註32。

4. 附屬公司

有關本公司附屬公司之詳情載於財務報表附註21。

5. 財務資料概要

本集團之財務業績及資產和負債概要載於本報告第100頁之「財務資料概要」一節。

6. 儲備

本集團年內的儲備變動載於綜合全面收益表及綜合權益變動表。本公司本年度的儲備變動載於財務報表附註33(b)。

7. 可供分派儲備

於二零一零年十二月三十一日，本公司可供分派予本公司擁有人的儲備包括股份溢價賬約人民幣9,850,000元。

8. 股息

董事並不建議派付本年度的末期股息。

9. Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group are set out in note 18 to the financial statements.

10. Donations

Donations made by the Group during the Year amounted to RMB20,000.

11. Major Customers and Suppliers

In the Year, sales to the Group's five largest customers in aggregate accounted for approximately 60.5% (2009: 64.2%) of the total sales for the Year and sales to the largest customer accounted for approximately 17.1% (2009: 19.8%) of total sales. Purchases from the Group's five largest suppliers in aggregate accounted for approximately 67.6% (2009: 81.0%) of the total purchases for the Year and purchases from the largest supplier accounted for approximately 27.0% (2009: 34.6%) of total purchases.

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

12. Directors

The Directors of the Company during the Year and up to the date of this report were:

Executive Directors:

Mr. Zhuang Yuejin	– appointed on 12 April 2010
Ms. Wong Hsiao Hung	– appointed on 9 December 2009
Mr. Pak Ping	– appointed on 12 April 2010
Ms. Ruan Bixia	– appointed on 12 April 2010
Mr. Chen Xianping	– appointed on 12 April 2010

Independent non-executive Directors:

Mr. Law Tze Lun	– appointed on 12 April 2010
Dr. Tang Yanfei	– appointed on 12 April 2010
Mr. Feng Xueben	– appointed on 12 April 2010

In accordance with the Company's articles of association, all Directors are subject to retirement by rotation at least once every three years. Ms. Ruan Bixia, Mr. Chen Xianping and Mr. Law Tze Lun will retire by rotation at the forthcoming annual general meeting, being eligible, offer themselves for re-election.

9. 物業、廠房及設備

本集團的物業、廠房及設備變動詳情載於財務報表附註18。

10. 慈善捐款

本集團年內的慈善捐款為人民幣20,000元。

11. 主要客戶及供應商

本年度內，售予本集團五大客戶的總銷量佔年度總銷量約60.5%（二零零九年：64.2%），而售予最大客戶佔總銷量約17.1%（二零零九年：19.8%）。本集團五大供應商的總採購佔年度採購總額約67.6%（二零零九年：81.0%），而最大供應商的採購佔總採購約27.0%（二零零九年：34.6%）。

本年度內，概無董事、彼等之聯繫人士或任何本公司之股東（據董事會所知，擁有本公司已發行股本5%或以上）於本集團的五大客戶及供應商擁有任何權益。

12. 董事

本公司於本年度及截至本報告日期的董事為：

執行董事：

莊躍進先生	– 於二零一零年四月十二日獲委任
黃小紅女士	– 於二零零九年十二月九日獲委任
白平先生	– 於二零一零年四月十二日獲委任
阮碧霞女士	– 於二零一零年四月十二日獲委任
陳顯平先生	– 於二零一零年四月十二日獲委任

獨立非執行董事：

羅子璘先生	– 於二零一零年四月十二日獲委任
湯炎非博士	– 於二零一零年四月十二日獲委任
馮學本先生	– 於二零一零年四月十二日獲委任

根據本公司組織章程細則，所有董事均須至少每三年輪值退任一次。阮碧霞女士、陳顯平先生及羅子璘先生將於應屆股東週年大會輪席退任，並符合資格膺選連任。

13. Directors' and Senior Management

Biographical information of the Directors and senior management of the Group are set out on pages 20 to 24 of this report.

14. Directors' Service Contracts

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three years which shall be terminated in accordance with the terms thereof or by either party giving the other not less than three months' notice in writing.

Each of the independent non-executive Directors namely Mr. Law Tze Lun, Dr. Tang Yanfei and Mr. Feng Xueben has respectively entered into a formal appointment letter with the Company for a term of one year with automatic renewal, subject to termination by either party giving the other not less than three months' notice in writing.

None of the Directors, including those proposed for re-election at the forthcoming annual general meeting, has a service agreement which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

15. Emolument Policy

The emolument policy of the employees of the Group is set up by the Board on the basis of their experience, qualifications and competence.

The emoluments of the Directors of the Company are reviewed by the remuneration committee of the Company and approved by the Board, having regard to the relevant Director's experience, responsibility, workload and the time devoted to the Group; the Company's operating results and comparable market statistics.

The Company has adopted a share option scheme (the "Scheme") on 13 September 2010 to which the Directors and eligible employees, among others are entitled to participate in. The Company operates the Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Details of the Scheme are set out in paragraph 28 below.

16. Remuneration of Directors and Five Highest Paid Individuals

Details of the emoluments of the Directors and the five highest paid individuals in the Group are set out in note 13 to the financial statements.

13. 董事及高級管理層

本集團董事及高級管理層的履歷資料載於本報告第20頁至第24頁。

14. 董事服務合約

各執行董事已與本公司訂立服務協議，協議可根據其中所列明之條款予以終止或透過一方向另一方發出不少於三個月事先書面通知予以終止。

各獨立非執行董事(即羅子璘先生、湯炎非博士及馮學本先生)已分別與本公司訂立正式委任函，委任函可自動續期，可透過一方向另一方發出不少於三個月書面通知予以終止。

概無董事(包括該等提呈於應屆股東週年大會膺選連任的董事)訂有不可由本公司於一年內無償而終止(法定賠償除外)之服務協議。

15. 薪酬政策

本集團僱員之薪酬政策乃由董事會制定，以僱員之經驗、資歷及能力為基準釐定。

本公司的董事酬金由本公司的薪酬委員會審核，並由董事會審批，有關酬金乃經計及有關董事的經驗、責任、工作量、為本集團貢獻的時間、本公司的經營業績及可資比較的市場統計數據後釐定。

本公司於二零一零年九月十三日採納購股權計劃(「該計劃」)，根據該計劃，董事及合資格僱員均有權參與。本公司採納該計劃旨在激勵及獎勵為本集團之成功營運作出貢獻的合資格參與者。有關該計劃的詳情載於下文第28段。

16. 董事及五名最高酬金人士的薪酬

本集團之董事及五名最高酬金人士的薪酬詳情載於財務報表附註13。

17. Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company

As at 31 December 2010, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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/or short positions of which they were taken or deemed to have under such provisions of the SFO) or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Rule 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long positions in shares of the Company

Name of Director 董事姓名	Capacity and nature of interest 身份及權益的性質	Number of issued ordinary shares held 所持已發行普通股數目	Approximate percentage of the issued share capital of the Company 佔本公司已發行股本之概約百分比
Zhuang Yuejin 莊躍進	Beneficial owner 實益擁有人	79,860,000	39.93%
Ruan Bixia 阮碧霞	Deemed interest of spouse 配偶的推定權益	79,860,000 ^(Note 1) _(附註1)	39.93%
Wong Hsiao Hung 黃小紅	Beneficial owner 實益擁有人	40,695,000	20.35%
Pak Ping 白平	Beneficial owner 實益擁有人	14,910,000	7.45%

Note:

- Ruan Bixia is the spouse of Zhuang Yuejin and is deemed to be interested in all shares held by Zhuang Yuejin under the SFO.

Save as disclosed above, as at 31 December 2010, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

17. 董事及最高行政人員於本公司之股份、相關股份及債權證中的權益及淡倉

於二零一零年十二月三十一日，本公司董事及最高行政人員於本公司或其任何相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份及債權證中，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及淡倉(包括根據證券及期貨條例有關條文彼等被當作和/或被視為擁有的任何權益及/或淡倉)，或根據證券及期貨條例第352條須登記於本公司登記冊內的權益及淡倉，或根據創業板上市規則第5.46至5.67條須知會本公司及聯交所的權益及淡倉如下：

於本公司股份之好倉

附註：

- 阮碧霞乃莊躍進之配偶，因根據證券及期貨條例被視為擁有莊躍進所持全部股份之權益。

除以上所披露者外，於二零一零年十二月三十一日，概無本公司董事及最高行政人員於本公司或其任何相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債權證中，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有關條文彼等被當作或被視為擁有的任何權益或淡倉)，或根據證券及期貨條例第352條須登記於本公司登記冊內的權益或淡倉，或根據創業板上市規則第5.46至5.67條須知會本公司及聯交所的權益或淡倉。

18. Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 December 2010, so far as is known to the Directors, the persons (other than the Directors or chief executives of the Company), who had, or was deemed to have interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company in accordance with the provision of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register maintained by the Company, pursuant to Section 336 of the SFO, were as follows:

Long positions in shares of the Company

Name of Shareholder 股東姓名	Capacity and nature of interest 身份及權益的性質	Number of issued ordinary shares held 所持已發行普通股數目	Approximate percentage of the issued share capital of the Company 佔本公司已發行股本之概約百分比
Zhuang Yuejin 莊躍進	Beneficial owner 實益擁有人	79,860,000	39.93%
Ruan Bixia 阮碧霞	Deemed interest of spouse 配偶的推定權益	79,860,000 <small>(Note 1)</small> <small>(附註1)</small>	39.93%
Wong Hsiao Hung 黃小紅	Beneficial owner 實益擁有人	40,695,000	20.35%
Pak Ping 白平	Beneficial owner 實益擁有人	14,910,000	7.45%

Note:

1. Ruan Bixia is the spouse of Zhuang Yuejin and is deemed to be interested in all shares held by Zhuang Yuejin under the SFO.

Save as disclosed above, as at 31 December 2010, the Directors are not aware of any other person, other than the Directors and the chief executives of the Company who had, or was deemed to have, interest or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or recorded in the register required to be kept under section 336 of the SFO.

18. 主要股東及其他人士於本公司之股份及相關股份中的權益及淡倉

於二零一零年十二月三十一日，就董事所知，以下人士(本公司董事及最高行政人員除外)於股份及相關股份中擁有或被視為擁有根據證券及期貨條例第XV部第二及三分部須向本公司披露，或記錄於根據證券及期貨條例本公司須存置之登記冊的權益或淡倉：

於本公司股份之好倉

附註：

1. 阮碧霞乃莊躍進之配偶，因根據證券及期貨條例被視為擁有莊躍進所持全部股份之權益。

除上文披露者外，於二零一零年十二月三十一日，董事並無知悉任何人士(本公司董事及最高行政人員除外)於本公司股份或相關股份中擁有根據證券及期貨條例第XV部之第2條及第3條須以披露，或根據證券及期貨條例第336條須予以登記於登記冊的權益或淡倉。

19. Directors' Interests in Contracts

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party at the end of the Year or at any time during the Year.

20. Directors' Rights to Acquire Shares and Debentures

Save as disclosed in paragraph 17 above, at no time during the Year was the Company, or its subsidiaries, or its fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of the Company or any other body corporate.

21. Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to issue of this report, the Company has maintained the sufficient public float under the GEM Listing Rules.

22. Competing Interests

The Directors are not aware of any business or interest of the Directors, the controlling shareholder and their respective associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group from the Listing Date to 31 December 2010.

23. Related Party Transactions

During the Year, except for those disclosed in note 38 to the financial statements, the Group had no transactions with its related parties.

19. 董事於合約的權益

於本年度末或本年度內任何時間，概無董事於本公司或其任何附屬公司訂立對本集團業務而言屬重要之任何合約中直接或間接擁有重大權益。

20. 董事購入股份及債權證的權益

除上文第17段所披露者外，本公司或其附屬公司或其同系附屬公司於本年度內任何時間概無訂立任何安排，致使董事可藉購入本公司或任何其他法團的股份或債權證而獲益。

21. 足夠公眾持股量

按照本公司公開可得之資料及就董事所知，於本報告刊發前的最後實際可行日期，本公司根據創業板上市規則已維持足夠之公眾持股量。

22. 競爭業務的權益

自上市日起至二零一零年十二月三十一日期間，董事概不知悉任何董事、控股股東及彼等各自的聯繫人(定義見創業板證券上市規則)的任何業務或權益與本集團的業務出現或可能出現競爭，亦不知悉該等人士會或可能會與本集團出現任何其他利益衝突。

23. 關連方交易

本年度內，除財務報表附註38所披露者外，本集團概無與關連方進行任何交易。

24. Purchase, Redemption or Sale of the Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

25. Bank Borrowings

Particulars of bank borrowings of the Group as at 31 December 2010 are set out in note 29 to the financial statements.

26. Retirement Benefit Schemes

Particulars of the retirement benefit schemes of the Group are set out in note 14 to the financial statements.

27. Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

28. Share Option Scheme

The Company adopted the Scheme on 13 September 2010 which will remain in force for a period of 10 years from the effective date of the Scheme and will expire on 29 September 2020.

Under the Scheme, the Directors may at their discretion grant options to (i) any employee of any member of the Group or any entity in which any member of the Group holds any equity interest (the "Invested Entity"); (ii) any executive and non-executive directors of any member of the Group or any Invested Entity; (iii) any supplier and customer of any member of the Group or any Invested Entity; (iv) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity; or (vi) any adviser or consultant of any member of the Group or any Invested Entity to subscribe for the shares of the Company.

24. 購買、贖回或出售本公司的上市證券

本公司及其任何附屬公司於本年度內概無已購買、出售或贖回本公司任何上市證券。

25. 銀行借款

本集團截至二零一零年十二月三十一日的銀行借款詳情載於財務報表附註29。

26. 退休福利計劃

本集團的退休福利計劃詳情載於財務報表附註14。

27. 優先購股權

本公司的組織章程細則或開曼群島法律並無有關優先購股權的規定，致使本公司須按比例基準向現有股東發售新股份。

28. 購股權計劃

本公司於二零一零年九月十三日採納該計劃，該計劃自生效日期起十年內有效，而屆滿日期將為二零二零年九月二十九日。

根據該計劃，董事會可酌情向以下人士授出購股權，以認購本公司之股份：(i)本集團成員公司或本集團任何成員持有股權的任何實體（「投資實體」）的任何僱員；(ii)本集團任何成員或任何投資實體的任何執行及非執行董事；(iii)本集團任何成員或任何投資實體的任何供應商及客戶；(iv)向本集團任何成員或任何投資實體提供研發或其他技術支援的人士或實體；(v)本集團任何成員或任何投資實體的股東或已獲或將獲本集團任何成員或任何投資實體發行的任何證券之持有人；或(iv)本集團任何成員或任何投資實體的任何顧問或諮詢顧問。

28. Share Option Scheme (Continued)

The maximum number of shares in respect to which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company on the date of adopting the Scheme. The limit may be refreshed at any time provided that the new limit must not be in aggregate exceed 10% of the issued share capital of the Company as at the date of the shareholders' approval in general meeting. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other scheme of the Company must not in aggregate exceed 30% of the shares in issue from time to time. The maximum number of shares in respect of which options may be granted to any individual in any 12-month period shall not exceed 1% of the shares in issue on the last date of such 12-month period unless approval of the shareholders of the Company has been obtained in accordance with the GEM Listing Rules. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

Options may be exercised at any time from the date of grant of the option to the 10th anniversary of the date of grant as may be determined by the Directors. The exercise price is determined by the Directors, and will not be less than the highest of (i) the closing price per share as stated in the Stock Exchange's daily quotations sheets on the date of the grant of the options; (ii) the average closing price per share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the grant of the options; or (iii) the nominal value of a share.

During the Year, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

29. Corporate Governance

The Company has complied with most of the code provisions stipulated in the Code on Corporate Governance Practices as set out in Appendix 15 to the GEM Listing Rules since the Listing Date to 31 December 2010 except for the deviation from code provision A.2.1 of the code as described above. A report on the corporate governance practice adopted by the Group is set out in page 25 to page 31 of this report.

28. 購股權計劃(續)

根據該計劃授出之購股權獲行使時，可予發行之股份數目最多不超過本公司於採納該計劃當日之已發行股本10%。該上限可隨時更新，惟新限額不得超過股東於股東大會批准當日，本公司之已發行股本之10%。然而，根據該計劃及本公司任何其他計劃已授出但尚未行使之全部購股權獲行使時，可予發行之股份數目不得超過當時已發行股份之30%。於任何十二個月期間內，向任何個別人士授出之購股權獲行使時，可予發行之股份總數不得超過該十二個月期間最後一天本公司之已發行股份之1%，除非按照上市規則經由本公司股東批准則作別論。面值代價1港元須於接納授出購股權時支付。

購股權可於授出購股權日期起計，直至授出日期十週年的任何時間內行使，而期限按董事決定。行使價則由董事釐定，並將不會低於以下之較高者：(i)於購股權授出日期股份在聯交所每日報價表所報之收市價；(ii)緊接購股權授出日期前五個營業日股份在聯交所每日報價表所報之平均收市價；或(iii)股份面值。

本年度內，概無任何購股權已獲授出、行使、到期或失效，且概無任何該計劃項下尚未行使之購股權。

29. 企業管治

本公司由上市日至二零一零年十二月三十一日止期間一直遵守創業板上市規則附錄十五所載的企業管治常規守則(「守則」)的部分守則條文，惟守則第A.2.1條守則條文則除外。有關本集團所採納企業管治規範之報告載於本報告第25頁至第31頁。

30. Events After the Reporting Period

Details of the significant events after the reporting period of the Group are set out in note 39 to the financial statements.

31. Interest of the Compliance Adviser

As at 31 December 2010, except for the agreement entered into between the Company and Sun Hung Kai International Limited, the Company's compliance adviser on 20 September 2010, neither the Company's compliance adviser nor its directors, employees or associates had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as notified by the Company's compliance adviser.

32. Auditor

A resolution to re-appoint the retiring auditor, RSM Nelson Wheeler, will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Zhuang Yuejin

Director

Hong Kong, 18 March 2011

30. 報告期後事項

本集團的報告期後重大事項詳情載於財務報表附註39。

31. 合規顧問的權益

據本公司合規顧問告知，於二零一零年十二月三十一日，除於二零一零年九月二十日本公司與新鴻基國際有限公司(本公司之合規顧問)訂立之協議外，本公司之合規顧問或其董事、僱員或聯繫人士概無於本公司或本集團任何成員公司之股本中擁有任何權益(包括可認購有關證券的購股權或權利)。

32. 核數師

於應屆股東週年大會上將提呈有關續聘退任核數師中瑞岳華(香港)會計師事務所的決議案。

承董事會命

莊躍進

董事

香港，二零一一年三月十八日

Independent Auditor's Report

獨立核數師報告

RSM Nelson Wheeler
中瑞岳華(香港)會計師事務所
Certified Public Accountants

29th Floor
Caroline Centre
Lee Gardens Two
28 Yun Ping Road
Hong Kong

**TO THE SHAREHOLDERS OF
CHINA AUTOMOTIVE INTERIOR DECORATION HOLDINGS LIMITED**
(Incorporated in the Cayman Islands with limited liability)

致中國汽車內飾集團有限公司股東
(於開曼群島註冊成立的有限公司)

We have audited the consolidated financial statements of China Automotive Interior Decoration Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 43 to 99, which comprise the consolidated and Company statements of financial position as at 31 December 2010, and the consolidated income statement, 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.

本核數師已審核載於第43至第99頁中國汽車內飾集團有限公司(「貴公司」)及其附屬公司(統稱為「貴集團」)的綜合財務報表，當中載有於二零一零年十二月三十一日的綜合及公司財務狀況表、截至該日止年度的綜合收益表、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及其他說明附註。

Directors' responsibility for the consolidated financial statements

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

董事就綜合財務報表須承擔的責任

貴公司董事負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定，編製表達真實且公平意見的該等綜合財務報表，以及維持董事認為必要的有關內部控制，以確保編製綜合財務報表時不存在由於欺詐或錯誤而導致的重大錯誤陳述。

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

核數師的責任

本核數師的責任是根據本核數師的審核對該等綜合財務報表表達意見，並僅向整體股東報告本核數師的意見，除此之外，本報告別無其他目的。本核數師概不會就本報告內容向任何其他人士負責或承擔責任。本核數師乃根據香港會計師公會頒佈的香港核數準則進行審核。按該等準則的要求，本核數師須遵守道德操守規定，以及計劃及進行審核，以合理確定綜合財務報表是否不存有任何重大錯誤陳述。

Independent Auditor's Report

獨立核數師報告

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2010, and of the Group's results 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.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

18 March 2011

審核包括執行程序以取得與綜合財務報表所載金額及披露事項有關的審核憑證。所選用的程序取決於核數師的判斷，包括評估有關綜合財務報表存在重大錯誤陳述（不論是因欺詐或錯誤而起）的風險。在作出該等風險評估時，核數師會考慮與公司編製並真實公平地呈報綜合報財務報表相關的內部監控，但目的只在於按具體情況設計適當的審核程序，而並非要對公司的內部監控有效與否表達意見。此外，審核亦包括評核董事所採用的會計政策是否恰當以及其所作的會計估算是否合理，以及評核綜合財務報表的整體呈報方式。

本核數師相信，本核數師已取得充分且恰當的審核憑證，足以為本核數師的審核意見提供基礎。

意見

本核數師認為，綜合財務報表已按香港財務報告準則真實而公平地反映 貴公司及 貴集團於二零一零年十二月三十一日的事務狀況及 貴集團截至該日止年度的業績及現金流量，並已根據香港公司條例的披露規定妥善編製。

中瑞岳華(香港)會計師事務所
執業會計師
香港

二零一一年三月十八日

Consolidated Income Statement

綜合收益表

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

		Note 附註	2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Revenue	收入	7	123,090	87,363
Cost of inventories sold	已出售存貨成本		(93,774)	(60,305)
Gross profit	毛利		29,316	27,058
Other income	其他收入	8	7,180	75
Selling and distribution costs	銷售及分銷成本		(6,656)	(3,980)
Administrative expenses	行政開支		(9,661)	(7,184)
Profit from operations	經營溢利		20,179	15,969
Finance costs	融資成本	10	(1,699)	(1,809)
Profit before tax	除稅前溢利		18,480	14,160
Income tax expense	所得稅開支	11	(3,983)	(2,076)
Profit for the year attributable to the owners of the Company	本公司擁有人 應佔年度溢利	12	14,497	12,084
			RMB 人民幣	RMB 人民幣
Earnings per share	每股盈利			
Basic	基本	17	8.9 cents分	8.1 cents分
Diluted	攤薄	17	N/A不適用	N/A不適用

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Profit for the year	年度溢利	14,497	12,084
Other comprehensive income:	其他全面收益:		
Exchange differences on translating foreign operations	換算海外業務之匯兌差額	43	7
Total comprehensive income for the year attributable to the owners of the Company	本公司擁有人 應佔年度全面收益總額	14,540	12,091

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2010

於二零一零年十二月三十一日

			2010	2009
		Note	二零一零年	二零零九年
		附註	RMB'000	RMB'000
			人民幣千元	人民幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	18	32,838	30,608
Prepaid land lease payments	預付土地租賃款項	19	3,063	3,136
Loan receivables	應收貸款	20	118	180
Deferred tax assets	遞延稅項資產	31	763	634
			<u>36,782</u>	<u>34,558</u>
Current assets	流動資產			
Prepaid land lease payments	預付土地租賃款項	19	73	73
Inventories	存貨	22	9,937	6,244
Trade receivables	貿易應收款項	23	53,006	35,660
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	24	16,818	1,284
Due from a director	應收一名董事款項	25	38	–
Bank and cash balances	銀行及現金結餘	26	18,990	22,068
			<u>98,862</u>	<u>65,329</u>
Current liabilities	流動負債			
Trade payables	貿易應付款項	27	15,472	14,645
Accruals and other payables	應計費用及其他應付款項	28	9,645	10,860
Due to a director	應付一名董事款項	38(b)	–	958
Due to related companies	應付關連公司款項	38(b)	–	3,537
Due to shareholders	應付股東款項	38(b)	22	17,651
Borrowings	借貸	29	21,848	19,100
Finance lease payables	應付融資租賃款項	30	234	217
Current tax liabilities	即期稅項負債		1,864	1,187
			<u>49,085</u>	<u>68,155</u>
Net current assets/(liabilities)	流動資產/(負債)淨額		<u>49,777</u>	<u>(2,826)</u>
Total assets less current liabilities	總資產減流動負債		<u>86,559</u>	<u>31,732</u>

Consolidated Statement of Financial Position (Continued)

綜合財務狀況表(續)

At 31 December 2010

於二零一零年十二月三十一日

			2010	2009
			二零一零年	二零零九年
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
Non-current liabilities	非流動負債			
Finance lease payables	應付融資租賃款項	30	209	443
Deferred tax liabilities	遞延稅項負債	31	-	247
			<u>209</u>	<u>690</u>
NET ASSETS	淨資產		<u>86,350</u>	<u>31,042</u>
Capital and reserves	資本及儲備			
Share capital	股本	32	17,275	1,064
Reserves	儲備	33(a)	69,075	29,978
TOTAL EQUITY	權益總額		<u>86,350</u>	<u>31,042</u>

Approved by the Board of Directors on 18 March 2011

於二零一一年三月十八日由董事會通過

Zhuang Yuejin

莊躍進

Director

董事

Wong Hsiao Hung

黃小紅

Director

董事

Statement of Financial Position

財務狀況表

At 31 December 2010

於二零一零年十二月三十一日

		Note	2010	2009
		附註	二零一零年	二零零九年
			RMB'000	RMB'000
			人民幣千元	人民幣千元
Non-current assets	非流動資產			
Investments in subsidiaries	於附屬公司的投資	21	17,553	1
Current assets	流動資產			
Due from subsidiaries	應收附屬公司款項	21	32,605	—
Bank and cash balances	銀行及現金結餘	26	452	—
			<u>33,057</u>	<u>—</u>
Current liabilities	流動負債			
Accruals and other payables	應計費用及其他應付款項	28	507	—
Due to subsidiaries	應付附屬公司款項	21	6,275	—
			<u>6,782</u>	<u>—</u>
Net current assets	流動資產淨額		<u>26,275</u>	<u>—</u>
NET ASSETS	淨資產		<u>43,828</u>	<u>1</u>
Capital and reserves	資本及儲備			
Share capital	股本	32	17,275	1
Reserves	儲備	33(b)	26,553	—
TOTAL EQUITY	權益總額		<u>43,828</u>	<u>1</u>

Approved by the Board of Directors on 18 March 2011

於二零一一年三月十八日由董事會通過

Zhuang Yuejin

莊躍進

Director

董事

Wong Hsiao Hung

黃小紅

Director

董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

		Share capital 股本 RMB'000 人民幣千元	Share premium account 股份溢價賬 RMB'000 人民幣千元	Merger reserve 合併儲備 RMB'000 人民幣千元	Foreign currency translation reserve 外幣換算儲備 RMB'000 人民幣千元	Statutory reserve 法定儲備 RMB'000 人民幣千元	Retained profits 保留溢利 RMB'000 人民幣千元	Total equity 權益總計 RMB'000 人民幣千元
	Note 附註							
At 1 January 2009	於二零零九年一月一日	1,064	–	–	2,640	1,639	13,608	18,951
Total comprehensive income for the year	年度全面收益總額	–	–	–	7	–	12,084	12,091
Transfer to statutory reserve	轉撥至法定儲備	–	–	–	–	1,379	(1,379)	–
Changes in equity for the year	年度權益變動	–	–	–	7	1,379	10,705	12,901
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	1,064	–	–	2,647	3,018	24,313	31,042
Capitalisation of then shareholders' loans	當時股東貸款資本化	149	5,112	–	–	–	–	5,261
Reorganisations	重組	(880)	(5,112)	5,992	–	–	–	–
Issue of shares on placement	配售股份發行	32(e) 4,318	35,835	–	–	–	–	40,153
Capitalisation issue	資本化發行	32(d) 12,624	(12,624)	–	–	–	–	–
Share issue expenses	股份發行開支	–	(4,646)	–	–	–	–	(4,646)
Total comprehensive income for the year	年度全面收益總額	–	–	–	43	–	14,497	14,540
Transfer to statutory reserve	轉撥至法定儲備	–	–	–	–	2,446	(2,446)	–
Changes in equity for the year	年度權益變動	16,211	18,565	5,992	43	2,446	12,051	55,308
At 31 December 2010	於二零一零年十二月三十一日	17,275	18,565	5,992	2,690	5,464	36,364	86,350

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

		2010 2010年 RMB'000 人民幣千元	2009 2009年 RMB'000 人民幣千元
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動產生的現金流量		
Profit before tax	除稅前溢利	18,480	14,160
Adjustments for:	就以下各項作出調整：		
Interest expenses	利息開支	1,235	1,800
Finance lease charges	融資租賃費用	43	8
Interest income	利息收入	(25)	(9)
Net foreign exchange loss	外匯虧損淨額	421	1
Inventories written off	存貨撇銷	175	328
Depreciation of property, plant and equipment	物業、廠房及設備折舊	3,153	2,570
Amortisation of prepaid land lease payments	預付土地租賃款項攤銷	73	73
Loss/(gain) on disposals of property, plant and equipment	出售物業、廠房及設備虧損／(收益)	315	(27)
Operating profit before working capital changes	營運資金變動前之經營溢利	23,870	18,904
(Increase)/decrease in inventories	存貨(增加)／減少	(3,868)	4,415
Increase in trade receivables	貿易應收款項增加	(17,346)	(20,397)
(Increase)/decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收款項(增加)／減少	(15,534)	1,402
Increase in trade payables	貿易應付款項增加	827	9,210
(Decrease)/increase in accruals and other payables	應計費用及其他應付款項(減少)／增加	(1,215)	5,245
Cash (used in)/generated from operations	經營(所用)／所得的現金	(13,266)	18,779
Income taxes paid	已付所得稅	(3,673)	(1,025)
Interest paid	已付利息	(1,235)	(1,800)
Finance lease charges paid	已付融資租賃費用	(43)	(8)
Net cash (used in)/generated from operating activities	經營活動(所用)／所得現金淨額	(18,217)	15,946
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動產生的現金流量		
Loan receivables repaid from/(granted to) unrelated parties	收回／(授予)非關連方的應收貸款	62	(70)
Interest received	已收利息	25	9
Purchases of property, plant and equipment	購置物業、廠房及設備	(2,495)	(7,802)
Addition of construction in progress	在建工程添置	(3,568)	-
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備所得款項	365	49
Repayments from a related company	一間關連公司還款	-	18,370
Net cash (used in)/generated from investing activities	投資活動(所用)／所得現金淨額	(5,611)	10,556

Consolidated Statement of Cash Flows (Continued)

綜合現金流量表(續)

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

		2010 2010年 RMB'000 人民幣千元	2009 2009年 RMB'000 人民幣千元
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動產生的現金流量		
Short-term bank loans raised	籌得短期銀行貸款	21,000	19,000
Repayment of short-term bank loans	償還短期銀行貸款	(19,000)	(14,000)
Repayment of finance lease payables	償還應付融資租賃款項	(217)	(35)
Repayments to related companies (Repayments to)/advances from a director	向關連公司還款(向一名董事還款)/一名董事墊款	(3,537)	(11,977)
Repayments to shareholders	向股東還款	(996)	599
Repayments of borrowings to unrelated parties	向非關連方償還借貸	(12,368)	(1,451)
Advances from a unrelated party	一名非關連方墊款	(100)	(200)
Repayments of borrowings to a related party	向一名關連方償還借貸	848	-
Issue of shares	發行股份	-	(300)
		35,507	-
Net cash generated from/(used in) financing activities	融資活動所得/(所用)現金淨額	21,137	(8,364)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物(減少)/增加淨額	(2,691)	18,138
Effect of foreign exchange rate changes	外幣匯率變動的影響	(387)	(1)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	於年初的現金及現金等價物	22,068	3,931
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	於年終的現金及現金等價物	18,990	22,068
ANALYSIS OF CASH AND CASH EQUIVALENTS	現金及現金等價物分析		
Bank and cash balances	銀行及現金結餘	18,990	22,068

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

1. General Information

The Company was incorporated in the Cayman Islands on 9 December 2009 with limited liability. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is located at No. 28 Xinfeng Road, Xinfeng Industrial Park, Fangqian Town, New District, Wuxi City, Jiangsu Province, the People's Republic of China (the "PRC").

The Company is an investment holding company. The principal activities of the Group are manufacturing and trading of nonwoven fabric products used in automotive interior decoration parts and infrastructure.

The shares of the Company were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 September 2010 (the "Listing Date").

2. Group Reorganisation and Basis of Preparation

Pursuant to the Group of Reorganisation (the "Reorganisation") for the purpose of listing (the "Listing") the Company's ordinary shares on the Stock Exchange, the Company and Joystar (BVI) Automotive Interior Decoration Limited were incorporated and interspersed between Joystar International Investment Limited and the equity holders of Joystar International Investment Limited; and became the holding company of the subsidiaries now comprising the Group and the intermediate holding company of Joystar International Investment Limited respectively. Further details of the Reorganisation are also set out in the paragraphs headed "Corporate Reorganisation/Development" of the section headed "History and Development" to the prospectus of the Company dated 21 September 2010 (the "Prospectus") in connection with the Listing.

1. 一般資料

本公司於二零零九年十二月九日於開曼群島註冊成立為有限公司。本公司註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。其主要營業地點位於中華人民共和國(「中國」)江蘇省無錫市新區坊前鎮新豐工業園新風路28號。

本公司乃一間投資控股公司。本集團的主要業務為製造及銷售用於汽車內飾件及基建的無紡布產品。

本公司股份於二零一零年九月二十九日(「上市日」)於香港聯合交易所有限公司創業板(「聯交所」)上市。

2. 集團重組及編製基準

根據集團重組(「重組」)以籌備本公司普通股於聯交所上市(「上市」)，本公司及Joystar (BVI) Automotive Interior Decoration Limited由怡星國際投資有限公司及怡星國際投資有限公司之股權持有人註冊成立並由彼等分散持有；及分別成為現時組成本集團的附屬公司之控股公司以及怡星國際投資有限公司之間接控股公司。有關重組的更多詳情已載列於本公司二零一零年九月二十一日有關上市的招股章程(「招股章程」)「歷史與發展」一節「公司重組／發展」一段。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

2. Group Reorganisation and Basis of Preparation (Continued)

As the Reorganisation only involved inserting new holding entities at the top of an existing group and has not resulted in any change of economic substances, the financial statements of the Group for the years ended 31 December 2009 and 2010 have been presented as a continuation of the existing group based on the principles and procedures of merger accounting in accordance with Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). Accordingly, the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows are prepared as if the current group structure had been in existence rather than from date of incorporation of the Company.

3. Adoption of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2010. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current year and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

2. 集團重組及編製基準(續)

由於集團重組僅涉及在現有集團之上增設新的控股實體，並無導致經濟實質出現任何變動，根據香港會計師公會(「香港會計師公會」)頒佈的會計指引第5項「共同控制合併的合併會計法」規定的合併會計法原則及程序，編製本集團截至二零零九年及二零一零年十二月三十一日止年度的財務報表作為現有集團之延續呈列。因此，編製綜合收益表、綜合全面收益表、綜合權益變動表及綜合現金流量表按猶如現有集團架構已存在呈列現時組成，而非自本公司成立日期起。

3. 採納新訂及經修訂香港財務報告準則

於本年度，本集團已採納與其業務有關並於其自二零一零年一月一日開始之會計期間生效，且由香港會計師公會頒佈的所有新訂及經修訂香港財務報告準則(「香港財務報告準則」)。香港財務報告準則包括香港財務報告準則、香港會計準則及詮釋。採納該等新訂及經修訂香港財務報告準則對本集團之會計政策、本集團財務報表之呈列方式及於本年度及過往年度所呈報之金額並無造成重大變動。

本集團尚未採納已頒佈但尚未生效的新訂香港財務報告準則。本集團已開始對該等新訂香港財務報告準則的影響進行評估，但尚無法確定該等新訂香港財務報告準則是否會對其經營業績及財務狀況產生重大影響。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

4. Significant Accounting Policies

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

4. 主要會計政策

該等財務報表乃根據香港財務報告準則、香港公認會計原則以及聯交所證券上市規則及香港公司條例之適用披露規定編製。

該等財務報表乃根據歷史成本法編製。

編製符合香港財務報告準則之財務報表需使用若干主要假設及估計，亦需要董事於應用會計政策之過程中作出判斷。涉及關鍵判斷之範疇與對該等財務報表屬重大之假設及估計之範疇披露於財務報表附註5。

編製該等財務報表應用之主要會計政策乃載列如下。

(a) 綜合賬目

綜合財務報表包括本公司及其附屬公司截至十二月三十一日止之財務報表。附屬公司為本集團對其擁有控制權的實體。控制權指支配一間實體之財務及經營政策以從其業務中獲取利益的權力。於評估本集團是否擁有控制權時，會考慮現時是否存在可行使或可轉換之潛在表決權及其影響。

附屬公司在控制權轉移至本集團當日起綜合入賬，並在控制權終止當日起不再綜合入賬。

出售附屬公司而導致失去控制權之收益或虧損乃指(i)出售代價之公平值連同於該附屬公司任何保留投資公平值與(ii)本公司分佔該附屬公司資產淨值連同與該附屬公司有關之任何餘下商譽以及任何相關累計匯兌儲備兩者間之差額。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

(a) Consolidation (Continued)

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated income statement and consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. 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 the owners of the Company.

In the Company's statement of financial position the investments in subsidiaries are stated at cost less allowance for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

4. 主要會計政策(續)

(a) 綜合賬目(續)

集團內交易、結餘及未變現溢利均予以對銷。除非交易提供憑證顯示所轉讓之資產出現減值，否則未變現虧損亦予以對銷。倘有需要時，附屬公司之會計政策會作出更改，以確保符合本集團採納之會計政策。

非控股權益指並非直接或間接應佔本公司之附屬公司權益。非控股權益於綜合財務狀況報表及綜合權益變動表之權益內列賬。於綜合全面收益表內，非控股權益呈列為本年度損益及全面收益總額在非控股股東與本公司擁有人之間的分配。

損益及其他全面收益的各部分歸本公司擁有人及非控股股東，即使導致非控股權益結餘出現虧損。

本公司並無導致失去附屬公司控制權之擁有人權益變動，按權益交易入賬，即與以擁有人身分進行之擁有人交易。控股及非控股權益的賬面值經調整以反映其於附屬公司相關權益之變動。非控股權益數額的調整額與已付或已收代價之公平值兩者間之差額，直接於權益確認，歸本公司擁有人。

於一間附屬公司之投資按成本扣除減值虧損之撥備於本公司之財務狀況報表列賬。該附屬公司之業績乃按本公司已收及應收股息列賬。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

(b) Merger accounting for business combination under common control

The consolidated financial statements incorporate the financial statements of the combining entities as if they had been combined from the date when they first came under the control of the controlling party.

The consolidated income statements and statements of comprehensive income and consolidated statements of cash flows include the results and cash flows of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The consolidated statements of financial position have been prepared to present the assets and liabilities of the combining entities as if the Group structure as at 31 December 2010 had been in existence at the end of each reporting period. The net assets of the combining entities are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or gain on bargain purchase at the time of common control combination, to the extent of the continuation of the controlling party's interest.

There was no adjustment made to the net assets nor the net profit or loss of any combining entities in order to achieve consistency of the Group's accounting policies.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi, which is the Company's presentation currency and the functional currency of the principal operating subsidiary of the Group. The functional currency of the Company is Hong Kong dollars. The directors consider that choosing Renminbi as the presentation currency best suits the needs of the shareholders and investors.

4. 主要會計政策(續)

(b) 共同控制業務合併之合併會計法

綜合財務資料載入合併實體之財務狀況及業績，猶如於合併實體首次受控制方控制當日已合併。

綜合收益表及全面收益表以及綜合現金流量表包括由最早呈列日期或自合併實體最初受共同控制當日(以較短期間者為準)之合併實體之業績及現金流量，而不論共同控制合併之日期。

綜合財務狀況報表已就呈列合併實體之資產及負債編製，猶如本集團於二零一零年十二月三十一日的架構於各報告日末已一直存在。合併實體之資產淨值從控制方之角度以現有賬面值合併。於共同控制合併時之商譽或議價購買之收益的金額不予確認(惟以控制方之權益持續為限)。

任何合併實體之資產淨值及損益淨額概無作出任何調整，以使本集團之會計政策貫徹一致。

(c) 外幣換算

(i) 功能及呈列貨幣

本集團各實體之財務報表所含項目乃按實體經營之主要經濟環境的貨幣(「功能貨幣」)計量。綜合財務資料以人民幣呈列，而人民幣為本公司之呈列貨幣以及本集團主要經營附屬公司之功能貨幣。本公司的功能貨幣是港元。本公司董事認為，選擇人民幣作為呈列貨幣乃最為符合股東及投資人的需求。

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

(c) Foreign currency translation (Continued)

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

4. 主要會計政策(續)

(c) 外幣換算(續)

(ii) 各實體財務報表之交易及結餘

外幣交易於初始確認時以交易日期適用之匯率換算為功能貨幣。以外幣計值之貨幣資產及負債按各報告期末之匯率換算。該換算政策產生之收益及虧損於損益賬內確認。

按公平值計量及以外幣計值的非貨幣項目乃按釐定公平值當日的匯率換算。

當非貨幣項目的收益或虧損於其他全面收益內確認時，該收益或虧損的任何匯兌部分於其他全面收益內確認。當非貨幣項目的收益或虧損於損益賬內確認時，該收益或虧損的任何匯兌部分於損益賬內確認。

(iii) 綜合賬目時換算

功能貨幣與本公司呈列貨幣不同之所有集團實體之業績及財務狀況乃按下列方式換算為本公司之呈列貨幣：

- 各財務狀況報表所呈列之資產及負債按該財務狀況表日期之收市匯率換算；
- 各收益表之收入及開支按平均匯率換算(除非該平均匯率並非交易日適用之匯率累計影響之合理近值，在此情況下，收入及開支按交易日之匯率換算)；及

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

(c) Foreign currency translation (Continued)

(iii) Translation on consolidation (Continued)

- All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

(d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Buildings	30 years
Plant and machinery	12 years
Motor vehicles	8 years
Furniture, fixtures and equipment	6 years
Leasehold improvements	5 years

The useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

4. 主要會計政策(續)

(c) 外幣換算(續)

(iii) 綜合賬目時換算(續)

- 所有因此而產生之匯兌差額於外幣匯兌儲備確認。

於綜合賬目時，換算海外實體投資淨值及借貸產生之匯兌差額已於外幣匯兌儲備確認。當海外業務獲售出，則有關匯兌差額於損益內確認為出售之部分損益。

(d) 物業、廠房及設備

所有物業、廠房及設備按成本減累計折舊及減值虧損列賬。

其後成本僅於與該項目有關之未來經濟利益將流入本集團且該項目之成本能可靠計量時始計入資產賬面值或確認為獨立資產(視適用情況而定)。所有其他維修及保養開支於其產生之有關期間之損益內確認。

物業、廠房及設備之折舊按足以撇銷其成本之比率於估計可使用年內使用直線法計算，主要可使用年期如下：

樓宇	30年
廠房及機器	12年
汽車	8年
傢俬、裝置及設備	6年
租賃物業裝修	5年

可使用年期及折舊方法於各報告期末進行檢討及調整(如適用)。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

(d) Property, plant and equipment (Continued)

Construction in progress represents leasehold improvements under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(e) Leases

(i) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(ii) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets under finance leases are depreciated the same as owned assets.

4. 主要會計政策(續)

(d) 物業、廠房及設備(續)

在建工程指在建租賃物業裝修以及待安裝之廠房及機器，按成本減減值虧損列賬。有關資產於可供使用時方計算折舊。

出售物業、廠房及設備之收益或虧損指出售所得款項淨額與有關資產賬面價值金額兩者間差額，及於損益內確認。

(e) 租賃

(i) 經營租賃

資產擁有權的所有風險及回報並非實質轉讓予本集團之租賃作為經營租賃列賬。租賃款項在扣除自出租人收取之任何獎勵金後於租賃期內以直線法確認為開支。

(ii) 融資租賃

將自資產擁有權的所有風險及回報實質上轉移予本集團之租賃作為融資租賃列賬。融資租賃在租賃期開始時，按均於租賃開始時釐定之租賃資產公平值與最低租賃款項現值兩者之較低者入賬資本化。

欠付出租人之相應債務於財務狀況報表中計入應付融資租賃款項。租賃款項於財務費用及未付債務減額間分配。財務費用在各租賃期內分攤，以為債務結餘得出統一定期利率。

於融資租賃下之資產按與自置資產相同之方式計算折舊。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

(f) Research and development expenditure

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

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

4. 主要會計政策(續)

(f) 研究及開發支出

研究活動支出於其產生之有關期間確認為開支。

(g) 存貨

存貨按成本與可變現淨值兩者之較低者列賬。成本以加權平均基準計算。製成品及在製品之成本包括原材料、直接勞工及所有生產經常性開支之適當部分以及承包費(如適用)。可變現淨值按日常業務之估計售價減估計完成成本及進行銷售估計所需費用計算。

(h) 確認及取消確認金融工具

當本集團成為有關工具合約規定之一方時，金融資產及金融負債於財務狀況報表內確認。

倘從資產收取現金流量之合約權利屆滿；本集團轉讓有關資產擁有權之絕大部分風險及回報；或本集團既無轉讓亦無保留有關資產擁有權之絕大部分風險及回報，但亦無保留有關資產之控制權，則金融資產將取消確認。於取消確認金融資產時，資產賬面值金額與已收代價及已於其他全面收益內確認之累計損益兩者總和間差額將於損益內確認。

就金融負債而言，於有關合約之特定責任獲解除、取消或到期時，金融負債將獲取消確認。取消確認之金融負債賬面值金額與已付代價兩者間之差額於損益內確認。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

(i) Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(j) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

(k) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out in Notes 4(l) to 4(n) below.

4. 主要會計政策(續)

(i) 貿易及其他應收款項

貿易及其他應收款項為附有固定或可釐定支付款項，且未於活躍市場報價之非衍生金融資產，並於初始確認時按公平值入賬，其後使用實際利率法按攤銷成本減去減值撥備釐定。倘有客觀證據顯示本集團將不能根據應收款項的原有限期收取所有到期金額，則會就貿易及其他應收款項作出減值撥備。撥備金額乃應收款項賬面值與估計未來現金流量的現值的差額，按初始確認時計算之實際利率貼現。撥備金額於損益內確認入賬。

於往後期間，倘應收款項之可收回金額增加與確認減值後所發生之事項客觀相連，則可撥回減值虧損並於綜合收益表內確認，惟於撥回減值當日之應收款項賬面值不得超過於倘並無確認減值之攤銷成本。

(j) 現金及現金等價物

就綜合現金流量表而言，現金及現金等價物指銀行現金及手頭現金、銀行及其他金融機構的活期存款、及可隨時兌換為確實數額的現金及存在非重大價值變動風險的短期高流通性投資。

(k) 金融負債及股本工具

金融負債及股本工具乃根據所訂立合約安排的內容及香港財務報告準則項下金融負債和股本工具的定義分類。股本工具乃證明本集團扣除其所有負債後的資產中擁有剩餘權益的任何合約。下文附註4(l)至4(n)載列就特定金融負債及股本工具採納的會計政策。

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(m) Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Equity instruments

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

(o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from the sales of nonwoven fabric products used in automotive interior decoration parts and infrastructure are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Interest income is recognised on a time-proportion basis using the effective interest method.

Technical support income is recognised when the technical support services are rendered.

4. 主要會計政策(續)

(l) 借貸

借貸初步按公平值(扣除已產生的交易成本)確認,其後以實際利息法按攤銷成本計量。

除非本集團擁有無條件權利將負債還款期遞延至報告期後至少十二個月,否則借貸將被分類為流動負債。

(m) 貿易及其他應付款項

貿易及其他應付款項初步按其公平值列賬,其後採用實際利率法按攤銷成本計量,除非貼現影響甚微,於此情況下,則以成本列賬。

(n) 股本工具

本公司所發行的股本工具按已收所得款項(已扣除直接發行成本)入賬。

(o) 收益確認

收益按已收或應收代價之公平值計量,及於經濟利益可能流向本集團及收益金額能可靠計量的情況下予以確認。

銷售用於汽車內飾件和基建的無紡布的收益於貨品所有權的重大風險及回報轉移時確認,一般與貨品交付及將所有權轉移予客戶時同步進行。

利息收入採用實際利息法按時間比例基準確認。

技術支援收入於提供技術支援服務時確認。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

(p) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

4. 主要會計政策(續)

(p) 僱員福利

(i) 僱員應享假期

僱員的年假及長期服務假於僱員應享有時予以確認。截至報告期末止，因僱員所提供的服務而產生的年假及長期服務假的估計負債已計提撥備。

僱員的病假及產假於僱員休假時方會確認。

(ii) 養老金責任

本集團為所有僱員提供定額供款退休計劃。本集團及僱員對計劃的供款乃按僱員的基本薪金的百分比計算。自損益內扣除的退休福利計劃成本乃指本集團應付該等基金的供款。

(iii) 離職福利

終止僱傭福利僅於本集團具備正式而詳細的方案及不可撤回方案的情況下，明確顯示終止聘用或因採取自願離職措施而提供福利時，方予確認。

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

(q) 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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

(r) Government grants

Government grants that become 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.

4. 主要會計政策(續)

(q) 借貸成本

直接用作收購、建造或生產合資格資產(即需要相當長期間以達致其擬定用途或銷售的資產)的借貸成本資本化為該等資產的部分成本，直至該等資產大致用作其擬定用途或銷售。用於合資格資產的特定借貸在其尚未支銷時用作暫時投資所賺取的投資收入，乃於合資格資本化的借貸成本內扣除。

倘一般性借入資金用於獲取一項合資格資產，則合資格資本化的借貸成本金額乃按該資產支銷的資本化率釐定。資本化率為適用於本集團於該期間尚未償還借款的加權平均借貸成本，不包括為獲取一項合資格資產而專門借入的借款。

所有其他借貸成本均於產生期間於損益內確認。

(r) 政府補助金

作為開支或已產生的虧損的補償金或向本集團提供即時財務援助而成為應收款項(並無日後相關成本)的政府補助金，乃於其成為應收款項的期間於損益內確認。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

(s) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss 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.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on 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.

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

4. 主要會計政策(續)

(s) 稅項

所得稅指即期稅項及遞延稅項的總和。

應付即期稅項乃按年內應課稅溢利計算。由於應課稅溢利不包括其他年度應課稅或可扣稅收入或開支，且不包括非應課稅或可扣稅的項目，故與綜合收益表所確認的溢利有所不同。本集團的即期稅項負債乃按報告期末已頒佈或實際上已頒佈的稅率計算。

遞延稅項乃按財務報表內資產及負債賬面值與計算應課稅溢利所用的相應稅基的差額予以確認。遞延稅項負債一般會就所有應課稅暫時差額確認，而遞延稅項資產乃於可能出現應課稅溢利，以致可扣稅暫時差額、未動用稅項虧損或未動用稅項抵免可予動用時確認。若於一項交易中，因商譽或初步確認(業務合併時除外)其他資產及負債而引致的暫時差額不影響應課稅溢利或會計溢利，則不會確認該等資產及負債。

遞延稅項負債乃就於附屬公司的投資所產生的應課稅暫時差額確認，惟倘本集團能夠控制暫時差額的撥回且暫時差額不會於可見將來撥回則作別論。

遞延稅項資產的賬面值於各報告期末作檢討，並於不再可能有足夠應課稅溢利收回全部或部分資產時作調減。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

(s) Taxation (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of each reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(t) Related parties

A party is related to the Group if:

- (i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Group; has an interest in the Group that gives it significant influence over the Group; or has joint control over the Group;
- (ii) the party is an associate;
- (iii) the party is a joint venture;
- (iv) the party is a member of the key management personnel of the Company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

4. 主要會計政策(續)

(s) 稅項(續)

遞延稅項乃按預期於負債清償或資產變現期間應用且於各報告期末已頒佈或實際上已頒佈的稅率計算。遞延稅項乃於損益中確認，惟有關於其他全面收益中確認或直接於權益中確認的項目的遞延稅項則除外，在此情況下，遞延稅項亦會於其他全面收益中確認或直接於權益中確認。

遞延稅項資產及負債於可依法執行權利將即期稅項資產與即期稅項負債進行抵銷時，及於該等遞延稅項資產及負債乃關於同一稅務機關所徵收的所得稅且本集團擬以淨額償付其即期稅項資產及負債時予以抵銷。

(t) 關連方

任何一方如屬以下情況，即視為本集團的關連方：

- (i) 該方透過一家或多家中介公司，直接或間接受本集團控制或與本集團受共同控制；於本集團擁有權益，令其對本集團有重大影響力；或共同控制本集團；
- (ii) 該方為聯營公司；
- (iii) 該方為合營公司；
- (iv) 該方為本公司或其母公司的主要管理人員其中一員；
- (v) 該方為(i)或(iv)所述的任何人士的家族近親；
- (vi) 該方為一家實體，直接或間接受(iv)或(v)所述的任何人士控制或共同控制，或對該實體有重大影響力或擁有重大投票權；或
- (vii) 該方屬於本集團或本集團關連方的任何實體的僱員福利之離職後福利計劃。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

(u) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets except deferred tax assets, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit 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 (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4. 主要會計政策(續)

(u) 資產減值

於各報告期末，本集團均會審閱其有形及無形資產(遞延稅項資產、存貨及應收款項除外)的賬面值，以釐定資產是否出現減值虧損跡象。倘出現任何有關跡象，則會估計資產的可收回金額，以釐定減值虧損的程度。倘無法估計個別資產的可收回金額，則本集團會估計資產所屬現金產生單位的可收回金額。

可收回金額乃公平值減出售成本及使用價值兩者中的較高者。於評估價值時，估計未來現金流量乃以稅前貼現率貼現至現值。有關貼現率反映市場現時所評估的貨幣時間價值及資產特定風險。

倘資產或現金產生單位的可收回金額估計將少於賬面值，則資產或現金產生單位的賬面值會減少至其可收回金額。減值虧損隨即於損益確認，除非有關資產乃按重估值入賬，於此情況下，減值虧損會被視為重估減值。

倘減值虧損其後撥回，則資產或現金產生單位的賬面值增加至經修訂的估計可收回金額，惟所增加的賬面值不得超過倘資產或現金產生單位於過往年度並無確認減值虧損而釐定的賬面值(扣除攤銷或折舊)。所撥回的減值虧損隨即於綜合收益表確認，除非有關資產乃按重估值入賬，於此情況下，撥回減值虧損被視為重估增值。

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

4. Significant Accounting Policies (Continued)

(v) Provisions and contingent liabilities

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

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

(w) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

4. 主要會計政策(續)

(v) 撥備及或然負債

倘本集團因過往事件負上現有法律或推定責任承擔而可能需要以經濟溢利流出支付負債，及能作出可靠估計時，則會就不確定時間或金額的負債確認撥備。倘貨幣的時間價值重大，則撥備會以預期履行責任所需支出的現值列報。

倘需要流出經濟溢利的可能性不大，或未能可靠估計有關金額，則除非流出經濟溢利的可能性極微，否則有關責任承擔將披露為或然負債。須視乎某宗或多宗未來事件是否發生才能確定存在與否的潛在責任，亦會披露為或然負債；倘這類資源外流的可能性極低則作別論。

(w) 報告期後事項

提供有關本集團於報告期末狀況的額外資料或顯示持續經營假設並不適當的報告期後事項為調整事項，並反映於財務報表。並非調整事項的報告期後事項，倘屬重大時則於財務報表附註內披露。

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

5. Critical Judgements and Key Estimates

Key sources of estimation uncertainty

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

(a) Property, plant and equipment and depreciation

The Group's management determines the estimated useful lives and related depreciation charges for the Group's 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. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(b) Impairment of trade receivables

The Group makes impairment of trade receivables based on assessments of the recoverability of the trade receivables, including the current creditworthiness and the past collection history of each debtor. Impairment arises where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade receivables and doubtful debt expenses in the reporting period in which such estimate has been changed.

(c) Income taxes

The Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the reporting period in which such determination is made.

5. 重大判斷及主要估計

不明朗因素估計的主要來源

下文討論有關未來的主要假設及各報告期末不明朗因素估計的其他主要來源，而該等假設及來源會對下一個財政年度資產及負債的賬面值作出重大調整而產生重大風險。

(a) 物業、廠房及設備及折舊

本集團的管理層釐定本集團物業、廠房及設備的估計可使用年期及相關折舊開支。該估計乃以同類性質及功能的物業、廠房及設備的實際可使用年期的過往經驗為基準。倘可使用年期與先前估計不同，本集團將修訂折舊開支，或撤銷或撤減已放棄或出售的技術上已過時或非策略性的資產。

(b) 貿易應收款項減值

本集團根據對貿易應收款項的可回收性所作的評估(包括每個債務方的現時信貸及過往的收取記錄)就貿易應收款項作出減值。倘事件或情況變動顯示餘款或會無法收回，則會出現減值。確認呆壞賬須作出判斷及估計。倘實際結果與原有估計存在差異，則相關差異將影響相關估計出現變動之報告期間的貿易應收款項的賬面值及呆壞賬開支。

(c) 所得稅

本集團須繳納若干司法權區的所得稅。於釐定所得稅撥備時，須作出重大估計。於日常業務過程中存在很多交易及計算，而最終稅項的釐定具有不確定性。倘該等事件的最終稅項結果與初始記錄的金額存在差異，則相關差異將影響作出有關釐定的報告期間的所得稅及遞延稅項撥備。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

6. Financial Risk Management

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the respective subsidiaries. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Credit risk

The carrying amount of the bank and cash balances, trade and other receivables included in the consolidated statements of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has certain exposure to credit risk as the trade receivables from the five largest customers as at 31 December 2010 represented 62% (2009: 56%) of total trade receivables, while 17% (2009: 16%) of the total trade receivables were due from the largest single customer. It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on bank and cash balances is limited because the counterparties are international and state-owned banks with good reputation.

6. 財務風險管理

本集團業務活動令其面臨多項財務風險：外幣風險、信貸風險、流動資金風險及利率風險。本集團的整體風險管理項目專注於金融市場的不可預測性及尋求降低本集團財務表現的潛在不利影響。

(a) 外幣風險

本集團的外幣風險甚微，此乃由於其大部分業務交易、資產及負債主要以相關附屬公司的功能貨幣計值。本集團現時並無就外幣交易、資產及負債設立外幣對沖政策。本集團將密切監控外幣風險，並於必要時考慮對沖重大外幣風險。

(b) 信貸風險

計入綜合財務狀況報表的銀行及現金結餘、貿易應收款項及其他應收款項的賬面值指與本集團的金融資產相關的最高信貸風險。

本集團面臨若干信貸風險，因五大客戶於二零一零年十二月三十一日的貿易應收款項佔貿易應收款項總額的62%（二零零九年：56%），而最大單一客戶的貿易應收款項佔17%（二零零九年：16%）。其已實施政策以確保銷售對象為合理信貸記錄的客戶。

由於交易對方為信譽良好的國際及國有銀行，故銀行及現金結餘之風險有限。

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

6. Financial Risk Management (Continued)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis of the Group's financial liabilities is as follows:

		Less than 1 year 少於一年 RMB'000 人民幣千元	Between 1 and 2 years 一至兩年 RMB'000 人民幣千元	Between 2 and 5 years 兩至五年 RMB'000 人民幣千元	Over 5 years 超過五年 RMB'000 人民幣千元
At 31 December 2010	二零一零年 十二月三十一日				
Trade payables	貿易應付款項	15,472	—	—	—
Accruals and other payables	應計費用及其他應付款項	9,645	—	—	—
Due to shareholders	應付股東款項	22	—	—	—
Borrowings	借貸	22,378	—	—	—
Finance lease payables	應付融資租賃款項	234	209	—	—
At 31 December 2009	二零零九年 十二月三十一日				
Trade payables	貿易應付款項	14,645	—	—	—
Accruals and other payables	應計費用及其他應付款項	10,860	—	—	—
Due to a director	應付一名董事款項	958	—	—	—
Due to a related company	應付關連公司款項	3,537	—	—	—
Due to shareholders	應付股東款項	17,913	—	—	—
Borrowings	借貸	19,492	—	—	—
Finance lease payables	應付融資租賃款項	217	234	209	—

(d) Interest rate risk

The Group's exposure to interest rate risk mainly arises from its bank deposits, loan receivables, amounts due to shareholders, short-term bank loans, borrowings from related and unrelated parties and finance lease payables.

The Group's loan receivables, amounts due to shareholders, borrowings from related and unrelated parties and finance lease payables bear interests at fixed interest rates and therefore are subject to fair value interest rate risk.

6. 財務風險管理(續)

(c) 流動資金風險

本集團政策為定期監控現有及預期流動資金需求，以確保其擁有充裕現金儲備應付短期及長期流動資金需求。

本集團金融負債的到期日分析如下：

(d) 利率風險

本集團的利率風險主要來自其銀行結餘、應收貸款、應付股東款項、銀行短期貸款、來自關連及非關連方的借貸及應付融資租賃款項。

本集團應收貸款、應付股東款項、來自關連及非關連方借貸以及應付融資租賃款項均按固定利率計息，故面臨公平值利率風險。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

6. Financial Risk Management (Continued)

(d) Interest rate risk (Continued)

The Group's bank deposits and short-term bank loans bear interests at variable rates varied with the then prevailing market condition and expose the Group to cash flow interest rate risk.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

At 31 December 2010, if interest rates at that date had been 100 basis points higher/lower with all other variables held constant, consolidated profit after tax for the year would have been RMB21,000 lower/higher (2009: RMB12,000 higher/lower), arising mainly as a result of higher/lower interest expense on short-term bank loans net off with interest income from bank deposits.

(e) Categories of financial instruments at 31 December

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Financial assets:	金融資產:		
Loans and receivables (including cash and cash equivalents)	貸款及應收款項 (包括現金及現金等價物)	75,352	57,956
Financial liabilities:	金融負債:		
Financial liabilities at amortised cost	按攤銷成本入賬的金融負債	46,987	66,751

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statements of financial position approximate their respective fair values.

7. Revenue

The Group's revenue represents trading of nonwoven fabric products used in automotive interior decoration parts and infrastructure.

6. 財務風險管理(續)

(d) 利率風險(續)

本集團的銀行存款及短期銀行貸款根據當時之現行市況按浮動息率計息，故本集團面臨現金流利率風險。

本集團現時並無利率對沖措施。但管理層會監察利率風險及必要時將考慮對沖重大利率風險。

於二零一零年十二月三十一日，倘於該日之利率上升/下跌100個基點(所有其他變數維持不變)，則本年度綜合利潤將減少/增加約人民幣21,000元(二零零九年：增加/減少人民幣12,000元)，乃主要由於短期銀行貸款之利息開支抵銷銀行存款利息收入增加/減少所致。

(e) 於十二月三十一日的金融工具分類

(f) 公平值

綜合財務狀況報表所反映的本集團的金融資產及金融負債的賬面值與其各自的公平值相若。

7. 收入

本集團收入指用於汽車內飾件和基建的無紡布產品的貿易。

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

8. Other Income

8. 其他收入

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Interest income	利息收入	25	9
Gain on disposals of property, plant and equipment	出售物業、廠房及設備之收益	-	27
Government grants (Note)	政府補助金(附註)	3,943	-
Technical support income	技術支援收入	3,000	-
Others	其他	212	39
		7,180	75

Note: Government grants mainly represent reward of RMB3,000,000 from New District Administrative Committee of Wuxi Municipal Peoples' Government for successful listing of the Company and compensation of RMB900,000 for the purpose of land restoration in previous year. They were determined at the sole discretion of the relevant PRC government authorities.

附註：政府補助金乃指無錫市人民政府新區管理委員會因本公司的成功上市所授予之獎勵金人民幣3,000,000元，以及於過往年度因土地復墾所得補償人民幣900,000元。此等補助金均由相關中國政府機構全權酌情決定。

9. Segment Information

The directors consider that the Group operates in a single operating segment as the revenue and profit are derived from the sales of nonwoven fabric products used in automotive interior decoration parts and infrastructure to the customers in the PRC. In addition, all the Group's non-current assets are principally located in the PRC. Accordingly, no segmental analysis is presented.

Revenue from major customers:

Revenue from major customers, each of them amounted to 10% or more of the Group's revenue, are set out below:

9. 分部資料

由於收入和溢利全部來自向中國客戶銷售用於汽車內飾件和基建的無紡布產品，因此，董事認為本集團僅經營單一經營分部。此外，本集團所有的非流動資產均位於中國。故並無呈報分部分析。

主要客戶的收入：

主要客戶的收入(各佔本集團收入的10%或以上)載列如下：

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Customer A	客戶A	21,021	15,449
Customer B	客戶B	19,914	9,400
Customer C	客戶C	13,281	17,325

Notes to the Financial Statements (Continued)

財務報表附註(續)

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

10. Finance Costs

10. 融資成本

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Interest expenses on Group's borrowings	本集團借款的利息費用		
– Short-term bank loans	– 銀行短期貸款	1,227	1,039
– Borrowings from related parties wholly repayable within five years	– 來自關聯方須於五年內悉數清還的借款	–	689
– Borrowings from unrelated parties wholly repayable within five years	– 來自非關連方須於五年內悉數清還的借款	8	72
		1,235	1,800
Finance leases charges	融資租賃費用	43	8
Net foreign exchange loss	外匯虧損淨額	421	1
		1,699	1,809

11. Income Tax Expense

11. 所得稅開支

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Current tax	即期稅項		
Provision for PRC enterprise income tax (“EIT”)	中國企業所得稅 (「中國企業所得稅」)撥備	3,581	2,120
Withholding tax for dividend from a subsidiary	有關一間附屬公司的股息預扣稅	770	–
Deferred tax	遞延稅項		
Origination and reversal of temporary difference	產生及撥回的暫時性差異	(368)	(44)
		3,983	2,076

Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and BVI.

根據開曼群島及英屬維爾京群島法規，本集團於開曼群島及英屬維爾京群島毋須繳納任何所得稅。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

11. Income Tax Expense (Continued)

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit in Hong Kong during the year (2009: nil).

PRC EIT is calculated at the applicable rates based on estimated taxable income earned by the PRC subsidiary of the Group with certain tax preference, based on existing legislation, interpretation and practice in respect thereof.

Pursuant to the enterprise income tax rules and regulations of the PRC, the applicable PRC EIT rate of the Group's PRC subsidiary is 25%.

Joystar (Wuxi) Automotive Interior Decoration Co., Ltd. ("Joystar Wuxi"), being a foreign investment enterprise engaged in manufacturing activities in an advanced and new technology district, is entitled to an exemption from EIT for two years starting from its first profit-making year, followed by a 50% tax relief for the following three years. Joystar Wuxi was entitled to and enjoyed the first exemption year in 2006 and a 50% tax relief for the three years ended 31 December 2010. Therefore, the applicable income tax rate of Joystar Wuxi for the years ended 31 December 2010 and 2009 is 12.5%.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislations, interpretations and practices in respect thereof.

11. 所得稅開支(續)

由於本集團於本年度內在香港並無產生任何應課稅溢利，故並無就香港利得稅作出撥備(二零零九年：無)。

中國企業所得稅根據現行法例、詮釋及其相關慣例，按享有若干稅項優惠的本集團的中國附屬公司所賺取估計應課稅收入，以適用稅率計算。

根據中國企業所得稅的規例及法規，本集團的中國附屬公司的適用中國企業所得稅率為25%。

怡星(無錫)汽車內飾件有限公司(「怡星無錫」)，為一家於高新技術區從事製造活動的外商投資企業，自其首個獲利年度起計兩年獲豁免繳納企業所得稅，隨後三年獲50%之稅項減免。怡星無錫於二零零六年有權並享有首個豁免年度，並於截至二零一零年十二月三十一日止三個年度享有50%稅項減免。因此，怡星無錫於截至二零一零年及二零零九年十二月三十一日止年度之適用所得稅率為12.5%。

其他地區的應課稅溢利稅項開支乃根據該等國家的現行法例、詮釋及其相關慣例，按本集團經營所在國家的現行稅率計算。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

11. Income Tax Expense (Continued)

The reconciliation between the income tax expense and the product of profit before tax multiplied by the PRC enterprise income tax rate is as follows:

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Profit before tax	除稅前溢利	18,480	14,160
Tax at the PRC enterprise income tax rate of 25% (2009: 25%)	按中國企業所得稅稅率25%計算的稅項(二零零九年: 25%)	4,620	3,540
Tax effect of expenses that are not deductible	不可扣減開支的稅務影響	1,507	322
Tax effect of income that are not taxable	不須課稅收入的稅務影響	18	-
PRC dividend withholding tax	中國股息預扣稅	531	56
Tax effect of tax preferential period	稅項優惠期的稅務影響	(3,553)	(2,042)
Effect of different tax rates of subsidiaries	附屬公司不同稅率的影響	860	200
Income tax expense	所得稅開支	3,983	2,076

Under the New Tax Law, from 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business in the PRC but whose relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 10% (unless reduced by treaty) on various types of passive income such as dividends derived from sources within the PRC.

According to the notice Caishui 2008 No. 1 released by the Ministry of Finance and the State Administration of Taxation, distributions of the pre-2008 retained profits of a foreign-invested enterprise to a foreign investor in 2008 or after are exempt from corporate income tax. Accordingly, the retained profits as at 31 December 2007 in the Group's PRC Subsidiaries will not be subject to 10% withholding tax on future distributions.

11. 所得稅開支(續)

所得稅開支與除稅前溢利乘以中國企業所得稅稅率計算所得的對賬如下：

根據新稅法，自二零零八年一月一日起，於中國境內未設立機構或營業地點，或儘管於中國境內設立機構或營業地點但其相關收入與其於中國境內所設機構或營業地點無實際聯繫之非居民企業，將須就各種被動收入(如源於中國境內之股息)按10%稅率(除非按稅收協定減免)繳納預扣稅。

根據財政部及國家稅務局發佈之財稅2008第1號通知，外商投資企業在二零零八年或之後向外國投資者分派二零零八年前之保留溢利，均可獲豁免繳納企業所得稅。因此，於將來作分派時，本集團中國附屬公司於二零零七年十二月三十一日之保留溢利將毋須繳納10%的預扣稅。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

11. Income Tax Expense (Continued)

The Group is liable to withholding tax on dividends distributed from the Group's PRC subsidiary in respect of its profits generated on or after 1 January 2008. As at 31 December 2010, temporary differences relating to the undistributed profits of the Group's PRC subsidiary amounted to RMB3,442,000 (2009: RMB996,000). Deferred tax liabilities have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these foreign-invested enterprises and it has been determined that it is probable that profits will not be distributed by these foreign-invested enterprises in the foreseeable future.

12. Profit for the Year

The Group's profit for the year is stated after charging/(crediting) the following:

11. 所得稅開支(續)

對於本集團的中國附屬公司就其於二零零八年一月一日或之後產生之溢利而分派之股息，本集團有責任繳納預扣稅。於二零一零年十二月三十一日，有關本集團的中國附屬公司之未分派溢利之暫時差額為人民幣3,442,000元(二零零九年：人民幣996,000元)。由於本公司控制該等外商投資企業之股息政策，並已決定於可預見未來該等外商投資企業可能不會分派該等溢利，故並無就分派此等保留溢利時可能應付之稅項確認遞延稅項負債。

12. 年度溢利

本集團於本年度的溢利已扣除/(計入)下列各項：

		2010	2009
		二零一零年	二零零九年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Depreciation of property, plant and equipment (a)	物業、廠房及設備折舊(a)	3,153	2,570
Directors' emoluments	董事薪酬		
– As directors	– 董事	623	–
– For management	– 高級管理層	318	179
		941	179
Listing expenses	上市開支	6,723	2,290
Less: Government grant (e)	減：政府補助金(e)	(6,400)	–
		323	2,290
Loss on disposals of property, plant and equipment	出售物業、廠房及設備之虧損	315	–
Inventories written off	存貨撇銷	175	328
Operating lease charges in respect of rented premises (b)	有關租賃建築物的經營租賃費用(b)	421	322
Research and development expenditure (c)	研究及開發支出(c)	8,256	580
Auditor's remuneration	核數師薪酬	527	26
Cost of inventories sold	已售存貨成本	93,731	60,239
Staff costs including directors' emoluments (d)	員工成本(包括董事薪酬)(d)		
Salaries, bonus and allowances	薪金、花紅及津貼	8,686	5,348
Retirement benefits scheme contributions	退休福利計劃供款	1,940	2,105
		10,626	7,453

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

12. Profit for the Year (Continued)

- (a) The amount included in cost of inventories sold for the year amounted to approximately RMB2,385,000 (2009: RMB1,847,000).
- (b) The amount included in cost of inventories sold for the year amounted to approximately RMB276,000 (2009: RMB317,000).
- (c) The amount included in cost of inventories sold for the year amounted to approximately RMB8,191,000 (2009: RMB580,000).
- (d) The amount included in cost of inventories sold for the year amounted to approximately RMB5,882,000 (2009: RMB4,698,000).
- (e) Government grant represents reward from Wuxi New District Jiangxi Subdistrict Office for successful listing of the Company.

12. 年度溢利(續)

- (a) 年內入賬為已售存貨成本的金額約為人民幣2,385,000元(二零零九年: 人民幣1,847,000元)。
- (b) 年內入賬為已售存貨成本的金額約為人民幣276,000元(二零零九年: 人民幣317,000元)。
- (c) 年內入賬為已售存貨成本的金額約為人民幣8,191,000元(二零零九年: 人民幣580,000元)。
- (d) 年內入賬為已售存貨成本的金額約為人民幣5,882,000元(二零零九年: 人民幣4,698,000元)。
- (e) 政府補助金乃指來自無錫市新區江溪街道辦事處因本公司成功上市而授予之獎勵金。

13. Directors' and Employees' Emoluments

The emoluments of each director were as follows:

13. 董事及僱員薪酬

各董事之薪酬如下:

Name of director	Director's name	Retirement benefit scheme			Total
		Fees	Salaries and allowances	contributions	
		袍金	薪金及補貼	退休福利計劃供款	合計
		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
Executive directors	執行董事				
Zhuang Yuejin	莊躍進	191	120	37	348
Pak Ping	白平	77	-	2	79
Wong Hsiao Hung	黃小紅	179	-	2	181
Chen Xianping	陳顯平	77	120	37	234
Ruan Bixia	阮碧霞	51	-	-	51
Independent non-executive directors	獨立非執行董事				
Law Tze Lun	羅子璘	22	-	-	22
Tang Yanfei	湯炎非	13	-	-	13
Feng Xueben	馮學本	13	-	-	13
Total for 2010	二零一零年合計	623	240	78	941

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

13. Directors' and Employees' Emoluments

(Continued)

13. 董事及僱員薪酬(續)

		Fees	Salaries and allowances	Retirement benefit scheme contributions	Total
		袍金	薪金及補貼	退休福利計劃供款	合計
		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
Name of director	董事姓名				
<i>Executive directors</i>	<i>執行董事</i>				
Zhuang Yuejin	莊躍進	—	72	24	96
Pak Ping	白平	—	—	—	—
Wong Hsiao Hung	黃小紅	—	—	—	—
Chen Xianping	陳顯平	—	60	23	83
Ruan Bixia	阮碧霞	—	—	—	—
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>				
Law Tze Lun	羅子璘	—	—	—	—
Tang Yanfei	湯炎非	—	—	—	—
Feng Xueben	馮學本	—	—	—	—
Total for 2009	二零零九年合計	—	132	47	179

From 1 January 2010 to 15 September 2010, Ms. Wong Hsiao Hung, an executive director of the Company, has agreed to waive her emolument of RMB 434,000 (2009: not applicable). Save as disclosed above, there was no arrangement under which a director waived or agreed to waive any emoluments during the year.

自二零一零年一月一日至二零一零年九月十五日，本公司執行董事黃小紅女士已同意豁免其酬金人民幣434,000元(二零零九年：不適用)。除上述披露者外，概無董事於本年度內豁免或同意豁免任何酬金之安排。

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

13. Directors' and Employees' Emoluments

(Continued)

The five highest paid individuals in the Group during the year included 3 (2009: 2) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining 2 (2009: 3) individuals are set out below:

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Basic salaries and allowances	基本薪金及津貼	624	159
Retirement benefit scheme contributions	退休福利計劃供款	40	62
		664	221

The emoluments fell within the following band:

酬金介乎以下範圍內：

		Number of individuals 人士數目	
		2010 二零一零年	2009 二零零九年
Nil to RMB1,000,000	零至人民幣1,000,000元	2	3

During the year, no emoluments were paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

於本年度內，本集團概無向任何董事或最高薪酬人士支付酬金，作為促使加入本集團的獎勵或加入本集團後的獎勵，或作為離職補償。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

14. Retirement Benefit Schemes

The Group operates a mandatory provident fund scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all qualifying employees in Hong Kong. The Group's contributions to the MPF Scheme are calculated at 5% of the salaries and wages subject to a monthly maximum amount of contribution of HK\$1,000 per employee and vest fully with employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary established in the PRC are members of a central pension scheme operated by the local municipal government. This subsidiary is required to contribute certain percentage of the employees' basic salaries and wages to the central pension scheme to fund the retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of this subsidiary. The only obligation of this subsidiary with respect to the central pension scheme is to meet the required contributions under the scheme.

15. Profit for the Year Attributable to Owners of the Company

The profit for the year attributable to owners of the Company included a loss of approximately RMB8,715,000 (2009: nil) which has been dealt with in the financial statements of the Company.

16. Dividends

No dividends have been declared or paid by the Company during the year (2009: Nil).

17. Earnings Per Share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately RMB14,497,000 (2009: RMB12,084,000) and the weighted average number of ordinary shares of 162,876,712 (2009: 150,000,000) in issue during the year, as adjusted to reflect the share issue on the Listing Date during the year.

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2010.

14. 退休福利計劃

本集團根據香港強制性公積金計劃條例為香港所有合格僱員設立強制性公積金計劃(「強積金計劃」)。本集團於強積金計劃之供款乃根據薪金及工資的5%計算，每位僱員每月最高供款金額為1,000港元，作出供款後，供款即盡歸僱員所有。

本集團於中國成立的附屬公司的僱員為地方市政府管理的中央養老金計劃成員。該附屬公司須按僱員基本薪金及工資的若干百分比向中央養老金計劃供款作為退休福利基金。地方市政府承諾將承擔該附屬公司所有現有及未來退休僱員的退休福利責任。該附屬公司就中央養老金計劃的唯一責任是根據計劃作出所需供款。

15. 本公司擁有人應佔年度溢利

本年度內本公司擁有人應佔溢利包括已於本公司財務報表處理的虧損約人民幣8,715,000元(二零零九年：無)。

16. 股息

本公司於本年度內概無宣派或支付任何股息(二零零九年：無)。

17. 每股盈利

計算本公司擁有人應佔每股基本盈利的基準乃根據本公司擁有人應佔年度溢利約人民幣14,497,000元(二零零九年：人民幣12,084,000元)及本年度已發行的普通股之加權平均數為162,876,712股(二零零九年：150,000,000股)，並經調整以反映於本年度於上市日發行的股份。

由於本公司於截至二零一零年十二月三十一日止兩個年度期間並無任何潛在攤薄普通股，故並無呈列每股攤薄盈利。

Notes to the Financial Statements (Continued)
財務報表附註(續)

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

18. Property, Plant and Equipment

18. 物業、廠房及設備

		Group 本集團						
		Buildings	Plant and machinery	Motor vehicles	Furniture, fixtures, equipment	Leasehold improvements	Construction in progress	Total
		樓宇	廠房及機械	汽車	傢俬、裝置及設備	租賃物業裝修	在建工程	合計
		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
Cost	成本							
At 1 January 2009	於二零零九年一月一日	9,640	20,629	778	537	856	-	32,440
Additions	添置	-	6,657	1,078	71	692	-	8,498
Disposals	出售	-	(32)	-	-	-	-	(32)
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	9,640	27,254	1,856	608	1,548	-	40,906
Additions	添置	-	1,523	461	241	270	3,568	6,063
Transfer from construction in progress	在建工程轉入	-	2,218	-	-	-	(2,218)	-
Reclassification	重新分類	-	(66)	-	66	-	-	-
Disposals	出售	-	(1,251)	-	-	-	-	(1,251)
At 31 December 2010	於二零一零年十二月三十一日	9,640	29,678	2,317	915	1,818	1,350	45,718
Accumulated depreciation	累計折舊							
At 1 January 2009	於二零零九年一月一日	1,218	5,374	222	293	631	-	7,738
Charge for the year	年度支出	321	1,805	120	93	231	-	2,570
Disposals	出售	-	(10)	-	-	-	-	(10)
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	1,539	7,169	342	386	862	-	10,298
Charge for the year	年度支出	322	2,320	247	125	139	-	3,153
Reclassification	重新分類	-	(1)	-	1	-	-	-
Disposals	出售	-	(571)	-	-	-	-	(571)
At 31 December 2010	於二零一零年十二月三十一日	1,861	8,917	589	512	1,001	-	12,880
Carrying amount	賬面值							
At 31 December 2010	於二零一零年十二月三十一日	7,779	20,761	1,728	403	817	1,350	32,838
At 31 December 2009	於二零零九年十二月三十一日	8,101	20,085	1,514	222	686	-	30,608

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

18. Property, Plant and Equipment (Continued)

At 31 December 2010 the carrying amount of buildings of the Group pledged as security for the Group's bank loans amounted to approximately RMB7,779,000 (2009: RMB8,101,000).

At 31 December 2010 the carrying amount of motor vehicles held by the Group under finance leases amounted to approximately RMB920,000 (2009: RMB1,055,000).

19. Prepaid Land Lease Payments

		Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
At 1 January	於一月一日	3,209	3,282
Amortisation provided during the year	本年度之攤銷	(73)	(73)
At 31 December	於十二月三十一日	3,136	3,209
Current portion	即期部分	(73)	(73)
Non-current portion	非即期部分	3,063	3,136

The Group's prepaid land lease payments represent payments for land use rights outside Hong Kong under medium term leases.

At 31 December 2010 the carrying amount of prepaid land lease payments pledged as security for the Group's bank loans amounted to approximately RMB3,136,000 (2009: RMB3,209,000).

20. Loan Receivables

The loan receivables represent advances to individuals who are independent third parties. The amounts due are unsecured, interest-free and repayable in 2 to 5 years (2009: 2 to 5 years).

The loan receivables are neither past due nor impaired as at 31 December 2010 and 2009.

18. 物業、廠房及設備(續)

於二零一零年十二月三十一日，本集團抵押賬面值約為人民幣7,779,000元(二零零九年:人民幣8,101,000元)的樓宇作為其銀行貸款的擔保。

於二零一零年十二月三十一日，本集團於融資租賃項下所持汽車的賬面值約為人民幣920,000元(二零零九年:人民幣1,055,000元)。

19. 預付土地租賃款項

本集團的預付土地租賃款項指有關屬中期租約在香港以外地區的土地使用權支付款項。

於二零一零年十二月三十一日，本集團抵押賬面值約為人民幣3,136,000元(二零零九年:人民幣3,209,000元)的預付土地租賃款項作為其銀行貸款的擔保。

20. 應收貸款

應收貸款指向身為獨立第三方的個別人士作出的墊款。有關款項乃為無抵押、免息及須予2至5年內(二零零九年:2至5年)償還。

於二零一零年及二零零九年十二月三十一日，應收貸款概無逾期或減值。

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

21. Investments in Subsidiaries

21. 於附屬公司的投資

		Company 本公司	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Non-current assets	非流動資產		
Unlisted investments, at cost	非上市投資，按成本	<u>17,553</u>	<u>1</u>
Current assets	流動資產		
Due from subsidiaries	應收附屬公司款項	<u>32,605</u>	<u>—</u>
Current liabilities	流動負債		
Due to subsidiaries	應付附屬公司款項	<u>6,275</u>	<u>—</u>

The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

應收／付附屬公司款項乃為無抵押、免息及無固定償還期。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

21. Investments in Subsidiaries (Continued)

Particulars of the subsidiaries as at 31 December 2010 are as follows:

21. 於附屬公司的投資(續)

於二零一零年十二月三十一日，有關附屬公司的詳情載列如下：

Name 名稱	Place of incorporation/ registration and operation 註冊成立/登記 及營業地點	Issued and paid up capital 已發行及 繳足股本	Percentage of ownership interest/ voting power/profit sharing 所有權/投票權/ 溢利分攤的百分比				Principal activities 主要業務
			2010 二零一零年		2009 二零零九年		
			Direct 直接	Indirect 間接	Direct 直接	Indirect 間接	
Joystar (BVI) Automotive Interior Decoration Limited	BVI 英屬維爾京群島	US\$1 1美元	100%	–	100%	–	Investment holding 投資控股
Joystar (BVI) Auto Inter-parts Limited	BVI 英屬維爾京群島	US\$1 1美元	100%	–	–	–	Investment holding 投資控股
Joystar International Investment Limited 怡星國際投資有限公司	Hong Kong 香港	1,170,177 of ordinary shares of HK\$1 each 1,170,177股 每股面值1港元 的普通股	–	100%	–	100%	Investment holding 投資控股
Joystar Wuxi 怡星無錫	PRC 中國	Registered capital of US\$7,477,172 註冊資本 7,477,172美元	–	100%	–	100%	Manufacturing and trading of nonwoven fabric products used in automotive interior decoration parts and infrastructure 製造及銷售用於汽車內飾件及基建的無紡布產品
Joystar China Investment Limited 怡星中國投資有限公司	Hong Kong 香港	1 share of HK\$1 each 每股面值1港元 的1股股份	–	100%	–	–	Dormant 暫無營業

Joystar Wuxi is a wholly-owned foreign enterprise established in the PRC.

怡星無錫為一間於中國成立的全外資企業。

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

22. Inventories

		Group 本集團	
		2010 二零一零年	2009 二零零九年
		RMB'000 人民幣千元	RMB'000 人民幣千元
Raw materials	原材料	5,105	2,983
Work in progress	在製品	795	761
Finished goods	製成品	4,037	2,500
		9,937	6,244

23. Trade Receivables

The Group's trading terms with customers are mainly on credit. The credit terms generally ranging from 30 to 120 days (2009: ranging from 30 days to 90 days), depending on the creditworthiness of customers and the existing relationship with the Group. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

		Group 本集團	
		2010 二零一零年	2009 二零零九年
		RMB'000 人民幣千元	RMB'000 人民幣千元
0 to 90 days	0至90日	46,525	31,432
91 to 180 days	91至180日	5,462	3,031
181 to 365 days	181至365日	681	1,022
Over 365 days	超過365日	338	175
		53,006	35,660

As at 31 December 2010, approximately RMB6,401,000 (2009: Nil) of trade receivables were pledged to a bank to secure short-term bank loans as set out in note 29 to the financial statements.

22. 存貨

23. 貿易應收款項

本集團與客戶的貿易條款主要為信貸。根據客戶信貸級別及與本集團的現有關係，信貸期一般介乎30至120日(二零零九年：介乎30至90日)。本集團致力嚴謹監控未付之應收款項。逾期未付之結餘由高級管理層定期審閱。貿易應收款項為免息款項。

根據發票日期，貿易應收款項的賬齡分析(經扣除撥備)如下：

於二零一零年十二月三十一日，貿易應收款項約人民幣6,401,000元(二零零九年：無)已向銀行抵押作為短期銀行貸款(載於財務報表附註29)之擔保。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

23. Trade Receivables (Continued)

As at 31 December 2010, an allowance was made for estimated irrecoverable trade receivables of approximately RMB256,000 (2009: RMB256,000). The impaired trade receivables related to customers that were in financial difficulties and management assessed that the receivables were not recoverable. The Group does not hold any collateral over these balances.

As at 31 December 2010, trade receivables of approximately RMB11,359,000 (2009: RMB5,813,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

		2010	2009
		二零一零年	二零零九年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
0 to 90 days past due	已逾期0至90日	10,295	4,523
91 to 180 days past due	已逾期91日至180日	365	702
181 to 365 days past due	已逾期181至365日	361	553
Over 365 days past due	已逾期超過365日	338	35
		11,359	5,813

The carrying amounts of the Group's trade receivables are denominated in Renminbi.

23. 貿易應收款項(續)

於二零一零年十二月三十一日，已就估計不可收回貿易應收款項約人民幣256,000元(二零零九年：人民幣256,000元)作出撥備。已個別減值的應收款項與處於財政困難的客戶有關，管理層評估該等應收款項乃為不可收回。本集團現時並無就該等結餘持有任何抵押品。

於二零一零年十二月三十一日，貿易應收款項約人民幣11,359,000元(二零零九年：人民幣5,813,000元)已逾期但未減值。該等款項涉及若干近期無拖欠記錄的獨立客戶。該等貿易應收款項的賬齡分析如下：

本集團的貿易應收款項之賬面值乃以人民幣計值。

24. Prepayments, Deposits and Other Receivables

		2010	2009
		二零一零年	二零零九年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Advances to suppliers	向供應商墊款	2,017	189
Refundable trade deposits	可退回的貿易按金	11,000	-
Prepayments	預付款項	410	811
Others	其他	3,391	284
		16,818	1,284

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

24. 預付款項、按金及其他應收款項

上述資產概無逾期或減值。上述結餘載列的金融資產與並無近期拖欠記錄的應收款項有關。

Notes to the Financial Statements (Continued)
財務報表附註(續)

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

25. Due from a Director

Amount due from a director disclosed pursuant to section 161B of the Hong Kong Companies Ordinance is as follow:

Name	Terms of loan	Group 本集團		Maximum amount outstanding during the year
		Balance at 31 December 2010 2010於 二零一零年十二月 三十一日之結餘 RMB'000 人民幣千元	Balance at 1 January 2010 於二零一零年 一月一日之結餘 RMB'000 人民幣千元	
Mr. Chen Xian Ping 陳顯平先生	Unsecured, repayable on demand and interest-free 無抵押，按要求償還及免息	38	-	38

25. 應收一名董事款項

根據香港公司條例第161B條披露的應收一名董事之款項如下：

26. Bank and Cash Balances

As at 31 December 2010, bank and cash balances are denominated in the following currencies:

		Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Renminbi	人民幣	16,097	20,210
Hong Kong dollars	港元	1,465	1,835
United States dollars	美元	60	23
Euro	歐元	1,368	-
		18,990	22,068

26. 銀行及現金結餘

於二零一零年十二月三十一日，銀行及現金結餘按以下貨幣計值：

		Company 本公司	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Hong Kong dollars	港元	450	-
Renminbi	人民幣	2	-
		452	-

As at 31 December 2010, the bank balances of the Group denominated in Renminbi amounted to approximately RMB16,095,000 (2009: RMB1,835,000) were kept in banks in the PRC. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

截止二零一零年十二月三十一日，本集團以人民幣計值並存放於中國境內銀行之銀行結餘約為人民幣16,095,000(二零零九年：人民幣1,835,000)。人民幣兌換成外幣須遵守中國外匯管理條例及結匯、售匯及付款外匯管理規定。

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

27. Trade Payables

The aging analysis of trade payables, based on the invoice dates, is as follows:

		Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
0 to 90 days	0至90日	14,567	13,552
91 to 180 days	91至180日	291	974
181 to 365 days	181至365日	394	–
Over 365 days	超過365日	220	119
		15,472	14,645

Trade payables generally have credit terms ranging from 10 days to 60 days (2009: ranging from 30 days to 90 days).

All trade payables are denominated in Renminbi.

27. 貿易應付款項

根據發票日期，貿易應付款項的賬齡分析如下：

貿易應付款項的一般信貸期介乎10日至60日(二零零九年：介乎30至90日)。

所有貿易應付款項均以人民幣計值。

28. Accruals and Other Payables

		Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Advance from customers	客戶墊款	273	738
Accruals of staff costs	應計員工成本	3,003	2,905
Accruals of operating expenses	應計經營開支	4,760	2,872
VAT payables	應付增值稅	706	1,829
Others	其他	903	2,516
		9,645	10,860

28. 應計費用及其他應付款項

Notes to the Financial Statements (Continued)

財務報表附註(續)

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

28. Accruals and Other Payables (Continued)

28. 應計費用及其他應付款項(續)

		Company 本公司	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Accruals of operating expenses	應計經營開支	507	-

29. Borrowings

29. 借貸

		Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Short-term bank loans, secured	短期銀行借款，有抵押	21,000	19,000
Borrowings from unrelated parties, unsecured	非關連方借款，無抵押	848	100
		21,848	19,100
The borrowings are repayable as follows:	應償還借款如下：		
On demand or within one year	按要求或一年內償還	21,848	19,100

Short-term bank loans are arranged at floating rates and exposed the Group to cash flow interest rate risk.

短期銀行貸款按浮動利率計算且令本集團面臨現金流量利率風險。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

29. Borrowings (Continued)

Borrowings from unrelated parties as at 31 December 2010 are unsecured, interest-free and repayable on demand.

Borrowings from unrelated parties as at 31 December 2009 are arranged at fixed interest rate, thus exposing the Group to fair value interest rate risk.

The carrying amounts of all the Group's borrowings are denominated in Renminbi.

The average effective borrowing rates as at 31 December are as follows:

		2010 二零一零年	2009 二零零九年
Short-term bank loans, secured	短期銀行借款，有抵押	5.11%	5.88%
Borrowings from unrelated parties, unsecured	非關連方借款，無抵押	N/A 不適用	5.16%

Short-term bank loans are secured by charges over the Group's buildings, prepaid land lease payments and trade receivables.

29. 借貸(續)

於二零一零年十二月三十一日，來自非關連方的借款乃無抵押，免息及按要求償還。

於二零零九年十二月三十一日，來自非關連方的借款按固定利率計算，因此令本集團面臨公平值利率風險。

本集團所有借貸的賬面值均以人民幣計值。

於十二月三十一日的平均實際借款利率載列如下：

短期銀行借款由本集團樓宇、預付土地租賃款項及貿易應收款項作抵押。

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

30. Finance Lease Payables

30. 應付融資租賃款項

		Group 本集團			
		Minimum lease payments 最低租賃付款		Present value of minimum lease payments 最低租賃款項現值	
		2010 二零一零年 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	2009 二零零九年 RMB'000 人民幣千元
Within one year	一年內	260	260	234	217
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)	216	476	209	443
		476	736	443	660
Less: Future finance charges	減：未來融資支出	(33)	(76)	N/A 不適用	N/A 不適用
Present value of lease obligations	租賃承擔的現值	443	660	443	660
Less: Amount due for settlement within 12 months (shown under current liabilities)	減：流動負債項下所列須於 12個月內償還的款項			(234)	(217)
Amount due for settlement after 12 months	於12個月後償還的款項			209	443

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. At 31 December 2010, the average effective borrowing rate was 7.6% (2009: 7.6%), with remaining lease term of 1.83 years (2009: 2.83 years). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

All finance lease payables are denominated in Renminbi.

The Group's finance lease payables are secured by the lessor's title to the leased assets and personal guarantee executed by a director and shareholder of the Company, and a director of Joystar Wuxi.

本集團設有政策，以融資租賃的方式租賃若干物業、廠房及設備。於二零一零年十二月三十一日，平均實際借貸利率為7.6%（二零零九年：7.6%），而餘下租賃期限為1.83年（二零零九年：2.83年）。由於利率於訂約日期經已釐定，因此本集團面臨公平值利率風險。所有租賃均屬固定償還形式及並無就或然租金作出安排。

所有應付融資租賃款項均以人民幣計值。

本集團的應付融資租賃款項均以租賃資產的出租人業權及個人擔保（由本公司之董事及股東以及怡星無錫之一名董事簽署）作為抵押。

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

31. Deferred Tax Group

The following are the major deferred tax liabilities and assets recognised by the Group.

31. 遞延稅項

本集團

本集團確認的主要遞延負債及資產的組成及變動如下：

		Pre-operating expenses	Prepayment expenses	Amortisation of prepaid land lease payments	Decelerated tax depreciation	Withholding tax on undistributed profits of PRC subsidiary	Total
		經營前費用	預付費用	攤銷預付土地租賃款項	減速稅項折舊	中國附屬公司之未分配溢利的預扣稅	合計
		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
At 1 January 2009	於二零零九年一月一日	12	19	27	476	(192)	342
Credit/(charge) to profit or loss for the year (note 11)	計入/(扣除)年度損益(附註11)	(12)	(19)	4	127	(56)	44
Exchange differences	匯兌差額	-	-	-	-	1	1
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	-	-	31	603	(247)	387
Credit to profit or loss for the year (note 11)	計入年度損益(附註11)	-	-	4	125	239	368
Exchange differences	匯兌差額	-	-	-	-	8	8
At 31 December 2010	於二零一零年十二月三十一日	-	-	35	728	-	763

The following is the analysis of the deferred tax balances (after offset) for statement of financial position purposes:

以下為財務狀況報表用途之遞延稅項結餘(抵銷後)之分析：

		Group	
		本集團	
		2010	2009
		二零一零年	二零零九年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Deferred tax assets	遞延稅項資產	763	634
Deferred tax liabilities	遞延稅項負債	-	(247)
		763	387

Notes to the Financial Statements (Continued)

財務報表附註(續)

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

32. Share Capital

32.股本

		Note 附註	Number of Shares 股份數目	Amount 金額 HK\$'000 港幣千元	Amount 金額 RMB'000 人民幣千元
Authorised:	法定：				
Ordinary shares of HK\$0.1 each	每股面值0.1港元的普通股				
On incorporation and at 31 December 2009 and at 1 January 2010	於註冊成立時及於二零零九年 十二月三十一日及 於二零一零年一月一日	(a)	3,800,000	380	333
Increase in authorised ordinary shares	增加法定普通股	(c)	9,996,200,000	999,620	863,162
At 31 December 2010	於二零一零年 十二月三十一日		10,000,000,000	1,000,000	863,495
Issued and fully paid:	已發行及繳足：				
Ordinary shares of HK\$0.1 (2009: HK\$0.1) each	每股面值0.1港元 (二零零九年：0.1港元) 的普通股				
On incorporation and at 31 December 2009 and at 1 January 2010	於註冊成立時及於二零零九年 十二月三十一日及 於二零一零年一月一日		1	1	1
Share swap	股份互換	(b)	3,799,999	379	332
Capitalisation issue	資本化發行	(d)	146,200,000	14,620	12,624
Issue of shares by way of placing	透過配售方式發行的股份	(e)	50,000,000	5,000	4,318
At 31 December 2010	於二零一零年 十二月三十一日		200,000,000	20,000	17,275

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

32. Share Capital (Continued)

Notes:

- (a) The Company was incorporated on 9 December 2009 in the Cayman Islands under the Companies Laws as an exempted company with limited liability, with an authorised share capital of HK\$380,000 divided into 3,800,000 shares of HK\$0.1 each. On the same date, one share was allotted and issued nil paid to the shareholder and transferred to Ms. Wong Hsiao Hung.
- (b) On 18 June 2010, pursuant to a share swap agreement entered into among the Company, Joystar (BVI) Automotive Interior Decoration Limited, Joystar International Investment Limited and all of the then shareholders of Joystar International Investment Limited, Joystar (BVI) Automotive Interior Decoration Limited acquired the entire issued share capital of Joystar International Investment Limited from the then shareholders of Joystar International Investment Limited comprising the same persons as the shareholders of the Company immediately prior to the capitalisation issue and the placing of shares, in consideration of (i) Joystar (BVI) Automotive Interior Decoration Limited crediting as paid up the initial one nil paid share of Joystar (BVI) Automotive Interior Decoration Limited; (ii) the Company crediting as fully paid at par the initial one nil paid share allotted in (a); (iii) the Company allotting and issuing 3,799,999 shares to shareholders of Joystar International Investment Limited immediately before such share swap.
- (c) On 13 September 2010, the authorised share capital of the Company was increased from HK\$380,000 to HK\$1,000,000,000 by the creation of an additional 9,996,200,000 shares of HK\$0.10 each.
- (d) On 24 September 2010, conditional upon the crediting of the Company's share premium account as a result of the issue of placing shares pursuant to the placing, the Directors are authorised to capitalise a sum of HK\$14,620,000 standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par a total of 146,200,000 shares for allotment and issue.
- (e) In connection with the placing of shares of the Company, an aggregate of 50,000,000 new ordinary shares with HK\$0.1 each were issued at a price of HK\$0.93 per share for a total cash consideration, before of issuance costs, of HK\$46,500,000.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts. No changes were made in the objectives, policies or processes for managing capital in the years ended 31 December 2010 and 2009.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. The Group receives a report from the share registrars weekly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit from the Listing Date. As at 31 December 2010, 25% of the shares were in public hands.

32. 股本(續)

附註：

- (a) 本公司於二零零九年十二月九日在開曼群島根據公司法註冊成立為獲豁免有限公司，法定股本為380,000港元，分為3,800,000股每股面值0.1港元的股份。同日，一股未繳足股份配發及發行予股東並已轉讓予黃小紅女士。
- (b) 於二零一零年六月十八日，根據本公司、Joystar (BVI) Automotive Interior Decoration Limited、怡星國際投資有限公司及怡星國際投資有限公司當時的全體股東訂立的股份互換協議，Joystar (BVI) Automotive Interior Decoration Limited 自怡星國際投資有限公司當時的股東收購怡星國際投資有限公司全部已發行股本，怡星國際投資有限公司當時的股東與緊接本公司於資本化發行及股份配售前本公司的股東乃相同人士，而有關代價為(i) Joystar (BVI) Automotive Interior Decoration Limited 將 Joystar (BVI) Automotive Interior Decoration Limited 最初的1股未繳足股份入賬列為繳足；(ii) 本公司將(a) 當中配發的最初1股未繳足股份入賬列為繳足；(iii) 緊隨該股份互換前，本公司向怡星國際投資有限公司的股東配發及發行3,799,999股股份。
- (c) 於二零一零年九月十三日，本公司的法定股本透過新增9,996,200,000股每股面值為0.10港元的股份由380,000港元增至1,000,000,000港元。
- (d) 於二零一零年九月二十四日，根據配售發行配售股份而有待計入本公司股份溢價賬。董事獲授權自本公司股份溢價賬中資本化合共14,620,000港元，此乃透過動用上述金額以賬面值配發及發行合共146,200,000股股份。
- (e) 就本公司股份配售而言，合共50,000,000股每股面值為0.1港元的新普通股股份以每股0.93港元發行，總現金代價為46,500,000港元(未扣除發行成本)。

本集團管理資本的目標是保護本集團持續經營能力及透過優化債務和股本平衡使股東回報最大化。

本集團經常透過考慮資本成本及與每類資本有關之風險以檢討股本架構。本集團將透過支付股息、發行新股、回購股份以及發行新債務、贖回現有債務或出售資產以減少債務，從而平衡其整體股本架構。於截至二零一零年及二零零九年十二月三十一日止概無對目標、政策或管理資本過程作出任何修改。

本集團維持其在聯交所上市地位的唯一外部施加資本要求為，本集團須保持至少25%的公眾持股量。本集團每週從股份過戶登記處收取一份有關非公眾人士持有主要股份權益之報告，並證明自上市日以來一直遵守25%限制之規定。於二零一零年十二月三十一日，本集團的公眾持股量為25%。

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

33. Reserves

(a) Group

The amounts of the Group's reserves and movements therein are presented in the consolidated statement of comprehensive income and consolidated statement of changes in equity.

(b) Company

33. 儲備

(a) 本集團

本集團儲備金額及其變動於綜合全面收益表及綜合權益變動表內呈列。

(b) 本公司

		Share premium account	Contributed surplus	Foreign currency translation reserve	Retained profits/ (accumulated losses)	Total
	Note	股份溢價賬 RMB'000 人民幣千元	繳入盈餘 RMB'000 人民幣千元	外幣換算儲備 RMB'000 人民幣千元	保留溢利/ (累計虧損) RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2009, 31 December 2009, and 1 January 2010	於二零零九年一月一日、二零零九年十二月三十一日及二零一零年一月一日	-	-	-	-	-
Reorganisation	重組	-	17,219	-	-	17,219
Issue of shares on placement	配售股份的發行	32(e) 35,835	-	-	-	35,835
Capitalisation issue	資本化發行	32(d) (12,624)	-	-	-	(12,624)
Share issue expenses	股份發行開支	(4,646)	-	-	-	(4,646)
Total comprehensive income for the year	本年度全面收益總額	-	-	(516)	(8,715)	(9,231)
At 31 December 2010	於二零一零年十二月三十一日	18,565	17,219	(516)	(8,715)	26,553

(c) Nature and purpose of reserves

(i) Share premium account

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and after deduction of capitalization issue and issuance costs of Placing of Shares.

(c) 儲備性質及目的

(i) 股份溢價賬

根據開曼群島公司法，本公司股份溢價賬內的資金可供分配予本公司股東，惟緊隨建議派付股息日期後，本公司須仍有能力於日常業務過程中償還到期的債務。

股份溢價指按超過股份每股面值之價格發行股份及於扣除資本化發行及配售股份發行成本後產生的溢價。

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

33. Reserves (Continued)

(c) Nature and purpose of reserves (Continued)

(ii) Merger reserve

The merger reserve of the Group arose as a result of the Group reorganisation implemented in preparation for the listing of the Company's shares in 2010 and represented the difference between the nominal value of the aggregate share capital of the subsidiaries acquired under the reorganisation scheme, over the nominal value of the share capital of the Company issued in exchange therefore.

(iii) Contributed surplus

Contributed surplus of the Company represented the difference between the net assets value of the subsidiary acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the Reorganisation.

(iv) Statutory reserve

The statutory reserve, which is non-distributable, is appropriated from the profit after taxation of the Group's PRC subsidiary under the applicable laws and regulations in the PRC.

(v) Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(c)(iii) to the financial statements.

34. Notes to the Consolidated Statement of Cash Flows

Major non-cash transaction

During the year, due to shareholders of approximately RMB5,261,000 (2009: RMB nil) was settled by issue of new ordinary shares of 170,177 shares of HK\$1 each in a subsidiary to the respective shareholders.

35. Contingent Liabilities

As at 31 December 2010, the Group and the Company did not have any significant contingent liabilities (2009: Nil).

33. 儲備(續)

(c) 儲備性質及目的(續)

(ii) 合併儲備

本集團之合併儲備產生於二零一零年籌備本公司股份上市而所進行的重組。指根據重組計劃收購的附屬公司股本總額的面值與高於本公司據此發行以作交換的股本面值間的差額。

(iii) 繳入盈餘

本公司之繳入盈餘指所收購附屬公司的資產淨值與本公司於此根據重組而發行作為交換的股本面值間的差額。

(iv) 法定儲備

不可分派之法定儲備乃轉撥自本集團之中國附屬公司根據中國適用法律及法規之除稅後溢利。

(v) 外幣換算儲備

外幣換算儲備包括換算海外業務財務報表而產生的所有外匯差額。該儲備乃按財務報表附註4(c)(iii)所載列的會計政策處理。

34. 綜合現金流量表附註

主要非現金交易

於本年度內，應付股東款項約人民幣5,261,000元(二零零九年：無)乃透過於一間附屬公司向相關股東發行170,177股每股面值1港元之新普通股予而清償。

35. 或然負債

於二零一零年十二月三十一日，本集團及本公司並無任何重大或然負債(二零零九年：無)。

For the year ended 31 December 2010
截至二零一零年十二月三十一日止年度

36. Capital Commitments

The Group's capital commitments at the end of the reporting period are as follows:

		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Acquisition of prepaid land lease payments	收購預付土地租賃款項		
Contracted but not provided for	已訂約但未撥備	13,347	13,347
Property, plant and equipment	物業、廠房及設備		
Contracted but not provided for	已訂約但未撥備	700	—
		14,047	13,347

36. 資本承擔

於報告期末，本集團的資本承擔載列如下：

37. Lease Commitments

At 31 December 2010 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		Group 本集團	
		2010 二零一零年 RMB'000 人民幣千元	2009 二零零九年 RMB'000 人民幣千元
Within one year	一年內	781	479
In the second to fifth years inclusive	第二至第五年(包括首尾兩年)	1,620	1,200
After five years	超過五年	709	825
		3,110	2,504

37. 租賃承擔

於二零一零年十二月三十一日，不可撤銷經營租賃項下應付的最少未來租賃款項總額如下：

Operating lease payments represent rentals payable by the Group for its warehouse, factory and office premises. Leases are negotiated for a range from 1 to 7 years (2009: 2 to 8 years) and rentals are fixed over the lease terms and do not include contingent rentals.

經營租賃承擔指本集團就倉庫、工廠及辦公室物業應付的租金。租期議定為介乎一至七年(二零零九年：二至八年)，而租金按租賃條款釐定，惟不包括或然租金。

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

38. Related Party Transactions

- (a) In addition to those related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following transactions with its related parties during the Year:

38. 關連方交易

- (a) 除財務報表內其他地方披露的該等關連方交易及結餘外，本集團於本年度與其關連方訂有以下交易：

		2010	2009
		二零一零年	二零零九年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Sales of goods to a related company in which a director and shareholder of the Company has controlling interest	銷售貨物予一間本公司董事及股東擁有控股權的關連公司	-	392
Purchases of goods from related companies in which a director and shareholder of the Company has controlling interest	自本公司董事及股東擁有控股權的關連公司採購貨物	-	521
Interest expenses on loans from shareholders	股東貸款利息開支	-	689
Purchase of plant and machinery from related companies in which a director and shareholder of the Company has controlling interest	自本公司董事及股東擁有控股權的關連公司購買廠房及機器	-	3,339
Sales of plant and machinery to related companies in which a director and shareholder of the Company has controlling interest	向本公司董事及股東擁有控股權的關連公司銷售廠房及機器	375	-
Corporate guarantee provided by a related company in which a director and shareholder of the Company has controlling interest for short-term bank loan	由一間本公司董事及股東擁有控股權的關連公司就短期銀行貸款所提供的公司擔保	-	5,000
Personal guarantees provided by a director and shareholder of the Company and a director of Joystar Wuxi for finance lease payables	由本公司一名董事及股東及怡星無錫之一名董事就應付融資租賃款項提供的個人擔保	443	660
Salary received by a shareholder	一名股東已收薪金	96	-
Waiver of interest expenses on amount due to a shareholder	豁免應付一名股東款項的利息開支	131	-

For the year ended 31 December 2010

截至二零一零年十二月三十一日止年度

38. Related Party Transactions (Continued)

(a) (Continued)

In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and the terms are mutually negotiated between the Group and the respective related parties.

(b) Amounts due to related companies, shareholders, and a director were denominated in Renminbi, unsecured, interest-free and repaid during the year.

39. Events after the Reporting Period

No significant events after reporting period of the Group are required to be disclosed in the financial statements.

40. Approval of Financial Statements

The financial statements were approved and authorised for issue by the Board of Directors on 18 March 2011.

38. 關連方交易(續)

(a) (續)

本公司董事認為，有關關連方交易於日常業務過程中進行，條款經本集團與各關連方相互協商而定。

(b) 應付關連公司、股東及一名董事之款項乃以人民幣計值、無抵押、免息及已於本年度內償還。

39. 報告期後事項

本集團於報告期後並無須於財務報表披露的重大事項。

40. 批准財務報表

財務報表已於二零一一年三月十八日獲董事會批准及授權刊發。

Summary of Financial Information

財務資料概要

The following is a summary of the published results and of the assets and liabilities of the Group prepared on the bases set out in the note below:

以下為本集團按下列附註所載基準編製之已刊發業績與資產及負債概要：

		Year ended 31 December 截至十二月三十一日止年度		
		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
Revenue	收入	66,852	87,363	123,090
Gross profit	毛利	15,632	27,058	29,316
Profit before tax	除稅前溢利	5,414	14,160	18,480
Profit for the year attributable to owners of the Company	本公司擁有人應佔年度溢利	4,352	12,084	14,497
Basic earnings per share (RMB cents)	每股基本盈利 (人民幣分)	2.9	8.1	8.9

		As at 31 December 於十二月三十一日		
		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
Non-current assets	非流動資產	28,555	34,558	36,782
Current assets	流動資產	51,311	65,329	98,862
Current liabilities	流動負債	60,723	68,155	49,085
Net assets	淨資產	18,951	31,042	86,350



Website 網址: <http://www.joystar.com.hk>