



SHENZHOU INTERNATIONAL
GROUP HOLDINGS LIMITED
申洲國際集團控股有限公司*

STOCK CODE 股份編號：2313



07

Annual Report 年報

SHENZHOU INTERNATIONAL



*For identification only 僅供識別



申洲針織有限公司

申洲針織

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公司簡介

Corporate Profile

申洲國際集團控股有限公司(「申洲國際」)及其附屬公司(「本集團」)為中國最具規模的縱向一體化針織製造商，主要以代工(OEM)方式為客戶製造質量上乘的針織品。根據二零零六年及二零零七年中國服裝行業發展報告和二零零六年及二零零七年中國紡織品服裝對外貿易報告，申洲國際是中國最大的針織服裝出口企業，也是日本在中國最大的服裝供應商。

本集團的生產基地位於寧波市經濟技術開發區，並策略性地在柬埔寨設有一個製衣工廠，在上海、香港及大阪均設有銷售辦事處或代表處。現時本集團員工逾35,200人，廠房面積逾900,000平方米，生產各類針織服裝逾11,000萬件。

申洲國際主要生產針織休閒服裝，近年來大力發展運動類服裝，主要客戶包括NIKE、ADIDAS及PUMA等國際知名運動品牌客戶。產品市場從日本市場逐步拓展至亞太區及歐美市場。

為實現針織服裝代工全球最具競爭力企業目標，申洲國際已於二零零五年十一月成功在香港聯合交易所有限公司主板上市。本公司股份代號為2313。

Shenzhou International Group Holdings Limited (“Shenzhou International”) and its subsidiaries (the “Group”) represent the largest vertically integrated knitwear manufacturer in China. The Group is principally engaged in the manufacturer of high-end knitwear on an OEM basis. The Group was also the largest exporter of knitwear and the largest PRC garment supplier to Japan according to the 2006 and 2007 report on the development of China’s garment industry and the 2006 and 2007 annual report on China’s international trade in textiles and clothing.

With the production base located in Economic Technical Development Zone of Ningbo and a garment factory strategically set up in Cambodia, the Group also established sales offices or branch offices in Shanghai, Hong Kong and Osaka. Currently, the Group had over 35,200 employees and the area of the factories spans across 900,000 sq.m., which can produce various knitwear of over 110 million pieces.

With the focus on producing causal wear, Shenzhou International also extended to sports wear in recent years, with the major international renowned sports wear clients including NIKE, ADIDAS and PUMA. The market is also extended from Japan to Asia Pacific, Europe and the US market.

Shenzhou International was listed on the Main Board of The Stock Exchange of Hong Kong Limited in November 2005 with an aim to be the most competitive knitwear manufacturer in the world. The stock code of the Company is 2313.

財務撮要

Financial Highlights

過往五年主要財務資料

Key Financial Information for the Last Five Years

		截至十二月三十一日止年度／於十二月三十一日				
		For the year ended 31 December/As at 31 December				
		二零零七年	二零零六年	二零零五年	二零零四年	二零零三年
		2007	2006	2005	2004	2003
主要財務資料	Key Financial Information					
(人民幣千元)	(RMB'000)					
銷售額	Sales	3,655,613	2,979,530	2,482,984	2,116,907	1,887,848
除所得稅前利潤	Profit before income tax	401,736	409,247	355,774	620,445 ⁽¹⁾	304,008
年度利潤	Profit for the year	408,088	390,246	353,345	586,895 ⁽¹⁾	283,507
本公司股權持有人 應佔利潤	Profit attributable to equity holders of the Company	406,882	389,031	351,487	587,539 ⁽¹⁾	244,728
非流動資產	Non-current assets	2,203,185	1,821,114	1,330,951	1,136,914	921,897
流動資產	Current assets	1,700,735	972,592	1,209,590	1,434,489	980,404
流動負債	Current liabilities	1,331,079	719,390	826,367	1,187,381	979,214
流動資產淨值	Net current assets	369,656	253,202	383,223	247,108	1,190
總資產	Total assets	3,903,920	2,793,706	2,540,541	2,571,403	1,902,301
總資產減流動負債	Total assets less current liabilities	2,572,841	2,074,316	1,714,174	1,384,022	923,087
總權益	Total equity	2,480,632	2,074,316	1,714,174	1,303,328	922,579
現金及現金等價物	Cash and cash equivalents	233,384	273,994	559,801	238,428	160,276
主要財務比率	Key Financial ratios					
毛利率(%)	Gross profit margin (%)	22.3	21.4	23.1	22.2	22.8
淨利潤率(%)	Net profit margin (%)	11.1	13.1	14.2	27.8 ⁽²⁾	13.0
資本負債比率(%) ⁽³⁾	Net gearing ratio (%) ⁽³⁾	22.8	2.1	(0.1)	46.7	46.0
流動比率	Current ratio	1.3	1.4	1.5	1.2	1.0
應收賬款之週轉期(日)	Accounts receivable turnover period (days)	26	24	21	16	16
存貨之週轉期(日)	Inventory turnover period (days)	72	62	62	57	48

財務撮要

Financial Highlights

附註：

1. 截至二零零四年十二月三十一日止年度的利潤中包括一項非經常性項目－出售若干土地使用權及樓宇所得收益人民幣303,769,000元。扣除該非經常性收益，該年度的除所得稅前利潤調整為人民幣316,676,000元，並計入該調整的稅務影響人民幣25,061,000元，該年度利潤及本公司股權持有人應佔利潤分別調整為人民幣308,187,000元及人民幣308,831,000元。
2. 截至二零零四年十二月三十一日止年度，扣除出售若干土地使用權及樓宇所得非經常收益後，該年度的淨利潤率將調整為14.6%。
3. 資本負債比率之計算為總借貸扣除現金及現金等價物與總權益之比率。

Notes:

1. Profit for the year ended 31 December 2004 included a non-recurring item of RMB303,769,000, representing gain arising from the disposal of certain land use rights and buildings. Excluding this non-recurring gain, profit before income tax was adjusted to RMB316,676,000, and taking into account the tax effect of RMB25,061,000 arising from such adjustment, profit for the year and profit attributable to equity holders of the Company were adjusted to RMB308,187,000 and RMB308,831,000, respectively.
2. Net profit margin for the year ended 31 December 2004 excluding the non-recurring gain arising from the disposal of certain land use rights and buildings was adjusted to 14.6%.
3. Net gearing ratio represents the ratio between total borrowings (less cash and cash equivalents) and total equity.

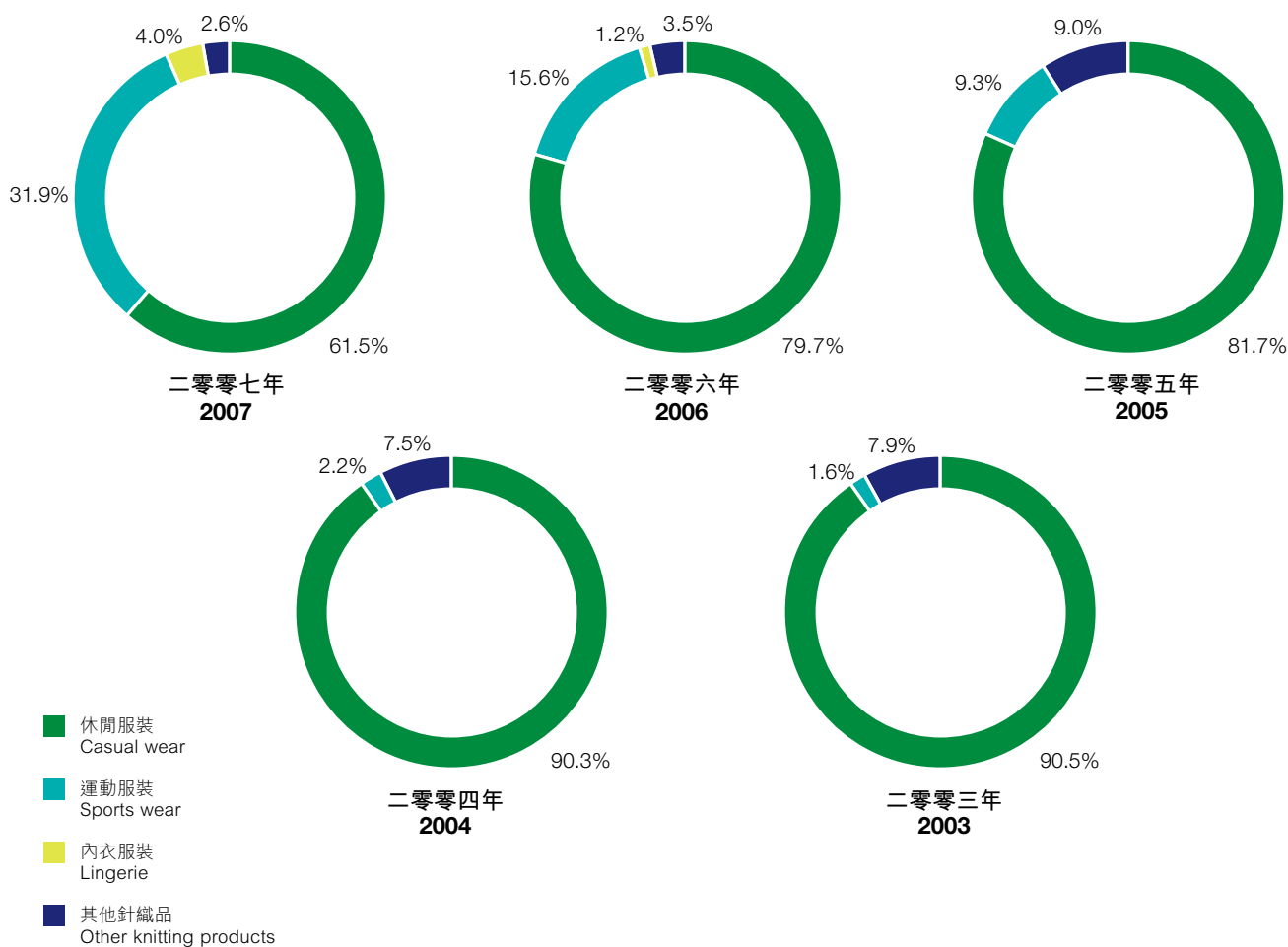
財務撮要

Financial Highlights

按產品類別分析的銷售額

Sales by Products

		截至十二月三十一日止年度									
		For the year ended 31 December									
		二零零七年		二零零六年		二零零五年		二零零四年		二零零三年	
		2007		2006		2005		2004		2003	
		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	%
		RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
按產品	By products										
休閒服裝	Casual wear	2,248,981	61.5	2,374,491	79.7	2,028,015	81.7	1,911,170	90.3	1,708,334	90.5
運動服裝	Sports wear	1,165,198	31.9	463,607	15.6	230,478	9.3	45,648	2.2	30,538	1.6
內衣服裝	Lingerie	147,920	4.0	35,577	1.2	-	-	-	-	-	-
其他針織品	Other knitting products	93,514	2.6	105,855	3.5	224,491	9.0	160,089	7.5	148,976	7.9
銷售額總計	Total sales	3,655,613	100.0	2,979,530	100.0	2,482,984	100.0	2,116,907	100.0	1,887,848	100.0



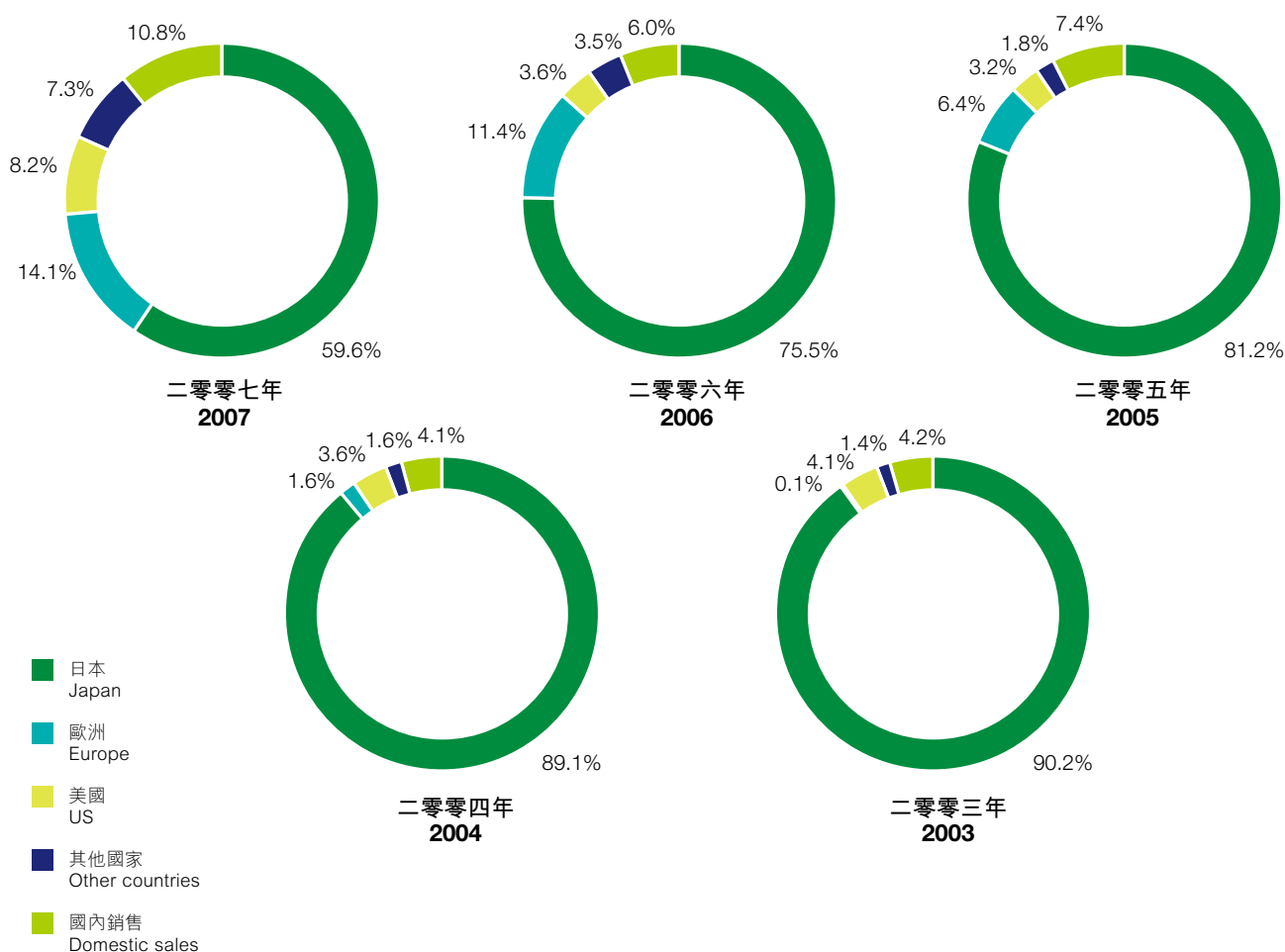
財務撮要

Financial Highlights

按市場分佈分析的銷售額

Sales by Regions

		截至十二月三十一日止年度									
		For the year ended 31 December									
		二零零七年		二零零六年		二零零五年		二零零四年		二零零三年	
		2007		2006		2005		2004		2003	
		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	%
		RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
按市場	By regions										
國際銷售	International sales										
日本	Japan	2,178,725	59.6	2,250,287	75.5	2,017,248	81.2	1,885,709	89.1	1,703,558	90.2
歐洲	Europe	515,602	14.1	339,337	11.4	159,341	6.4	33,123	1.6	547	0.1
美國	US	298,830	8.2	105,627	3.6	79,418	3.2	77,842	3.6	78,147	4.1
其他國家	Other countries	268,112	7.3	105,121	3.5	42,716	1.8	33,969	1.6	25,917	1.4
國內銷售	Domestic sales	394,344	10.8	179,158	6.0	184,261	7.4	86,264	4.1	79,679	4.2
銷售額總計	Total sales	3,655,613	100.0	2,979,530	100.0	2,482,984	100.0	2,116,907	100.0	1,887,848	100.0



公司資料

Corporate Information

註冊名稱

Shenzhou International Group Holdings Limited

Registered Name

Shenzhou International Group Holdings Limited

中文名稱

申洲國際集團控股有限公司

Chinese Name

申洲國際集團控股有限公司

董事會

執行董事

馬建榮先生(主席)

黃關林先生

馬仁和先生

陳忠靜先生

鄭妙輝女士

Board of Directors

Executive Directors

Mr. Ma Jianrong (*Chairman*)

Mr. Huang Guanlin

Mr. Ma Renhe

Mr. Chen Zhongjing

Ms. Zheng Miaohui

獨立非執行董事

錢鋒先生

宗平生先生

戴祥波先生

Independent Non-executive Directors

Mr. Qian Feng

Mr. Zong Pingsheng

Mr. Dai Xiangbo

公司秘書及合資格會計師

余致力先生

Company Secretary and Qualified Accountant

Mr. Yu James

授權代表

鄭妙輝女士

余致力先生

Authorized Representatives

Ms. Zheng Miaohui

Mr. Yu James

董事會主要委員會

審核委員會

戴祥波先生(主席)

錢鋒先生

宗平生先生

Key Board Committees

Audit Committee

Mr. Dai Xiangbo (*Chairman*)

Mr. Qian Feng

Mr. Zong Pingsheng

薪酬委員會

馬仁和先生(主席)

錢鋒先生

戴祥波先生

Remuneration Committee

Mr. Ma Renhe (*Chairman*)

Mr. Qian Feng

Mr. Dai Xiangbo

公司資料

Corporate Information

提名委員會

黃關林先生(主席)
宗平生先生
戴祥波先生

Nomination Committee

Mr. Huang Guanlin (*Chairman*)
Mr. Zong Pingsheng
Mr. Dai Xiangbo

註冊辦事處

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

Registered Office

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

香港營業地點

香港九龍
長裕街8號
億京廣場
27樓2708室

Place of Business in Hong Kong

Unit 2708, 27th Floor
Billion Plaza
No. 8 Cheung Yue Street
Kowloon, Hong Kong

核數師

安永會計師事務所
執業會計師

Auditors

Ernst & Young
Certified Public Accountants

法律顧問

高特兄弟律師事務所與奧睿律師事務所聯營

Legal Adviser

Coudert Brothers in association with Orrick, Herrington & Sutcliffe LLP

股份過戶登記總處

Bank of Bermuda (Cayman) Limited
P.O. Box 513 GT
Strathvale House, North Church Street
George Town, Grand Cayman
Cayman Islands, British West Indies

Principal Share Registrar and Transfer Office

Bank of Bermuda (Cayman) Limited
P.O. Box 513 GT
Strathvale House, North Church Street
George Town, Grand Cayman
Cayman Islands, British West Indies

股份過戶登記處香港分處

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

Hong Kong Branch Share Registrar and Transfer Office

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

公司資料

Corporate Information

主要往來銀行

中國銀行
上海浦東發展銀行
中國工商銀行
中國建設銀行
中國銀行(香港)有限公司

Principal Bankers

Bank of China
Shanghai Pudong Development Bank
Industrial and Commercial Bank of China
China Construction Bank
Bank of China (Hong Kong) Limited

投資者及傳媒關係顧問

iPR奧美公關

Investor and Press Relations Adviser

iPR Ogilvy Limited

公司網址

www.shenzhouintl.com

Company Website

www.shenzhouintl.com

股份編號

2313

Stock Code

2313

主席報告 Chairman's Statement



申洲國際

Shenzhou International

中國最大的縱向一體化針織製造商

**The largest vertically-integrated knitwear
manufacturer in China**



主席報告

Chairman's Statement

致各位股東：

本人欣然向各位宣布申洲國際集團控股有限公司(「本公司」)及其附屬公司(統稱「本集團」或「集團」)二零零七年度業績。二零零七年是集團奠定未來健康發展的重要一年，在全體員工的不懈努力下，本集團正沿著既定的目標前進，在產品組合、客戶結構、市場佈局、生產基地及配套設施上，均有新的成績，本人深感欣慰與鼓舞！在此也同時希望廣大投資者能看到集團已經取得的成績，繼續認同並支持本集團的業務發展策略，相信集團的前景會更美好！

截至二零零七年十二月三十一日止年度，本公司的財務狀況表現良好。全年銷售額約達人民幣3,655,613,000元，較二零零六年上升22.7%；截至二零零七年十二月三十一日止年度的本公司股權持有人應佔利潤較截至二零零六年十二月三十一日止年度之本公司股權持有人應佔利潤人民幣389,031,000元上升4.6%至人民幣406,882,000元，每股盈利達到人民幣0.33元。

鑒於本集團業務表現良好及財務狀況穩健，本公司董事會(「董事會」或「董事」)建議派發末期股息每股0.16港元(相當於約人民幣0.15元)。

Dear shareholders,

I am pleased to announce the annual results of Shenzhou International Group Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") for 2007. The year 2007 was an important year for the Group to prepare for a healthy development in the future, during which we strived for achieving our established objectives on the back of dedicated efforts from our staff. I am gratified and encouraged by the outstanding progress on product mix, customer profile, market distribution, production base and ancillary facilities, and I would like to report our brilliant achievements to our investors. I believe that with their continuous recognitions and support of the Group's business development strategies, we will have a more promising future.

The Company enjoyed solid financial conditions during the year ended 31 December 2007. Sales for the year amounted to approximately RMB3,655,613,000, rose by 22.7% as compared to 2006. For the year ended 31 December 2007, profit attributable to equity holders of the Company increased by 4.6% to RMB406,882,000 from RMB389,031,000 for the year ended 31 December 2006. Earnings per share amounted to RMB0.33.

In view of the positive business performance and sound financial conditions of the Group, the Board of Directors of the Company (the "Board" or the "Directors") has recommended the payment of a final dividend of HK\$0.16 (equivalent to approximately RMB0.15) per share.

主席報告

Chairman's Statement

不可否認，對中國紡織服裝行業而言，二零零七年充滿了艱辛與曲折。年內，人民幣對美元升值幅度達到6.9%，服裝出口退稅率從13%下調到11%，人工成本上升比例約10%，原材料中輔料價格也上漲明顯。本人也看到了一部分小型紡織企業處於難以維持的惡劣狀況，也聽到了許多似乎不利於紡織行業發展的消息。但與此同時，本人也很高興看到了中國紡織行業整體發展狀況表現良好。二零零七年，中國紡織品和服裝出口總值達到1,712億美元，與上年同比增長18.9%，紡織品服裝實現貿易順差1,569億美元，佔全國貿易順差總值的59.8%。認為未來可能會對中國紡織業形成實質競爭的印度，二零零七年對其最大出口國美國的紡織品出口額僅51億美元，增長幅度只有1.5%；而同期中國對美國的紡織品出口額達到249億美元，增長幅度達到13.7%。本人倍感自豪的是，本集團也恰恰在這一年在運動類服裝上有如此出色的表現，讓我本人與集團全體員工有信心實現運動類服裝所佔總營業額比例將很快超過50%。量上的變化只是一方面，質上的變化才是我們一直所追求的，而這也是讓我深感欣慰的地方。因為我們的產品，無論是運動類服裝，還是休閒類服裝，都在向高端化方向發展。本人深信，未來中國大陸東部沿海地區將是全球中、高端服裝的最重要加工基地，並在很長一段時間無可比擬，也無可替代，而本集團無疑將成為其中的佼佼者。

2007 was undoubtedly a challenging year for the Knitwear industry in China as RMB appreciated by 6.9% against USD, the exports tax refund rate for apparels lowered from 13% to 11%, the labour cost rose by approximately 10% and the material cost also increased significantly. I witnessed that some of the small-scale knitting companies were struggling to survive and there were a series of seemingly bad news for the development of the Chinese textile industry. In the meantime, I am glad to discover that the overall development of the textile industry in China remained satisfactory. China's textile and apparel exports for 2007 totaled USD171.2 billion, an increase of 18.9% as compared with the corresponding period of last year, realizing a trade surplus of USD156.9 billion, which represented 59.8% of the total trade surplus of China. The textile exports by India, the potential competitor of China in the textile industry, to its largest export market, the United States, only amounted to USD5.1 billion in 2007 with a growth of 1.5% as compared to the 13.7% growth to USD24.9 billion in the textile exports by China to the US. I am particularly proud of the outstanding results in our sports wear segment during the year, which makes me and all of our staff confident that the sports wear segment will be able to contribute over 50% of the total turnover in the near future. However, we do not only strive to enhance the scale of the operation but also the quality of our products. I am gratified to found that both our sports wear and causal wear segments are moving towards higher end markets. I am confident that the coastal area of Eastern China will develop into a prominent production center for middle to high end apparels around the world, whose status will be irreplaceable for a very long time, and the Group will undoubtedly be one of the leading manufacturers in the region.



主席報告

Chairman's Statement

年內，集團與中國地方政府有關部門簽署了水資源保障補充協議，這是集團在水資源保障上所做出的進一步努力，將有效控制用水成本，更重要的是從戰略上保障了集團水資源供應的安全，解決了本集團長遠發展在水資源保障上的後顧之憂。經過多年的努力，我們可以肯定地說，本集團在基礎設施配套方面，包括水、電、蒸汽、土地，尤其是污水處理，都具有讓競爭對手讚嘆的條件，將從各方面保障公司業務健康、可持續發展。

從建廠開始，我們就一直重視新產品開發，重視面料、成衣的檢測，並每年持續投入大量的人力、財力確保我們在這方面處於行業領先的地位。年內，我很高興地看到，我們在這方面多年的努力得到合理的回報，集團所屬寧波申洲針織有限公司檢測中心經中國合格評定國家認可委員會(CNAS)評審，正式被授予國家實驗室認可證書，從而可以為集團客戶提供更高層面、更深層次的面料及成衣檢測服務，也為集團產品順利進入歐盟及其他將進一步提高服裝產品環保要求的國家與地區創造了有利條件。這也印證了本人一直所強調的，一家公司的競爭力應該是綜合的、全方位的，且是深層次的，否則將會被市場無情地淘汰掉。

比較二零零六年的75.5%比例，年內日本市場所佔營業總額比例下降到59.6%，本人認為，這是一個正常現象，因為集團正面臨產品組合、客戶結構、市場佈局的進一步調整，產能的擴充趕不上訂單的快速增長，產品高端化發展及價格調整的壓力迫使我们做出選擇，雖然這種選擇有時是痛苦的。但本人要強調的是，日本市場仍然是集團未來市場佈局的核心部分，為集團業務的穩定發展起著重要且不可替代的作用，這也是集團現時與未來發展的基本策略。

The Group entered into the Water Supply Guarantee Supplementary Agreement with the relevant Chinese authorities during the year, which guarantees the safe water supply for our long term development as it enables the Group to effectively control the water utilization cost and, more importantly, strategically protect our water supply. After years of effort, we definitely have the most competitive advantages over our peers in ancillary facilities such as the supply of water, power, steam, land and particularly, sewage treatment, which can ensure the healthy and sustainable development of our operation in all aspects.

Since our establishment, the Group has emphasized on product development as well as fabrics and garment testing and continued to devote substantial human capital and financial resources to maintain a leading position in this aspect. During the year, I am pleased to learn that the testing center of Ningbo Shenzhou Knitting Co., Ltd., the Group's subsidiary, was awarded the National Laboratory Certification (國家實驗室認可證書) by the China National Accreditation Services for Conformity Assessment (CNAS), signifying our efforts to build a state-of-the-art laboratory. This enabled the Group to provide more detailed and complicated fabrics and garment testing services to its customers as well as facilitating its penetration into the European Union and other countries and regions that required higher environmental standards on apparel products. Our success confirmed my belief that a company must develop both horizontally and vertically in order to maintain its competitive edges and position in the market.

During the year, sales to Japan reduced to 59.6% to the total turnover as compared to 75.5% in 2006. The decrease, was resulted from the further adjustment in the Group's product mix, customer profile and market distribution, is normal. We were forced to choose as the expansion in capacity were behind the rapid growth in orders, our products were moving towards higher end markets and we experienced pressure in pricing. However, I wish to emphasize that Japan will continue to be our core market segment in the future, which will have an important and irreplaceable influence on the stable growth of the Group. This is and will continue to be the Group's fundamental development plan.

主席報告

Chairman's Statement

年內，董事會與各專業委員會緊密合作，圍繞本集團之整體策略和目標開展工作，所推進的各項工作均富有成效。本公司所有成員致力追求卓越的企業管治及達至公平公正的決策過程，確保維持高透明度，盡力為所有股東及投資者提供開放的溝通渠道。

本人感謝各位董事一年來的辛勤努力，也感謝各級管理人員和全公司員工於年內的盡忠職守，是各位的勤勉工作實現了集團年內既定目標。本人更要感謝各位股東及客戶對本公司的持續信任，沒有你們的支持，就沒有申洲國際更美好的未來。

展望未來，本公司將一如既往，以發展成為全球最具競爭力的針織服裝代工企業為目標，進一步做強做大，全力為客戶創造價值，為股東帶來理想的回報。

董事會主席
馬建榮

中國寧波，二零零八年三月二十二日

During the year, the Board worked closely with the professional committees on the Group's overall strategies and objectives, and we have achieved significant results under our efforts. Every staff of the Company endeavours to pursue a high standard of corporate governance and ensure the fairness and integrity of our decision-making process. We make every effort in promoting high transparency of our governance and providing open communication channels for all of our shareholders and investors.

I would like to thank the Directors for their great efforts during the year, as well as the management and staff for their utmost dedication, for it is their diligent work that contributes to the realization of the established goals of the Group. Last but not least, I would like to express my gratitude to all shareholders and patrons for their continual trust, which is the cornerstone of a brighter future of Shenzhou International.

Looking ahead, the Company will continue to aim at developing into the world's most competitive knitwear OEM, seeking opportunities to strengthen our operations and devoting every effort to create value for customers and sound rewards for shareholders.

Chairman of the Board
Ma Jianrong

Ningbo, China, 22 March 2008

管理層討論及分析 Management Discussion and Analysis



透過產品多元化及開拓優質客戶，並優化生產流程去
提升集團競爭力

**Diversify the products, explore quality clients
and optimize production process to
enhance the Group's competitiveness**



管理層討論及分析

Management Discussion and Analysis

經營環境

二零零七年是歐美對進口中國紡織品全面實施配額制度的第二年。而早在二零零五年九月，中國政府就推行紡織品新配額分配制度頒布若干臨時規則。根據該制度，自二零零五年九月二十二日起，中國的紡織品製造商出口其產品至以下國家或地區：(i)對中國紡織品及服裝出口實施限制措施；或(ii)與中國訂立有關中國製造紡織及服裝產品受影響類別的紡織品或服裝產品。中國商務部將首先向紡織品及服裝出口商，就各受影響市場，為各類有關受影響紡織品及服裝類別各自授出一個配額，配額數目每年予以檢討。二零零七年度紡織品配額分配的原則近似於二零零六年度，但採用有償低價格分配紡織品配額的辦法，所取得的紡織品配額可以進行協議轉讓。

年內，中國與歐盟雙方再次就紡織品貿易達成共識，自二零零八年一月一日起，中國所有對歐盟紡織品出口不再受任何配額或數量限制，但雙方同意將共同採取「雙重許可監督制度」，中方將對T恤衫、套頭衫、褲子、女式襯衫、床單、連衣裙、胸衣、亞麻衫等8類輸歐紡織品實施出口許可，歐方將實行自動進口許可制度。

Operating Environment

The year 2007 is the second year that the European Union ("the EU") and the United States ("the US") fully implemented the quota system for China's textile imports. In September 2005, the Chinese government promulgated certain provisional rules on a new quota allocation system for textiles. Under this system, effective from 22 September 2005, China-based textile manufacturers export to countries or regions that have (i) imposed restrictions on China's textile and apparel exports; or (ii) entered into agreements with China relating to affected categories of China-manufactured textile and apparel products would be granted a quota by the Ministry of Commerce of China in respect of each of the affected market and affected category, and the quota was subject to review on an annual basis. The principle of quota allocation in 2007 was similar to the one in 2006, except the textile quotas are allocated in lower prices and the granted quotas can be transferred by agreement.

During the year, China and the EU again reached a consensus on textile trade. All the textile exports by China to the EU will not be subject to any quota or quantity cap since 1 January 2008. However, both parties agreed to adopt a "Dual Approval and Supervisory System" (雙重許可監督制度), under which China will impose export permits on 8 types of textile products, namely T-shirts, pullovers, trousers, blouses, sheets, dresses, brassieres and linen shirts, sold to the EU while the EU will implement an automatic export permit system.



管理層討論及分析

Management Discussion and Analysis

中國海關統計數據顯示，二零零七年中國紡織品和服裝出口總值為1,712億美元，與上年同比增長18.9%。其中，紡織品出口金額為561億美元，同比增長15.0%；服裝出口金額為1,151億美元，同比增長20.9%。二零零七年，中國對歐盟、美國、日本和香港等4個市場合計出口909.8億美元，合計佔當年紡織品出口總值的53.2%。其中，對歐盟出口282.0億美元，下降1.7%；對美國出口249.3億美元，增長13.7%；對日本出口197.0億美元，增長4.3%；對香港出口181.5億美元，增長1.0%。

根據中國海關總署發布的統計信息，二零零七年中國對外貿易規模高達21,738億美元，比上年淨增4,131億美元，增長23.5%，其中出口12,180億美元，進口9,558億美元，分別增長25.7%和20.8%，實現貿易順差2,622億美元。

According to the statistics from China Customs, China's textile and apparel exports for 2007 totaled USD171.2 billion, an increase of 18.9% as compared with the corresponding period of last year. Among such exports, textiles and apparels exports amounted to USD56.1 billion and USD115.1 billion respectively, grew by 15.0% and 20.9% as compared with the corresponding period of last year. In 2007, China's exports to 4 markets (the EU, the US, Japan and Hong Kong) amounted to USD90.98 billion in aggregated, accounting for 53.2% of the total textile export value, among which exports to the EU amounted to USD28.20 billion with a decrease of 1.7%, exports to the US amounted to USD24.93 billion with a growth of 13.7%, exports to Japan amounted to USD19.70 billion with an increase of 4.3%, and exports to Hong Kong amounted to USD18.15 billion with a growth of 1.0%.

According to the statistics published by the Customs General Administration of China, China's foreign trade for 2007 reached USD2,173.8 billion, representing a net increase of USD413.1 billion or 23.5% as compared with the previous year, in which exports and imports amounted to USD1,218.0 billion and 955.8 billion with a growth of 25.7% and 20.8% respectively, realizing a trade surplus of USD262.2 billion.



管理層討論及分析

Management Discussion and Analysis

貿易順差的持續擴大，使得中國政府將國際收支平衡放在重要位置。二零零七年六月十八日，中國政府發布《關於調低部分商品出口退稅率的通知》，規定自二零零七年七月一日起，調整部分商品的出口退稅政策，其中服裝類產品出口退稅率從13%降至11%。二零零七年七月二十三日，中國政府又發布了《加工貿易限制類商品目錄》，紡織（不包括服裝）、傢具等1,853種加工貿易出口受到限制。同年十二月底，新一批589種商品的加工貿易禁止類目錄公布。可以預見，二零零八年，中國政府將會進一步促進外貿增長方式的轉變，努力改善國際收支不平衡狀況，採取的措施包括嚴格控制高耗能高污染資源性產品出口，支持擁有自主知識產權的產品出口，大力擴大內需等。

於二零零五年七月二十一日，中國人民銀行發布《關於完善人民幣匯率形成機制改革的公告》，決定實行以市場供求為基礎，參考一籃子貨幣進行調節，有管理的浮動匯率制度，人民幣匯率不再盯住單一美元，形成更富彈性的人民幣匯率機制。比較二零零六年十二月三十一日，截止二零零七年十二月三十一日，人民幣升值6.9%，比較匯率改革前1美元兌人民幣8.2765元，人民幣匯率已累計升值約13.3%。縱觀二零零七年來的表現，人民幣升值幅度呈現出加快的態勢。

二零零七年，國際棉花價格因美國棉花種植面積減少，澳洲天氣乾旱，及受供求關係影響等原因而持續走高。中國棉花價格全年則呈現在波動中小幅上漲的走勢。二零零七年，中國棉花產量為672.8萬噸，國內總消費量為1,088.6萬噸，進口293.9萬噸。二零零七年五月下旬開始，由於庫存棉花量偏低等原因推動中國棉花價格持續走高，七月份中國政府拋售30萬噸國家儲備棉花，從而有效緩解了棉花市場季節性資源緊張，穩定了市場心理，棉花價格也趨於穩定。

The continuous increase in trade surplus caused the Chinese government to pay special attention to the balance of payments. On 18 June 2007, the Chinese government adjusted the tax rebates policy for certain exports with effect from 1 July 2007 by issuing “a notice concerning the downward adjustments to the tax rebates for certain exports”, which lowered the tax rebate rate for textile exports from 13% to 11%. On 23 July 2007, the Chinese government issued “the Catalogue of Products under the Restricted Category in Processing Trade” (加工貿易限制類商品目錄), imposing restriction on 1,853 types of processing trade exports such as textile (excluding clothing) and furniture. At the end of December in 2007, a new catalogue with 589 types of restricted products was issued. It is expected that the Chinese government will further accelerate the change in the components of foreign trade in 2008, with an aim to redress the imbalance of the balance of payments. Measures to be taken include tough restrictions on the export of energy-consuming and highly polluted resource products, support to the export of products with autonomous intellectual property and optimal expansion of domestic demand.

On 21 July 2005, the People’s Bank of China issued the “Announcement on Reforms to Improve the Renminbi (“RMB”) Exchange Rate Regime” (關於完善人民幣匯率形成機制改革的公告), announcing its decision to establish a more flexible RMB exchange rate regime by abandoning the RMB peg to US dollars and adopting a managed floating exchange rate for RMB based on market demand and supply with reference to a basket of currencies. As at 31 December 2007, RMB had appreciated by 6.9% as compared to 31 December 2006, while the exchange rate was USD1:RMB8.2765 prior to the reform, with an accumulated appreciation of approximately 13.3%. Looking back to the overall performance of 2007, the appreciation of RMB is accelerating.

In 2007, the international cotton price rose continuously due to reduction in cotton planting area in the US, the dry weather in Australia and the effect of supply and demand. During the year, the cotton price in China fluctuated on a moderately rising trend. In 2007, cotton production in China reached 6.728 million tons and the aggregate consumption was 10.886 million tons with imports amounting to 2.939 million tons. The cotton price in China started to rise since the latter half of May 2007 due to the relatively low cotton inventory. The Chinese government eased the tension of supply shortage by selling 0.3 million tons of national cotton reserve in July, which stabilized the market sentiment and hence the cotton price.

管理層討論及分析

Management Discussion and Analysis

年內，中國政府發布了新的企業所得稅法，自二零零八年一月一日起實施；其後又發布了關於實施企業所得稅過渡優惠政策的通知，規定自二零零八年一月一日起，原享受低稅率優惠政策的企業，在新稅法施行後五年內逐步過渡到法定稅率。其中：享受企業所得稅15%稅率的企業，二零零八年按18%稅率執行，二零零九年按20%稅率執行，二零一零年按22%稅率執行，二零一一年按24%稅率執行，二零一二年按25%稅率執行；原執行24%稅率的企業，二零零八年起按25%稅率執行。同時規定，自二零零八年一月一日起，原享受企業所得稅「兩免三減半」、「五免五減半」等定期減免稅優惠的企業，新稅法施行後繼續按原稅收法律、行政法規及相關文件規定的優惠辦法及年限享受至期滿為止，但因未獲利而尚未享受稅收優惠的，其優惠期限從二零零八年度起計算。

由於中國經濟發展整體趨熱，中國政府加強了宏觀經濟調控力度，貸款利率不斷升高，二零零七年經過六次加息後，目前中國國內一年期的貸款利率已經達到了7.47%，從而導致企業的貸款成本不斷增加。二零零八年，中國糧食價格仍將面臨較大的漲價壓力，短期內豬肉、禽蛋類價格可能仍將高位運行，在這種情況下，中國人民銀行可能會再度使用差別存款準備金率，這意味著二零零八年中國人民銀行的加息舉措將繼續。

二零零七年的美國次貸危機引發了全球金融市場的劇烈震盪，並導致美國近期經濟增長疲軟，通貨膨脹率走高，房地產及相關行業頹勢不減，且不斷向其他行業蔓延。雖然美國政府最近實施了一系列政策組合以應對危機，但在中期內能否扭轉美國經濟頹勢還存在相當的不確定性。顯然，美國可能出現的經濟衰退將影響中國紡織服裝對美國的出口。

During the year, the Chinese government issued a new corporate income tax law with effect from 1 January 2008 and issued another notice on implementation measures on transitional policy of preferential corporate income tax thereafter, stipulating that starting from 1 January 2008, enterprises originally enjoying a preferential tax rate will transit to the statutory tax rate gradually within five years after the implementation of the new tax policy, pursuant to which enterprises enjoying a 15% corporate income tax rate will be subject to a tax rate of 18%, 20%, 22%, 24% and 25% in 2008, 2009, 2010, 2011 and 2012 respectively while enterprises with a existing 24% tax rate will be subject to a tax rate of 25% from 2008. At the same time, since 1 January 2008, enterprises currently enjoying fixed term preferential tax treatment like “full exemption for two years and 50% exemption for three years (兩免三減半)” and “full exemption for five years and 50% exemption for five years (五免五減半)” will continue to hold the preferential treatment in accordance with the original tax law, administrative regulations and related documents after the implementation of the new tax law until the term expires. However, for the enterprises that have not commenced to utilize the preferential tax treatment due to the lack of profit, their preferential term starts from 2008.

In view of the potential overheating of the overall economy in China, the Chinese government tightened its macroeconomic control measures hence the loan interest rate has been rising. After six interest rises in 2007, the one-year loan interest rate of China has already rose to 7.47%, leading to the continuous increase in finance cost of Chinese enterprises. In 2008, the food price in China will still be facing upward pressure and the prices of pork, poultry and egg will remain high in the near future. Under such circumstances, the People's Bank of China may implement the differential deposit reserve rate (差別存款準備金率) again, meaning that the interest rate will still be rising in 2008.

The US Sub-prime crisis in 2007 caused a drastic turbulence to the global financial market, resulting in recent weakness of the US economy, including high inflation rate and sluggish performance of the real estate and related market and this trend is spreading to other industries. Although the US government implemented a series of policy recently to cope with the crisis, there are still certain uncertainties in reversing the poor economic situation of the US. The possible economic recession of the US will definitely affect China's textile exports to the country.

管理層討論及分析

Management Discussion and Analysis

業務回顧

二零零七年，申洲國際在產品組合、客戶結構、市場區域等方面的調整步伐明顯加快，並取得顯著成效。回顧年內業務發展，總結為以下幾個方面：

運動類服裝比例持續大幅提升

二零零七年本集團在確保休閒服穩定發展的基礎上大力提升運動類服裝佔整個營業額的比例。本年內，集團與NIKE、ADIDAS及PUMA等國際知名運動品牌客戶的合作關係更趨緊密，並開始了與時尚運動品牌KAPPA的業務合作關係。NIKE專用工廠與服裝設計中心已正常運行，ADIDAS專用工廠亦已完工並投入使用。比較二零零六年的15.6%比例，截至二零零七年十二月三十一日止年度運動類服裝所佔總銷售額的比例提升至31.9%。

中國大陸市場發展迅速

憑著本集團的綜合競爭實力，並得益於主要運動類服裝客戶對供應商在後配額時代的調整，及中國大陸市場對運動類服裝需求的上升，年內集團中國大陸市場發展迅速，也得益於二零零八年北京奧運會的舉辦而表現出顯著的上升態勢。比較二零零六年的6.0%比例，截至二零零七年十二月三十一日止年度進入中國大陸市場所佔當年總銷售額的比例為10.8%。集團在中國大陸訂單的快速增加，將一定程度緩解人民幣持續升值、出口退稅率下降所帶來的壓力。

生產能力持續配套擴充

回顧年度內，本集團因增購染整設備而使集團染整產能不斷得以擴充。與染整產能擴充相配套，本年度織造、印繡花及製衣等工序也得以擴充，尤以制衣產能擴充表現顯著。年內ADIDAS專用廠區已投入使用，從而有力保障了ADIDAS對本集團持續擴大的訂單的需求。集團也在柬埔寨生產基地配套了印繡花生產工序，進一步滿足客戶需求。

Business Review

In 2007, Shenzhou International significantly accelerated its adjustment in product mix, customer structure and market diversification with satisfactory results. The business development during the year under review is summarized as follows:

Continuous Substantial Growth in the Contribution from Sports Wear

While securing the stable development of the casual wear business, the Group boosted the contribution of sports wear to the Group's turnover in 2007. During the year, the Group worked more closely with internationally renowned sports brands such as NIKE, ADIDAS and PUMA, and started the business cooperation with trendy sports brand, KAPPA. The factory and apparel design centre designated for NIKE has been running smoothly while the factory designated for ADIDAS has been completed and commenced operation. Compared with 15.6% in 2006, sports wear contributed to approximately 31.9% of the total sales for the year ended 31 December 2007.

Rapid Development of the China Market

Leveraging on the Group's integrated competitiveness and benefited from the selection of suppliers by the major sports wear clients during the post-quota era and the increasing demand for sports wear in the Mainland China, the Group grew rapidly in the China market. The 2008 Beijing Olympics also generated an outstanding growth in demand for sports wear. For the year ended 31 December 2007, sales in the Mainland market accounted for 10.8% of the total sales, as compared to 6.0% in 2006. The impact of the constant appreciation of RMB and the decrease in the export tax refund rate will, in a certain extent, be offset by the rapid growth in the Group's orders from domestic clients.

Expansion of Production Capacity and Ancillary Facilities

During the year under review, the Group continued to expand its dyeing and finishing capacity by acquiring additional dyeing and finishing equipments. To complement with the expansion in the dyeing and finishing capacity, the Group also increased its knitting, printing and embroidery and manufacturing processes during the year with a particular focus on the manufacturing processes capacity. The factory designated for ADIDAS commenced operation during the year, enabling the Group to cope with the increasing orders from ADIDAS. With an aim to better accommodate the needs of our customers, the Group has also set up a printing and embroidery production line in its Cambodian factory.

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產品逐步向高端方向發展

年內，由於NIKE、ADIDAS等知名運動類品牌客戶訂單中時尚及比賽類別的運動類服裝增加較快，推動集團運動類服裝高端部分比例的增加。集團面料ODM成果也在年內支持了女性內衣逐步走向高端化。年內集團所屬寧波申洲針織有限公司檢測中心經中國合格評定國家認可委員會(CNAS)評審，正式被授予國家實驗室認可證書，從而為集團客戶提供更高層面、更深層次的面料及成衣檢測服務，也為集團產品順利進入歐盟及其他將進一步提高服裝產品環保要求的國家與地區創造了有利條件。

客戶結構趨於合理

通過三年多的努力，集團的客戶結構調整策略取得成效，二家主要國際知名運動品牌客戶所佔營業總額比例已經達到25%，並呈現快速上升態勢，有效解決了過往客戶過於集中的經營風險。

基礎配套設施更趨完善

在二零零六年集團與寧波市北侖區人民政府簽署大額供水協議的基礎上，年內集團與寧波市自來水總公司、寧波市北侖區水利局補充簽署了水資源保障協議，這是集團在水資源保障上所做出的進一步努力，將有效控制用水成本，更重要的是從戰略上保障了集團水資源供應的安全，解決了集團長遠發展在水資源保障上的後顧之憂。經過多年努力，集團還在電、蒸汽及土地的保障方面，尤其是污水處理的設施建設方面，都取得了長足發展，全面支持公司業務的健康與可持續發展。

Moving Towards Higher-end Markets

During the year, orders for fashionable and competition sports wear showed a higher growth among those from renowned sports brands such as NIKE and ADIDAS, boosting the share of the Group's high-end sports wear. With its achievement on fabric ODM, the Group was able to gradually move its lady lingerie segment towards high-end markets. During the year, the testing center of Ningbo Shenzhou Knitting Co., Ltd., the Group's subsidiary, was awarded the National Laboratory Certification (國家實驗室認可證書) by the China National Accreditation Services for Conformity Assessment (CNAS), enabling the Group to provide more detailed and complicated fabrics and garment testing services to its customers as well as facilitating its penetration into the EU and other countries and regions that required higher environmental standards on apparel products.

A More Reasonable Customer Structure

After over three years of effort, satisfactory progress on our strategy to fine tune the customer structure has been achieved. Proportion of sales to two major global sports brands have reached 25% of the Group's total turnover and continued to grow rapidly, effectively reducing its operational risk arising from customer concentration.

Upgraded Ancillary Facilities

Further to a Bulk Water Supply Agreement with the local government of Beilun District, Ningbo City in 2006, the Group, Ningbo Water Supply General Company (寧波市自來水總公司) and the Water Conservancy Bureau of Beilun District, Ningbo City (寧波市北侖區水利局) entered into a Water Supply Guarantee Supplementary Agreement during the year, which signified our effort made to secure water supply and guarantees the safe water supply for our long term development as it enables the Group to effectively control the water utilization cost and, more importantly, strategically secure our water supply. After years of effort, the Group has also made considerable progress on stable supply of electricity, steam and land and was particularly successful in developing its sewage treatment facilities, ensuring the healthy and sustainable development of our operation in all aspects.

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財務回顧

銷售額

銷售額由截至二零零六年十二月三十一日止年度的人民幣2,979,530,000元，增加至截至二零零七年十二月三十一日止年度的人民幣3,655,613,000元，增加了人民幣676,083,000元，增幅達22.7%。增長因素主要表現為：1) 來自運動類服裝銷售額的持續快速上升；2) 銷售市場全球化拓展所取得的成效；以及3) 加快了對國內市場的開發。

以下為本集團二零零七年度及二零零六年度按產品類別分析的銷售額比較：

Financial Review

Sales

Sales for the year ended 31 December 2007 amounted to RMB3,655,613,000, an increase of RMB676,083,000 or 22.7% compared to RMB2,979,530,000 for the year ended 31 December 2006. The growth was mainly driven by 1) the continuous and sharp increase in the sales of sports wear; 2) the successful expansion into the global distribution markets; and 3) the acceleration of the exploration of the domestic market.

Sales of the Group analysed by product categories for 2007 and 2006 are compared as follows:

		截至十二月三十一日止年度 For the year ended 31 December					
		二零零七年 2007		二零零六年 2006		變動 Change	
		人民幣千元 RMB'000		人民幣千元 RMB'000		人民幣千元 RMB'000	
			%		%		%
按產品	By products						
休閒類服裝	Casual wear	2,248,981	61.5	2,374,491	79.7	(125,510)	(5.3)
運動類服裝	Sports wear	1,165,198	31.9	463,607	15.6	701,591	151.3
內衣類服裝	Lingerie	147,920	4.0	35,577	1.2	112,343	315.8
其他針織品	Other knitting products	93,514	2.6	105,855	3.5	(12,341)	(11.7)
銷售總計	Total sales	3,655,613	100.0	2,979,530	100.0	676,083	22.7

截至二零零七年十二月三十一日止年度，運動類服裝所佔比例大幅度提高，主要得益於本集團產品結構高端化調整策略的成功實施，使知名運動品牌在本集團的代工業務量得以持續大幅增加。比較截至二零零六年十二月三十一日年度的15.6%，截至二零零七年十二月三十一日止年度的運動服裝所佔總銷售額的比例持續提升至31.9%。

休閒類服裝銷售額由截至二零零六年十二月三十一日止年度的人民幣2,374,491,000元，輕微下降至截至二零零七年十二月三十一日止年度的人民幣2,248,981,000元，減少了人民幣125,510,000元，降幅為5.3%。休閒類服裝銷售額的下降，主要原因系集團在保證對重要客戶供應的基礎上，對產品結構、客戶結構進行了調整，適當減少了部分客戶附加值較低產品的銷售量。

For the year ended 31 December 2007, the significant growth in the contribution from sports wear was mainly due to the continuous increase in OEM operation for renowned sports brands after the effective implementation of the refined strategy to increase the proportion of high-end products. Sports wear accounted for 31.9% of the Group's total sales for the year ended 31 December 2007, representing a continual increase compared to 15.6% for the year ended 31 December 2006.

For the year ended 31 December 2006, sales from casual wear amounted to RMB2,374,491,000, which decreased to RMB2,248,981,000 for the year ended 31 December 2007, representing a decrease of RMB125,510,000 or 5.3%, mainly due to the decrease in the sales of low value-added products as a result of improvements on product portfolio and client base to guarantee the supply to major clients.

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內衣類服裝銷售額由截至二零零六年十二月三十一日止年度的人民幣35,577,000元，增至截至二零零七年十二月三十一日止年度的人民幣147,920,000元，增加了人民幣112,343,000元，增幅達315.8%，主要系集團根據日本市場的需求，增加了內衣類服裝的生產。

Sales of lingerie for the year ended 31 December 2007 increased by RMB112,343,000 or 315.8% to RMB147,920,000 from RMB35,577,000 in the year ended 31 December 2006. The increase is mainly attributable to the increase in production of lingerie corresponding to the demand in Japan.

以下為本集團二零零七年度及二零零六年度按市場劃分的銷售額比較：

Sales of the Group analysed by regions for 2007 and 2006 are compared as follows:

		截至十二月三十一日止年度 For the year ended 31 December					
		二零零七年 2007		二零零六年 2006		變動 Change	
		人民幣千元 RMB'000		人民幣千元 RMB'000		人民幣千元 RMB'000	
			%		%		%
按市場	By markets						
日本	Japan	2,178,725	59.6	2,250,287	75.5	(71,562)	(3.2)
歐洲	Europe	515,602	14.1	339,337	11.4	176,265	51.9
美國	The US	298,830	8.2	105,627	3.6	193,203	182.9
其他國家	Other countries	268,112	7.3	105,121	3.5	162,991	155.1
國際銷售小計	Sub-total for international sales	3,261,269	89.2	2,800,372	94.0	460,897	16.5
國內銷售	Domestics sales	394,344	10.8	179,158	6.0	215,186	120.1
銷售總計	Total sales	3,655,613	100.0	2,979,530	100.0	676,083	22.7

在鞏固日本市場的基礎上，截至二零零七年十二月三十一日止年度，歐洲市場、美國市場以及包括韓國、中國香港和澳洲等的其他市場所佔比例有較大幅度提高，其主要原因在於本集團的市場多元化策略及配合部分客戶的全球市場供應需求所致。比較截至二零零六年十二月三十一日止年度的11.4%、3.6%和3.5%，截至二零零七年十二月三十一日止年度歐洲市場、美國市場和其他市場佔本集團的銷售額分別提高至14.1%、8.2%和7.3%。

In addition to the effort made for strengthening the market presence in Japan, the significant increase in the contribution to turnover from the markets in Europe, the US and the other market consists of Korea, China, Hong Kong and Australia in the year ended 31 December 2007 was mainly attributable to the Group's diversified strategy and the demand from worldwide markets of certain clients. The markets in Europe, the US and the other market accounted for 14.1%, 8.2% and 7.3% of the Group's total sales for the year ended 31 December 2007, compared to 11.4%, 3.6% and 3.5% for the year ended 31 December 2006.

於截至二零零七年十二月三十一日止年度，國內銷售中，成衣銷售額約為人民幣320,424,000元（截至二零零六年十二月三十一日止年度：人民幣101,206,000元），主要受中國大陸對高檔運動類服裝需求的增加及二零零八年北京舉辦奧運會的影響，公司為國際知名運動品牌客戶提供更多的運動類服裝產品於國內市場銷售。

Domestic sales of garments amounted to approximately RMB320,424,000 for the year ended 31 December 2007 (For the year ended 31 December 2006: RMB101,206,000), mainly related to the increase in demand of high end sportswear and the imminent 2008 Beijing Olympics, the increase in supply of products to clients of renowned brand names for domestic sale.

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銷售成本及毛利

本集團截至二零零七年十二月三十一日止年度的銷售成本約為人民幣2,841,753,000元(二零零六年：人民幣2,340,483,000元)。二零零七年度本集團銷售毛利率為22.3%，較二零零六年度的21.4%上升了約0.9%。毛利率上升的主要原因是2006年度新聘員工在經歷上崗培訓期後產出量基本達到正常之水準，以及通過產品結構的有效調整減少了低附加值產品的銷售比例，惟上述有利因素受到了人民幣持續升值及二零零七年七月一日起出口退稅率下退2%的抵減影響。

本公司股權持有人應佔權益

於二零零七年十二月三十一日，本公司股權持有人應佔本集團權益為人民幣2,469,118,000元(二零零六年：人民幣2,061,802,000元)。其中非流動資產為人民幣2,203,185,000元(二零零六年：人民幣1,821,114,000元)、流動資產淨值為人民幣369,656,000元(二零零六年：人民幣253,202,000元)、非流動負債為人民幣92,209,000元(二零零六年：人民幣零元)及少數股東權益為人民幣11,514,000元(二零零六年：人民幣12,514,000元)。本公司股權持有人應佔權益增加主要由於保留盈利增加及遠期外匯合約錄得盈利所致。

流動資金及財務資源

截至二零零七年十二月三十一日止年度，本集團經營業務所得現金淨額約人民幣307,017,000元，二零零六年則約為人民幣570,879,000元。本集團於二零零七年十二月三十一日之借貸淨額(銀行借貸減現金及現金等價物)為人民幣565,066,000元，較二零零六年十二月三十一日之借貸淨額人民幣43,342,000元，借貸淨額增加了人民幣521,724,000元。主要原因是為了進一步提高產能以滿足訂單上升的需求，而對廠房、設備等的資金投入增加。

Cost of Sales and Gross Profit

The Group's cost of sales for the year ended 31 December 2007 amounted to approximately RMB2,841,753,000 (2006: RMB2,340,483,000). The gross profit margin of the Group's sales for 2007 was 22.3%, which is approximately 0.9% higher as compared to 21.4% for 2006. The main reason for the increase in our gross profit margin was the output of the staff newly recruited in year 2006 had in principle reached standard level after their on-the-job training sessions and the proportion of sales from products with low added-values had been reduced through an effective adjustment in the product portfolio. However, the abovementioned favorable factors was offset by the continual appreciation of RMB and the 2% lower rate on export tax refund starting from 1 July 2007.

Equity Attributable to the Company's Equity Holders

As at 31 December 2007, the Group's equity attributable to the Company's equity holders was RMB2,469,118,000 (2006: RMB2,061,802,000), of which non-current assets were RMB2,203,185,000 (2006: RMB1,821,114,000), net current assets were RMB369,656,000 (2006: RMB253,202,000), non-current liabilities were RMB92,209,000 (2006: nil) and minority interests were RMB11,514,000 (2006: RMB12,514,000). The increase in equity attributable to the Company's equity holders was mainly due to the increase in retained profits and the gain from foreign currency forward contracts.

Liquidity and Financial Resources

For the year ended 31 December 2007, net cash generated from the Group's operating activities amounted to approximately RMB307,017,000, while that for 2006 was approximately RMB570,879,000. Net borrowings (bank borrowings less cash and cash equivalents) of the Group as at 31 December 2007 amounted to RMB565,066,000, an increase of RMB521,724,000 as compared to that as at 31 December 2006, which amounted to RMB43,342,000. The increase was mainly due to increased investments in plant and equipment, etc. in order to further improve production capabilities to satisfy the needs of increasing orders.

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本集團於二零零七年十二月三十一日的現金及現金等價物為人民幣233,384,000元(二零零六年：人民幣273,994,000元)，總借貸餘額為人民幣798,450,000元(二零零六年：人民幣317,336,000元，均為短期銀行借款)，其中短期銀行借款為人民幣740,013,000元，長期銀行借款為人民幣58,437,000元。本公司股權持有人應佔權益為人民幣2,469,118,000元(二零零六年：人民幣2,061,802,000元)。本集團現金流動狀況良好。負債對權益比率(按未償還總借貸佔本公司股權持有人應佔權益百分比計算)為32.3%(二零零六年：15.4%)。

於二零零七年十二月三十一日，本集團主要借貸均按固定利率計息。本集團並無利用利率掉期來對沖利率風險。

融資成本及稅項

於截至二零零七年十二月三十一日止年度，融資成本支出從截至二零零六年十二月三十一日止年度的人民幣15,081,000元，上升至人民幣34,279,000元，主要原因是年內集團為擴大廠房、設備等的投入，增加了銀行借款使得相應的利息支出上升，以及年內中國人民銀行提高了人民幣貸款基準利率所致。年內本集團的美元及人民幣貸款利率分別介乎6.18%至6.67%以及介乎5.27%至8.22%(二零零六年：美元及人民幣貸款利率分別介乎5.27%至6.49%以及4.70%至5.58%)。

於截至二零零七年十二月三十一日止年度，本集團的所得稅支出從截至二零零六年十二月三十一日止年度之人民幣19,001,000元，下降至所得稅收益人民幣6,352,000元。主要是本集團於二零零七年度確認金融衍生工具損失計人民幣104,073,000元，相應確認遞延所得稅收益計人民幣19,267,000元，其次，本公司之一家附屬公司自二零零七年起享受二免三減半的企業所得稅優惠政策，二零零七年為免稅期之第一年，以及主要附屬公司寧波申洲針織有限公司因地方部分所得稅減免以及購買國產設備退還所得稅沖減當期所得稅支出計人民幣3,336,000元。

Cash and cash equivalents of the Group as at 31 December 2007 amounted to RMB233,384,000 (2006: RMB273,994,000). The total balance of our borrowings was RMB798,450,000 (2006: RMB317,336,000, all being short-term bank loans), in which short-term bank loans amounted to RMB740,013,000 and long-term bank loans amounted to RMB58,437,000. Equity attributable to equity holders of the Company amounted to RMB2,469,118,000 (2006: RMB2,061,802,000). The Group maintained a healthy liquidity position, with a debt to equity ratio (total outstanding borrowings as a percentage of equity attributable to the Company's equity holders) of 32.3% (2006: 15.4%).

As at 31 December 2007, the majority of the borrowings of the Group were subject to fixed interest rates. The Group did not enter into any interest rate swaps to hedge against the risks associated with interest rates.

Finance Costs and Taxation

For the year ended 31 December 2007, finance costs went up from RMB15,081,000 for the year ended 31 December 2006 to RMB34,279,000, mainly due to the additional bank borrowings to finance the extension of plant and equipment contributed to the increase in the corresponding interest expenses and the hike in RMB prime rate of the People's Bank of China. The Group's USD and RMB loan interest rates during the year ranged from 6.18% to 6.67% and 5.27% to 8.22% respectively (2006: 5.27% to 6.49% and 4.70% to 5.58% respectively).

For the year ended 31 December 2007, the Group recorded an income tax credit of RMB6,352,000 as compared to an income tax charge of RMB19,001,000 for the year ended 31 December 2006, mainly due to the recognition of a loss from derivative financial instruments of RMB104,073,000 in the year 2007 and the corresponding recognition of deferred income tax credit of RMB19,267,000. Furthermore, one of our subsidiaries was entitled to a preferential CIT treatment of a 2-year exemption and a 50% reduction in CIT for 3 years starting from 2007 (which is the first year of the tax holiday) as well as an elimination of the current tax charges of Ningbo Shenzhou Knitting Co., Ltd., a major subsidiary of the Company, in the amount of RMB3,336,000 arising from a reduction of local EIT and taxes refund for purchasing equipment produced in China.

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根據「國務院關於實施企業所得稅過渡優惠政策的通知」，本集團設立於寧波經濟技術開發區的生產企業今後幾年的適用稅率為2008年按18%執行，2009年按20%執行，2010年按22%執行，2011年按24%執行，2012年按25%執行，原享受企業所得稅「兩免三減半」定期減免稅優惠的附屬公司，新稅法施行後繼續按原稅收法律、行政法規及相關檔規定的優惠辦法及年限享受至期滿為止。

According to the “Notice by the PRC State Council on the Implementation of the Grandfathering Preferential Policies under the PRC Enterprise Income Tax Law”, the applicable tax rate in the coming years for our manufacturing subsidiaries in Ningbo Economic & Technical Development Zone will be 18% in 2008, 20% in 2009; 22% in 2010; 24% in 2011 and 25% in 2012. The entitlement of certain companies to the preferential tax treatment of a 2-years exemption and a 50% reduction for 3 years may subsist according to the original tax law and administrative regulation until the expiry of the tax holiday.

本集團之資產抵押

於二零零七年十二月三十一日，本集團合共約人民幣184,000元（二零零六年：人民幣182,000元）存放於若干銀行的存款作為銀行授出若干貿易融資信貸之抵押，以及為獲取中國進出口銀行浙江省分行21,000,000美元之中長期貸款額度，集團已將截至二零零七年十二月三十一日止帳面價值為人民幣169,350,000元的廠房和土地使用權作相應之抵押，截至二零零七年十二月三十一日止，本集團已向該銀行貸款8,000,000美元。

Pledge of the Group's Assets

As at 31 December 2007, deposits with certain banks with a total amount of approximately RM184,000 (2006: RMB182,000) were pledged as securities for certain trade financing facilities granted by the banks, while plants and land use rights of the Group with a carrying amount of RMB169,350,000 as at 31 December 2007 were also pledged to secure a medium to long-term loan facilities of USD21,000,000 granted by the Zhejiang branch of the Export-Import Bank of China. As at 31 December 2007, the Company has borrowed USD8,000,000 from the bank.

本公司首次公開售股所得款項之用途

本公司於二零零五年十一月在香港聯合交易所有限公司（「聯交所」）主板上市時發行新股之所得款項，在扣除相關股份發行開支後約為856,000,000港元。此等所得款項大部份已於上市日後至二零零七年十二月三十一日止期間按照本公司於二零零五年十一月十五日刊發之售股章程（「售股章程」）所載之建議用途動用，載列如下：

Use of the Company's Proceeds From the Initial Public Offering

Proceeds from the issue of new shares of the Company for listing on the Main Board of the Stock Exchange of Hong Kong Limited (“Stock Exchange”) in November 2005, after deducting related share issue expenses therefrom, amounted to approximately HK\$856 million. During the period from the date of listing to 31 December 2007, part of such proceeds had been utilized in accordance with the proposed use as set out in the prospectus of the Company dated 15 November 2005 (the “Prospectus”), as follows:

- 約185,716,000港元（約人民幣187,245,000元）用作本集團在中國生產設施購置新染整設備；
- 約175,476,000港元（約人民幣172,705,000元）用作在中國生產主要用於運動服裝的功能性面料購置新廠房及設備；
- approximately HK\$185,716,000 (approximately RMB187,245,000) for the acquisition of new dyeing and finishing equipment for the Group's production facilities in China;
- approximately HK\$175,476,000 (approximately RMB172,705,000) for the acquisition of new plant and equipment in China for the production of functional fabrics mainly used in sports wear;

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- 約 70,000,000 港元 (約人民幣 70,072,000元) 用作本集團在中國生產設施購置新織造設備；
 - 約 51,000,000 港元 (約人民幣 53,050,000元) 用作本集團在中國生產設施購置新裁剪與縫紉設備；
 - 約 305,000,000 港元 (約人民幣 317,261,000元) 用作償還本集團部份長期銀行借貸；及
 - 約 48,000,000 港元 (約人民幣 49,930,000元) 用作本集團之額外一般營運資金。
- approximately HK\$70,000,000 (approximately RMB70,072,000) for the acquisition of new weaving and knitting equipment for the Group's production facilities in China;
 - approximately HK\$51,000,000 (approximately RMB53,050,000) for the acquisition of new cutting and sewing equipment for the Group's production facilities in China;
 - approximately HK\$305,000,000 (approximately RMB317,261,000) for partial repayment of the Group's long-term bank borrowings; and
 - approximately HK\$48,000,000 (approximately RMB49,930,000) as additional general working capital of the Group.

於二零零七年十二月三十一日餘下之所得款項淨額約20,808,000港元，已存放於香港及國內作為銀行存款。董事擬按售股章程所披露之方式使用該筆所得款項淨額。

As at 31 December 2007, the balance of the net proceeds of approximately HK\$20,808,000 had been deposited with banks in Hong Kong and the PRC. The Directors intend to utilize such net proceeds in the manner disclosed in the Prospectus.

外匯風險

由於本集團銷售以美元結算為主，採購以人民幣結算為主，匯率波動對本集團的成本及經營利潤率構成一定影響。本集團針對美元兌人民幣的匯率波動的現狀，採用相應政策對沖部分有關外匯風險。對沖金額視乎本集團的美元收益、採購、資本開支，還需要顧及市場預測美元兌人民幣的匯率波動而定。

為避免因人民幣兌美元的匯率出現任何變動而導致日後的現金流量減值及出現波動。本集團已安排了適當數量的美元借款，於二零零七年十二月三十一日，銀行借貸總額中，美元借款為人民幣436,450,000元(計原幣金額為59,750,000美元)(二零零六年十二月三十一日：人民幣177,336,000元(計原幣金額為22,710,000美元))；此外，本集團為對沖若干外匯風險，尤其是美元的外匯風險，已安排訂立了美元遠期銷售合約，截至二零零七年十二月三十一日止年度，美元的遠期銷售合約總值約490,000,000美元。

Exposure to Exchange Risks

As the Group's sales were mainly settled in United States Dollars whilst its purchases were mainly settled in RMB, its costs and operating profit were subject to exchange rate fluctuations. The Group adopted a policy to hedge part of its exchange risks in light of existing fluctuations of the exchange rate between USD and RMB. The amount to be hedged would depend on the Group's USD revenue, purchases and capital expenditure requirements, as well as market forecast of fluctuations in the USD to RMB exchange rate.

To safeguard itself against reductions in value and the volatility of future cash flows which might result from any exchange rate movement between RMB and USD, the Group had arranged an appropriate amount of USD borrowings. As at 31 December 2007, out of our total bank borrowings, USD borrowings amounted to RMB436,450,000 (USD59,750,000 based on the original currency) (31 December 2006: RMB177,336,000 (USD22,710,000 based on the original currency)). In addition, the Group had entered into foreign currency forward contracts for hedging against certain foreign exchange exposures, in particular, exposure to the forecast sales denominated in USD. For the year ended 31 December 2007, the total amount of the outstanding USD forward contracts designated to hedge the exchange risk of the future sales was approximately USD490,000,000.

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僱用、培訓及發展

於二零零七年十二月三十一日，本集團共僱用逾35,200名員工。年內，員工成本總額(包括行政及管理人員)佔本集團銷售額約19.4%。本集團按僱員的表現、資歷及行業慣例釐定給予員工的報酬，而酬金政策會定期檢討。根據年度工作表現評核，僱員或會獲發放花紅及獎金。此外，本公司亦會給予僱員獎勵或其他形式的鼓勵以推動僱員個人成長及事業發展。如本集團持續向員工提供培訓，以提升彼等的技術、產品知識以及對行業品質標準的認識及本集團所有新員工均須參加入門課程，而全體員工亦可參加各類培訓課程。

資本開支及資本承擔

於本年度內，本集團於物業、廠房及設備和土地使用權之總投資約為人民幣536,050,000元，其中約58%用作購買廠房及設備、約38%用作興建新工廠大樓，而餘款則用作購買其他固定資產。

於二零零七年十二月三十一日，本集團已訂約購建的物業、廠房和設備之資本承擔約達人民幣250,912,000元。主要以內部資源所得款項淨額撥付。

根據本集團與寧波市北侖區政府訂立之協議，本集團向當地政府支付人民幣126,000,000元(包括相關的管道建設費用約人民幣26,000,000元)後，當地政府將以優惠之價格，向集團保證一定數量的供水量，為期二十年。於二零零七年十二月三十一日，本集團已支付預付款項人民幣50,000,000元，並有達人民幣76,000,000元的尚未支付承擔。

或然負債

於二零零七年十二月三十一日，本集團概無任何重大或然負債。

Employment, Training and Development

As at 31 December 2007, the Group had over 35,200 employees. Total staff costs, including administrative and management staff, accounted for approximately 19.4% of the Group's sales during the year. The Group remunerated its staff according to their performance, qualifications and industry practices and conducted regular reviews of its remuneration policy. Employees would receive bonuses and monetary awards based on their ratings in annual performance appraisals. The Company also offered rewards or other incentives to motivate personal growth and career development of the employees, such as ongoing opportunities for training to enhance their technical skills and product knowledge as well as their knowledge of industry quality standards. All new staff members of the Group are required to attend an introductory course. There were also various types of training courses available to all the employees.

Capital Expenditure and Commitments

During the year, the Group's total investments in property, plant and equipment and land use rights amounted to approximately RMB536,050,000, of which approximately 58% was used for the acquisition of plant and equipment, approximately 38% was used for the construction of new factory buildings, and the balance was used for the purchase fixed assets.

As at 31 December 2007, the Group had capital commitments of approximately RMB250,912,000 in connection with the acquisition and construction of properties, plants and equipment, which will be financed by internal resources.

Pursuant to an agreement entered between the Group and the Government of Beilun District, Ningbo City, the Group would pay an amount of RMB126 million to the local government, including relevant pipeline constructing costs of approximately RMB26 million, in exchange for a guaranteed constant water supply, at a preferential rate, for a terms of 20 years. As at 31 December 2007, the Group has made a prepayment of RMB50,000,000 and had outstanding commitments of RMB76,000,000.

Contingent Liabilities

As at 31 December 2007, the Group had no significant contingent liabilities.

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未來前景及策略

近年來由於人民幣持續升值、勞動成本不斷上升、出口退稅下降及原材料成本上漲等因素，在中國大陸東部沿海地區，低端服裝代工遭遇巨大壓力，明顯出現向中國中西部及東南亞國家轉移的狀況。但中國大陸東部沿海地區所具有的無可比擬的完整的紡織產業鏈優勢、熟練而高素質的紡織技術工人、不斷創新的面料技術、良好的基礎設施，及紡織產業規模化效應，全球中、高端服裝代工反而呈現向中國大陸東部地區不斷集聚的態勢，在可預見的未來，該趨勢仍可持續且難以替代。

集團認為，申洲國際憑藉過往二十年特別是最近五年所積累的綜合競爭優勢，現時恰恰扮演了上述趨勢變化的承接者，同時也是行業的佼佼者。

所以，集團有信心在董事會業已釐定的發展策略框架下有能力解決目前紡織行業所遇到的困難與問題，進一步推進產品組合、客戶結構、市場布局及生產基地的優化調整，進一步提高產品價格，穩定產品利潤率水平，提升行業地位。

集團將進一步整合從織布、染色與後整理、印繡花及裁剪與縫製的縱向一體化工序，進一步擴充制衣產能。二零零八年將確保ADIDAS專用工廠的產能得到充分利用，並提升各製衣工廠的生產效率，以實現高效的規模化經營。

中國新的勞動合同法已於二零零八年一月一日開始實施，總體而言，該法案對規範經營的大型企業的影響很小，有實質影響的是那些原該等法案下執行上不規範的小型且低附加值企業。但不可否認的是，中國大陸的人工工資水平將是一個持續上升的過程，同時也應該看到集團的生產效率也處於一個可接受的不斷提升的過程，可以一定程度緩衝勞動力成本不斷上升所帶來的壓力。未來集團也將繼續擴充在柬埔寨的產能，使集團勞動力總體成本控制在一個可接受的範圍內。

Future Prospect and Strategies

Due to the ongoing appreciation of RMB, continuously rising labour cost, decreasing export tax rebate and the increase in the cost of raw materials in recent years, low-end garment OEMs in the coastal area of Eastern China have been facing enormous pressure, forcing more and more garment factories to relocate to mid-western China and Southeast Asian countries. However, the coastal area of Eastern China has its unique competitive edges, including a second-to-none comprehensive knitting production chain, skilled and high-standard knitting labour, innovative fabric technology, sound infrastructure and economies of scale within the knitting industry. Recognizing its irreplaceable position, medium to high-end garment OEMs are pouring into the region and this trend is going to last in the foreseeable future.

Leveraging on its integrated competitiveness gained in the last two decades, especially in the past five years, and benefited from the above trends, we believe that Shenzhou International has become a leading manufacturer of the industry.

In view of the above, we are confident that the Group will be able to tackle the difficulties currently present in the industry under the Board's development strategy as well as further optimizing its product mix, customer structure, market distribution and production base, increasing the product selling prices, stabilizing its profit margins and strengthening its position in the industry.

The Group will further promote a vertical integration of processes from weaving and knitting, dyeing and finishing, printing and embroidery to cutting and sewing, and will continue to expand our garment production capacity. In 2008, the Group will ensure the full utilization of the production capacity of dedicated ADIDAS factory and improve the production efficiency of each garment factory, so as to achieve a highly efficient operation with large economies of scale.

China's new labour contract law, which came into effect on 1 January 2008, generally has little impact on large enterprises with standardized operation. The actual impact will be on small enterprises that do not operate in compliance with the new rules and have low added-value. The wage level in China is undeniably on the rise and the trend will continue. Fortunately, the production efficiency of the Group is also increasing in an acceptable pace, which will in a certain extent act as a buffer to counteract the pressure on rising in labour cost. Going forward, the Group will continue to expand its production capacity in Cambodia and contain the total labour cost within an acceptable range.

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可以預見，在二零零七年的基礎上，二零零八年，人民幣升值幅度可能步入一個快速上升的通道。本集團也明顯感受到人民幣升值所帶來的壓力，並實施了如過往所述多方面措施並卓有成效，確保了產品毛利率的相對穩定。集團未來應對人民幣升值的重點策略之一就是大力提升在中國大陸市場的銷售比例。二零零七年已經有了很好的基礎，集團相信未來二年在中國大陸市場銷售將有突破性進展。

就二零零八年棉花價格走勢，本集團認為，由於美國、巴西棉花種植面積減少等因素，國際棉花價格將維持相對高位。而近兩年來，小麥、大豆、玉米等農產品價格都出現大幅上漲現象，無論國際還是中國國內棉花價格卻可能存在被低估問題，棉花和其他農產品比價關係的變化，在一定程度上將推動棉價繼續上漲。但同時，受國際貿易環境、能源和原材料及勞動力成本上升等因素，及美國經濟可能衰退的影響，預計二零零八年中國紡織品服裝出口增速將減緩到15%左右，由此將減少對棉花的需求量。所以總體而言，集團預計二零零八年中國棉花價格總水平在波動中上漲，但價格大幅上漲和走低的可能性都較小。集團的應對策略是，提早落實與供應商的棉紗供應計劃，以保證數量、穩定價格；另一方面進一步提高化纖使用比例。化纖與棉紗之間具有一定的替代性。近年來隨著科技進步，化纖原有的一些弊端逐步得到改良，吸濕、透氣、抗靜電等問題逐步得到解決。受石油價格上漲的影響，滌綸短纖的價格存在上漲的壓力。但由於滌綸短纖產能過剩的格局依然存在，預計二零零八年滌綸短纖的價格大幅上漲的可能性較小。集團隨運動類服裝所佔營業額比例的大幅上升，化纖的使用比例也得以進一步提高，也在一定程度上緩解棉紗價格上升所帶來的壓力。

It is foreseeable that, fuelled by the momentum in 2007, the appreciation of RMB is likely to accelerate in 2008. The Group is also feeling the pressure from such appreciation and has therefore implemented various measures as previously mentioned, which managed to maintain a relatively stable profit margin for our products. One of the Group's major strategies to cope with RMB appreciation is to increase the proportion of domestic sales. On the solid foundation laid in 2007, we are confident that the Group's sales in the Mainland China will grow tremendously in the coming years.

Due to the reduction of cotton planting areas in the US and Brazil, we forecast that the cotton price will remain at a relatively high level in 2008. During the past two years, prices of agricultural products such as wheat, soybean and corn have gone up significantly. Both the global and China's cotton prices may have been underestimated. Such change in the correlation relation between cotton and other agricultural products may further push the cotton price upward. Meanwhile, affected by the international trade environment, rising energy, raw material and labour cost as well as the possible economic downturn in the US, the growth in China's textile and apparel exports is expected to slow down to approximately 15%, which in turn will reduce the demand for cotton. In general, the Group anticipates that the overall level of China's cotton price will continue to rise amid fluctuations in 2008, though a substantial rise or fall is unlikely. Our corresponding strategy is to confirm the cotton yarn supply plan with our suppliers as early as possible. It will not only ensure the adequate supply at a stable price, and we will encourage the use of chemical fibre. Under certain circumstances, chemical fibre may serve as a substitute for cotton yarn. With the advancement in technology, some of the shortcomings of chemical fibre such as absorbability, air permeability and anti-electrostaticity have been resolved. Fuelled by oil price hike, the price of terylene fibre is facing upward pressure. However, since the excess production capacity of terylene fibre remains, the possibility of seeing a sharp rise in its price in 2008 is relatively low. As the contribution from sports wear to the Group's turnover has considerably increased, the use of terylene fibre will be further increased and hence offset part of impact of rising cotton yarn price.

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集團將不斷提升休閒類服裝的層次，並穩固休閒類服裝的客戶與市場。而過往三年為運動類服裝發展所奠定的基礎，將全面推動NIKE、ADIDAS、PUMA、KAPPA等國際知名體育運動品牌客戶有更好的表現。借助二零零八年北京奧運會之機遇，及中國市場良好的發展前景，本集團相信，未來幾年運動類服裝的銷售額比例將不斷得以提升，期待經過未來二年努力可以超過50%的比例水平。同時，運動類服裝向高端化發展也將是顯著特徵，產品價格與利潤空間也將得到提升。此外，女性內衣隨著面料技術的不斷提升，集團相信未來會有更好表現，使本集團產品呈多元化發展，培育新的增長潛力。

日本仍作為本集團的主要市場得到鞏固並持續發展。而中國大陸市場作為應對人民幣升值的策略措施之一，在未來幾年將得到進一步重視。在此基礎上，歐盟、美國及以韓國、澳大利亞等傳統非配額區市場將得到均衡發展，避免因過於依賴單一市場而造成的經營風險，這也是集團應對美國經濟可能衰退的策略安排。

為鞏固本集團作為中國規模最大的縱向一體化針織服裝製造商之地位，以及應付客戶經常轉變的需求，本集團有意進一步擴大其面料與成衣設計隊伍，以提升新面料開發及成衣設計能力，進一步提升綜合競爭能力。

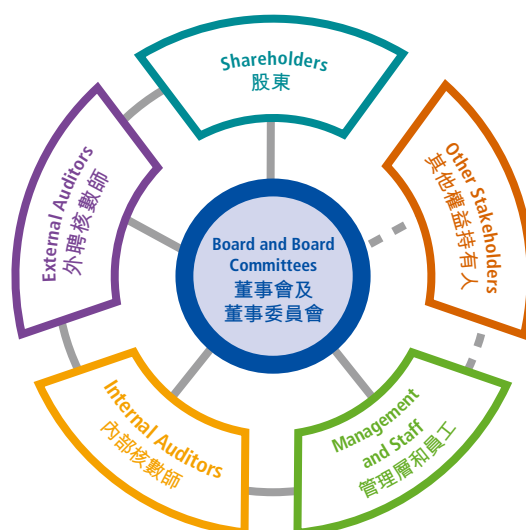
The Group will continue to improve the quality of its casual wear and establish a stable customer base and market network. The foundation we laid in the past three years for the sports wear business will promote better results for globally renowned sports brand customers such as NIKE, ADIDAS, PUMA and KAPPA. Given the opportunities brought by the 2008 Beijing Olympics and the promising future of the PRC market, the Group believes that the proportion of sales from sports wear will continue to increase in the coming years and the contribution from this segment is expected to exceed 50% after the next two years. Meanwhile, the sports wear segment is apparently moving towards higher-end markets, which will in turn push up the price and profit margins of its products. In addition, with the advancement in fabric technology, we believe the outlook of the Group's lingerie segment will be promising. This will enable the Group to diversify its operation and establish additional income sources.

The Group will continue to strengthen its position and explore the potential in its principal market, Japan. As one of the strategies to cope with RMB appreciation, the Group will put more efforts in developing the Mainland China market in the coming years. On this basis, the EU, the US and other traditionally non-quota markets such as Korea and Australia will be developed in balance in order to avoid operational risk arising from market concentration. This strategy will also help the Group to counteract the possible economic downturn of the US.

To reinforce the Group's position as the largest vertically integrated knitwear manufacturer in China and respond to the changing demand from customers, the Group intends to enhance its capabilities of new fabrics development and garment design by further expanding its fabric and garment design team and enhance its integrated competitiveness.

企業管治報告

Corporate Governance Report



企業管治

本集團一貫的目標是努力提升企業價值，以淨利潤的良好增長及現金流量的長期穩定為核心，確保本集團的長期持續發展，為股東帶來良好的回報。本集團矢志提高企業管治水平，並全力增加透明度。通過持續為董事與員工提供培訓及外聘專業顧問，申洲國際將不斷提升企業管治素質，進而達致以上的目標。

董事會自二零零五年十月九日起已採納本身的企業管治守則。此乃涵蓋香港聯合交易所有限公司證券上市規則（「上市規則」）附錄十四《企業管治常規守則》（「企業管治守則」）所載的全部守則條文，以及大部分的建議最佳常規守則。

本公司於截至二零零七年十二月三十一日止年度內一直遵從企業管治守則內的所有守則條文。

董事會

本集團致力通過董事會來提升公司效率及利潤水平。全體董事深知彼等共同及個別對股東所負的責任，並勤勉盡職，為本公司的理想業績及股東的最大回報作出貢獻。

Corporate Governance

The Group's stated objective is to enhance its corporate value, focusing on the solid growth in net profit and consistently stable in cash flow, to ensure the Group's long-term, sustainable development and to achieve sound returns for shareholders. The Group is committed to raising its corporate governance standards and increasing the transparency of its operations. Such objective will be achieved by constantly improving the quality of corporate governance of Shenzhou International through continuing training for Directors as well as staff and the appointment of external professional advisers.

The Board adopted its own Code of Corporate Governance, which covered all the code provisions and most of the recommended best practices of the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") since 9 October 2005.

The Company had complied with all the code provisions of the CG Code throughout the year ended 31 December 2007.

The Board

The Group endeavours to enhance corporate efficiency and profitability through the Board. The Directors recognise their collective and individual responsibility to the shareholders and perform their duties diligently to contribute to positive results for the Company and maximize returns for shareholders.

企業管治報告

Corporate Governance Report

董事會現由五名執行董事及三名獨立非執行董事組成。董事的個人履歷及若干董事之間的親屬關係均列載於第45頁至51頁「董事及高級管理層履歷」一節。董事之間概無其他重大財務、業務或相關關係。

董事會負責本公司的管治工作，並管理股東所委託的資產。董事會的主要職責包括制訂本集團的業務策略方針、設定管理層目標、監督其表現及評估管理策略的成效。

本集團的日常業務管理由執行董事或各部門的高級主管負責，而本集團會定期檢討彼等獲授的職能及權力，確保彼等仍適合履行職務。董事會則負責處理影響本集團整體策略政策、財務及股東的事務，包括財務報表、股息政策、重大會計政策變動、重大合約及主要投資等。各董事會成員均可分別獨立接觸本集團的高級管理層，以履行彼等的職責；亦可及時查閱所有有關本集團的資料，並可得悉本集團最新的經營狀況、業務活動及發展。董事會成員亦可要求徵詢獨立專業意見，費用由本集團承擔。

所有董事須於首次獲委任時向董事會申報彼在其他公司或機構擔任之董事或其他職務，有關利益申報每年更新一次。倘董事會在討論任何動議或交易時認為董事在當中存在利益衝突，該董事須申報利益及放棄投票。

董事在董事會會議審議任何動議或交易時，須申報其涉及的任何直接或間接利益，並在適當情況下避席。本公司根據指引（請參閱本公司網站「企業管治」欄目），於每個財務申報期間，要求董事確認彼等或彼等之聯繫人士有否與本公司或其附屬公司進行任何交易。經確認的重大關連人士交易均已於年報的財務報表附註披露。

The Board currently comprises five Executive Directors and three Independent Non-executive Directors, whose biographical details and family relationships among certain Directors are set out in the section headed “Biographical Details of Directors and Senior Management” on pages 45 to 51. There is no other material financial, business or relevant relationships among the Directors.

The Board is responsible for governing the Company and managing assets entrusted by the shareholders. The principal responsibilities of the Board include the formulation of the Group’s business strategies and management objectives, supervision of the management and evaluation of the effectiveness of management strategies.

Day-to-day management of the Group’s businesses is delegated to the Executive Director or officer in charge of each division. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate. Matters reserved for the Board are those affecting the Group’s overall strategic policies, finances and shareholders including financial statements, dividend policy, significant changes in accounting policy, material contracts and major investments. All Board members have separate and independent access to the Group’s senior management to fulfill their duties. They also have full and timely access to relevant information about the Group and are kept abreast of the conduct, business activities and development of the Group. Independent professional advice can be sought at the Group’s expense upon their request.

All Directors are required to declare to the Board upon their first appointment of the directorships or other positions they are concurrently holding at other companies or organizations. These interests are updated on an annual basis. A Director should declare his/her interests and abstain from voting in respect of any proposal or transaction discussed by the Board in which he/she is deemed by the Board to have a conflicting interest.

Directors are requested to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at Board Meetings and withdraw from the meetings as appropriate. The Company follows guidelines (available at the “Corporate Governance” Section of our website) at each financial reporting period to seek confirmation from Directors in respect of any transactions of the Company or its subsidiaries which are related to Directors or their associates. The identified significant related party transactions are disclosed in the Notes to the Financial Statements of the Annual Report.

企業管治報告

Corporate Governance Report

主席及集團總經理

董事會主席與集團總經理之職責彼此分開。董事會主席負責管理董事會及本集團重大經營決策，而集團總經理則負責管理本集團業務的日常運作，職責劃分明確。

獨立非執行董事的獨立性

獨立非執行董事所佔比率超過董事會成員的三分之一，彼等皆為優秀的行政管理人員或紡織業專家，具備多方面專業知識，可為本集團提供足夠的制約及平衡，以保障股東及本集團的整體利益。獨立非執行董事的角色是向董事會提供獨立及客觀的意見，以供董事會作出考慮及決定。全體獨立非執行董事已提交確認獨立性的確認書，並符合載於上市規則內獨立性指引的規定。

董事會處事程序

本集團會定期舉行董事會會議，以商討本集團的營運、財務表現、企業管治及未來發展。董事於舉行董事會會議前最少14天接獲通知，並於會議舉行前最少3天獲發議程及開會文件，確保董事可及時閱覽有關資料，方便彼等履行職務。

公司秘書負責編列董事會及董事委員會的會議紀錄，董事可於發出合理通知後查閱有關會議紀錄及開會文件。全體董事均獲發會議紀錄的初稿和定稿，以供彼等提供意見和紀錄存檔。

本公司於截至二零零七年十二月三十一日止年度內共舉行五次全體董事會會議。除戴祥波先生因公務而缺席一次會議外，全體董事均有出席此五次會議。

董事會將每年舉行最少四次會議，並於有需要時召開額外會議，以釐定整體策略方針及目標，及批准中期及年度業績及其他重大事宜。

Chairman and Group General Manger

The Chairman of the Board and the Group General Manager have separate and distinctive roles. The Chairman of the Board is responsible for the overall management of the Board and significant operational decisions of the Group, while the Group General Manager is responsible for managing the day-to-day operations of the Group's business.

Independence of Independent Non-executive Directors

Independent Non-executive Directors accounted for more than one third of the members of the Board. The Independent Non-executive Directors are outstanding executives or experts in the textile industry who bring with them expertise in different areas. They provide adequate control and balances for the Group to protect the overall interests of the shareholders and the Group. The role of the Independent Non-executive Directors is to provide independent and objective opinions to the Board for its consideration and decisions. All independent Non-executive Directors have submitted written confirmation of their independence and compliance with the independence guidelines as set out in the Listing Rules.

Board proceedings

Regular Board meetings are held to discuss the Group's operation, financial performance, corporate governance and future development. At least 14 days prior notice and an agenda with supporting papers of no less than 3 days of the Board meeting are given to directors to ensure timely access the relevant information to discharge of their duties.

Minutes of the Board and Board Committees are taken by the Company Secretary and, together with any supporting papers, are open for inspection following reasonable notice by any Directors. Draft and final versions of minutes are sent to all Directors for their comment and records, respectively.

The Company held 5 full Board meetings for the year ended 31 December 2007, with all Directors attended, except for Mr. Dai Xingbo, who was absent from 1 meeting as he has another business engagement.

Board meetings will be held at least four times a year with additional meetings convened as and when necessary to determine overall strategic directions and objectives and approve interim and annual results and other significant matters.

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年內，主席亦與全體獨立非執行董事舉行獨立會議，以處理業務事宜。

董事委員會

為監察本公司的特定事務及協助執行職務，董事會已成立三個委員會，即審核委員會、薪酬委員會及提名委員會。該等委員會的大部分成員為獨立非執行董事，以加強委員會的獨立性。所有委員會均由各自的職權範圍規管，有關職權範圍載於本公司網站 www.shenzhouintl.com。

所有委員會均擁有足夠資源以履行職務。各委員會定期向董事會匯報，以討論重要事宜及結果，並向董事會提供推薦建議以作決策。

薪酬委員會

於二零零五年十月九日，本公司遵照企業管治守則成立薪酬委員會。薪酬委員會共有一名執行董事及兩名獨立非執行董事，分別為馬仁和先生、錢鋒先生及戴祥波先生。馬仁和先生是薪酬委員會的主席。

薪酬委員會的主要責任是就董事及高級管理層的整體薪酬政策及架構，及就批准此等薪酬政策設立正規而具透明度的過程向董事會提供推薦建議。董事概無參與有關其本身薪酬的討論。有關每位董事的袍金詳列於財務報表附註8。

本公司對薪酬政策的目標是根據業務所需及行業慣例，確保薪酬待遇公平及具競爭力。薪酬委員會因應市場水平、董事工作量、職責及工作難度等因素，釐定向董事會成員支付的薪酬及袍金水平。

薪酬委員會於二零零七年共舉行一次會議，全體成員均有出席。薪酬委員會於會上檢討董事及高級管理層的薪酬。

During the year, the Chairman also held a separate meeting with all the Independent Non-executive Directors to address business issues and concerns.

Board Committees

To oversee particular aspects of the Company's affairs and to assist in the execution of its responsibilities, the Board has set up three Committees, namely Audit Committee, Remuneration Committee and Nomination Committee. The Committees have been structured to include a majority of Independence Non-executive Directors as members in order to reinforce independence. All of the Committees are governed by its respective terms of reference, which are available on the Company's website www.shenzhouintl.com.

All Committees are provided with sufficient resources to discharge their duties. The Committees report to the Board on a regular basis to discuss significant issues and findings and to make recommendations to the Board for making decisions.

Remuneration Committee

The Company has established a Remuneration Committee in compliance with the CG Code on 9 October 2005, which comprises one Executive Director and two Independent Non-executive Directors, namely Mr. Ma Renhe, Mr. Qian Feng and Mr. Dai Xiangbo, and Mr. Ma Renhe is the Chairman of the Remuneration Committee.

The principal responsibilities of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure for the Directors and senior management and on the establishment of a formal and transparent process for approving such remuneration policy. No director will take part in any discussion on his or her own remuneration. The details of their fees are set out in note 8 to the financial statements.

The Company's objective for its remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration and fees paid to members of the Board of Directors, market rates and factors such as each director's workload, responsibility, and job complexity are taken into account.

The Remuneration Committee held 1 meeting with full attendance in 2007. At the meeting, it reviews the remuneration of Directors and senior management.

企業管治報告

Corporate Governance Report

提名委員會

本公司已於二零零五年十月九日成立提名委員會。提名委員會共有一名執行董事及兩名獨立非執行董事，分別為黃關林先生、宗平生先生及戴祥波先生。黃關林先生是提名委員會的主席。

提名委員會的主要責任是物色具備合適資格可擔任董事的人士，挑選提名有關人士出任董事及就此向董事會提供推薦建議，並定期檢討董事會的架構、人數及組成(包括技能、知識及經驗方面)，並就任何擬作出的變動向董事會提供推薦建議。

提名委員會於二零零七年共舉行一次會議，全體成員均有出席。提名委員會於會上檢討及推薦重新委任退任董事，以供股東於股東週年大會上批准。

委任及重選董事

經提名委員會推薦後，任何人士均可隨時由股東於股東大會上或由董事會委任為董事會成員。

根據本公司的組織章程，任何獲董事會委任為新增董事或委任以填補臨時空缺的董事的任期僅直至下屆股東週年大會(若為新增董事)或下屆股東大會(若為填補臨時空缺)為止，惟彼符合資格由股東重選。此外，所有董事均須最少每隔三年於股東週年大會上輪席告退，並由股東重選。所有獨立非執行董事的特定任期均不超過三年。

每名董事於獲委任加入董事會時，均獲提供完善的企業管治及證券交易標準守則培訓。本公司將持續為董事提供培訓，確保彼等可符合嚴謹的監管規定。為持續提升企業管治水平，本公司亦建立並運行一個「證券資訊」平台，讓董事可及時取得證券市場的資料，並了解證券市場的規則。

Nomination Committee

The Company has established a Nomination Committee on 9 October 2005, which comprises one Executive Director and two Independent Non-executive Directors, namely Mr. Huang Guanlin, Mr. Zong Pingsheng and Mr. Dai Xiangbo, and Mr. Huang Guanlin is the Chairman of the Nomination Committee.

The principal responsibilities of the Nomination Committee are to identify candidates with suitable qualifications as directors, select and nominate such candidates for directorship and provide recommendations to the Board; review the structure, headcount and composition (including skills, knowledge and experience) of the Board and make recommendations to the Board for any proposed changes.

The Nomination Committee held 1 meeting with full attendance in 2007. At the meeting, it reviewed and recommended the reappointment of retiring directors for shareholders' approval at the Annual General Meeting ("AGM").

Appointment and Re-election of Directors

A person may be appointed as a member of the Board at any time either by the shareholders in general meeting or by the Board upon recommendation by the Nomination Committee.

In accordance with the Company's Articles of Association, any Directors appointed by the Board as additional Directors and to fill casual vacancies shall hold office until the next AGM (in the case of an addition to the Board) or until the next general meeting (in the case of filling a casual vacancy), and are eligible for re-election by the shareholders. In addition, all Directors are required to retire by rotation at least once every three years at the AGM, subject to re-election by the shareholders. All Independent Non-executive Director are appointed for specific terms for not more than three years.

Each of the Directors on appointment to the Board, is given a comprehensive training on corporate governance and the model code for securities transaction. The Company will continue to provide ongoing training for the Directors to ensure that they would be able to comply with the stringent regulatory requirements. The Company has also established and operated a "securities information" platform that allows Directors to have timely information of the securities market and familiarize themselves with the rules of the securities market, with a view to ongoing enhancement of corporate governance standards.

企業管治報告

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審核委員會

於二零零五年十月九日，本公司遵照上市規則第3.21至3.23條成立審核委員會。審核委員會共有三名獨立非執行董事，分別為戴祥波先生、錢鋒先生及宗平生先生。戴祥波先生是審核委員會的主席，其在會計、核數及財務方面的專業知識有助其領導審核委員會的運作。

審核委員會的主要責任是就本集團的財務與會計慣例及內部監控作出關鍵而客觀的檢討，包括考慮法定審核的性質及範圍、審閱本集團的中期及全年賬目以及評估本集團會計及財務監控是否完整有效。

審核委員會的職權範圍與香港會計師公會頒佈的《審核委員會有效運作指引》所載的推薦建議及企業管治守則條文一致。

審核委員會於截至二零零七年十二月三十一日止年度共舉行二次會議，全體成員均有出席。審核委員會於會上聯同外聘核數師審閱二零零六年全年業績、財務報告及審核事宜；以及二零零七年中期業績、本集團的內部審核職能活動、業務經營的內部審核報告。

下表顯示各董事於二零零七年內出席股東週年大會、董事會會議及董事委員會會議的詳情。董事會會議的整體出席率為98.3%。

Audit Committee

The Company has established an Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules on 9 October 2005, which comprises three Independent Non-executive Directors, namely Mr. Dai Xiangbo, Mr. Qian Feng and Mr. Zong Pingsheng. The Chairman of the Audit Committee is Mr. Dai Xiangbo, whose expertise in accounting, auditing and finance enables him to provide leadership for the Committee.

The principal responsibilities of the Audit Committee are to conduct critical and objective reviews of the Group's financial and accounting practices and internal controls. These include determining of the nature and scope of statutory audit, reviewing the Group's interim and annual accounts and assessing the completeness and effectiveness of the Group's accounting and financial controls.

The terms of reference of the Audit Committee are consistent with the recommendations as set out in "A Guide for Effective Audit Committee" published by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the provisions of the CG Code.

The Audit Committee held 2 meetings with full attendance for the year ended 31 December 2007. At the meetings, it reviewed the 2006 final results, financial report and auditing issues, with the external auditors, and the 2007 interim results, the activities of the Group's internal audit functions, the internal audit report on business operations.

Details of Director's attendance at the AGM, Board and Board Committee Meetings held in 2007 are set out in the following table. The overall attendance rate of Directors at Board Meetings was 98.3%.

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	出席／舉行會議次數				股東 週年大會
	Meetings Attended/Held				
	董事會會議	審核委員會	薪酬委員會	提名委員會	
	Board	Audit	Remuneration	Nomination	
	Meeting	Committee	Committee	Committee	AGM
獨立非執行董事					
Independent Non-executive Directors					
錢鋒先生	5/5	2/2	1/1	-	1
Mr. Qian Feng					
宗平生先生	5/5	2/2	-	1/1	1
Mr. Zong Pingsheng					
戴祥波先生	4/5	2/2	1/1	1/1	1
Mr. Dai Xiangbo					
執行董事					
Executive Directors					
馬建榮先生	5/5	-	-	-	1
Mr. Ma Jianrong					
黃關林先生	5/5	-	-	1/1	1
Mr. Huang Guanlin					
馬仁和先生	5/5	-	1/1	-	1
Mr. Ma Renhe					
陳忠靜先生	5/5	-	-	-	1
Mr. Chen Zhongjing					
鄭妙輝女士	5/5	-	-	-	1
Ms. Zheng Miaohui					

財務報告

董事會明白本身有責任編製真實公平的本公司賬目，並根據香港會計師公會公佈而普遍被採用的香港會計準則編製賬目。本公司選擇合適的會計政策並貫徹採用，所作判斷及估計均屬審慎及合理。董事致力在財務報告上對本集團的現有狀況及前景作出中肯及易於理解的評估。

Financial Reporting

The Board acknowledges of its responsibility to prepare the Company's accounts which give a true and fair view and in accordance with the accounting standards generally accepted in Hong Kong as published by the HKICPA. The Company has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgments and estimates. The Directors endeavoured to make a fair and comprehensive assessment of the Group's current conditions and prospects in the financial report.

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內部監控

董事會明白本身有責任維持一個適當的內部監控系統，以及確保能盡早向股東及公眾人士如實報告本公司的業務狀況。

本集團的內部監控系統旨在提高營運效益與效率、確保資產不會被不當挪用及未經授權處理、維持恰當的會計紀錄及真實公平的財務報告、並同時確保遵守相關的法律及規例。該系統會就是否存在重大錯誤陳述或損失，作出合理但不絕對的確定，並會管理而非消除與其業務活動有關的風險。

董事會透過審核委員會檢討本集團截至二零零七年十二月三十一日止年度之內部監控系統，該內部監控系統對財務呈報、營運及合規方面以及風險管理方面進行監管，董事會認為本集團已設立內部監控系統，並妥善運作。

本集團多年來一直推行綜合內部監控架構，詳見下圖：

在此架構下，管理層主要負責設計、實施和維持內部監控措施，而董事會及其審核委員會則負責監察管理層的舉措和內部監控措施的成效。

內部審核

內部審核部門在監察本公司的內部管治方面擔當重要角色。內部核數師直接向主席匯報，並可直接接觸審核委員會。該部門可不受限制地查閱所有資料，以供其審閱有關本公司在風險管理、控制及管治過程方面的事宜。該部門會定期審核本集團業務及支援部門的主要活動及過程，亦會特別檢討或調查管理層或審核委員會察悉並引起關注的事宜。該部門會與審核委員會、董事及主要高級管理層討論所有審核報告，並會追查及跟進審核事宜，確保實施得宜，而實施進度會直接向審核委員會、董事及高級管理層定期匯報。

Internal Controls

The Board recognises its responsibility to maintain an appropriate internal control system and to ensure accurate reporting of the Company's state of affairs to shareholders and the public in a timely manner.

The Group's internal control system is designed to enhance operating effectiveness and efficiency, to safeguard assets against misappropriation and unauthorized disposition, to maintain appropriate accounting records and financial reports that are true and fair, and to ensure compliance with relevant laws and regulations. The system aims at providing a reasonable, but not absolute, assurance against material misstatement or loss and managing rather than eliminating operational risks.

The Board, through the Audit Committee, reviewed the internal control system of the Group for the year ended 31 December 2007, which covered controls over financial reporting, operations and compliance, as well as risk management functions, and considered that the system of internal controls in operation in the Group have been in place and functioning effectively.

The Group has had in place for many years an integrated framework of internal controls and its framework as illustrated below:

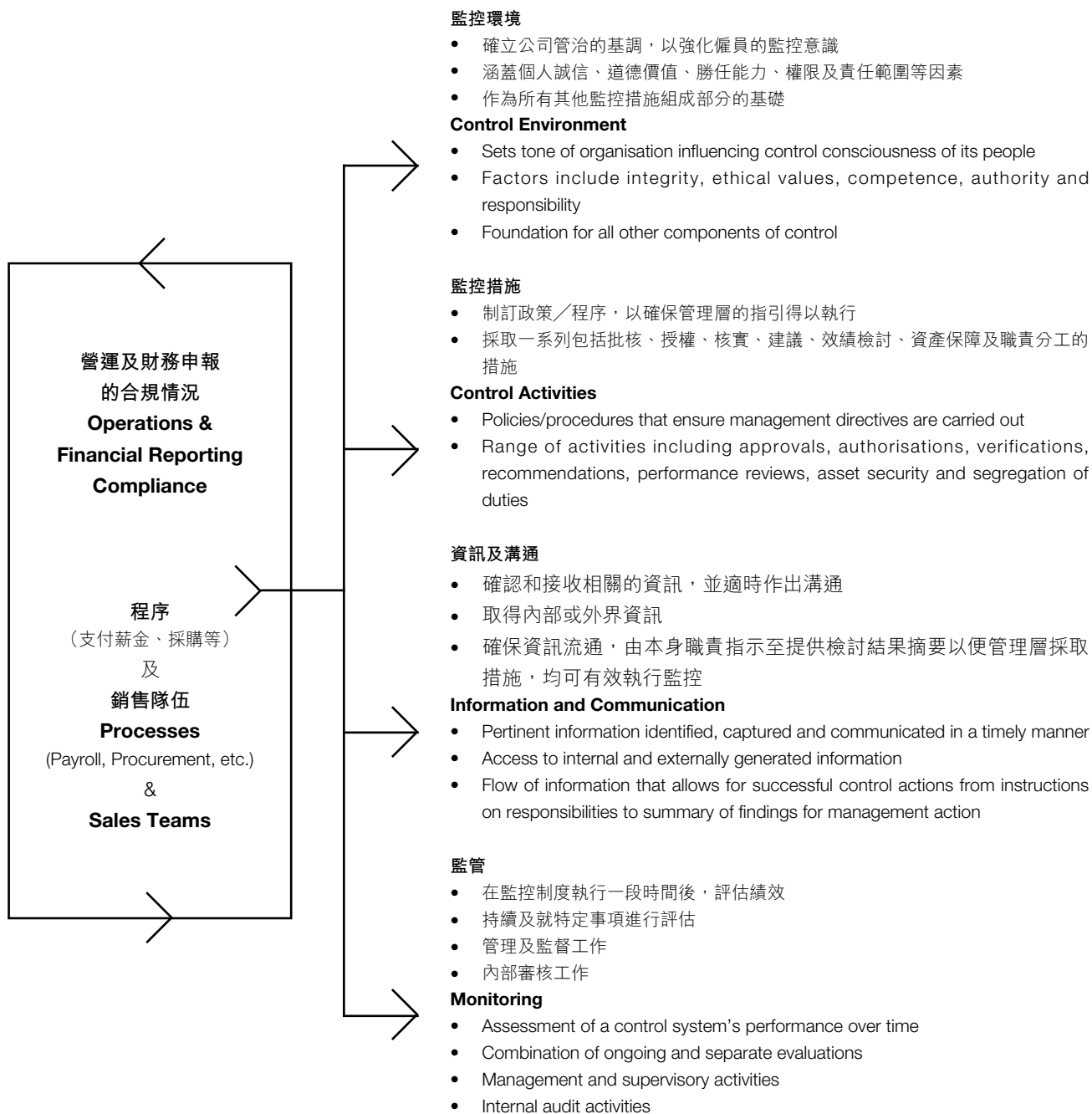
Under our framework, Management is primarily responsible for the design, implementation, and maintenance of internal controls, while the Board of Directors and its Audit Committee oversee the actions of Management and monitor the effectiveness of the controls that have been put in place.

Internal Audit

The Internal Audit Department plays an important role in monitoring the internal governance of the Company. The Internal Auditor reports directly to the Chairman and has direct access to the Audit Committee. The Department has unrestricted access to information that allows it to review all aspects of the Company's risk management, control and governance processes. On a regular basis, it conducts audits on major activities and process of the Group's business and support units. It also conducts special reviews or investigations of areas of concern identified by Management or the Audit Committee. All audit reports are communicated to the Audit Committee, Directors and key senior management. Audit issues are tracked and followed up for proper implementation, with progress reported to the Audit Committee, Directors and senior management periodically.

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外聘核數師

本集團的獨立外聘核數師為安永會計師事務所。審核委員會負責考慮委聘外聘核數師，並檢討任何由外聘核數師為本集團提供的非核數職能，尤其是委員會於與外聘核數師訂約及彼等履行工作前，考慮該等非核數職能會否引致任何潛在重大利益衝突。

External Auditors

The Group's independent external auditor is Ernst & Young. The Audit Committee is responsible for the appointment of the external auditors and reviewing the non-audit functions performed by the external auditors for the Group. In particular, the Committee will, prior to the execution of contract with the external auditors and the commencement of their duties, consider whether the non-audit functions will result in any potential material conflict of interest.

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截至二零零七年十二月三十一日止年度內，由安永會計師事務所向本集團提供的核數服務的相關酬金為人民幣1,650,000元。

董事會滿意安永會計師事務所的核數費用、過程及效率，並建議於應屆股東週年大會上委任安永會計師事務所為本公司的外聘核數師。

董事的證券交易

本公司已採納上市規則所載的《上市發行人董事進行證券交易的標準守則》作為本公司有關董事證券交易行為守則（「證券交易守則」）。各董事於獲委任時均獲發一份證券交易守則，其後每年發出兩次提示，分別在通過本公司中期業績及全年業績的董事會會議前一個月，提醒董事不得在公佈業績前買賣本公司證券以及所有交易必須按證券交易守則進行。經就此事作特別徵詢，所有董事均已確認彼等於年內一直嚴格遵守證券交易守則有關的規定。

高級管理層因其在本公司所擔任的職務可能擁有未公佈股價敏感資料，已被要求遵守證券交易守則的規定。

股價敏感資料

至於有關處理及發出股價敏感資料的程序和內部監控措施，本公司：

- 明白其根據《上市規則》應履行的責任，凡涉及股價敏感的消息，必須在有所決定後即時公布；
- 於處理有關事務時恪守香港聯交所於二零零二年頒布的「股價敏感資料披露指引」。

The related remuneration for the audit services provided by Ernst & Young to the Group for the year ended 31 December 2007 amounted to RMB1,650,000.

The Board is satisfied with the audit fees, process and effectiveness of Ernst & Young and has recommended their appointment as the Company's external auditors at the forthcoming AGM.

Securities Transactions of Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules as the Company's code of conduct regarding Directors securities transactions ("Securities Trading Code"). A copy of the Securities Trading Code is provided to all Directors on their appointment. Reminder will be issued twice a year, being one month prior to the respective Board meetings approving the Company's interim results and annual results, reminding the Directors that they are not allowed to trade on the Company's securities prior to the announcement of its results and that all transactions must comply with the Securities Trading Code. Upon specific enquiries, all Directors confirmed their strictly compliance with the relevant provisions of the Securities Trading Code throughout the year.

Senior Management who, because of their office in the Company, are likely to be in possession of unpublished price sensitive information, have been requested to comply with the provisions of the Securities Trading Code.

Price-Sensitive Information

With respect to procedures and internal controls for the handling and dissemination of price-sensitive information, the Company:

- is aware of its obligations under the Listing Rules and the overriding principle that information which is expected to be price-sensitive should be announced immediately it is the subject of a decision;
- conducts its affairs with close regard to the "Guide on Disclosure of Price-sensitive Information" issued by the Hong Kong Stock Exchange in 2002.

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Corporate Governance Report

投資者關係及溝通

董事會深明與股東溝通極為重要。年報及中期報告為股東提供全面的營運及財務表現資料，而股東週年大會則讓股東可直接向董事會表達彼等的意見。

本集團的投資者關係部持續與研究分析員及機構投資者溝通，並向彼等提供有關本集團策略及發展的最新最完善資料。

本公司亦於年內不時發出新聞公佈，並積極回應查詢資料的要求及投資者的查詢。投資者可於本公司網站www.shenzhouintl.com查閱有關本公司的最新資料，包括中期報告及年報、公佈、新聞公佈及簡介資料。本公司會及時更新網站上的資料，確保迅速及公平披露資料，提高透明度。本公司明白並非所有股東及權益持有人均能隨時瀏覽互聯網上的資料。如有需要，股東及權益持有人可向本公司的公司秘書要求免費索取申洲集團網站載列上述資料的印刷本。

股東

申洲奉行坦誠溝通及公平披露資料的政策。披露資料為提升企業管治水平的主要方法，因為股東及其他權益持有人可憑有關資料自行評估本公司的表現，並向本公司提出意見。本公司明白，披露更多資料並不一定可以提高運作透明度，但披露完整的資料對建立市場信心非常重要。

董事會及高級管理人員深明彼等有責任代表全體股東的利益及竭盡所能提升股東價值。因此，本公司非常鼓勵股東於股東週年大會或股東特別大會提呈動議。如股東有意提出動議，必須將列明有關動議的通知書送交本公司的註冊辦事處，指定由公司秘書接收。如欲向董事會作出任何查詢，可致電本公司熱線852-2310-4919或發送電郵至james.yu@shenzhougroup.com.hk聯絡公司秘書，或於股東週年大會或股東特別大會直接提問。關於股東召開股東週年大會或股東特別大會或於會上提呈決議案的程序，亦可透過上述途徑向公司秘書查詢。

本公司將繼續按所汲取經驗、監管要求及國際發展趨勢，檢討及於適當時改進本公司的企業管治慣例。提升企業管治水平必須持之以恆。要維持良好企業管治，本公司不能自滿，必須時刻進步。

Investors Relations and Communication

The Board recognises the importance of communication with its shareholders. Annual and interim reports offer comprehensive operational and financial performance information to shareholders and the AGM provides a forum for shareholders to express their concerns directly to the Board.

Our Investor Relations Department communicates with research analysts and institutional investors in an on-going manner and provides them with up-to-date and comprehensive information about the Group's strategies and development.

The Company also issues press releases from time to time throughout the year and responds to requests for information and queries from the investors. Current information on the Company including interim and annual reports, announcements, press releases and presentations material can be retrieved through our Company's website www.shenzhouintl.com. Information on the website is updated in a timely manner to ensure that speed, fairness and transparency of our disclosure. We recognize that not all shareholders and stakeholders have ready access to the internet. For those who do not, hard copies of the Shenzhou Group website information listed above are available free of charge upon request to the Company Secretary.

Shareholders

Shenzhou has a policy of open communication and fair disclosure. Disclosure is a key means to enhance our corporate governance standards, in that it provides our shareholders and other stakeholders with the information necessary for them to form their own judgment and to provide feedback to us. We understand that more disclosure does not necessarily result in increased transparency. The integrity of the information provided is essential for building market confidence.

The Board and Senior Management recognize their responsibility to represent the interests of all shareholders and to maximize shareholder value. Therefore, we strongly encourage shareholders to put forward proposals at an AGM or Extraordinary General Meeting ("EGM") include a written notice of those proposals could be addressed to the Company Secretary at the registered office. Enquires may be put to the Board by contacting either the Company Secretary through our hotline 852-2310-4919, email at james.yu@shenzhougroup.com.hk or directly by questions at an AGM or EGM. Questions on the procedures for convening or putting forward proposals at an AGM or EGM may also be put to the Company Secretary by the same means.

We will continue to review and, where appropriate, improve on our corporate governance practices in light of evolving experience, regulatory requirements and international developments. Corporate Governance is an evolving process. Good corporate governance is a journey, rather than a final destination.

董事及高級管理層履歷

Biographical Details of Directors and Senior Management

執行董事

馬建榮先生，四十三歲，本集團執行董事兼主席，負責本集團的整體業務發展策略，在紡織業具超過二十七年經驗。馬先生在一九八九年加入本集團前，彼曾於紹興棉紡廠及杭州臨平針織服裝廠工作。加盟本集團後，馬先生曾出任本集團之最早期營運企業－寧波申洲織造集團有限公司（「寧波織造」）的織造部經理及寧波織造副總經理及總經理。彼自二零零五年四月以來一直擔任寧波申洲針織有限公司（「申洲針織」）董事長。馬先生為寧波市人大代表，亦為浙江省人大代表。彼於二零零三年九月被寧波市慈善總會譽為「寧波市慈善楷模」；並於二零零四年四月獲浙江省企業聯合會和浙江省企業家協會譽為「浙江省創業企業家」。

黃關林先生，四十二歲，本集團執行董事兼總經理，負責本集團的生產、行銷及市場推廣等日常業務運作，在紡織業具超過二十年經驗。黃先生畢業於浙江工業大學，主修化學工業管理工程。一九八九年加盟本集團前，彼曾於浙江省餘杭縣的絲織廠工作。加盟本集團後，黃先生曾任寧波織造的生產經營部經理及副總經理。彼自二零零五年四月以來一直擔任申洲針織總經理。彼為馬建榮先生的妹夫。

馬仁和先生，四十七歲，本集團執行董事兼副總經理，負責本集團染整事務，在紡織業擁有逾三十一年經驗。於一九八九年加入本集團前，曾在紹興棉紡廠及杭州臨平針織服裝廠工作。加盟本集團後，馬先生曾擔任寧波織造染整部經理及副總經理。彼自二零零二年五月起一直擔任申洲針織副總經理。彼為馬建榮先生的堂兄。

Executive Director

Mr. Ma Jianrong (馬建榮), aged 43, is an Executive Director and the Chairman of the Group. He is responsible for the overall business development strategy of the Group and has over 27 years of experience in the textile industry. Prior to joining the Group in 1989, he worked for Shaoxing Cotton Mill (紹興棉紡廠) and Hangzhou Linping Knitting and Garment Plant (杭州臨平針織服裝廠). After joining the Group, Mr. Ma served as the manager of the knitting and weaving department, a deputy general manager and the general manager of Ningbo Shenzhou Weaving Group Co., Ltd. ("Ningbo Weaving"), the earliest operating entity of the Group. He has been acting as the chairman of Ningbo Shenzhou Knitting Co., Ltd. ("Shenzhou Knitting") since April 2005. Mr. Ma is a deputy to the People's Congress of Ningbo City and Zhejiang Province. He was named "Charity Model of Ningbo (寧波市慈善楷模)" by Ningbo Charity Association (寧波市慈善總會) in September 2003 and "Start-up Entrepreneur of Zhejiang Province (浙江省創業企業家)" by the Enterprises United Association of Zhejiang Province (浙江省企業聯合會) and the Entrepreneurs Association of Zhejiang Province (浙江省企業家協會) in April 2004.

Mr. Huang Guanlin (黃關林), aged 42, is an Executive Director and the general manager of the Group. He is responsible for the daily operations of the Group such as production, sales and marketing and has over 20 years of experience in the textile industry. Mr. Huang graduated from Zhejiang University of Technology (浙江工業大學) majoring in chemical industry management and engineering. Prior to joining the Group in 1989, he worked for a silk knitting mill in Yuhang County, Zhejiang Province. After joining the Group, Mr. Huang worked as the manager and a deputy general manager of the production and operation department of Ningbo Weaving. He has been acting as the general manager of Shenzhou Knitting since April 2005. He is the brother-in-law of Mr. Ma Jianrong.

Mr. Ma Renhe (馬仁和), aged 47, is an Executive Director and a deputy general manager of the Group. He is responsible for dyeing and finishing affairs of the Group and has over 31 years of experience in textile industry. Prior to joining the Group in 1989, he worked for Shaoxing Cotton Mill and Hangzhou Linping Knitting and Garment Plant. After joining the Group, Mr. Ma worked as the manager and a deputy general manager of the dyeing and finishing department of Ningbo Weaving. He has been acting as a deputy general manager of Shenzhou Knitting since May 2002. He is a cousin of Mr. Ma Jianrong (his father and Mr. Ma Jianrong's father are brothers).

董事及高級管理層履歷

Biographical Details of Directors and Senior Management

陳忠靜先生，四十五歲，本集團執行董事兼副總經理，負責本集團的日常行政事務，擁有二十六年行政事務管理經驗。彼獲頒授企業人力資源管理師證書。陳先生於一九九三年畢業於中共中央黨校函授學院政治學專業本科；並於一九九八年結業於杭州大學工業心理(工商管理)研究生班。彼自二零零三年九月起一直擔任申洲針織副總經理。陳先生為寧波市北侖區區人大代表。於二零零三年加盟本集團前，彼曾於中國寧波市人民政府工作，先後擔任過中共北侖區委辦公室主任、中國寧波市中共北侖區委員會委員、中共大碇鎮委員會書記、寧波北侖科技園區管委會副主任、北侖重大項目前期工作指揮部總指揮、寧波市政府重大機電項目領導小組辦公室副主任以及中國寧波市重大機電項目配套工程指揮部副總指揮。

Mr. Chen Zhongjing (陳忠靜), aged 45, is an Executive Director and a deputy general manager of the Group. He is responsible for the daily administrative affairs of the Group and has 26 years of management experience in administrative affairs. Mr. Chen has obtained a certificate of corporate human resources manager. He graduated from the Correspondence College at the Party School of the Central Committee of the Chinese Communist Party ("CCP") (中共中央黨校函授學院) in 1993 majoring in politics and completed his postgraduate study in industrial psychology (business administration) from Hangzhou University (杭州大學) in 1998. He has been acting as a deputy general manager of Shenzhou Knitting since September 2003. Mr. Chen is a deputy to the People's Congress of Beilun District, Ningbo City. Prior to joining the Group in 2003, he worked for the People's Government of Ningbo City, and served as the head of Beilun District Committee Office of CCP (中共北侖區委辦公室主任), a committee member of Beilun District Committee of CCP in Ningbo City (中共北侖區委員會委員), secretary of Daqi Township Committee of CCP (中共大碇鎮委員會書記), a deputy head of the Management Committee of Ningbo Beilun Technology Park (寧波北侖科技園區管委會副主任), the commander in-chief of the headquarters in charge of the initial development of Beilun major mechanical and electrical projects (北侖重大項目前期工作指揮部總指揮), a deputy head of the team co-ordinating major mechanical and electrical projects under the Ningbo government (寧波市政府重大機電項目領導小組辦公室副主任) and a deputy chief commander of the headquarters in charge of ancillary work of major mechanical and electrical projects in Ningbo City (寧波市重大機電項目配套工程指揮部副總指揮).

鄭妙輝女士，五十二歲，本集團執行董事兼副總經理，負責本集團的財務管理，具有逾二十三年的財務管理工作經驗。於一九八八年加盟本集團後，鄭女士曾任寧波織造財務部經理及總經理助理。彼自二零零五年四月以來一直擔任申洲針織副總經理。鄭女士為寧波市北侖區區人大代表。此外，彼曾為寧波市北侖區會計學會常務理事，並取得會計師資格證書。

Ms. Zheng Miaohui (鄭妙輝), aged 52, is an Executive Director and a deputy general manager of the Group. She is responsible for the financial management of the Group and has over 23 years of experience in financial management. After joining the Group in 1988, Ms. Zheng served as the manager and an assistant to the general manager of the finance department of Ningbo Weaving. She has been acting as a deputy general manager of Shenzhou Knitting since April 2005. Ms. Zheng is a deputy to the People's Congress of Beilun District, Ningbo City. In addition, she was retained by Beilun District Accounting Association (寧波市北侖區會計學會) as a standing committee member and obtained an accountant qualification certificate.

董事及高級管理層履歷

Biographical Details of Directors and Senior Management

獨立非執行董事

錢鋒先生，六十二歲，於二零零五年七月加入本集團擔任獨立非執行董事。錢先生於一九九八年畢業於上海紡織高等專科學校，主修針織工藝，並獲亞洲(澳門)國際公開大學頒授工商管理碩士學位。彼亦已取得高級工程師證書。錢先生目前為上海服裝行業協會副會長、上海對外經貿企業協會副會長，之前曾擔任中國華源集團有限公司副總裁、上海針織有限公司總經理、上海針織(集團)有限公司董事長及上海申沃實業有限公司執行總經理。

宗平生先生，七十三歲，於二零零五年七月加入本集團擔任獨立非執行董事。宗先生曾獲聘為江南大學(前身為無錫輕工業學院及無錫輕工大學)紡織工程系教師，其後於一九八七年取得教授資格。宗先生於一九九二年享有中國國務院給予的政府特殊津貼。

戴祥波先生，四十五歲，於二零零五年七月加入本集團擔任獨立非執行董事。戴先生於一九八四年畢業於江西財經大學，主修工業會計，並於二零零二年完成浙江大學經濟學研究生課程。戴先生已取得中國註冊會計師及高級會計師證書。彼目前為浙江省註冊會計師協會副秘書長及浙江財經學院會計學院特聘教授，中國註冊會計師協會註冊委員會委員。彼亦為海天國際控股有限公司、東信和平智能卡股份有限公司及晉億實業股份有限公司獨立董事。戴先生曾歷任浙江省審計局工交審計處主任科員、浙江省仙居縣審計局副局長及浙江省審計廳法規處副處長。

Independent Non-executive Directors

Mr. Qian Feng (錢鋒), aged 62, joined the Group in July 2005 as an Independent Non-executive Director. Mr. Qian graduated in 1998 from Shanghai Textile College (上海紡織高等專科學校), majoring in knitting technology, and obtained a master's degree in business administration from Asia International Open University (Macau). He also obtained a certificate of senior engineer. He is currently the vice-chairman of both Shanghai Garment Industry Association (上海服裝行業協會) and Shanghai Association of Foreign Economic and Trade Enterprises. Mr. Qian has served as the vice president of China Worldbest Group Co., Ltd. (中國華源集團有限公司), the general manager of Shanghai Knitting Company Limited (上海針織有限公司), the chairman of Shanghai Knitting (Group) Company Limited (上海針織(集團)有限公司) and the managing director of Shanghai Shenwo Industrial Company Limited (上海申沃實業有限公司).

Mr. Zong Pingsheng (宗平生), aged 73, joined the Group in July 2005 as an Independent Non-executive Director. Mr. Zong was employed as a teacher of the textile engineering faculty at Southern Yangtze University (江南大學) (formerly known as Wuxi College of Light Industry (無錫輕工業學院) and Wuxi University of Light Industry (無錫輕工大學)). He obtained the qualification of professor in 1987. Mr. Zong has been awarded a special government allowance by the State Council in 1992.

Mr. Dai Xiangbo (戴祥波), aged 45, joined the Group in July 2005 as an Independent Non-executive Director. He graduated from Jiangxi University of Finance and Economics (江西財經大學) in 1984, majoring in industrial accounting, and completed his postgraduate study in Zhejiang University in 2002, majoring in economics. Mr. Dai has obtained PRC certified accountant and senior accountant certificates. He currently serves as the deputy secretary of Zhejiang Certified Public Accountant Association (浙江省註冊會計師協會), a professor specially retained by Zhejiang Finance School at Accounting College (浙江財經學院會計學院) and a member of the Registration Committee (註冊委員會) of the Chinese Institute of Certified Public Accountants. He also serves as an independent director of Haitian International Holdings Ltd. (海天國際控股有限公司), Eastcompeace Smart Card Co., Ltd. (東信和平智能卡股份有限公司) and Gem-year Industrial Co., Ltd. (晉億實業股份有限公司). Mr. Dai served as the division head of the Industrial and Trade Audit Division of the Audit Bureau in Zhejiang Province (浙江省審計局工交審計處), the deputy director of the Audit Bureau in Xianju County, Zhejiang Province (浙江省仙居縣審計局) and the deputy head of the legal system division of Audit Office in Zhejiang Province (浙江省審計廳法規處).

董事及高級管理層履歷

Biographical Details of Directors and Senior Management

高級管理層

胡紀軍先生，三十八歲，本集團副總經理，負責本集團於日本及歐美的行銷及市場推廣，在日本針織服裝市場具十八年的銷售及市場推廣經驗。於一九八九年九月加盟本集團後，胡先生曾擔任寧波織造生產營運部副經理及總經理助理，負責出口銷售。彼自二零零五年四月一直擔任申洲針織副總經理。

陳嵐先生，四十一歲，本集團副總經理，負責棉紗等原材料採購及資訊管理工作，在紡織業有逾十九年工作經驗。陳先生於一九八九年七月加盟本集團後，彼曾任寧波織造織造部經理、生產經營部副經理、原材料採購部經理、總經理助理及本集團總經理助理。

顧朝權先生，四十五歲，本集團副總經理，負責本集團的生產計劃，在紡織業具有超過二十年經驗。於一九八九年加盟本集團前，彼曾於中國寧波市北侖區政府工作。顧先生曾任寧波織造辦公室副主任、製衣部經理、製衣一部經理、總經理助理及本集團總經理助理。

陳芝芬女士，三十八歲，本集團副總經理，負責各製衣部，在紡織業具有超過十八年經驗。於一九九零年四月加盟本集團後，彼曾任寧波織造的工段長、製衣部經理、製衣二部經理、總經理助理及本集團總經理助理。於二零零零年九月至二零零三年六月期間，陳女士完成海軍工程大學課程，主修管理工程。

Senior Management

Mr. Hu Jijun (胡紀軍), aged 38, is a deputy general manager of the Group. He is responsible for sales and marketing of the Group in Japanese, European and U.S. markets and has 18 years of sales and marketing experience in the Japanese knitwear market. After joining the Group in September 1989, Mr. Hu worked at the production and operation department of Ningbo Weaving as the deputy manager and an assistant to the general manager, responsible for export sales. He has been acting as a deputy general manager of Shenzhou Knitting since April 2005.

Mr. Chen Lan (陳嵐), aged 41, is a deputy general manager of the Group, responsible for the procurement of raw materials, such as cotton yarn, and information management, and has over 19 years of experience in textile industry. After joining the Group in July 1989, he served as the manager of the weaving department, the deputy manager of the production and operation department, the manager of the raw materials procurement department and an assistant to the general manager of Ningbo Weaving and an assistant to the general manager of the Group.

Mr. Gu Chaoquan (顧朝權), aged 45, is a deputy general manager of the Group, responsible for the production planning of the Group, and has over 20 years of experience in textile industry. Prior to joining the Group in 1989, he worked for the government of Beilun District, Ningbo City, China. Mr. Gu served as the deputy head of the office, the manager of the garment manufacturing department, the manager of the No. 1 garment manufacturing department (製衣一部), assistant to the general manager of Ningbo Weaving and an assistant to the general manager of the Group.

Ms. Chen Zhifen (陳芝芬), aged 38, is a deputy general manager of the Group, responsible for all garment manufacturing department, and has over 18 years of experience in textile industry. After joining the Group in April 1990, she worked as the section chief, the manager of its garment manufacturing department, the manager of the No. 2 garment manufacturing department, an assistant to the general manager of Ningbo Weaving and an assistant to the general manager of the Group. During the period from September 2000 to June 2003, Ms. Chen studied in Naval University of Engineering (海軍工程大學), majoring in management engineering.

董事及高級管理層履歷

Biographical Details of Directors and Senior Management

江濤先生，四十歲，本集團總經理助理及申洲針織營業一部經理，於織造業具有十三年經驗。江先生畢業於上海大學英語系，主修英語（國際貿易）。加盟本集團前，他曾於上海東方日綿有限公司工作。於一九九八年十月加盟本集團後，江先生曾任寧波織造總經理助理，負責向Uniqlo進行銷售。

崔紀鋒先生，四十三歲，本集團總經理助理，負責技術及品質事務，在紡織業具有逾二十年經驗。於一九九零年加盟本集團前，他曾任寧波北侖服裝廠技術副廠長。崔先生加盟本集團後曾於寧波織造生產經營部擔任副經理及總經理助理。

胡永海先生，四十歲，本集團總經理助理，負責面料技術事務，在紡織業具有超過十九年經驗。彼取得助理經濟師證書。胡先生畢業於浙江工業大學，取得工業管理工程學士學位。彼畢業後隨即加盟本集團，曾擔任過寧波織造生產經營部助理經理、副經理及總經理助理，負責有關面料及技術事務。

言德林先生，五十二歲，本集團總經理助理，負責本集團的基礎建設及柬埔寨的業務，在紡織業具有超過二十年經驗。彼取得助理經濟師證書。加盟本集團前，言先生曾任杭州臨平針織服裝廠設備科長、辦公室主任以及余杭協作辦公室旗下合營公司副總經理，期間他曾任余杭協作辦公室旗下柬埔寨公司總經理。於一九九九年十月加盟本集團後，言先生曾任寧波織造辦公室副主任，並自二零零五年五月以來一直擔任申洲針織總經理助理。言先生畢業於中共中央黨校函授學院，主修經濟管理。

Mr. Jiang Tao (江濤), aged 40, is an assistant to the general manager of the Group and the departmental manager of No. 1 sales department of Shenzhou Knitting, and has 13 years of experience in knitting and weaving industry. Mr. Jiang graduated from the faculty of English at Shanghai University (上海大學), majoring in English for international trade. Prior to joining the Group, he worked at Shanghai Dongfang Rimian Company Limited (上海東方日綿有限公司). After joining the Group in October 1998, Mr. Jiang served as an assistant to the general manager of Ningbo Weaving and was responsible for the sales to Uniqlo.

Mr. Cui Jifeng (崔紀鋒), aged 43, is an assistant to the general manager of the Group, responsible for technology and quantity affairs, and has over 20 years of experience in textile industry. Prior to joining the Group in 1990, he worked as the deputy factory manager of Ningbo Beilun Garments Plant (寧波北侖服裝廠) in charge of technology. Mr. Cui served as the deputy manager of the production and operation department and an assistant to the general manager of Ningbo Weaving.

Mr. Hu Yonghai (胡永海), aged 40, is an assistant to the general manager of the Group, responsible for the affairs of fabric technology, and has over 19 years of experience in textile industry. He has obtained the certificate of assistant economist. Mr. Hu graduated from Zhejiang Industrial University (浙江工業大學) with a bachelor's degree in industrial management engineering. He joined the Group immediately after graduation and worked as the assistant manager, deputy manager of the production and operation department and an assistant to the general manager of Ningbo Weaving, responsible for the affairs in connection with fabrics and technology.

Mr. Yan Delin (言德林), aged 52, is an assistant to the general manager of the Group, in charge of the infrastructure and its Cambodian operations of the Group and has over 20 years of experience in textile industry. He has obtained the certificate of assistant economist. Prior to joining the Group, Mr. Yan worked as the head of the equipment division of Hangzhou Linping Knitting and Garment Plant, the head of its office, and a deputy general manager of joint venture companies under Yuhang Cooperative Office (余杭協作辦公室), during which, he served as the general manager of a Cambodian company under the Yuhang Cooperative Office. After joining the Group in October 1999, Mr. Yan worked as the deputy head of the office of Ningbo Weaving and has been acting as an assistant to the general manager of Shenzhou Knitting since May 2005. He graduated from the Correspondence College at the Party School of the Central Committee of CCP majoring in economic management.

董事及高級管理層履歷

Biographical Details of Directors and Senior Management

潘良華先生，五十二歲，本集團總經理助理，負責集團織造業務，在紡織業具有三十三年經驗。彼於工作期間參加中央電視大學自學班，主修生產經營管理專業，並於一九八七年畢業。彼曾擔任過上海針織二十廠技術副廠長，上海三槍集團針織九廠技術科常務副科長。彼於一九九九年一月加盟本集團，曾擔任過寧波織造染整部副經理，負責生產、品質等事務。

Mr. Pan Lianghua (潘良華), aged 52, is an assistant to the general manager of the Group, responsible for the knitting and weaving operations of the Group, and has 33 years of experience in the textile industry. He graduated from a self-study course of the China Central Radio and TV University (中央電視大學) in 1987, majoring in production operation management. Mr. Pong has served as the deputy factory manager of Shanghai Knitting's 20th Plant (上海針織二十廠), in charge of the technology department, and the deputy head of the technology division of 上海三槍集團針織九廠. After joining the Group in January 1999, he served as the deputy manager of the dyeing and finishing department of Ningbo Weaving and was responsible for production and quality control.

陳岳忠先生，三十八歲，本集團投資者關係部部長兼申洲針織董事會秘書。陳先生於一九九二年七月畢業於北京商學院，持有經濟(審計)學士學位，並取得中國註冊會計師證書、中國註冊稅務師證書、高級會計師證書、中國註冊會計師執行證券及期貨相關業務許可證。陳先生於二零零五年一月加盟本集團前，曾為寧波天健永德聯合會計師事務所高級合夥人及其風險管理委員會主任委員、浙江天健會計師事務所寧波分所所長，彼作為執業會計師具超過十年經驗。陳先生亦曾擔任寧波市會計專業中級職務評審委員會委員及寧波遠東資信評估有限公司專家評審委員會委員。

Mr. Chen Yuezhong (陳岳忠), aged 38, is in charge of Investor Relations Department of the Group and the secretary to the Board of Directors of Shenzhou Knitting. He graduated from Beijing Institute of Business (北京商學院) with a bachelor's degree in economics (auditing) in July 1992 and has obtained the certificates of the PRC certified public accountant, the PRC registered tax agent and senior accountant and the operating permit of the PRC public certified accountant engaged in securities and futures-related business. Prior to joining the Group in January 2005, he was a senior partner of Ningbo Tianjian Yongde United Accounting Firm (寧波天健永德聯合會計師事務所), the committee chairman of its risk management committee and person-in-charge of Zhejiang Tianjian Accounting Firm, Ningbo Branch (浙江天健會計師事務所), and has over 10 years of experience in acting as certified accountant. He also served as a committee member of the evaluation committee for Mid-Level Accounting Profession of Ningbo City (寧波市會計專業中級職務評審委員會委員) and a committee member of the expert evaluation committee for Ningbo Far East Creditworthiness Assessment Company Limited (寧波遠東資信評估有限公司).

董事及高級管理層履歷

Biographical Details of Directors and Senior Management

王存波先生，三十五歲，本集團財務部部長兼申洲針織財務總監。彼於一九九五年畢業於浙江工業大學，主修生物化工工程，持有工學學士學位。同年，王先生就讀浙江工業大學，並於一九九八年獲頒授管理學碩士學位。此外，彼取得中國註冊會計師證書、中國註冊稅務師證書、中國註冊資產評估師證書、高級會計師證書及中國註冊會計師執行證券及期貨相關業務許可證。王先生於二零零四年五月加盟本集團前，曾任寧波天健永德聯合會計師事務所合夥人、寧波永德企業管理諮詢事務所副總經理，彼作為執業會計師具超過七年經驗。

Mr. Wang Cunbo (王存波), aged 35, is in charge of the Finance Department of the Group and the financial controller of Shenzhou Knitting. He graduated from Zhejiang University of Technology (浙江工業大學), majoring in biology and chemical engineering, with a bachelor's degree in engineering in 1995. In the same year, Mr. Wang studied at Zhejiang University of Technology where he obtained a master's degree in management in 1998. In addition, he has obtained the certificates of the PRC certified public accountant, the PRC registered tax agent and the PRC certified public valuer and senior accountant and the operating permit of the PRC public certified accountant engaged in securities and futures-related business. Prior to joining the Group in May 2004, he was a partner of Ningbo Tianjian Yongde United Accounting Firm (寧波天健永德聯合會計師事務所), deputy general manager of Ningbo Yongde Corporate Management and Consulting Firm (寧波永德企業管理諮詢事務所), and has over 7 years of experience in acting as certified accountant.

公司秘書

余致力先生，三十二歲，本公司之公司秘書兼本集團財務總監。彼為合資格會計師，於審計、顧問商業服務及財務管理具備約十年經驗。余先生畢業於美國加州州立大學(The California State University)，於美國取得會計學士學位，並為美國會計師公會(The American Institute of Certified Public Accountants)會員。於二零零七年五月加入本集團前，余先生曾任職安永會計師事務所(執業會計師)審計及企業諮詢服務(Assurance and Advisory Business Services)及中電控股有限公司。

Company Secretary

Mr. Yu James (余致力) aged 32, is the Company Secretary of the Company and the Financial Controller of the Group. He is a qualified accountant and has about ten years of experience in auditing, advisory business services and finance management. Mr. Yu graduated from The California State University with a Bachelor's Degree of Accountancy in the United States of America. He is a member of The American Institute of Certified Public Accountants. Prior to joining the Group in May 2007, he worked in the Assurance and Advisory Business Services department of Ernst & Young, Certified Public Accountants and at CLP Holdings Limited.

董事會報告

Report of the Directors

申洲國際集團控股有限公司(「本公司」)董事欣然將本公司及其附屬公司(統稱「本集團」)截至二零零七年十二月三十一日止年度報告連同經已審核的財務報表呈覽。

The Directors of Shenzhou International Group Holdings Limited (the "Company") have pleasure in submitting their report together with the audited financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2007.

主要業務及營運地區的分析

本公司之主要業務為投資控股。其附屬公司之主要業務載於財務報表附註18。

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. The primary activities of the subsidiaries are set out in note 18 to the financial statements.

本集團於本年度之表現按業務及地區之分析載於財務報表附註4。

An analysis of the Group's performance for the year by business and geographical segments is set out in note 4 to the financial statements.

業績及股息

本集團截至二零零七年十二月三十一日止年度之業績以及本公司及本集團於該日之財務狀況載於財務報表第67頁至143頁。

Results and Dividends

The results of the Group for the year ended 31 December 2007 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on page 67 to 143.

董事建議就截至二零零七年十二月三十一日止年度向二零零八年五月十四日營業時間結束時名列本公司股東名冊上之股東，派發末期股息每股0.16港元(相當於約人民幣0.15元)。有待股東在二零零八年五月十九日舉行之應屆股東週年大會上批准後，方可作實。

The Directors recommend a payment of a final dividend of HK\$0.16 (equivalent to approximately RMB0.15) per share for the year ended 31 December 2007, subject to shareholders' approval at the forthcoming annual general meeting to be held on 19 May 2008, to the shareholders whose names appeared on the Register of Members of the Company at the close of business on 14 May 2008.

截至二零零七年六月三十日止六個月並無宣派中期股息。

No interim dividend was declared for the six months ended 30 June 2007.

於截至二零零七年十二月三十一日止年度，本公司股東概無放棄或同意放棄任何股息的安排。

There was no arrangement under which a shareholder of the Company has waived or agreed to waive any dividend during the year ended 31 December 2007.

儲備

年內本公司及本集團儲備變動之詳情分別載於財務報表附註29及綜合權益變動表。

Reserves

Details of movements in the reserves of the Company and of the Group during the year are set out in note 29 to the financial statements and in the consolidated statement of changes in equity, respectively.

捐款

年內本集團的慈善捐款及其他捐獻為人民幣1,527,000元。

Donations

Charitable and other donations made by the Group during the year amounted to RMB1,527,000.

董事會報告

Report of the Directors

物業、廠房及設備

本集團物業、廠房及設備變動詳情載於財務報表附註15。

股本

年內本公司之法定或已發行股本並無變動。

可供分派儲備

按照開曼群島公司法第二十二章(一九六一年第三號法例，經綜合及修訂)計算，本公司於二零零七年十二月三十一日的可供分派儲備為人民幣253,549,000元，其中人民幣186,531,000元已建議用作本年度末期股息。

優先購股權

根據本公司組織章程細則中並無優先購股權之條文，而開曼群島之法律亦無規定本公司於發行新股時，須按比例給予現有股東該等權利的限制。

財務資料摘要

本集團過往五個財政年度的業績、資產及負債摘要載於第144頁。

購買、出售或購回證券

本公司或其任何附屬公司於截至二零零七年十二月三十一日止年度概無購買、贖回或出售本公司任何上市證券。

購股權計劃

於二零零七年十二月三十一日，本公司並無任何購股權計劃。

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in note 15 to the financial statements.

Share Capital

There were no movements in either the Company's authorised or issued share capital during the year.

Distributable Reserves

Distributable reserves of the Company as at 31 December 2007, calculated in accordance with the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to RMB253,549,000, of which RMB186,531,000 has been proposed as final dividend for the year.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's articles of association and there was no restriction under the laws of Cayman Islands, which would oblige the Company to offer such rights on a pro-rata basis to existing shareholders during new shares issue.

Summary Financial Information

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 144.

Purchase, Sale Or Redemption of Securities

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2007.

Share Option Scheme

No share option scheme was operated by the Company as at 31 December 2007.

董事會報告

Report of the Directors

董事

本年度內及截至本報告日期之董事如下：

執行董事：

馬建榮先生
黃關林先生
馬仁和先生
陳忠靜先生
鄭妙輝女士

獨立非執行董事：

錢鋒先生
宗平生先生
戴祥波先生

根據本公司組織章程第87(1)條，馬建榮先生、陳忠靜先生及戴祥波先生將於應屆股東週年大會輪值告退。惟彼等符合資格並願膺選連任。

獨立非執行董事均以三年任期委任。本公司已接獲錢鋒先生、宗平生先生及戴祥波先生之年度獨立性確認書，於本報告刊發日期，認為彼等均為獨立人士。

董事之服務合約

各執行董事均與本公司簽訂服務合約，並為期三年。根據服務合約，任何一方可向另一方發出不少於三個月的事先書面通知，隨時終止服務協議。

各獨立非執行董事均與本公司簽訂服務合約，並為期三年。根據服務合約，獨立非執行董事可發出不少於三個月的事先書面通知，隨時終止服務協議。

根據服務合約，各執行董事可獲發年度酌情管理花紅，由董事會薪酬委員會批准，惟本集團在任何財政年度向所有執行董事發放的酌情管理花紅總額，不得超逾有關財政年度本集團除稅及少數股東權益以及扣除酌情管理花紅總額後但未計非經常項目前淨利潤的5%。

Directors

The Directors during the year and up to the date of the report were:

Executive Directors:

Mr. Ma Jianrong
Mr. Huang Guanlin
Mr. Ma Renhe
Mr. Chen Zhongjing
Ms. Zheng Miaohui

Independent Non-executive Directors:

Mr. Qian Feng
Mr. Zhong Pingsheng
Mr. Dai Xiangbo

In accordance with Article 87(1) of the Company's Articles of Association, Mr. Ma Jianrong, Mr. Chen Zhongjing and Mr. Dai Xiangbo shall retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The Independent Non-executive Directors are appointed for terms of three years. The Company has received annual confirmations of independence from Mr. Qian Feng, Mr. Zhong Pingsheng and Mr. Dai Xiangbo and as at the date of this report still considers them to be independent.

Directors' Service Contracts

Each of the Executive Directors has a service contract with the Company for a term of three years and is subject to termination, at any time, by either party giving the other party not less than three months' prior written notice.

Each of the Independent Non-executive Directors has a service contract with the Company for a term of three years and is subject to termination, at any time, by the Independent Non-executive Director giving not less than three months' prior written notice.

Under the service contracts, each of the Executive Directors is entitled to an annual discretionary management bonus as the Remuneration Committee of the Board may approve, provided that the aggregate amount of the discretionary management bonuses payable to all Executive Directors in respect of any financial year of the Group would not exceed 5% of the net profits of the Group after taxation and minority interests and less the aggregate amount of the discretionary management bonuses but before non-recurring items for the relevant financial year.

董事會報告

Report of the Directors

董事之合約權益

除以下「關連交易」以及財務報表附註35「關連人士交易」所披露者外，年內，各董事在本公司或其任何控股公司、附屬公司或同系附屬公司所訂立而對本集團業務而言屬重大之合約中概無直接或間接擁有重大權益。

董事於競爭業務的權益

於截至二零零七年十二月三十一日止年度，本公司董事概無於與本公司或其任何附屬公司存有競爭之任何業務擁有任何權益。

董事及高級管理層履歷

本公司董事及本集團高級管理層履歷詳情載於第45頁至51頁。

董事及最高行政人員於本公司股份的權益及淡倉

於二零零七年十二月三十一日，根據證券及期貨條例（「證券及期貨條例」）第XV部第7及第8分部已知會本公司和香港聯合交易所有限公司（「聯交所」），並根據證券及期貨條例第352條而存置之登記冊所載；或根據聯交所證券上市規則（「上市規則」）內上市公司董事進行證券交易的標準守則（「標準守則」）已知會本公司和聯交所，有關本公司董事及最高行政人員擁有本公司及其相關法團（按證券及期貨條例第XV部之涵義）之股份、相關股份及債權證之權益及淡倉（包括根據證券及期貨條例之該等條文任何該等董事或最高行政人員擁有或被視作擁有之權益及淡倉）如下：

Directors' Interests in Contracts

Save as disclosed under the heading "Connected transactions" below and "Related party transactions" in note 35 to the financial statements, 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 holding companies, subsidiaries or fellow subsidiaries was a party during the year.

Directors' Interests in Competing Business

During the year ended 31 December 2007, none of the directors of the Company had any interest in any competing business with the Company or any of its subsidiaries.

Biographical Details of Directors and Senior Management

Brief biographical details of directors of the Company and senior management of the Group are set out on page 45 to 51.

Directors' and Chief Executives' Interests and Short Positions in the Shares of the Company

As at 31 December 2007, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which was taken or deemed to be held by any such director or chief executive under such provisions of the SFO) and were recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

董事會報告

Report of the Directors

於本公司普通股中之好倉

Long positions in ordinary shares of the Company

Notes:				佔本公司 已發行股本 百分比(%)
名稱	附註	身份及權益類別	股份數目	Percentage of the Issued Share Capital of the Company
Name	Notes	Capacity and Nature of Interest	Number of Shares	
馬建榮先生	1	公司權益	900,792,000	72.35
Mr. Ma Jianrong	1	Corporate interests	900,792,000	72.35
黃關林先生	2	公司權益	117,000,000	9.40
Mr. Huang Guanlin	2	Corporate interests	117,000,000	9.40

附註：

- 於二零零七年十二月三十一日，該等股份由世通(香港)有限公司(「世通」)的一家全資附屬公司卓耀海外有限公司(「卓耀」)實益擁有。而世通則由馬建榮先生擁有74%權益、黃關林先生擁有13%權益及馬寶興先生(馬建榮先生之父親)擁有13%權益。除上述擁有之權益外，最近期披露表格顯示，馬建榮先生於二零零八年二月二十日，還透過彼之全資附屬公司CRN (HK) Ltd擁有792,000股股份的權益。由於馬建榮先生有權於世通股東大會上行使超過三分之一的投票權，根據證券及期貨條例，馬建榮先生被視為於卓耀持有的900,000,000股股份中擁有權益。
- 黃關林先生間接擁有卓耀13%的權益，而卓耀則擁有本公司72.29%的權益。
- As at 31 December 2007, these shares were beneficially owned by Excelbright Overseas Limited ("Excelbright") which is a wholly-owned subsidiary of Worldon (Hong Kong) Limited ("Worldon"), which is, in turn, owned as to 74% by Mr. Ma Jianrong, as to 13% by Mr. Huang Guanlin and as to 13% by Mr. Ma Baoxing (father of Mr. Ma Jianrong). Apart from his interest disclosed above, Mr. Ma Jianrong indicated in its latest disclosure form that as at 20 February 2008, he was interested in, inter alia, 792,000 shares through his wholly-owned subsidiary, CRN (HK) Ltd. As Mr. Ma Jianrong is entitled to exercise more than one-third of the voting power at the general meetings of Worldon, by virtue of the SFO, Mr. Ma Jianrong is deemed to be interested in the 900,000,000 shares held by Excelbright.
- Mr. Huang Guanlin indirectly held a 13% interest in Excelbright, which owns a 72.29% interest in the Company.

除上述披露者外，於二零零七年十二月三十一日，根據證券及期貨條例第352條記錄於本公司存置之登記冊；或根據標準守則已知會本公司和聯交所，本公司各董事及最高行政人員概無擁有或被視作擁有本公司及其相關法團(按證券及期貨條例第XV部之涵義)之股份、相關股份及債權證之權益或淡倉。

本公司或其任何控股公司、附屬公司或同系附屬公司於年內概無訂立任何安排，令本公司董事及最高行政人員(包括彼等之配偶或未滿十八歲之子女)可藉購入本公司或其相聯法團之股份或相關股份或債權證而獲益。

Save as disclosed above, as at 31 December 2007, none of the directors and chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were recorded in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time during the year was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

董事會報告

Report of the Directors

主要股東於本公司股份的權益及淡倉

於二零零七年十二月三十一日，下列人士(本公司董事除外)在本公司根據證券及期貨條例第336條所存置之股東名冊所記錄佔本公司已發行股本5%或以上之權益如下：

於本公司普通股中之好倉

Substantial Shareholders' Interests and Short Positions in the Shares of the Company

At 31 December 2007, the following persons who held interests of 5% or more of the issued share capital of the Company, other than directors of the Company, were recorded in the register of members required to be kept by the Company pursuant to Section 336 of the SFO:

Long position in ordinary shares of the Company

名稱	附註	身份及權益類別	股份數目	佔本公司已發行股本百分比(%)
Name	Notes	Capacity and Nature of Interest	Number of Shares	Percentage of the Issued Share Capital of the Company
卓耀	1	實益擁有人	900,000,000	72.29
Excelbright	1	Beneficial owner	900,000,000	72.29
世通	1及2	實益擁有人	900,000,000	72.29
Worldon	1 and 2	Beneficial owner	900,000,000	72.29
Genesis Asset Managers, LLP	3	投資經理	62,977,000	5.06
	3	Investment Manager	62,977,000	5.06

附註：

- 卓耀為一家於二零零五年四月十二日在英屬處女群島註冊成立的公司，並持有本公司已發行股本的72.29%權益。於二零零七年十二月三十一日，世通持有卓耀全數已發行股本。
- 於二零零七年十二月三十一日，世通已發行股本由馬建榮先生持有74%，馬寶興先生持有13%，黃關林先生則持有13%。馬建榮先生為馬寶興先生之子。黃關林先生為馬寶興先生的女婿兼馬建榮先生的妹夫。由於世通持有卓耀全數已發行股本而馬建榮先生控制世通股東大會超過三分之一投票權，根據證券及期貨條例，馬建榮先生被視為於卓耀持有的900,000,000股股份中擁有權益。
- Genesis Asset Managers, LLP為獨立第三方。根據Genesis Asset Managers, LLP於二零零七年八月十七日提交之權益披露表格，該62,977,000股股份以Genesis Asset Managers, LLP名義登記，該公司由Affiliated Managers Group, Inc.擁有其60%表決權，為Affiliated Managers Group, Inc.擁有大部分權益之附屬公司。

Affiliated Managers Group, Inc. (NYSE: AMG)為於紐約證券交易所上市之資產管理公司。

Notes:

- Excelbright, a company incorporated in British Virgin Islands on 12 April 2005, held a 72.29% interest in the issued share capital of the Company. As at 31 December 2007, the entire issued share capital of Excelbright was held by Worldon.
- As at 31 December 2007, the issued share capital of Worldon was held as to 74% by Mr. Ma Jianrong, as to 13% by Mr. Ma Baoxing and as to 13% by Mr. Huang Guanlin. Mr. Ma Jianrong is the son of Mr. Ma Baoxing. Mr. Huang Guanlin is the son-in-law of Mr. Ma Baoxing and brother-in-law of Mr. Ma Jianrong. As the entire issued share capital of Excelbright is held by Worldon and Mr. Ma Jianrong controls more than one-third of the voting power at general meetings of Worldon, Mr. Ma Jianrong is deemed to be interested in the 900,000,000 shares held by Excelbright under the SFO.
- Genesis Asset Managers, LLP is an independent third party. Based on the disclosure of interests forms filed by Genesis Asset Managers, LLP on 17 August 2007, these 62,977,000 shares are registered in the name of Genesis Asset Managers, LLP, a majority owned subsidiary of Affiliated Managers Group, Inc., which owned 60% of the voting rights in Genesis Asset Managers, LLP.

Affiliated Managers Group, Inc. (NYSE: AMG) is an asset management company listed in the New York Stock Exchange.

董事會報告

Report of the Directors

除上文所披露者外，於二零零七年十二月三十一日，除本公司董事(其權益載於上文「董事及最高行政人員於本公司股份的權益及淡倉」一節)外，概無其他人士於本公司股份及相關股份中擁有根據證券及期貨條例第336條須予記錄之權益或淡倉。

管理合約

本年度內，本公司並無就整體業務或任何重要業務的管理或行政工作簽訂或存在任何合約。

主要供應商及客戶

本集團的主要供應商及客戶佔截至二零零七年十二月三十一日止年度的採購額及銷售額百分比如下：

Save as disclosed above, as at 31 December 2007, no person, other than the directors of the Company, whose interests are set out in the section headed "Directors and Chief Executives' interests and short positions in the shares of the Company" above, had interest or short position in the shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Major suppliers and customers

The percentages of purchases and sales for the year ended 31 December 2007 attributable to the Group's major suppliers and customers are as follows:

		佔採購額之 百分比(%) Percentage of Purchases (%)	佔銷售額之 百分比(%) Percentage of Sales (%)
最大供應商／客戶	The largest supplier/customer	10	42
五大供應商／客戶合計	Five largest suppliers/customers combined	28	78

於年內任何時間，概無董事、彼等之聯繫人士或任何股東(就董事所知擁有本公司5%以上股本)於該等主要供應商或客戶擁有任何權益。

None of the Directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers at all times during the year.

關連交易

按照上市規則第14A章的披露規定，在財務報表附註35所披露的若干關聯方交易根據上市規則亦構成持續關連交易。若干關連人士(按上市規則定義)與本公司進行的下列交易經已訂立及／或持續進行，而本公司已在售股章程及公佈作出相關的披露。

Connected Transactions

Certain related party transactions as disclosed in note 35 to the financial statements also constituted connected transactions under the Listing Rules, required to be disclosed in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected parties (as defined in the Listing Rules) and the Company have been entered into and/or are ongoing for which relevant disclosure had been made by the Company in the Prospectus and announcements.

董事會報告

Report of the Directors

1. 關連交易

本公司全資附屬公司寧波申洲針織有限公司(「申洲針織」)與寧波申洲置業有限公司(「申洲置業」)於二零零七年十二月二十一日訂立了渤海路土地使用權轉讓協議、渤海路工業大樓轉讓協議、大港土地使用權轉讓協議、大港工業大樓轉讓協議，渤海路土地使用權的收購代價為人民幣12,500,000元，渤海路工業大樓(連同附屬土地統稱「渤海物業」)的收購代價為人民幣8,700,000元，大港土地使用權的收購代價為人民幣3,500,000元，大港工業大樓(連同附屬土地統稱「大港物業」)的收購代價為人民幣14,800,000元。本公司全資附屬公司寧波圖騰服飾有限公司(「圖騰服飾」)與申洲置業於二零零七年十二月二十一日訂立了黃海路土地使用權轉讓協議、黃海路工業大樓轉讓協議，黃海路土地使用權的收購代價為人民幣18,000,000元，黃海路工業大樓(連同附屬土地統稱「黃海物業」)的收購代價為人民幣95,500,000元。

該等代價乃根據本公司委任的獨立估值師於二零零七年十二月十八日編製的估值報告，經訂約方公平磋商後釐定。渤海物業將由本集團用於原材料倉庫，大港物業將由本集團用於僱員宿舍，黃海物業將由本集團用於服裝製造的裁剪縫紉工廠。

申洲置業由執行董事馬建榮先生及聯繫人士寧波榮實業投資有限公司(「榮實業」)分別擁有80%及20%權益，因此，根據上市規則第14A.11(4)條，申洲置業是本公司的關連人士，收購渤海物業、大港物業及黃海物業(統稱「收購事項」)構成本公司的關連交易。由於轉讓協議的總代價為人民幣153,000,000元，其之適用百分比率超過2.5%及總代價超過10,000,000港元，根據上市規則第14A.32條，該等收購事項須遵守上市規則之呈報、公佈及獲獨立股東批准之規定，於二零零八年二月十八日召開之股東特別大會上，獨立股東已批准該等收購事項，該關聯交易將於二零零八年內完成。

1. Connected transactions

On 21 December 2007, Ningbo Shenzhou Knitting Co., Ltd. ("Shenzhou Knitting"), a wholly-owned subsidiary of the Company, entered into the Bohai Road Land Use Right Transfer Agreement, the Bohai Road Industrial Complex Transfer Agreement, the Dagang Land Use Right Transfer Agreement and the Dagang Industrial Complex Transfer Agreement with Ningbo Shenzhou Properties Co., Ltd. ("Shenzhou Properties"). The consideration for the acquisition of the land use rights of Bohai Road, the Bohai Road Industrial Complex (together with the ancillary land, collectively referred to as the "Bohai Property"), the land use right of Dagang and the Dagang Industrial Complex (together with the ancillary land, collectively referred to as the "Dagang Property") is RMB12,500,000, RMB8,700,000, RMB3,500,000 and RMB14,800,000 respectively. On 21 December 2007, Tuteng Textile (Ningbo) Co., Ltd ("Ningbo Tuteng"), a wholly-owned subsidiary of the Company, entered into the Huanghai Road Land Use Right Transfer Agreement and the Huanghai Road Industrial Complex Transfer Agreement with Shenzhou Properties. The consideration for the acquisition of the land use rights of Huanghai Road and the Huanghai Road Industrial Complex (together with the ancillary land, collectively referred to as the "Huanghai Property") is RMB18,000,000 and RMB95,500,000 respectively.

These considerations have been determined after arm's length negotiation between the parties thereto and is based on the valuation reports as of 18 December 2007 prepared by an independent valuer appointed by the Company. The Bohai Property, the Dagang Property and the Huanghai Property will be used by the Group as a warehouse for raw materials, a dormitory for employees and plants for cutting and sewing in the apparel manufacturing process respectively.

Shenzhou Properties is owned as to 80% by Mr. Ma Jianrong, an Executive Director, and as to 20% by Ningbo Rongrong Industrial Investment Co., Ltd ("Rongrong Industrial"), an associate and therefore is a connected person of the Company by virtue of Rule 14A.11(4) of the Listing Rules. The acquisitions of the Bohai Property, the Dagang Property and the Huanghai Property (collectively referred to as the "Acquisitions") thus constitute connected transactions of the Company. As the aggregate consideration of the transfer agreements is RMB153,000,000, the applicable percentage ratio exceeds 2.5% and the total consideration exceeds HK\$10,000,000, the Acquisitions are subject to the reporting, announcement and approval from the independent shareholders requirements in accordance with Rule 14A.32 of the Listing Rules. On the extraordinary general meeting held on 18 February 2008, the Acquisitions have been approved by the independent shareholders and the connected transactions will be completed in 2008.

董事會報告

Report of the Directors

2. 持續關連交易

a. 租賃若干生產物業和設施

申洲針織於二零零五年十月九日與申洲置業簽訂一份租賃協定（「原租賃協定」），據此，申洲置業將服裝生產物業租予申洲針織，租期由二零零五年六月一日至二零零七年十二月三十一日止，申洲針織可行使續租權，按當時或低於當時市場租金額外續租三年（「租賃總協定」）。申洲針織可給予申洲置業不少於三個月的通知以終止租賃總協議。上述由申洲置業收取的租金，乃參照在中國寧波市日常業務過程中根據一般商業條款，從獨立第三方租賃類似物業及生產設施的市場租金予以釐定。申洲置業由執行董事馬建榮先生及聯繫人士「榮實業」分別擁有80%及20%權益，因此，根據上市規則第14A.11(4)條，申洲置業是本公司的關連人士。本年度內，本集團向申洲置業共支付租金人民幣8,468,000元。

由於原租賃合同於二零零七年十二月三十一日到期，申洲針織已於二零零七年十二月二十一日與申洲置業重簽了租賃協定（「新租賃協定」），租期由二零零八年一月一日起至二零一零年十二月三十一日止，申洲針織可行使續租權，按當時或低於當時市場租金額外續租三年。申洲針織可給予申洲置業不少於三個月的通知以終止新租賃協議。由申洲置業收取的租金，乃參照在中國寧波市日常業務過程中根據一般商業條款，從獨立第三方租賃類似物業及生產設施的市場租金予以釐定。

2. Continuing connected transactions

a. Lease of certain production premises and facilities

Shenzhou Knitting and Shenzhou Properties entered into a lease agreement (the "Original Lease Agreement") on 9 October 2005, pursuant to which Shenzhou Properties leased to Shenzhou Knitting the apparel production properties for a period commencing on 1 June 2005 and expiring on 31 December 2007, with a right of renewal exercisable by Shenzhou Knitting for a further term of three years at or below the prevailing market rate (the "Principal Lease Agreement"). The Principal Lease Agreement is terminable by Shenzhou Knitting giving no less than three months' notice to Shenzhou Properties. The rental so charged by Shenzhou Properties is determined by reference to the market rates for leasing similar properties and production facilities from independent third parties under normal commercial terms during the course of ordinary business in Ningbo, China. Shenzhou Properties, which is owned as to 80% by Mr. Ma Jianrong, an Executive Director, and as to 20% by Rongrong Industrial, an associate and therefore a connected person of the Company by virtue of Rule 14A.11(4) of the Listing Rules. During the year, rentals paid to Shenzhou Properties by the Group amounted to RMB8,468,000.

Since the Original Lease Agreement has expired on 31 December 2007, Shenzhou Knitting has entered into a new lease agreement ("New Lease Agreement") with Shenzhou Properties on 21 December 2007, for a term commencing on 1 January 2008 and expiring on 31 December 2010, with a right of renewal exercisable by Shenzhou Knitting for a further term of three years at or below the prevailing market rate. The New Lease Agreement is terminable by Shenzhou Knitting giving no less than three months' notice to Shenzhou Properties. The rental charged by Shenzhou Properties is determined by reference to the market rates for leasing similar properties and production facilities from independent third parties under normal commercial terms during the course of ordinary business in Ningbo, China.

董事會報告

Report of the Directors

b. 供應蒸汽

申洲針織於二零零五年十月九日與寧波明耀環保熱電有限公司（「明耀電力公司」）簽訂一份蒸汽供應協定，據此，明耀電力公司已同意自二零零五年十月九日至二零零七年十二月三十一日止向本集團供應蒸汽（「原蒸汽供應協議」）。根據蒸汽供應協定，明耀電力公司已承諾在任何時間均為本集團維持充足穩定的蒸汽供應，並授予本集團優先權，以滿足本集團對蒸汽不時的需求。由於明耀電力公司並無自設與本集團連接的輸管系統，有關各方已同意明耀電力公司可先將其蒸汽售予在上海證券交易所上市的一家獨立A股公司（「A股公司」），然後再將蒸汽轉售予本集團。該A股公司向本集團收取的每噸蒸汽價格，將按明耀電力公司向該A股公司收取的價格收取。根據蒸汽供應協定，明耀電力公司所收取的每噸蒸汽價格，乃參考位於中國寧波經濟技術開發區內獨立蒸汽供應商供應蒸汽當其時的市價而釐定，惟在任何情況下明耀電力公司所收取的每噸蒸汽價格不得高於該開發區內當時的蒸汽市價。訂約方任何一方可通過向另一方發出30日書面通知以終止蒸汽供應協議。明耀電力公司，由世通及寧波明耀投資有限公司分別擁有48%及52%權益，寧波明耀投資有限公司與本公司或其任何附屬公司的董事、最高行政人員、主要股東或彼等各自的聯繫人概無連。根據上市規則第14A.11(4)條，明耀電力公司屬關連人士。本年度內，本集團向明耀電力公司共支付蒸汽費人民幣36,656,000元。

b. Supply of steam

Shenzhou Knitting and Ningbo Mingyao Environmental Thermal Power Co., Ltd. (“Mingyao Electric Company”) entered into a steam supply agreement on 9 October 2005, pursuant to which Mingyao Electric Company agreed to supply steam to the Group for a period commencing on 9 October 2005 and expiring on 31 December 2007 (the “Original Steam Supply Agreement”). Under the Steam Supply Agreement, Mingyao Electric Company has undertaken to maintain sufficient and stable supply of steam to the Group at all times and has granted priority to the Group to satisfy its demand for steam from time to time. As Mingyao Electric Company does not have its own piping system connected to the Group, the relevant parties have agreed that Mingyao Electric Company may first sell its steam to an independent A-share company listed on the Shanghai Stock Exchange (the “A-Share Company”) which would then re-sell the steam to the Group. The steam price per ton to be charged by the A-Share Company to the Group will be at the price charged by Mingyao Electric Company to the A-Share Company. Pursuant to the Steam Supply Agreement, the steam price per ton charged by Mingyao Electric Company is determined by reference to the prevailing market price of steam supplied by independent steam suppliers located in the Ningbo Economic and Technology Development Zone of China, but in any event, the steam price per ton to be charged by Mingyao Electric Company shall not be higher than the prevailing market price of steam in the development zone. Either party may terminate the Steam Supply Agreement by giving 30 days’ written notice to the other party. Mingyao Electric Company is owned as to 48% by Worldon and as to 52% by Ningbo Mingyao Investment Co., Ltd., a party not connected with any of the directors, chief executives, substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates. Mingyao Electric Company is a connected person by virtue of Rule 14A.11(4) of the Listing Rules. During the year, the steam expenses paid to Mingyao Electric Company by the Group amounted to RMB36,656,000.

董事會報告

Report of the Directors

由於原蒸汽供應協議於二零零七年十二月三十一日到期，申洲針織已於二零零七年十二月二十一日與明耀電力公司重簽了蒸汽供應協議（「新蒸汽供應協議」），新蒸汽供應協議的有效期限由二零零八年一月一日起至二零一零年十二月三十一日止，訂約方任何一方可通過向另一方發出30日書面通知以終止蒸汽供應協議，明耀電力公司所收取的每噸蒸汽價格，乃參考位於中國寧波經濟技術開發區內獨立蒸汽供應商供應蒸汽當其時的市價而釐定，惟在任何情況下明耀電力公司所收取的每噸蒸汽價格不得高於該開發區內當時的蒸汽市價。由於新蒸汽供應協定之適用百分比率超過2.5%及總代價超過10,000,000港元，根據上市規則第14A.32條，該須遵守上市規則之呈報、公佈及獲獨立股東批准之規定，於二零零八年二月十八日召開之股東特別大會上，獨立股東已批准新蒸汽供應協議。

c. 提供毛毯裁剪及縫紉服務

申洲針織於二零零五年十月九日與寧波申洲大港針織有限公司（「申洲大港」）簽訂一份加工服務協定（「原加工服務協定」）。據此，申洲大港已同意向本集團提供或促使其他公司自二零零五年十月九日至二零零七年十二月三十一日止期間內向本集團提供若干裁剪與縫紉服務，協定按不遜於獨立第三方所提供的一般商業條款訂立。申洲大港，由卓耀及榮榮實業分別擁有80%及20%權益，根據上市規則第14A.11(4)條屬關連人士。本年度內，本集團向申洲大港共支付毛毯裁剪與縫紉加工費人民幣3,112,000元。

Since the Original Steam Supply Agreement has expired on 31 December 2007, Shenzhou Knitting has re-entered into a steam supply agreement (the "New Steam Supply Agreement") with Mingyao Electric Company on 21 December 2007, for a period commencing on 1 January 2008 and expiring on 31 December 2010. Either party may terminate the Steam Supply Agreement by giving 30 days' written notice to the other party. The steam price per ton charged by Mingyao Electric Company is determined by reference to the prevailing market price of steam supplied by independent steam suppliers located in the Ningbo Economic and Technology Development Zone of China, but in any event, the steam price per ton to be charged by Mingyao Electric Company shall not be higher than the prevailing market price of steam in the development zone. As the applicable percentage ratio under the New Steam Supply Agreement exceeds 2.5% and the total consideration exceeds HK\$10,000,000, it is subject to the reporting, announcement and approval from the independent shareholders requirements in accordance with Rule 14A.32 of the Listing Rules. On the extraordinary general meeting held on 18 February 2008, the New Steam Supply Agreement has been approved by the independent shareholders.

c. Provision of blanket cutting and sewing services

Shenzhou Knitting and Ningbo Shenzhou Dagang Knitwear Co., Ltd. ("Shenzhou Dagang") entered into a processing services agreement (the "Original Processing Services Agreement") on 9 October 2005, pursuant to which Shenzhou Dagang agreed to provide or procure other companies to provide certain blanket cutting and sewing services to the Group for a period commencing on 9 October 2005 and expiring on 31 December 2007 on normal commercial terms which are no less favourable than those available from independent third parties. Shenzhou Dagang, which is owned as to 80% by Worldon and as to 20% by Rongrong Industrial, is a connected person by virtue of Rule 14A.11(4) of the Listing Rules. During the year, the processing services fees paid to Shenzhou Dagang by the Group amounted to RMB3,112,000.

董事會報告

Report of the Directors

由於原加工服務協定於二零零七年十二月三十一日到期，申洲針織已於二零零七年十二月二十一日與大港針織重簽了加工服務協定（「新加工服務協定」），新加工服務協定的有效期自二零零八年一月一日起至二零一零年十二月三十一日止，協議按不遜於獨立第三方所提供的一般商業條款訂立。

d. 供應包裝物料

申洲針織於二零零五年十月九日與紹興縣華西包裝品有限公司（「華西包裝品公司」）簽訂一份供應協定（「原包裝物料供應協議」），據此，華西包裝品公司已同意按不遜於獨立第三方提供的一般商業條款向本集團不時供應包裝料。包裝物料供應協議期限乃自二零零五年十月九日開始，至二零零七年十二月三十一日止。華西包裝品公司，由執行董事黃關林先生之胞弟黃關泉先生及黃關林先生之父黃福昌先生分別擁有87.5%及12.5%權益。根據上市規則第14A.11(4)條，華西包裝品公司屬關連人士。本年度內，本集團向華西包裝品公司共支付包裝物料採購額為人民幣20,851,000元。

由於原包裝物料供應協議已於二零零七年十二月三十一日到期，申洲針織已於二零零七年十二月二十一日與華西包裝品公司重簽了包裝物料供應協議（「新包裝物料供應協議」），新包裝物料供應協議的有效期自二零零八年一月一日起至二零一零年十二月三十一日止，華西包裝品公司按不遜於獨立第三方提供的一般商業條款向本集團不時供應包裝料。

Since the Original Processing Services Agreement has expired on 31 December 2007, Shenzhou Knitting has entered into a new processing services agreement (the “New Processing Services Agreement”) with Shenzhou Dagang on 21 December 2007, for a period commencing on 1 January 2008 and expiring on 31 December 2010 on normal commercial terms which are no less favourable than those available from independent third parties.

d. Supply of packaging materials

Shenzhou Knitting and Shaoxing County Huaxi Packaging Materials Company Limited (“Huaxi Packaging Company”) entered into a supply agreement (the “Original Packaging Material Supply Agreement”) on 9 October 2005, pursuant to which Huaxi Packaging Company agreed to supply packaging materials to the Group from time to time on normal commercial terms which are no less favourable than those available from independent third parties. The Packaging Material Supply Agreement is for a term commencing on 9 October 2005 to 31 December 2007. Huaxi Packaging Company is owned as to 87.5% by Mr. Huang Guanquan, who is the brother of Mr. Huang Guanlin, an Executive Director, and as to 12.5% by Mr. Huang Fuchang, who is the father of Mr. Huang Guanlin. Huaxi Packaging Company is a connected person by virtue of Rule 14A.11(4) of the Listing Rule. During the year, the amount paid to Huaxi Packaging Company by the Group for the purchases of packaging materials totalled to RMB20,851,000.

Since the Original Packaging Material Supply Agreement has expired on 31 December 2007, Shenzhou Knitting has entered into a new packaging material supply agreement (the “New Packaging Material Supply Agreement”) with Huaxi Packaging Company on 21 December 2007, for a period commencing on 1 January 2008 and expiring on 31 December 2010, for the supply of packaging materials by Huaxi Packaging Company to the Group from time to time on normal commercial terms which are no less favourable than those available from independent third parties.

董事會報告

Report of the Directors

獨立非執行董事已審閱上述持續關連交易，並確認該等交易：(1) 在本集團之一般及日常業務運作中進行；(2) 按一般商業條款進行或對本公司而言，屬不遜於獨立第三方可獲得或提供之條款；及(3) 乃按該等交易之有關協定之條款進行，而有關條款屬公平合理，並符合本公司股東之整體利益。

根據所執行之工作，本公司之核數師亦致函確認該等持續關連交易：(1) 已獲得本公司董事會之批准；(2) 已遵照本集團之訂價政策；(3) 符合規管有關交易之協定；及(4) 不超過有關聯交所允許之上限金額。

The aforesaid continuing connected transactions have been reviewed by the Independent Non-executive Directors. The Independent Non-executive Directors confirmed that the aforesaid transactions had been entered into (1) in the ordinary and usual course of business of the Group; (2) either on normal commercial terms or on terms no less favourable to the Company than terms available to or from independent third parties; and (3) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Based on the work performed, the auditors of the Company have provided a letter and confirmed that the aforesaid continuing connected transactions (1) have been approved by the board of directors of the Company; (2) are in accordance with the pricing policies of the Group; (3) have been entered into in accordance with the terms of the relevant agreements governing the transactions; and (4) have not exceeded the caps allowed by the Stock Exchange.

公眾持股量的足夠性

基於本公司可取閱之資料以及就董事所知，於本報告刊發日期，本公司已發行股本總數之最少25%由公眾人士持有。

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

核數師

執業會計師羅兵咸永道會計師事務所已辭任本公司及其附屬公司之核數師，自二零零七年九月二十一日起生效。董事其後委任執業會計師安永會計師事務所填補因此產生之臨時空缺。本公司將於應屆股東週年大會提呈決議案，以委任安永會計師事務所擔任本公司核數師。

Auditors

PricewaterhouseCoopers, Certified Public Accountants had resigned as auditors of the Company and its subsidiaries with effect from 21 September 2007. Ernst & Young, Certified Public Accountants was then appointed by the directors to fill the casual vacancy so arising. A resolution for the appointment of Ernst & Young as auditors of the Company will be proposed at the forthcoming annual general meeting.

承董事會命

By Order of the Board

主席
馬建榮

Chairman
Ma Jianrong

中國寧波，二零零八年三月二十二日

Ningbo, China, 22 March 2008

獨立核數師報告

Independent Auditors' Report



致申洲國際集團控股有限公司
全體股東

(於開曼群島註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第67頁至143頁申洲國際集團控股有限公司(「公司」)及其附屬公司(下文統稱「集團」)之財務報表，有關財務報表包括於二零零七年十二月三十一日之綜合及公司資產負債表與截至該日止年度之綜合收益表、綜合權益變動表和綜合現金流量表，以及主要會計政策概要及其他附註解釋。

董事就財務報表須承擔之責任

公司董事須負責根據香港會計師公會頒佈之香港財務報告準則及按照《香港公司條例》之披露規定編製及真實公平列報該等財務報表。有關責任包括設計、實施及維護與編製及真實公平列報財務報表相關之內部控制，以使財務報表不存在由於欺詐或錯誤導致之重大錯誤陳述；選擇和應用適當之會計政策；及按情況作出合理之會計估計。

核數師之責任

我們之責任是根據我們之審核對該等綜合財務報表向閣下整體作出意見，除此之外本報告別無其他目的。本核數師不會就本報告之內容向任何其他人士負上或承擔任何責任。

我們已根據香港會計師公會頒佈之香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定該等財務報表是否不存有任何重大錯誤陳述。

To the shareholders of
Shenzhou International Group Holdings Limited

(Incorporated in Cayman Islands with limited liability)

We have audited the financial statements of Shenzhou International Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 67 to 143, which comprise the consolidated and company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors of the company are responsible for the preparation and the true and fair presentation of these financial statements 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made 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 as to whether the financial statements are free from material misstatement.

獨立核數師報告

Independent Auditors' Report

審核涉及執程序以獲取有關財務報表所載金額及披露資料之審核憑證。所選定程序取決於核數師之判斷，包括評估由於欺詐或錯誤導致財務報表存有重大錯誤陳述之風險。在評估該等風險時，核數師考慮與該公司編製及真實公平列報財務報表相關之內部控制，以設計適當之審核程序，但並非為對公司之內部控制之成效發表意見。審核亦包括評價董事所採用會計政策之合適性及所作出會計估計之合理性，以及評價財務報表之整體列報方式。

我們相信，我們獲得之審核憑證能充足和適當為我們之審核意見提供基礎。

意見

我們認為，財務報表已根據香港財務報告準則真實而公平地反映公司及集團於二零零七年十二月三十一日之財務狀況及集團截至該日止年度之利潤及現金流量，並已按照《香港公司條例》之披露規定妥為編製。

安永會計師事務所

執業會計師
香港

二零零八年三月二十二日

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 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 financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants
Hong Kong

22 March 2008

綜合資產負債表

Consolidated Balance Sheet

於二零零七年十二月三十一日
31 December 2007

			二零零七年 2007	二零零六年 2006
		附註 Notes	人民幣千元 RMB'000	人民幣千元 RMB'000
非流動資產	NON-CURRENT ASSETS			
物業、廠房及設備	Property, plant and equipment	15	1,973,982	1,638,031
土地使用權	Land use rights	16	151,993	132,374
長期預付款項	Long-term prepayment	17	50,000	50,000
無形資產	Intangible assets		521	–
遞延稅項資產	Deferred tax assets	27	26,689	709
總非流動資產	Total non-current assets		2,203,185	1,821,114
流動資產	CURRENT ASSETS			
存貨	Inventories	19	695,509	428,196
應收賬款	Trade receivables	20	325,771	204,875
預付款項、按金及其他 應收款項	Prepayments, deposits and other receivables	21	99,270	60,762
衍生金融工具	Derivative financial instruments	25	286,617	4,583
已抵押存款	Pledged deposits		184	182
初始存款期逾三個月之 銀行存款	Bank deposits with initial term of over three months		60,000	–
現金及現金等價物	Cash and cash equivalents	22	233,384	273,994
總流動資產	Total current assets		1,700,735	972,592
流動負債	CURRENT LIABILITIES			
應付賬款及票據	Trade and bills payables	23	305,887	259,845
其他應付款項及應計款項	Other payables and accruals	24	119,959	142,165
衍生金融工具	Derivative financial instruments	25	161,754	–
計息銀行及其他借貸	Interest-bearing bank and other borrowings	26	740,013	317,336
應付關連人士款項	Due to related parties	33	1,009	44
應付稅項	Tax payable		2,457	–
總流動負債	Total current liabilities		1,331,079	719,390
流動資產淨值	NET CURRENT ASSETS		369,656	253,202
總資產減流動負債	TOTAL ASSETS LESS CURRENT LIABILITIES		2,572,841	2,074,316

綜合資產負債表

Consolidated Balance Sheet

於二零零七年十二月三十一日
31 December 2007

			二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
		附註 Notes		
非流動負債	NON-CURRENT LIABILITIES			
計息銀行及其他借貸	Interest-bearing bank and other borrowings	26	58,437	–
遞延稅項負債	Deferred tax liabilities	27	33,772	–
總非流動負債	Total non-current liabilities		92,209	–
資產淨值	Net assets		2,480,632	2,074,316
權益	EQUITY			
母公司股權持有人應佔權益	Equity attributable to equity holders of the parent			
已發行股本	Issued capital	28	129,717	129,717
儲備	Reserves	29(a)	2,152,870	1,744,457
擬派末期股息	Proposed final dividend	13	186,531	187,628
			2,469,118	2,061,802
少數股東權益	Minority interests		11,514	12,514
總權益	Total equity		2,480,632	2,074,316

馬建榮
Ma Jianrong
主席
Chairman

黃關林
Huang Guanlin
執行董事
Executive Director

資產負債表

Balance Sheet

於二零零七年十二月三十一日
31 December 2007

			二零零七年 2007	二零零六年 2006
		附註 Notes	人民幣千元 RMB'000	人民幣千元 RMB'000
非流動資產	NON-CURRENT ASSETS			
於附屬公司之投資	Investments in subsidiaries	18(a)	727,454	727,454
給予附屬公司之貸款	Loans to subsidiaries	18(b)	807,963	866,896
遞延稅項資產	Deferred tax assets	27	26,689	–
總非流動資產	Total non-current assets		1,562,106	1,594,350
流動資產	CURRENT ASSETS			
其他應收款項	Other receivables	21	365,991	379,373
現金及現金等價物	Cash and cash equivalents	22	6,859	6,941
總流動資產	Total current assets		372,850	386,314
流動負債	CURRENT LIABILITIES			
應付附屬公司款項	Due to subsidiaries		24,750	14,693
其他應付款項	Other payables	24	351	3,203
衍生金融工具	Derivative financial instruments	25	161,754	–
總流動負債	Total current liabilities		186,855	17,896
流動資產淨值	NET CURRENT ASSETS		185,995	368,418
資產淨值	Net assets		1,748,101	1,962,768
權益	EQUITY			
已發行股本	Issued capital	28	129,717	129,717
儲備	Reserves	29(b)	1,431,853	1,645,423
擬派末期股息	Proposed final dividend	13	186,531	187,628
總權益	Total equity		1,748,101	1,962,768

馬建榮
Ma Jianrong
主席
Chairman

黃關林
Huang Guanlin
執行董事
Executive Director

綜合損益表

Consolidated Income Statement

於二零零七年十二月三十一日
31 December 2007

		附註 Notes	二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
收入	REVENUE	5	3,655,613	2,979,530
銷售成本	Cost of sales		(2,841,753)	(2,340,483)
毛利	Gross profit		813,860	639,047
其他收入及收益	Other income and gains	5	15,680	12,239
銷售及分銷成本	Selling and distribution costs		(47,648)	(34,744)
行政開支	Administrative expenses		(257,395)	(185,935)
其他開支	Other expenses		(88,482)	(6,279)
融資成本	Finance costs	7	(34,279)	(15,081)
除稅前利潤	PROFIT BEFORE TAX	6	401,736	409,247
稅項	Tax	11	6,352	(19,001)
年度利潤	PROFIT FOR THE YEAR		408,088	390,246
以下人士應佔權益：	Attributable to:			
母公司股權持有人	Equity holders of the parent	12	406,882	389,031
少數股東權益	Minority interests		1,206	1,215
			408,088	390,246
股息	DIVIDENDS			
擬派末期股息	Proposed final dividend	13	186,531	187,628
母公司普通股股權持有人 應佔每股盈利	EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	14		
基本	Basic		人民幣 0.33 元	人民幣0.31元
— 年度利潤	— For profit for the year		RMB0.33	RMB 0.31
攤薄	Diluted		不適用 N/A	不適用N/A
— 年度利潤	— For profit for the year			

綜合權益變動表

Consolidated Statement of Changes in Equity

截至二零零七年十二月三十一日止年度
Year ended 31 December 2007

		母公司股權持有人應佔								少數 股東權益	總權益
		Attributable to equity holders of the parent									
		已發行股本	股份溢價賬	對沖儲備	法定盈餘 公積金	匯兌 波動儲備	保留盈利	擬派 末期股息	總計		
附註 Note	人民幣千元 RMB'000 (附註28) (note 28)	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000 (附註29(a)(i)) (note 29(a)(i))	人民幣千元 RMB'000 (附註29(a)(ii)) (note 29(a)(ii))	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	
於二零零六年 一月一日 之結餘	Balance at 1 January 2006	129,717	762,499	-	330,634	(1,370)	454,639	25,903	1,702,022	12,152	1,714,174
匯兌調整	Exchange realignment	-	-	-	-	(3,348)	-	-	(3,348)	-	(3,348)
直接於權益 確認之年度 總收入及開支	Total income and expense for the year recognised directly in equity	-	-	-	-	(3,348)	-	-	(3,348)	-	(3,348)
年度利潤	Profit for the year	-	-	-	-	-	389,031	-	389,031	1,215	390,246
年度總收入 及開支	Total income and expense for the year	-	-	-	-	(3,348)	389,031	-	385,683	1,215	386,898
向本公司股東 派付股息	Dividends paid to the Company's shareholders	-	-	-	-	-	-	(25,903)	(25,903)	-	(25,903)
向少數股東 派付股息	Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(853)	(853)
擬派二零零六年 末期股息	Proposed final 2006 dividend	13	-	-	-	-	(187,628)	187,628	-	-	-
轉撥自保留盈利	Transfer from retained profits	-	-	-	2,237	-	(2,237)	-	-	-	-
於二零零六年 十二月三十一日	At 31 December 2006	129,717	762,499	-	332,871	(4,718)	653,805	187,628	2,061,802	12,514	2,074,316
於二零零七年 一月一日 之結餘	Balance at 1 January 2007	129,717	762,499	-	332,871	(4,718)	653,805	187,628	2,061,802	12,514	2,074,316
現金流量 對沖收益淨額*	Net gains on cash flow hedges*	-	-	195,951	-	-	-	-	195,951	-	195,951
匯兌調整	Exchange realignment	-	-	-	-	(7,889)	-	-	(7,889)	-	(7,889)
直接於權益確認 之年度總收入 及開支	Total income and expense for the year recognised directly in equity	-	-	195,951	-	(7,889)	-	-	188,062	-	188,062
年度利潤	Profit for the year	-	-	-	-	-	406,882	-	406,882	1,206	408,088
年度總收入 及開支	Total income and expense for the year	-	-	195,951	-	(7,889)	406,882	-	594,944	1,206	596,150
向本公司股東 派付股息	Dividends paid to the Company's shareholders	-	-	-	-	-	-	(187,628)	(187,628)	-	(187,628)
向少數股東 派付股息	Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(2,206)	(2,206)
擬派二零零七年 末期股息	Proposed final 2007 dividend	13	-	-	-	-	(186,531)	186,531	-	-	-
轉撥自保留盈利	Transfer from retained profits	-	-	-	92,527	-	(92,527)	-	-	-	-
於二零零七年 十二月三十一日	At 31 December 2007	129,217	762,499	195,951	425,398	(12,607)	781,629	186,531	2,469,118	11,514	2,480,632

* 年內於權益確認之現金流量對沖收益淨額為人民幣211,768,000元。於本年度，收益淨額人民幣15,817,000元已重新分類至收入。

* The net gain on cash flow hedges during the year, recognised in equity was RMB211,768,000. During the year, net gain of RMB15,817,000 was reclassified to revenue.

綜合現金流量表

Consolidated Cash Flow Statement

截至二零零七年十二月三十一日止年度
Year ended 31 December 2007

	附註 Notes	二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
經營業務所得現金流量	CASH FLOWS FROM OPERATING ACTIVITIES		
稅前利潤	Profit before tax	401,736	409,247
調整：	Adjustments for:		
融資成本	Finance costs 7	34,279	15,081
利息收入	Interest income 5	(1,560)	(3,421)
出售物業、廠房及 設備項目之虧損	Loss on disposal of items of property, plant and equipment 6	135	444
公允值虧損淨額：	Fair value losses, net:		
衍生工具－不符合 對沖資格之交易	Derivative instruments – transactions not qualifying as hedges 6	104,073	–
折舊	Depreciation 6	174,034	141,775
土地使用權攤銷	Amortisation of land use rights 6	1,981	1,348
其他無形資產攤銷	Amortisation of other intangible assets 6	31	–
		714,709	564,474
存貨增加	Increase in inventories	(267,313)	(61,995)
應付賬款增加	Increase in trade receivables	(120,896)	(11,315)
預付款項、按金及其他應收 款項(增加)/減少	(Increase)/decrease in prepayments, deposits and other receivables	(44,929)	7,099
應付賬款及票據增加	Increase in trade and bills payables	46,042	115,066
其他應付款項及 應計款項增加/(減少)	Increase/(decrease) in other payables and accruals	17,039	(2,475)
應付關連人士款項增加	Increase in amount due to related parties	965	41
已抵押存款 (增加)/減少	(Increase)/decrease in pledged deposit	(2)	2,128
經營業務所得現金	Cash generated from operations	345,615	613,023
已付利息	Interest paid	(34,279)	(15,620)
已付利得稅	Profits tax paid	(4,319)	(26,524)
經營業務所得現金淨額	Net cash inflow from operating activities	307,017	570,879

綜合現金流量表

Consolidated Cash Flow Statement

截至二零零七年十二月三十一日止年度
Year ended 31 December 2007

	附註 Notes	二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
投資業務所得現金流量	CASH FLOWS FROM INVESTING ACTIVITIES		
已收利息	5	1,560	3,421
購置物業、廠房及設備項目		(538,315)	(471,757)
出售物業、廠房及設備項目之所得款項		1,931	1,609
收購土地使用權		(21,600)	(63,608)
長期預付款項增加		-	(50,000)
收購其他無形資產		(552)	-
收購一家附屬公司	34	(16,467)	(3,033)
衍生金融工具到期		(1,061)	-
初始存款期逾三個月之銀行存款(增加)/減少		(60,000)	21,695
投資活動現金流出淨額	Net cash outflow from investing activities	(634,504)	(561,673)
融資活動所得現金流量	CASH FLOWS FROM FINANCING ACTIVITIES		
新造銀行貸款		1,369,254	1,159,257
償還銀行貸款		(888,140)	(1,400,658)
應付關連人士款項減少 — 非貿易相關		-	(22,139)
向母公司股權持有人 派付股息		(187,628)	(25,903)
向少數股東派付股息		(1,119)	(853)
融資活動現金流入/(流出)淨額	Net cash inflow/(outflow) from financing activities	292,367	(290,296)
現金及現金等價物 減少淨額	NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,120)	(281,090)
年初現金及現金等價物	Cash and cash equivalents at beginning of year	273,994	559,801
匯率變動之影響淨額	Effect of foreign exchange rate changes, net	(5,490)	(4,717)
年終現金及現金等價物	CASH AND CASH EQUIVALENTS AT END OF YEAR	233,384	273,994
現金及現金等價物 結餘分析	ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
現金及銀行結餘	Cash and bank balances	227,554	266,843
短期存款	Short-term deposits	5,830	7,151
	22	233,384	273,994

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Notes to Financial Statements

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1. 一般資料

申洲國際集團控股有限公司(「本公司」)於二零零五年六月二十三日在開曼群島註冊成立為獲豁免有限公司。註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。本公司股份自二零零五年十一月二十四日起在香港聯合交易所有限公司主板(「主板」)上市。

本公司及其附屬公司(統稱「本集團」)主要從事製造及銷售針織服裝產品(「針織業務」)。本集團主要附屬公司之詳情載於附註18。

董事認為，本公司最終控股公司為香港註冊成立之世通(香港)有限公司(「世通」)。本公司之中介控股公司為卓耀海外有限公司(「卓耀」)，該公司於英屬處女群島註冊成立。

2.1 編製基準

此等財務報表乃根據香港會計師公會頒佈之香港財務報告準則(「香港財務報告準則」，包括所有香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋)、香港公認會計原則及香港公司條例之披露規定編製。除衍生金融工具乃按公允值計量外，財務報表乃按歷史成本慣例法編製。除非另有註明，否則此等財務報表以人民幣(「人民幣」)呈列，所有數值均按四捨五入法調整至最接近千位。

綜合基準

綜合財務報表包括本公司及其附屬公司截至二零零七年十二月三十一日止年度之財務報表。附屬公司之財務報表採用一致性會計政策按母公司之相同呈報年報編製。

本集團內公司間之所有重大交易及結餘於綜合賬目時對銷。

1. Corporate information

Shenzhou International Group Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 23 June 2005. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Main Board”) since 24 November 2005.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacturing and sale of knitwear products (the “Knitwear Business”). Details of the principal subsidiaries of the Group are set out in note 18.

In the opinion of the directors, the ultimate holding company of the Company is Worldon (Hong Kong) Limited (“Worldon”), a company incorporated in Hong Kong. The intermediate holding company of the Company is Excelbright Overseas Limited (“Excelbright”), a company incorporated in the British Virgin Islands.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting policies generally adopted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2007. The financial statements of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

財務報表附註

Notes to Financial Statements

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2.1 編製基準(續)

綜合基準(續)

附屬公司之業績自收購日期(即本集團取得控制權之日)起直至該控制權終止之日止綜合計算。

少數股東權益指外界股東所擁有而並非由本集團持有之權益。少數股東權益於損益表分開呈列，並於綜合資產負債表計入權益，與母公司股東權益分開呈列。

2.2 新訂及經修訂香港財務報告準則之影響

本集團於本年度之財務報表首次採納以下新訂及經修訂香港財務報告準則。除若干情況須應用新訂及經修訂會計政策以及作出額外披露外，採納此等新訂及經修訂準則及詮釋並無對此等財務報表產生重大影響。

香港財務報告準則第7號	金融工具：披露
香港會計準則第1號(修訂本)	資本披露
香港(國際財務報告詮釋委員會)－詮釋第8號	香港財務報告準則第2號之範圍
香港(國際財務報告詮釋委員會)－詮釋第9號	重新評估內含衍生工具
香港(國際財務報告詮釋委員會)－詮釋第10號	中期財務報告及減值

2.1 Basis of Preparation (continued)

Basis of consolidation (continued)

The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Minority interests represent the interests of outside shareholders not held by the Group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

2.2 Impact of New and Revised HKFRSs

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases, giving rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment

財務報表附註

Notes to Financial Statements

截至二零零七年十二月三十一日止年度
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2.2 新訂及經修訂香港財務報告準則之影響(續)

採納該等新訂及經修訂香港財務報告準則之主要影響如下：

(a) 香港財務報告準則第7號：金融工具：披露

此準則要求作出披露，以便使用財務報表之人士評估本集團金融工具之重大程度以及該等金融工具所產生風險之性質及範圍。此等財務報表已列載新披露資料。儘管此準則對本集團財務狀況或經營業績並無影響，已在適當情況下載入／修訂比較資料。

(b) 香港會計準則第1號(修訂本)：財務報表呈報－資本披露

是項修訂要求本集團作出披露，以便使用財務報表之人士能夠評估本集團管理資本之目標、政策及程序。該等新披露資料載於財務報表附註31。

(c) 香港(國際財務報告詮釋委員會)－詮釋第8號：香港財務報告準則第2號之範圍

此詮釋規定，在本集團無法具體確定部分或所有已收取貨物或服務，而本集團須就支付有關貨物或服務之代價而授出股本工具或產生負債，則以本集團股本工具之價值為基準計算，倘有關代價似少於所授出股本工具或所產生負債之公允值，則須對有關安排應用香港財務報告準則第2號。由於本集團現時並無該等交易，故有關詮釋對此等財務報表概無影響。

2.2 Impact of New and Revised HKFRSs (continued)

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results of operations of the Group, comparative information has been included/revised where appropriate.

(b) Amendment to HKAS1 Presentation of Financial Statements – Capital Disclosures

This amendment requires the Group to make disclosures that enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are shown in note 31 to the financial statements.

(c) HK(IFRIC)-Int 8 Scope of HKFRS 2

This interpretation requires HKFRS 2 to be applied to any arrangement in which the Group cannot identify specifically some or all of the goods or services received, for which equity instruments are granted or liabilities (based on a value of the Group's equity instruments) are incurred by the Group for a consideration, and which appears to be less than the fair value of the equity instruments granted or liabilities incurred. As the Group currently has no such transactions, the interpretation has had no effect on these financial statements.

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2.2 新訂及經修訂香港財務報告準則之影響(續)

(d) 香港(國際財務報告詮釋委員會)－詮釋第9號：重新評估內含衍生工具

此詮釋規定，本集團須於首次訂立合約之日期，評估內含衍生工具是否需要與主合約分開呈列及視為衍生工具處理，並僅在合約作出大大更改現金流量之修訂時，方可重新評估。由於本集團就現行衍生工具入賬之會計政策符合詮釋之規定，有關詮釋對此等財務報表概無影響。

(e) 香港(國際財務報告詮釋委員會)－詮釋第10號：中期財務報告及減值

本集團於二零零七年一月一日採納是項詮釋，規定於上一個中期期間就商譽或列作待售之股本工具投資或按成本列賬之財務資產確認之減值虧損其後不得撥回。由於本集團過往並無就該等資產撥回任何減值虧損，是項詮釋對本集團之財務狀況或經營業績並無影響。

2.2 Impact of New and Revised HKFRSs (continued)

(d) HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives

This interpretation requires the date to assess whether an embedded derivative is required to be separated from the host contracted and accounted for as a derivative is the date that the Group first becomes a party to the contract, with reassessment only if there is a change to the contract that significantly modifies the cash flows. As the Group's existing policy of accounting for derivatives complies with the requirements of the interpretation, the interpretation has had no effect on these financial statements.

(e) HK(IFRIC)-Int 10 Interim Financial Reporting and Impairment

The Group has adopted this interpretation as of 1 January 2007, which requires that an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost is not subsequently reversed. As the Group had no impairment losses previously reversed in respect of such assets, the interpretation has had no impact on the financial position or results of operations of the Group.

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Notes to Financial Statements

截至二零零七年十二月三十一日止年度
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2.3 已頒佈但尚未生效之香港財務報告準則之影響

本集團並未於此等財務報表應用下列已頒佈但尚未生效之新訂及經修訂香港財務報告準則。

香港會計準則 第1號(經修訂)	財務報表呈報 ¹
香港財務報告準則 第8號	經營分部 ¹
香港會計準則 第23號(經修訂)	借款成本 ¹
香港(國際財務報告 詮釋委員會) — 詮釋第11號	香港財務報告 準則第2號 — 集團及庫務 股份交易 ²
香港(國際財務報告 詮釋委員會) — 詮釋第12號	服務經營權安排 ⁴
香港(國際財務報告 詮釋委員會) — 詮釋第13號	顧客長期支持 計劃 ³
香港(國際財務報告 詮釋委員會) — 詮釋第14號	香港會計準則 第19號— 界定 福利資產 限額、最低 資金規定及 其相互關係 ⁴

- 1 於二零零九年一月一日或之後開始之年度期間生效
- 2 於二零零七年三月一日或之後開始之年度期間生效
- 3 於二零零八年七月一日或之後開始之年度期間生效
- 4 於二零零八年一月一日或之後開始之年度期間生效

2.3 Impact of issued but not yet effective HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKFRS 8	Operating Segments ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions ²
HK(IFRIC)-Int 12	Service Concession Arrangements ⁴
HK(IFRIC)-Int 13	Customer Loyalty Programmes ³
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁴

- 1 Effective for annual periods beginning on or after 1 January 2009
- 2 Effective for annual periods beginning on or after 1 March 2007
- 3 Effective for annual periods beginning on or after 1 July 2008
- 4 Effective for annual periods beginning on or after 1 January 2008

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2.3 已頒佈但尚未生效之香港財務報告準則之影響(續)

香港會計準則第1號分開處理所有人及非所有人之權益變動。權益變動表僅包括與所有人之交易，而全部非所有人之權益變動只於單一項目呈列。此外，此項準則引入全面收入報表，呈列於損益確認之所有收支項目，連同一切其他已確認收支項目，可能以單一報表或有關連之兩份報表呈列。本集團仍在評估將以一個還是兩個報表呈列。

香港財務報告準則第8號取代香港會計準則第14號分類報告，訂明實體應如何就其經營分類報告資料，並以主要營運決策人用作分配資源至不同分部及評估其表現之實體組成部分資料為依據。有關準則亦規定，披露有關分部所提供產品及服務之資料、本集團經營所在地及來自本集團主要客戶之收入。本集團預期自二零零九年一月一日起採納香港財務報告準則第8號。

香港會計準則第23號已經修訂，規定將收購、建造或生產合資格資產直接應佔借貸成本撥充資本。本集團現正評估初步採納此項準則之影響。

香港(國際財務報告詮釋委員會)－詮釋第11號規定，僱員據此獲授本集團股本工具權利之安排須列為股本結算計劃，即使該等工具乃本集團向其他人士購買或由股東提供。香港(國際財務報告詮釋委員會)－詮釋第11號亦訂明涉及本集團旗下兩個以上實體之股份付款交易之會計方法。由於本集團現時並無進行有關交易，故有關詮釋不大可能對本集團產生任何財務影響。

2.3 Impact of issued but not yet effective HKFRSs (continued)

HKAS 1 separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

HKFRS 8, which will replace HKAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographic areas in which the Group operates, and revenue from the Group's major customers. The Group expects to adopt HKFRS 8 from 1 January 2009.

HKAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying assets. The Group is in the process of making an assessment of the impact of this standard upon initial application.

HK(IFRIC)-Int 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments, to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC)-Int 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation is unlikely to have any financial impact on the Group.

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2.3 已頒佈但尚未生效之香港財務報告準則之影響(續)

香港(國際財務報告詮釋委員會)－詮釋第12號規定，公轉私營服務經營權安排項下之營運商須按照合約安排之條款，將換取建築服務之已收或應收代價確認為財務資產及／或無形資產。香港(國際財務報告詮釋委員會)－詮釋第12號亦指出，在政府或公營實體授予興建用於提供及／或供應公共服務之基建項目合約時，營運商應如何應用現有香港財務報告準則處理服務經營權安排產生之責任或權利。由於本集團現時並無該等交易，有關詮釋不大可能對本集團產生任何財務影響。

香港(國際財務報告詮釋委員會)－詮釋第13號規定，作為銷售交易一部分授予客戶之長期支持獎勵，須當作銷售交易之獨立部分處理。於銷售交易收取之代價須分配予長期支持獎勵部分及銷售其他部分。分配予長期支持獎勵部分之金額，乃參考其公允值釐定及遞延處理，直至有關獎勵獲動用或負債因其他原因撤銷為止。

香港(國際財務報告詮釋委員會)－詮釋第14號指明如何根據香港會計準則第19號：僱員福利評估有關定額福利計劃(特別是存在最低供款規定時)未來供款之退款或扣減款額可確認為資產之限額。

由於本集團目前並無客戶長期支持獎勵及界定福利計劃，故香港(國際財務報告詮釋委員會)－詮釋第13號及香港(國際財務報告詮釋委員會)－詮釋第14號不適用於本集團，故不大可能對本集團產生任何財務影響。

2.3 Impact of issued but not yet effective HKFRSs (continued)

HK(IFRIC)-Int 12 requires an operator under public-to-private service concession arrangements to recognise the consideration received or receivable in exchange for the construction services as a financial asset and/or an intangible asset, based on the terms of the contractual arrangements. HK(IFRIC)-Int 12 also addresses how an operator shall apply existing HKFRSs to account for the obligations and the rights arising from service concession arrangements by which a government or a public sector entity grants a contract for the construction of infrastructure used to provide public services and/or for the supply of public services. As the Group currently has no such transactions, the interpretation is unlikely to have any financial impact on the Group.

HK(IFRIC)-Int 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty award credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished.

HK(IFRIC)-Int 14 addresses how to assess the limit under HKAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists.

As the Group currently has no customer loyalty award credits and defined benefit scheme, HK(IFRIC)-Int 13 and HK(IFRIC)-Int 14 are not applicable to the Group and therefore are unlikely to have any financial impact on the Group.

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2.4 主要會計政策概要

附屬公司

附屬公司乃本公司可直接或間接控制其財務及營運政策以從其業務獲取利益之公司。

附屬公司業績按已收及應收股息計入本公司損益表。本公司於附屬公司之投資按成本扣減任何減值虧損列賬。

商譽

收購附屬公司產生之商譽指業務合併成本超出本集團於收購日期應佔所購入對象可識別資產以及所承擔負債及或然負債之公平淨值之差額。

商譽之賬面值每年或於發生事件或變動顯示賬面值可能減值時更頻繁檢測減值。於評估有否減值時，業務合併中收購之商譽由收購日期起分配至預期可受惠於合併協同效益之本集團各項或各組現金產生單位，而不計及本集團有否其他資產或負債已分配至該等單位。

減值乃透過評估商譽有關之現金產生單位（一組現金產生單位）之可收回金額釐定。倘現金產生單位（一組現金產生單位）之可收回金額低於賬面值，則確認減值虧損。就商譽確認之減值虧損不會於其後期間撥回。

倘商譽為現金產生單位（一組現金產生單位）其中部分，而該單位部分業務被出售，則於釐定出售業務損益時，相關商譽將計入業務之賬面值。在此情況下，出售之商譽根據所出售業務之相關價值及所保留現金產生單位之部分計量。

2.4 Summary of Significant Accounting Policies

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

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2.4 主要會計政策概要(續)

商譽以外之非財務資產減值

除存貨、遞延稅項資產及財務資產外，倘資產出現任何減值跡象或須每年測試減值，會估計資產之可收回金額。資產之可收回金額乃按資產或現金產生單位之使用價值或公允值減銷售成本兩者中之較高者計算，而個別資產須分開計算，惟倘資產並不產生明顯獨立於其他資產或資產組別之現金流入，則就資產所屬現金產生單位計算可收回金額。

僅在資產賬面值超出其可收回金額之情況下，方會確認減值虧損。評估使用價值時，估計日後現金流量按可反映貨幣時間價值及資產特定風險之現時市場評估之稅前貼現率折算至現值。減值虧損於其產生期間自損益表扣除。

於各申報日期，將評估有否跡象顯示早前確認之減值虧損可能不再存在或可能減少。倘出現有關跡象，則估計可收回金額。早前就商譽以外資產確認之減值虧損，僅在用以釐定該資產可收回金額之估計數字出現變動時方會撥回，然而，有關數額不得高於倘於過往年度並無就資產確認減值虧損而應釐定之賬面值(扣除任何折舊／攤銷)。

2.4 Summary of Significant Accounting Policies

(continued)

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years.

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2.4 主要會計政策概要(續)

關連人士

下列人士將被視為與本集團有關連：

- (a) 直接或間接透過一間或多間中介實體(i)控制本集團或受本集團控制或與本集團受共同控制；(ii)於本集團擁有對本集團有重大影響力之權益；或(iii)共同控制本集團之人士；
- (b) 聯繫人士；
- (c) 共同控制實體；
- (d) 本集團或其母公司之主要管理人員；
- (e) (a)或(d)所述任何個別人士之近親；或
- (f) (d)或(e)所述任何個別人士直接或間接控制、共同控制或可行使重大影響力或持有大部分投票權之實體。

物業、廠房及設備以及折舊

除在建工程外，物業、廠房及設備乃按成本減累計折舊及任何減值虧損列賬。物業、廠房及設備項目之成本包括其購買價及任何使其達至營運狀況及地點作擬定用途之直接應佔成本。物業、廠房及設備投入運作後所產生維修保養等支出，一般於其產生期間自損益表扣除。倘清楚顯示有關支出導致自運用物業、廠房及設備項目預期獲得之日後經濟利益增加，且能夠可靠計量項目成本，則該支出將撥充資本，作為資產或替代資產之額外成本。

2.4 Summary of Significant Accounting Policies

(continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;
- (b) the party is an associate;
- (c) the party is a jointly-controlled entity;
- (d) the party is a member of the key management personnel of the Group or its parent;
- (e) the party is a close member of the family of any individual referred to in (a) or (d); or
- (f) 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 (d) or (e).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

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2.4 主要會計政策概要(續)

物業、廠房及設備(續)

折舊乃按直線法於其預計可用年期撇銷物業、廠房及設備各項目之成本至其剩餘價值計算。物業、廠房及設備之主要預計可用年期如下：

樓宇	20年
廠房及機器	10年
傢俬及固定裝置	5年
汽車	5年

倘物業、廠房及設備項目各部分之可用年期不同，則該項目成本將合理分配至各部分，而各部分將個別折舊。

剩餘價值、可用年期及折舊方法將於各結算日檢討及於適當時作出調整。

物業、廠房及設備項目於出售時或預期日後使用或出售該項目不會產生經濟利益時終止確認。於資產終止確認之年度在損益表確認之出售或廢棄損益，按出售所得款項淨額與有關資產賬面值間之差額計算。

在建工程指興建中或安裝中之樓宇、廠房及機器，按成本扣減任何減值虧損列賬，且不予折舊。成本包括興建期間之直接建築成本。在建工程於落成及可供使用後重新分類為適當類別之物業、廠房及設備。

無形資產(商譽除外)

擁有有限可用年期之無形資產於可使用經濟年期內攤銷，並於有跡象顯示無形資產可能減值時評估減值。可用年期有限之無形資產之攤銷期及攤銷方法，最少於每個結算日檢討一次。

軟件

購買軟件按成本減任何減值虧損列賬，並於估計可用年期五年內按直線基準攤銷。

2.4 Summary of Significant Accounting Policies

(continued)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives of property, plant and equipment are as follows:

Buildings	20 years
Plant and machinery	10 years
Furniture and fixtures	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings, plant and machinery under construction or pending installation, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

Software

Purchased software is stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of five years.

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2.4 主要會計政策概要(續)

經營租賃－作為承租人

凡資產擁有權之絕大部分回報及風險仍由出租人承擔之租約，均列作經營租賃。根據經營租賃應付之租金按租期以直線法自損益表扣除。

土地使用權

中國大陸所有土地由國家擁有，並不存在個人土地擁有權。本集團取得若干土地之使用權，而就有關權利支付之代價記錄為土地使用權，有關金額以直線法按30年至50年之使用期攤銷。

投資及其他財務資產

屬於香港會計準則第39號範圍內之財務資產分類為按公允值計入損益之財務資產、貸款及應收款項、持至到期投資以及可供出售財務資產(視適用情況而定)。財務資產於首次確認時以公允值計量，就並非按公允值計入損益之投資而言，則按直接應佔交易成本計量。

本集團於首次成為合約訂約方時，須考慮該合約是否包含內含衍生工具，並於分析顯示內含衍生工具之特徵及風險與主合約並不密切相關時，評估內含衍生工具是否需要與主合約分開處理。倘合約條款更改導致現金流量出現原非合約規定之重大轉變時，方作重估。

本集團於初步確認時決定其財務資產分類，並在可行及適當之情況下於結算日重新評估有關分類。

財務資產所有一般買賣概於交易日(即本集團承諾買賣該資產之日期)確認。一般買賣乃指按照一般市場規定或慣例在一定期間內交付資產之財務資產買賣。

2.4 Summary of Significant Accounting Policies

(continued)

Operating leases – as lessee

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

Land use rights

All land in the Mainland China is state-owned and no individual land ownership rights exist. The Group acquired the right to use certain land and the consideration paid for such right are recorded as land use rights, which are amortised over the use terms of 30 to 50 years using the straight-line method.

Investments and other financial assets

Financial assets in the scope of HKAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group assesses whether a contract contains an embedded derivative when the Group first becomes a party to it, and assesses whether an embedded derivative is required to be separated from the host contract when the analysis shows that the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

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2.4 主要會計政策概要(續)

投資及其他財務資產(續)

按公允價值計入損益之財務資產

按公允價值計入損益之財務資產包括持作買賣財務資產及初步確認時指定為按公允價值計入損益之財務資產。財務資產如以短期內出售為目的而購買，則分類為持作買賣財務資產。衍生工具(包括獨立內含衍生工具)亦歸類為持作買賣，除非其為指定有效對沖工具則作別論。該等財務資產之盈虧在損益表確認。於損益表確認之公允價值損益淨額並不包括該等財務資產賺取之任何股息或利息，該等收益根據下文「收益確認」一節所述政策確認。

倘一份合約包含一項或多項內含衍生工具，則整份合約將指定為按公允價值計入損益之財務資產，除非此項內含衍生工具不會對現金流量產生重大影響，或明顯禁止將內含衍生工具分開處理。

符合以下條件之財務資產將於初步確認時指定為按公允價值計入損益：(i)此分類將抵銷或明顯減少按不同基準計算資產或確認有關資產之損益導致之不一致處理方法；(ii)是項資產為根據已訂明之風險管理策略管理及按公允價值基準評估表現之一組財務資產之一部分；或(iii)此項財務資產包含需要分開入賬之內含衍生工具。

貸款及應收款項

貸款及應收款項為附有固定或待定付款，且並無活躍市場報價之非衍生財務資產。有關資產其後按實際利率法按攤銷成本入賬，減任何減值撥備。於計算攤銷成本時，已計及收購之任何折讓或溢價，並包括作為實際利率不可或缺部分之費用及交易成本。貸款及應收款項終止確認或出現減值時，損益於損益表確認，並作出攤銷。

2.4 Summary of Significant Accounting Policies

(continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on these financial assets are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognizing gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

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2.4 主要會計政策概要(續)

投資及其他財務資產(續)

持至到期投資

倘本集團有持有至到期之意向和能力，則具有固定之或待定付款及固定到期日之非衍生財務資產分類為持至到期投資。持至到期投資其後按攤銷成本扣除任何減值撥備計量。攤銷成本按初步確認金額扣減本金還款，加上或減去初步確認金額與到期日金額間差額使用實際利率法計算之累計攤銷。計算方法包括訂立合約各方之間支付或收取屬於實際利率組成部分之所有費用及貼息，交易費用以及其他所有溢價及折讓。倘該投資終止確認、減值或攤銷，所產生收益或虧損在損益表確認。

可供出售財務資產

可供出售財務資產為指定為可供出售或並無歸類為任何其他兩個類別之上市及非上市股本證券之非衍生財務資產。初步確認後，可供出售財務資產按公允值計量，收益或虧損則確認為權益之個別部分，直至有關投資已終止確認或投資已確定出現減值，屆時先於權益呈報之累計收益或虧損會計入損益表。賺取之利息和股息分別作為利息收入和股息收入，按照下文「收益確認」所載政策在損益表確認為「其他收入」。該等投資產生之減值虧損作為「可供出售財務資產減值虧損」，從可供出售投資重估儲備轉撥至損益表確認。

當非上市股本證券之公允值因(a)該投資合理公允值估算範圍之差異重大；或(b)於該範圍內不同估算之或然率不能可靠評估及用於估計公允值，則有關證券按成本減任何減值虧損入賬。

2.4 Summary of Significant Accounting Policies

(continued)

Investments and other financial assets (continued)

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost less any allowance for impairment. Amortised cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in the income statement when the investments are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets in listed and unlisted equity securities that are designated as available for sale or are not classified in any of the other two categories. After initial recognition, available-for-sale financial assets are measured at fair value, with gains or losses recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as "Other income" in accordance with the policies set out for "Revenue recognition" below. Losses arising from the impairment of such investments are recognised in the income statement as "Impairment losses on available-for-sale financial assets" and are transferred from the available-for-sale investment revaluation reserve.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

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2.4 主要會計政策概要(續)

投資及其他財務資產(續)

公允值

於組織完善之金融市場交投活躍之投資公允值，參考於結算日營業時間結束時之市場買入報價釐定。就並無活躍市場之投資而言，公允值乃採用估值法計算。有關方法包括採用最近期公平磋商市場交易；經參考另一項大致相同之工具現有市價；貼現現金流量分析；及其他估值模式。

財務資產減值

本集團會於各結算日評估是否存在客觀證據證明某項財務資產或財務資產組別出現減值。

以攤銷成本列賬之資產

若有客觀證據證明按攤銷成本列賬之貸款及應收款項出現減值虧損，則以資產之賬面值與按財務資產原先實際利率(即初步確認計算之實際利率)貼現估計未來現金流量(不包括未產生之日後信貸虧損)之現值兩者間差額計算虧損之金額。資產之賬面值直接或透過準備賬扣減，減值虧損金額則於損益表確認。貸款及應收款項連同與之相關之備抵在實際預計日後無法收回時，予以撇銷。

倘減值虧損數額於以後期間減少，而該等減少與確認減值後發生之事項客觀相關，則透過調整撥備賬撥回過往確認之減值虧損。任何其後撥回之減值虧損將於損益表確認，惟資產賬面值不得超過其於撥回當日之攤銷成本。

2.4 Summary of Significant Accounting Policies

(continued)

Investments and other financial assets (continued)

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business at the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis and other valuation models.

Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

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2.4 主要會計政策概要(續)

財務資產減值(續)

以攤銷成本列賬之資產(續)

就應收賬款及其他應收款項而言，倘有客觀證據(如債務人無力償債或面臨重大財務困難之可能性以及科技、市場經濟或法律環境出現對債務人構成不利影響之重大轉變)證明本集團將不能按照發票之原有條款收回所有到期金額，則作出減值撥備。應收款項之賬面值透過準備賬扣減。出現減值之債務倘評估為不可收回，則終止確認。

以成本列賬之資產

倘有客觀證據顯示因公允值無法可靠計算而未按公允值列賬之無掛牌股本工具或與該等無掛牌股本工具有關及必須以交付該等無掛牌股本工具結算之衍生資產出現減值虧損，則有關虧損金額按該資產之賬面值與估計未來現金流量以類似財務資產當時之市場回報率折現之現值兩者間之差額計算。該等資產之減值虧損不予撥回。

可供出售財務資產

倘可供出售資產出現減值，則其成本(減任何本金付款及攤銷額)與現時公允值間之差額，再扣減先前在損益表確認之任何減值虧損後，將自權益轉撥至損益表。倘公允值重大或長期下跌至低於其成本或有其他客觀證據顯示出現減值，則將就可供出售股本投資作出減值撥備。釐定「重大」或「長期」則需作出判斷。分類為可供出售股本工具之減值虧損不會於損益表撥回。

2.4 Summary of Significant Accounting Policies

(continued)

Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

In relation to trade and other receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor and significant changes in the technological, market economic, or legal environment that have an adverse effect on the debtor) that the Group will not be able to collect all of the amounts due under the original terms of an invoice. The carrying amount of the receivables is reduced through the use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured or a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. A provision for impairment is made for available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement.

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2.4 主要會計政策概要(續)

終止確認財務資產

財務資產(或(如適用)財務資產之一部分或一組同類財務資產之一部分)在下列情況將終止確認:

- 收取該項資產現金流量之權利屆滿;
- 本集團保留收取該項資產現金流量之權利,惟須根據一項「轉移」安排,在未有嚴重延誤情況下,就有關權利對第三方全數承擔付款責任;或
- 本集團已轉讓其收取該項資產所得現金流量之權利,並(a)已轉讓該項資產絕大部分風險及回報;或(b)並無轉讓或保留該項資產絕大部分風險及回報,但已轉讓該項資產之控制權。

當本集團轉讓其收取該項資產所得現金流量之權利,但並無轉讓或保留該項資產絕大部分風險及回報,且並無轉讓該項資產之控制權時,該項資產將確認入賬,惟本集團須持續涉及該項資產。持續涉及指本集團就已轉讓資產作出保證,已轉讓資產乃以該項資產之原來賬面值及本集團或須償還之代價上限(以較低者為準)計量。

當轉讓資產以已撤銷及/或已購買購股權(包括現金結算購股權或類似工具)形式持續進行,本集團持續涉及數額指本集團可能購回之已轉讓資產數額,惟倘資產之已撤銷認沽期權(包括現金結算購股權或類似工具)按公允值計量,則本集團持續涉及之數額以已轉讓資產公允值及購股權行使價間之較低者為限。

2.4 Summary of Significant Accounting Policies

(continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

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2.4 主要會計政策概要(續)

按攤銷成本入賬之財務負債(包括計息貸款及借貸)

財務負債包括應付賬款及其他應付款項、應付最終控股公司款項以及計息貸款及借貸，初步按公允值減直接應佔交易成本列賬，其後以實際利息法按攤銷成本計量，倘貼現影響並不重大，則按成本列賬。有關利息支出於損益表之「融資成本」確認。

當終止確認負債及作出攤銷，則於損益表確認損益。

按公允值計入損益之財務負債

按公允值計入損益之財務負債包括持作買賣之財務負債及初步確認時指定為按公允值計入損益之財務負債。

以短期內出售為目的而持有之財務負債分類為持作買賣之財務負債。衍生工具包括獨立內含衍生工具亦分類為持作買賣，除非該等衍生工具被指定為有效對沖工具。持作買賣負債之損益於損益表確認。於損益表確認之損益公允值淨額並不包括任何從有關財務負債扣除之利息。

倘一份合約包含一份或多份內含衍生工具，則整份合約將指定為按公允值計入損益之財務負債，除非此項內含衍生工具不會對現金流量產生重大影響，或明顯禁止將內含衍生工具分開處理。

2.4 Summary of Significant Accounting Policies

(continued)

Financial liabilities at amortised cost (including interest-bearing loans and borrowings)

Financial liabilities including trade and other payables, an amount due to the ultimate holding company and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are 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. The related interest expense is recognised within "finance costs" in the income statement.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any interest charged on these financial liabilities.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

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2.4 主要會計政策概要(續)

按公允值計入損益之財務負債(續)

符合以下條件之財務負債將於初步確認時指定為按公允值計入損益：(i)此分類將抵銷或明顯減少按不同基準計算負債或確認有關負債之損益導致之不一致處理方法；(ii)是項負債為根據已訂明之風險管理策略管理及按公允值基準評估表現之一組財務負債之一部分；或(iii)此項財務負債包含需要分開入賬之內含衍生工具。

終止確認財務負債

財務負債於負債項下責任獲履行或取消或屆滿時終止確認。

倘某項現有財務負債，以同一貸方提供條款大部分不同之負債取代，或現有負債條款經大幅修訂，則有關取代或修訂按終止確認原有負債及確認新負債處理，而相關賬面值之差額則於損益表確認。

衍生金融工具及對沖

本集團採用衍生金融工具(如遠期貨幣合約)對沖與外匯波動相關之風險。該等衍生金融工具初步於訂立衍生工具合約之日按公允值確認，其後則按公允值重新計量。衍生工具之公允值為正數者均入賬列作資產；公允值為負數時者則入賬列作負債。

任何不符合對沖會計法之衍生工具公允值變動所產生損益直接計入損益表。

遠期貨幣合約之公允值乃參考具類似到期組合之合約當時之遠期匯率計算。

2.4 Summary of Significant Accounting Policies

(continued)

Financial liabilities at fair value through profit or loss

(continued)

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Derivative financial instruments and hedging

The Group uses derivative financial instrument such as forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such a derivative financial instrument is initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly the income statement.

The fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

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2.4 主要會計政策概要(續)

衍生金融工具及對沖(續)

就對沖會計法而言，對沖分為：

- 公允值對沖，即對沖某項已確認資產或負債之公允值變動風險或某項未確認已承諾承擔，惟外匯風險除外；或
- 現金流量對沖，即對沖現金流量變動風險，該風險屬某項已確認資產或負債或某項很可能發生之預計交易相關之特定風險，或未確認之已承諾承擔之外匯風險。

對沖關係開始時，本集團正式指定擬運用對沖會計法之對沖關係、風險管理目標及進行對沖之策略，並作出文件記錄。文件記錄包括識別對沖工具、被對沖項目或交易、被對沖風險之性質及本集團如何評估對沖工具抵銷被對沖項目因對沖風險引致之公允值或現金流量變動之成效。預期對沖在抵銷公允值或現金流量變動方面極為有效，並持續評估有關成效，以釐定其是否在指定之整個財務報告期間均為有效。

符合對沖會計法嚴格標準之對沖按以下方法列賬：

公允值對沖

對沖衍生工具之公允值變動於損益表確認。因對沖風險導致之對沖項目公允值變動，入賬列作對沖項目之部分賬面值，同時亦於損益表內確認。

以攤銷成本列賬之公允值對沖，其賬面值調整於直至到期日為止之剩餘期限內於損益表攤銷。任何以實際權益法計算之被對沖金融工具之賬面值調整均會於損益表攤銷。

2.4 Summary of Significant Accounting Policies

(continued)

Derivative financial instruments and hedging (continued)

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk); or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of a hedging derivative is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying amount of the hedged item and is also recognised in the income statement.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through the income statement over the remaining term to maturity. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to the income statement.

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2.4 主要會計政策概要(續)

衍生金融工具及對沖(續)

公允值對沖(續)

調整一旦存在即可予攤銷，且須於因風險已被對沖終止就被對沖項目之公允值變動調整前開始攤銷。倘被對沖項目被終止確認，則未攤銷公允值隨即於損益表確認。

當未確認之確定承擔被指定為被對沖項目時，其後被對沖風險導致該確定承擔之累計公允值變動，乃確認為資產或負債，相應之損益則於損益表確認。對沖工具公允值變動亦於損益表確認。

現金流量對沖

對沖工具之有效損益部分直接於權益確認，而無效部分則即時於損益表確認。

計入權益之數額於被對沖交易對損益表產生影響時轉撥至損益表，例如當一宗預期銷售發生時。

倘預期交易不再預計會發生，先前於權益確認之金額將撥入損益表。倘對沖工具到期或售出、終止或被行使，而且並無被另一對沖工具取代或接續有效，或倘其指定作為對沖項目之資格遭撤銷，先前於權益確認之金額仍保留於權益，直至預期交易或已承諾承擔發生為止。

存貨

存貨按成本及可變現淨值兩者中之較低者列賬。成本按加權平均基準計算，如屬在製品及製成品，其成本包括直接物料費用、直接工資及按適當比例分配之製造費用。可變現淨值按估計售價減預期完成及售出所需之任何估計成本計算。

2.4 Summary of Significant Accounting Policies

(continued)

Derivative financial instruments and hedging (continued)

Fair value hedges (continued)

Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in the income statement.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in the income statement. The changes in the fair value of the hedging instrument are also recognised in the income statement.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised immediately in the income statement.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement, such as when a forecast sale occurs.

If the forecast transaction is no longer expected to occur, the amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

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2.4 主要會計政策概要(續)

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款以及可隨時轉換為已知數額現金之高度流通短期投資，有關投資所承受價值變動風險不大，到期日一般為購入後三個月內，另扣除須按要求償還及構成本集團現金管理其中部分之銀行透支。

就資產負債表而言，現金及現金等價物包括手頭及銀行現金，當中包括初步存款期為三個月或以下且用途不限之定期存款。

所得稅

所得稅包括即期及遞延稅項。所得稅於損益表確認，或倘與同一或不同期間直接於權益確認之項目相關，則於權益確認。

現行及過往期間之即期稅項資產及負債，按預期自稅務機關收回或向稅務機關支付之金額計算。

遞延稅項就於結算日資產及負債之稅基與就財務報告之賬面值間之所有暫時差額，以負債法作出撥備。

遞延稅項負債就所有應課稅暫時差額確認，惟下列情況除外：

- 遞延稅項負債來自初次確認交易之資產或負債，而有關交易並非業務合併且於進行交易時不會對會計利潤或應課稅利潤或虧損構成影響；及

2.4 Summary of Significant Accounting Policies

(continued)

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheets, cash and cash equivalents comprise cash on hand and at banks, including term deposits with initial terms of three months or less, which are not restricted as to use.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the income statement, or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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2.4 主要會計政策概要(續)

所得稅(續)

- 就與於附屬公司、聯營公司之投資及於共同控制實體之權益有關之應課稅暫時差額而言，如可以控制撥回暫時差額之時間及暫時差額於可見將來不大可能撥回。

遞延稅項資產就所有可扣稅暫時差額、結轉未動用稅項抵免及未動用稅項虧損確認，惟以可能有應課稅利潤以動用可扣稅暫時差額、結轉未動用稅項抵免及未動用稅項虧損為限，惟下列情況除外：

- 遞延稅項資產與初次確認交易之資產或負債產生之暫時差額有關，而有關交易並非業務合併且於進行交易時不會對會計利潤或應課稅利潤或虧損構成影響；及
- 就與於附屬公司、聯營公司之投資及於共同控制實體之權益有關之可扣稅暫時差額而言，只有在暫時差額可能於可見將來撥回，且可能有應課稅利潤以動用暫時差額之情況下，方會確認遞延稅項資產。

遞延稅項資產之賬面值於各結算日檢討，當再無可能獲得足夠應課稅利潤以動用全部或部分遞延稅項資產，則會下調。相反，之前未確認之遞延稅項資產於各結算日獲重新評估，於可能有足夠應課稅利潤以動用全部或部分遞延稅項資產時確認。

根據於結算日已頒佈或大致已頒佈之稅率(及稅法)，遞延稅項資產及負債按變現資產或償還負債之期間預期適用之稅率計算。

2.4 Summary of Significant Accounting Policies

(continued)

Income tax (continued)

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

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2.4 主要會計政策概要(續)

所得稅(續)

倘存在可以即期稅項資產抵銷即期稅項負債之可強制執行合法權利，而遞延稅項資產與遞延稅項負債與同一課稅實體及同一稅務機關有關，則將遞延稅項資產抵銷遞延稅項負債。

政府補助

當可以合理確定將會收取補助及已符合所有附帶條件，則確認政府補助。如補助與某項開支有關，則於相關期間確認為收入，以將補助有系統地與擬補足開支配對。如補助與某項資產有關，其公允值則計入遞延收入賬目，於有關資產之預計可用年期按每年相等之金額撥入損益表。

收入確認

當本集團可能獲得經濟利益，而有關收入能夠可靠計算時，則按下列基準確認收入：

- (a) 銷售貨品收入於擁有權之大部分風險及回報已轉讓予買方時確認，惟本集團必須不再持有擁有權通常伴隨之相關程度管理權力，亦不再實際控制已售出貨品；
- (b) 租金收入於租期內按時間比例基準確認；
- (c) 利息收入以實際利率法按應計基準確認，實際利率法按貼現率於金融工具預計年期折算估計未來現金流入至財務資產之賬面淨值；及
- (d) 股息收入於股東收取款項之權益確立時確認。

2.4 Summary of Significant Accounting Policies

(continued)

Income tax (continued)

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) rental income, on a time proportion basis over the lease terms;
- (c) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset; and
- (d) dividend income, when the shareholders' right to receive payment has been established.

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2.4 主要會計政策概要(續)

僱員福利

本集團向界定退休供款計劃作出之供款均於產生時列作開支。倘該計劃並無足夠資產以向僱員支付與目前及以往期間僱員相關之所有福利，本集團亦無進一步支付供款之法定責任或推定責任。

借貸成本

借貸成本於產生期間在損益表確認為開支。

股息

董事建議派付之末期股息於資產負債表內權益項下獨立歸類為保留盈利分配，直至股息獲股東於股東大會批准為止。該等股息於股東批准及宣派時確認為負債。

外幣換算

此等財務報表以人民幣呈列。本集團各實體決定其個別功能貨幣，而列入各實體財務報表之項目乃按該功能貨幣計量。外幣交易初步按交易日期之功能貨幣匯率記錄。以外幣列值之貨幣資產及負債按結算日適用之功能貨幣匯率重新換算。除對沖於外國實體之淨投資之外幣借貸差額外，所有差額計入損益表。此等差額直接計入權益，直至出售淨投資為止，屆時淨投資於損益表解除確認。該等借貸之匯兌差額應佔之稅項開支及抵免亦於權益處理。以外幣歷史成本計算之非貨幣項目，按最初交易日期之匯率換算；而以外幣按公允值計算之非貨幣項目，則按釐定公允值當日之匯率換算。收購外國業務產生之任何商譽及收購產生之任何資產及負債賬面值公允值調整，均被視為外國業務之資產及負債，於收市日換算。

2.4 Summary of Significant Accounting Policies

(continued)

Employee benefits

The Group's contribution to the defined contribution retirement schemes are expensed as incurred. The Group has no legal or constructive obligations to pay further contributions if the schemes do not hold sufficient assets to pay all employees the benefits relating to employee in the current and prior periods.

Borrowing costs

Borrowing costs are recognised as expenses in the income statement in the period in which they are incurred.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

These financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rates ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss. Tax charges and credits attributable to exchange differences on those borrowings are also dealt with in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as the assets and liabilities of the foreign operation and translated at the closing date.

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2.4 主要會計政策概要(續)

外幣換算(續)

本公司之功能貨幣為港元，而若干位於中國大陸境外附屬公司之功能貨幣為人民幣以外貨幣。截至報告日期，此等公司之資產及負債已按結算日之匯率換算為本集團之呈列貨幣(人民幣)，而彼等之損益表則以年內加權平均匯率換算。因換算產生之匯兌差額已直接列作權益之獨立部分。

3. 重要會計判斷及估計

編製本集團財務報表時，管理層須作出可能影響於報告日期之收益、開支、資產及負債以及或然負債之呈報數目之判斷、估計及假設。然而，此等假設及估計之不確定因素可能導致須於未來為受影響之資產及負債賬面值作出重大調整。

估計之不確定因素

下文討論有關日後及於結算日其他主要估計不確定因素來源且可能導致下一個財政年度之資產與負債賬面值須作出重大調整之主要假設。

(a) 廠房及設備之可用年期

本集團管理層釐定其廠房及設備之預計可用年期及相關折舊費用。該估計乃根據過往性質及功能類似之廠房及設備之實際可用年期作出。由於業內競爭激烈，技術不斷創新及競爭對手作出相應行動，有關估計可出現大幅變動。倘可用年期少於先前估計之可用年期，管理層將提高折舊費用，或撇銷或撇減技術上過期或不符合策略之已報廢或出售資產。

2.4 Summary of Significant Accounting Policies

(continued)

Foreign currencies (continued)

The functional currency of the Company is Hong Kong dollars ("HK\$"). The functional currency of certain subsidiaries located outside Mainland China are currencies other than RMB. As at the reporting date, the assets and liabilities of these companies are translated into the presentation currency of the Group (RMB) at the exchange rates ruling at the balance sheet date, and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, 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) Useful lives of plant and equipment

The Group's management determines the estimated useful lives and consequently related depreciation charges. This estimate is based on the historical experience of the actual useful lives of plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

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3. 重要會計判斷及估計(續)

估計之不確定因素(續)

(b) 物業、廠房及設備以及土地使用權之估計減值

本集團根據財務報表附註2.4所述會計政策，每年評估物業、廠房及設備以及土地使用權，確定有否任何減值跡象。物業、廠房及設備之可收回金額乃根據使用價值釐定。土地使用權之可收回金額乃參考獨立評估釐定。該等計算及評估需運用一定之主觀判斷和作出估算。

(c) 應收款項之估計減值

本集團評估應收賬款、應收票據及其他應收款項之可收回程度，據此記錄應收款項減值。若發生事件或情況變化顯示應收賬款、應收票據及其他應收款項之餘額可能無法收回，則會作出撥備。識別呆賬時，需運用一定之主觀判斷和作出估算。若預期金額與原先估計有別，該等差額將會影響應收賬款、應收票據及其他應收款項之賬面值及更改估算期間之呆賬撥備支出。

(d) 存貨撇減至可實現淨值之估計

本集團根據對存貨可實現程度之評估，將存貨撇減至可實現淨值。若發生事件或情況變化顯示結餘可能無法實現，則會撇減存貨。識別撇減值時，需運用一定之主觀判斷和作出估算。若預期金額與原先估計有別，該等差額將會影響存貨賬面值和更改估算期間之存貨撇減金額。

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

(b) Estimated impairment of property, plant and equipment and land use rights

The Group assesses annually whether property, plant and equipment and land use rights have any indication of impairment, in accordance with the accounting policy stated in note 2.4 to the financial statements. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations, while that of land use rights has been determined with reference to independent valuations. These calculations and valuations require the use of judgement and estimates.

(c) Estimated impairment of receivables

The Group records impairment of receivables based on an assessment of the recoverability of accounts and bills receivable and other receivables. Provisions are applied to accounts and bills receivable and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of accounts and bills receivable and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

(d) Estimated write-downs of inventories to net realisable value

The Group writes down inventories to net realisable value based on an assessment of the realisability of inventories. Write-downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of inventories and write-downs of inventories in the years in which such estimate has been changed.

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4. 分部資料

本集團主要從事製造及銷售針織服裝產品之單一業務分部，其大部分經營業務及資產均位於中國大陸。故此，本集團並無呈列業務分部或地域分部。

5. 收入、其他收入及收益

收入亦為本集團之營業額，即已出售貨物扣除退貨及貿易折扣撥備後之發票淨值。

收入、其他收入及收益分析如下：

4. Segment Information

The Group is principally engaged in one business segment, the manufacture and sale of knitwear products, and most of its operations and assets are located in Mainland China. Therefore, no business segment or geographical segment is presented.

5. Revenue, Other Income and Gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
收入	Revenue		
銷售貨物	Sale of goods	3,655,613	2,979,530
其他收入	Other income		
政府補助*	Government grants*	14,116	4,235
銀行利息收入	Bank interest income	1,560	3,421
其他	Others	4	–
		15,680	7,656
收益	Gains		
公允值收益淨額：	Fair value gains, net:		
衍生工具－不符合 對沖資格之交易	Derivative instruments – transactions not qualifying as hedges	–	4,583
		15,680	12,239

* 政府補助主要指地方政府給予本集團之獎勵。政府補助並不附帶任何未達成條件或或然負債。

* Government grants mainly represent bonus granted by local government to the Group. There are no unfulfilled conditions or contingencies relating to the government grants.

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6. 除稅前利潤

本集團之除稅前利潤已扣除／(計入)：

6. Profit before Tax

The Group's profit before tax is arrived at after charging/(crediting):

			本集團 Group	
		附註 Notes	二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
已出售存貨成本	Cost of inventories sold		2,686,812	2,233,723
折舊	Depreciation	15	174,034	141,775
確認土地使用權*	Recognition of land use rights *	16	1,981	1,348
其他無形資產攤銷**	Amortisation of other intangible assets **		31	–
根據經營租賃應付之 最低租金款項： 樓宇	Minimum lease payments under operating leases: Buildings		19,200	13,263
核數師酬金	Auditors' remuneration		1,791	2,000
僱員福利開支 (包括董事酬金 (附註8))：	Employee benefits expense (including directors' remuneration (note 8)):			
工資及薪金	Wages and salaries		668,361	521,909
退休計劃供款	Pension scheme contributions		30,686	18,963
其他福利	Other welfares		9,031	7,017
			708,078	547,889
匯兌(收益)／虧損淨額***	Foreign exchange (gain)/loss, net ***		(15,726)	6,139
撇減存貨至可實現淨值	Write-down of inventories to net realisable value		148	–
公允值(收益)／虧損淨額： 衍生工具－不符合對沖 資格之交易***	Fair value (gain)/loss, net: Derivative instruments – transactions not qualifying as hedges ***		104,073	(4,583)
銀行利息收入	Bank interest income		(1,560)	(3,421)
出售物業、廠房及 設備項目之虧損	Loss on disposal of items of property, plant and equipment		135	444

* 本年度確認之土地使用權已計入綜合損益表之「行政費用」內。

* The recognition of land use rights for the year is included in “Administrative expenses” on the face of the consolidated income statement.

** 本年度之其他無形資產攤銷已計入綜合損益表之「行政費用」內。

** The amortisation of other intangible assets for the year is included in “Administrative expenses” on the face of the consolidated income statement.

*** 匯兌差額以及衍生工具之淨值及公允值(收益)／虧損已計入綜合損益表之「其他開支」內。

*** The foreign exchange differences, net and fair value (gains)/loss of derivative instruments are included in “Other expenses” on the face of the consolidated income statement.

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7. 融資成本

7. Finance Costs

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
須於五年內悉數償還之 銀行貸款、透支及 其他貸款之利息	Interest on bank loans, overdrafts and other loans wholly repayable within five years	34,279	15,081

8. 董事酬金

根據上市規則及香港公司條例第161條
所披露，本年度之董事酬金如下：

8. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the
Listing Rules and Section 161 of the Hong Kong Companies
Ordinance, is as follows:

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
袍金	Fees	180	180
薪金、津貼及實物利益	Salaries, allowances and benefits in kind	2,698	2,670
退休計劃供款	Pension scheme contributions	18	18
		2,716	2,688
		2,896	2,868

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8. 董事酬金(續)

(a) 執行董事及獨立非執行董事

8. Directors' Remuneration (continued)

(a) Executive directors and independent non-executive directors

		袍金	薪金、津貼 及實物利益	退休計劃 供款	酬金總額
		Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
		RMB'000	RMB'000	RMB'000	RMB'000
二零零七年	2007				
執行董事：	Executive directors:				
馬建榮先生	Mr. Ma Jianrong	-	740	6	746
黃關林先生	Mr. Huang Guanlin	-	583	4	587
馬仁和先生	Mr. Ma Renhe	-	447	4	451
陳忠靜先生	Mr. Chen Zhongjing	-	445	4	449
鄭妙輝女士	Ms. Zheng Miaohui	-	439	-	439
		-	2,654	18	2,672
獨立非執行董事：	Independent non-executive directors:				
錢鋒先生	Mr. Qian Feng	60	8	-	68
宗平生先生	Mr. Zong Pingsheng	60	18	-	78
戴祥波先生	Mr. Dai Xiangbo	60	18	-	78
		180	44	-	224
		180	2,698	18	2,896

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8. 董事酬金(續)

(a) 執行董事及獨立非執行董事(續)

8. Directors' Remuneration (continued)

(a) Executive directors and independent non-executive directors (continued)

		袍金	薪金、津貼 及實物利益	退休計劃 供款	酬金總額
		Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
		RMB'000	RMB'000	RMB'000	RMB'000
二零零六年	2006				
執行董事：	Executive directors:				
馬建榮先生	Mr. Ma Jianrong	–	739	6	745
黃關林先生	Mr. Huang Guanlin	–	583	4	587
馬仁和先生	Mr. Ma Renhe	–	447	4	451
陳忠靜先生	Mr. Chen Zhongjing	–	444	4	448
鄭妙輝女士	Ms. Zheng Miaohui	–	427	–	427
		–	2,640	18	2,658
獨立非執行董事：	Independent non-executive directors:				
錢鋒先生	Mr. Qian Feng	60	10	–	70
宗平生先生	Mr. Zong Pingsheng	60	10	–	70
戴祥波先生	Mr. Dai Xiangbo	60	10	–	70
		180	30	–	210
		180	2,670	18	2,868

年內並無董事放棄或同意放棄任何酬金之安排。

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

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9. 五名最高薪酬僱員

年內五名最高薪酬僱員包括兩名(二零零六年：四名)董事，彼等之酬金詳情載於上文附註8。其餘三名(二零零六年：一名)非董事最高薪酬僱員之酬金詳情如下：

9. Five Highest Paid Employees

The five highest paid employees during the year included two (2006: four) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2006: one) non-director, highest paid employees for the year are as follows:

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
薪金、津貼及實物利益	Salaries, allowances and benefits in kind	1,742	456
退休計劃供款	Pension scheme contributions	10	8
		1,752	464

酬金介乎以下組別之非董事最高薪酬僱員人數：

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

		僱員人數 Number of employees	
		二零零七年 2007	二零零六年 2006
零至1,000,000港元	Nil to HK\$1,000,000	3	1

10. 退休福利

10. Retirement Benefits

		二零零七年 2007	二零零六年 2006
損益表已扣除	Income statement charge for		
– 退休福利供款(附註6)	– Retirement benefit contributions (note 6)	20,289	18,963

本集團於中國大陸之全職僱員受多項由政府資助之退休金計劃所保障，按照該等計劃，本集團須按僱員薪金總額之若干百分比且在不過規定上限內承擔保險費及福利供款，並向有關政府當局繳納。

The retirement benefits of full time employees of the Group in Mainland China are covered by various government-sponsored pension plans under which the premiums and welfare benefit contributions that should be borne by the Group are calculated based on percentages of the total salary of employees, subject to a certain ceiling, and are paid to the relevant government authorities.

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10. 退休福利及房屋福利(續)

本集團亦根據強制性公積金計劃條例於香港為合資格參與強制性公積金退休福利計劃(「強積金計劃」)之僱員參與一項界定供款強積金計劃。供款乃按僱員基本薪金之某個百分比支付，並根據強積金計劃規例在須支付時於損益表扣除。強積金計劃之資產存入獨立管理之基金內，與本集團的資產分開持有。本集團之僱主供款於向強積金計劃作出供款時完全屬於僱員。

於柬埔寨王國註冊成立之全資附屬公司申洲(柬埔寨)有限公司(「申洲柬埔寨」)須根據有關當地機關之規定按僱員薪金向退休福利計劃供款。根據當地機關之規例，僱員可享有本公司之供款。

除上文所述之供款外，本集團毋須承擔其他退休後福利或住房公積金之責任。

11. 稅項

截至二零零七年及二零零六年十二月三十一日止年度之所得稅開支主要成分為：

10. Retirement Benefits (continued)

The Group also participates in a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") in Hong Kong under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Shenzhou (Cambodia) Co., Ltd. ("Shenzhou Cambodia"), a wholly-owned subsidiary incorporated in the Kingdom of Cambodia, is required to contribute amounts based on employees' salaries to the retirement benefit scheme as stipulated by the relevant local authority. The employees are entitled to the Company's contributions subject to the regulation of the local authority.

The Group has no further obligation for post-retirement benefits or housing funds beyond contributions in respect of the above.

11. Tax

The major components of income tax expense for the years ended 31 December 2007 and 2006 are:

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
中國大陸企業之當期 所得稅(「企業所得稅」)	Current Mainland China corporate income tax ("CIT")	13,197	19,434
遞延稅項(附註27)	Deferred taxation (note 27)	(19,549)	(433)
		(6,352)	19,001

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11. 稅項(續)

根據開曼群島稅務優惠法(一九九九年修訂版)第六條，本公司已獲開曼群島總督會同行政局承諾，開曼群島並無法例對本公司或本公司業務所得利潤或收入或收益或增值徵稅。由於本公司於香港經營業務，故其於香港產生之估計應課稅利潤須按17.5%之稅項率繳付香港利得稅。由於本公司於本年度並無於香港產生之應課稅利潤(二零零六年：無)，因此並無就香港利得稅撥備。

根據英屬處女群島頒布之一九八四年國際商業公司法(「國際商業公司法」)，按照國際商業公司法註冊成立之國際商業公司可獲豁免全數所得稅，包括資本收益稅及任何形式之預扣稅。因此，於英屬處女群島註冊成立之附屬公司永泰投資有限公司(「永泰」)毋須納稅。

根據稅法，於柬埔寨王國註冊成立之全資附屬公司申洲(柬埔寨)有限公司須按9%稅率繳納所得稅，並於首四個獲利年度獲豁免繳納所得稅。

於香港註冊成立之全資附屬公司申洲貿易有限公司(「申洲貿易」)須按17.5%利得稅率就於香港產生之估計應課稅利潤繳納稅項。由於年內申洲貿易並無於香港產生任何應課稅利潤，故並無就香港利得稅計提撥備(二零零六年：無)。

於中國大陸成立之附屬公司須按16.5%至33%稅率繳納企業所得稅。除寧波大千進出口有限公司(「大千進出口」)外，其他於中國大陸註冊成立為外商投資企業之附屬公司已獲中國大陸有關稅務當局發出批文，根據中國大陸適用於外商投資企業之有關稅法及法規，於首個獲利年度(於抵銷過往年度結轉之所有未到期稅項虧損之後為準)後首兩年獲准豁免企業所得稅，其後三年則享有企業所得稅減半優惠。

11. Tax (continued)

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gain or appreciation shall apply to the Company or its operations. As the Company carries on business in Hong Kong, it is subject to a Hong Kong profits tax rate of 17.5% on the estimated assessable profits arising in Hong Kong. No provision of Hong Kong profits tax has been made as the Company had no assessable profits arising in Hong Kong during the year (2006: Nil).

Pursuant to the International Business Companies Act, 1984 ("IBC Act") of the British Virgin Islands, International Business Companies incorporated pursuant to the IBC Act enjoy a complete exemption from income tax. This includes an exemption from capital gains tax, and all forms of withholding tax. Accordingly, Top Always Investments Ltd. ("Top Always"), a subsidiary incorporated in British Virgin Island, is not subject to tax.

Shenzhou (Cambodia) Co., Ltd, a wholly-owned subsidiary incorporated in the Kingdom of Cambodia under the Law on Taxation, is subject to income tax at a rate of 9% and is entitled to be exempted from income tax for the first four profit-making years.

Shenzhou Trading Co., Ltd. ("Shenzhou Trading"), a wholly-owned subsidiary incorporated in Hong Kong, is subject to a profits tax rate of 17.5% on the estimated assessable profits arising in Hong Kong. No provision of Hong Kong profits tax has been made as Shenzhou Trading had no assessable profits arising in Hong Kong during the year (2006: Nil).

The subsidiaries established in Mainland China are subject to CIT rates ranging from 16.5% to 33%. Except for Ningbo Daqian Import & Export Co., Ltd. ("Daqian Import & Export"), other subsidiaries, being incorporated as foreign investment enterprises in Mainland China, have obtained approvals from the relevant tax authorities in Mainland China for their entitlement to exemption from CIT for the first two years and 50% reduction in CIT for the next three years, commencing from the first profitable year after offsetting all unexpired tax losses carried forward from the previous years in accordance with the relevant tax rules and regulations applicable to foreign investment enterprises in Mainland China.

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截至二零零七年十二月三十一日止年度
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11. 稅項(續)

截至二零零七年及二零零六年十二月三十一日止年度稅項開支與會計利潤乘以中國本地稅率結果之對賬如下：

11. Tax (continued)

A reconciliation between tax expense and the product of accounting profit multiplied by the PRC's domestic tax rate for the years ended 31 December 2007 and 2006 is as follows:

		本集團 Group	
		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
所得稅前會計利潤	Accounting profit before income tax	401,736	409,247
按中國法定所得稅率33% (二零零六年：33%) 計算	At the PRC's statutory income tax rate of 33% (2006: 33%)	132,573	135,052
獲豁免繳稅利潤的稅務影響	Tax effect of profits entitled to tax exemption	(139,697)	(116,699)
不可扣稅開支	Expenses not deductible for tax	772	648
		(6,352)	19,001

12. 母公司股權持有人應佔利潤

截至二零零七年十二月三十一日止年度之母公司股權持有人應佔綜合利潤包括利潤人民幣56,343,000元(二零零六年：人民幣196,984,000元)，已於本公司財務報表內處理(附註29(b))。

12. Profit attributable to Equity Holders of the Parent

The consolidated profit attributable to equity holders of the parent for the year ended 31 December 2007 includes a profit of RMB56,343,000 (2006: RMB196,984,000) which has been dealt with in the financial statements of the Company (note 29(b)).

13. 股息

擬派末期股息每股普通股
0.16港元(約人民幣
0.15元)(二零零六年：
0.15港元)

Proposed final dividend of HK0.16
(approximately RMB0.15) (2006: HK\$0.15)
per ordinary share

		本公司 Company	
		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
		186,531	187,628

本年度之擬派末期股息須由本公司股東於應屆股東週年大會批准。

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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截至二零零七年十二月三十一日止年度
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14. 母公司普通股股權持有人應佔每股盈利

每股基本盈利乃按母公司普通股股權持有人應佔年度利潤除以年內已發行普通股之加權平均數計算。

用於計算每股基本及攤薄盈利之收入及股份資料反映如下：

14. Earnings per Share attributable to Ordinary Equity Holders of the Parent

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted earnings per share calculations:

		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
盈利	Earnings		
母公司普通股股權持有人應佔利潤	Profit attributable to ordinary equity holders of the parent	406,882	389,031
		股份數目 Number of Shares	
		二零零七年 2007 千股 Thousands	二零零六年 2006 千股 Thousands
股份	Shares		
用於計算每股基本盈利之普通股加權平均數	Weighted average number of ordinary shares used in the basic earnings per share calculation	1,245,000	1,245,000

由於並無具攤薄影響之普通股，故並無呈列每股攤薄盈利。

Diluted earnings per share is not presented as there were no dilutive ordinary shares.

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Year ended 31 December 2007

15. 物業、廠房及設備

15. Property, Plant and Equipment

		本集團 Group					
		樓宇	廠房及機器	汽車	傢俬及 固定裝置 Furniture and Construction fixtures	在建工程	總計
		Buildings	Plant and machinery	Motor vehicles	fixtures and Construction fixtures	in progress	Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
二零零七年十二月三十一日	31 December 2007						
於二零零六年十二月三十一日及 二零零七年一月一日：	At 31 December 2006 and at 1 January 2007:						
成本	Cost	566,129	1,380,390	23,136	52,148	103,609	2,125,412
累計折舊及減值	Accumulated depreciation and impairment	(37,764)	(412,000)	(10,773)	(26,844)	-	(487,381)
賬面淨值	Net carrying amount	528,365	968,390	12,363	25,304	103,609	1,638,031
於二零零七年一月一日， 已扣減累計折舊及減值	At 1 January 2007, net of accumulated depreciation and impairment	528,365	968,390	12,363	25,304	103,609	1,638,031
添置	Additions	19,137	306,459	6,700	14,447	167,707	514,450
出售	Disposals	-	(1,821)	(129)	(116)	-	(2,066)
年度折舊撥備	Depreciation provided during the year	(28,660)	(135,464)	(3,502)	(6,408)	-	(174,034)
轉撥	Transfers	160,426	-	-	-	(160,426)	-
匯兌調整	Exchange realignment	(909)	(1,421)	(52)	(17)	-	(2,399)
於二零零七年十二月三十一日， 已扣減累計折舊及減值	At 31 December 2007, net of accumulated depreciation and impairment	678,359	1,136,143	15,380	33,210	110,890	1,973,982
於二零零七年十二月三十一日： 成本	At 31 December 2007: Cost	744,734	1,679,068	28,530	65,459	110,890	2,628,681
累計折舊及減值	Accumulated depreciation and impairment	(66,375)	(542,925)	(13,150)	(32,249)	-	(654,699)
賬面淨值	Net carrying amount	678,359	1,136,143	15,380	33,210	110,890	1,973,982

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截至二零零七年十二月三十一日止年度
Year ended 31 December 2007

15. 物業、廠房及設備 (續)

15. Property, Plant and Equipment (continued)

		本集團 Group					
		樓宇	廠房及機器	汽車	傢俬及 固定裝置 Furniture and fixtures	在建工程	總計
		Buildings	Plant and machinery	Motor vehicles		Construction in progress	Total
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
二零零六年十二月三十一日		31 December 2006					
於二零零六年一月一日：	At 1 January 2006:						
成本	Cost	451,033	1,084,519	16,249	39,458	40,518	1,631,777
累計折舊及減值	Accumulated depreciation and impairment	(15,456)	(312,586)	(8,363)	(20,155)	-	(356,560)
賬面淨值	Net carrying amount	435,577	771,933	7,886	19,303	40,518	1,275,217
於二零零六年一月一日， 已扣減累計折舊及減值	At 1 January 2006, net of accumulated depreciation and impairment	435,577	771,933	7,886	19,303	40,518	1,275,217
添置	Additions	14,017	289,412	7,090	13,027	179,620	503,166
收購一家附屬公司	Acquisition of a subsidiary	-	-	-	-	4,844	4,844
出售	Disposals	-	(2,016)	(37)	-	-	(2,053)
年度折舊撥備	Depreciation provided during the year	(22,335)	(109,876)	(2,550)	(7,014)	-	(141,775)
轉撥	Transfers	101,580	19,793	-	-	(121,373)	-
匯兌調整	Exchange realignment	(474)	(856)	(26)	(12)	-	(1,368)
於二零零六年十二月三十一日， 已扣減累計折舊及減值	At 31 December 2006, net of accumulated depreciation and impairment	528,365	968,390	12,363	25,304	103,609	1,638,031
於二零零六年十二月三十一日：	At 31 December 2006:						
成本或估值	Cost or valuation	566,129	1,380,390	23,136	52,148	103,609	2,125,412
累計折舊及減值	Accumulated depreciation and impairment	(37,764)	(412,000)	(10,773)	(26,844)	-	(487,381)
賬面淨值	Net carrying amount	528,365	968,390	12,363	25,304	103,609	1,638,031

於二零零七年十二月三十一日，本集團賬面淨值約為人民幣169,350,000元(二零零六年：無)之若干樓宇已抵押，以擔保授予本集團之一般銀行融資(附註26)。

At 31 December 2007, certain buildings of the Group with a net book value of approximately RMB169,350,000 (2006: Nil) were pledged to secure general banking facilities granted to the Group (note 26).

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16. 土地使用權

本集團之土地使用權代表經營租賃項下之預付土地租金款項，其賬面值分析如下：

16. Land Use Rights

The Group's land use rights represent prepaid land lease payments under operating leases and their carrying amounts are analysed as follows:

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
成本：	Cost:		
於一月一日	As at 1 January	135,185	56,921
添置	Additions	21,600	63,608
收購一家附屬公司	Acquisition of a subsidiary	–	14,656
於十二月三十一日	As at 31 December	156,785	135,185
累計攤銷：	Accumulated amortisation:		
於一月一日	As at 1 January	2,811	1,463
年度撥備	Provided for the year	1,981	1,348
於十二月三十一日	As at 31 December	4,792	2,811
賬面淨值：	Net book value:		
於十二月三十一日	As at 31 December	151,993	132,374
於一月一日	As at 1 January	132,374	55,458

本集團之土地使用權位於中國大陸，並以中期租賃條款持有。

The land use rights of the Group are situated in Mainland China and are held under medium lease terms.

17. 長期預付款項

根據本集團與寧波市北侖區政府於二零零六年四月訂立之協議以及本集團、寧波市北侖區水利局與寧波市自來水總公司訂立之兩份補充協議，本集團已同意向當地政府支付人民幣126,000,000元，以保證持續獲得水資源供應，為期20年（「用水權」）。截至二零零七年十二月三十一日，本集團已支付人民幣50,000,000元。

17. Long-term Prepayment

Pursuant to an agreement entered into by the Group and the Government of Beilun District, Ningbo City, in April 2006 and two supplementary agreements entered into by the Group, Ningbo Beilun Water Conservancy Bureau and Ningbo Water Supply General Company, the Group has agreed to pay the local government an amount of RMB126 million in exchange for a guaranteed constant water supply for a period of 20 years ("Water Usage Right"). As at 31 December 2007, the Group has paid RMB50,000,000.

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18. 於附屬公司之投資及給予附屬公司之貸款

18. Investments in Subsidiaries and Loans to Subsidiaries

(a) 於附屬公司之投資

(a) Investments in subsidiaries

	本公司 Company	
	二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
非上市股份，按成本 Unlisted shares, at cost	727,454	727,454

主要附屬公司之詳情如下：

Particulars of the principal subsidiaries are as follows:

名稱 Name	註冊成立地點及 法人實體之類別 Place of incorporation and kind of legal entity	已發行股本 Issued share capital	本公司應佔 股本百分比 Percentage of equity attributable to the Company		主要業務及 經營地點 Principal activities and place of operation
			直接 Direct	間接 Indirect	
永泰 Top Always	英屬處女群島、 有限責任公司 British Virgin Islands, limited liability company	30,002美元 US\$30,002	100%	-	投資控股 Investment holding
寧波申洲針織有限公司 (「申洲針織」) Ningbo Shenzhou Knitting Co., Ltd. ("Shenzhou Knitting")	中國大陸、 外商獨資企業 Mainland China, wholly foreign-owned enterprise	105,100,000美元 US\$105,100,000	-	100%	於中國大陸製造及 銷售針織服裝產品 Manufacture and sale of knitwear products in Mainland China
寧波世興針織印花有限公司 (「世興針織」) Ningbo Shixing Knitwear Printing Co., Ltd. ("Shixing Printing")	中國大陸、 外商獨資企業 Mainland China, wholly foreign-owned enterprise	2,100,000美元 US\$2,100,000	-	100%	於中國大陸印製及 銷售針織服裝產品 Print and sale of knitwear products in Mainland China
寧波樂樂印花有限公司 (「樂樂印花」) Ningbo Lele Printing Co., Ltd. ("Lele Printing")	中國大陸、 外商獨資企業 Mainland China, wholly foreign-owned enterprise	140,000美元 US\$140,000	-	100%	於中國大陸印製及 銷售針織服裝產品 Print and sale of knitwear products in Mainland China

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18. 於附屬公司之投資及給予附屬公司之貸款 (續)

18. Investments in Subsidiaries and Loans to Subsidiaries (continued)

名稱	註冊成立地點及 法人實體之類別	已發行股本	本公司應佔 股本百分比		主要業務及 經營地點
			直接	間接	
Name	Place of incorporation and kind of legal entity	Issued share capital	Percentage of equity attributable to the Company		Principal activities and place of operation
			Direct	Indirect	
寧波甬綿時裝有限公司 (「甬綿時裝」)	中國大陸、 中外合資企業	10,000,000美元	-	91%	於中國大陸製造及 銷售針織服裝產品
Ningbo Yongmian Fashion Garment Co., Ltd. ("Yongmian Fashion")	Mainland China, foreign equity joint venture	US\$10,000,000			Manufacture and sale of knitwear products in Mainland China
寧波申蝶時裝有限公司 (「申蝶時裝」)	中國大陸、 中外合資企業	5,000,000美元	-	91%	於中國大陸製造及 銷售針織服裝產品
Ningbo Shendie Fashion Co., Ltd. ("Shendie Fashion")	Mainland China, foreign equity joint venture	US\$5,000,000			Manufacture and sale of knitwear products in Mainland China
申洲(柬埔寨)有限公司	柬埔寨王國、 外商獨資企業	30,000,000美元	-	100%	於柬埔寨製造及銷售 針織服裝產品
Shenzhou (Cambodia) Co., Ltd.	Kingdom of Cambodia, wholly foreign-owned enterprise	US\$30,000,000			Manufacture and sale of knitwear products in Cambodia
寧波大千紡織品有限公司 (「大千紡織」)	中國大陸、 外商獨資企業	50,000,000美元	-	100%	於中國大陸製造及 銷售針織服裝產品
Ningbo Daqian Knitting Co., Ltd. ("Daqian Knitting")	Mainland China, wholly foreign-owned enterprise	US\$50,000,000			Manufacture and sale of knitwear products in Mainland China
寧波林林針織有限公司 (「林林針織」)	中國大陸、 外商獨資企業	1,050,000美元	-	100%	於中國大陸製造及 加工針織服裝產品
Ningbo Linlin Knitting Co., Ltd. ("Linlin Knitting")	Mainland China, wholly foreign-owned enterprise	US\$1,050,000			Manufacture and process of knitwear products in Mainland China

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18. 於附屬公司之投資及給予附屬公司之貸款(續)

18. Investments in Subsidiaries and Loans to Subsidiaries (continued)

名稱	註冊成立地點及 法人實體之類別	已發行股本	本公司應佔 股本百分比		主要業務及 經營地點
			直接	間接	
Name	Place of incorporation and kind of legal entity	Issued share capital	Percentage of equity attributable to the Company		Principal activities and place of operation
			Direct	Indirect	
寧波圖騰服飾有限公司 (「圖騰服飾」)	中國大陸、 外商獨資企業	4,000,000美元	-	100%	於中國大陸製造及 加工針織服裝產品
Tuteng Textile (Ningbo) Co., Ltd. ("Tuteng Textile")	Mainland China, wholly foreign- owned enterprise	US\$4,000,000			Manufacture and process of knitwear products in Mainland China
大千進出口	中國大陸、 有限責任公司	人民幣1,500,000元	-	100%	於中國大陸進出口商品
Daqian Import & Export	Mainland China, limited liability Company	RMB1,500,000			Import and export of commodities in Mainland China
申洲貿易	香港、 有限責任公司	100港元	-	100%	於香港進出口商品
Shenzhou Trading	Hong Kong, limited liability company	HK\$100			Import and export of commodities in Hong Kong
永泰(香港)投資有限公司	香港、 有限責任公司	100港元	-	100%	投資控股
Top Always (Hong Kong) Investments Limited	Hong Kong, limited liability company	HK\$100			Investment holding

上表列示董事認為對本年度業績構成重大影響或組成本集團資產淨值重大部分之本公司附屬公司。

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group.

(b) 給予附屬公司之貸款

於二零零七年十二月三十一日，給予附屬公司之所有貸款(二零零六年：人民幣866,896,000元)均為無抵押、免息及無預定還款期或毋須在可見將來還款。

(b) Loans to subsidiaries

As at 31 December 2007, all loans to subsidiaries (2006: RMB866,896,000) were unsecured, interest free and settlement is neither planned nor likely to occur in the foreseeable future.

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19. 存貨

19. Inventories

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
原材料	Raw materials	128,165	134,229
在製品	Work in progress	308,659	278,713
製成品	Finished goods	258,685	15,254
		695,509	428,196

20. 應收賬款

20. Trade Receivables

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
應收賬款	Trade receivables	325,771	204,875
減值	Impairment	-	-
		325,771	204,875

本集團大部分銷售以信用證進行。其餘款項一般附有1至6個月之信貸期。

Majority of the Group's sales are covered by letter of credit. The remaining amounts are generally granted with credit terms of one to six months.

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20. 應收賬款(續)

於結算日，根據發票日期計算之應收賬款賬齡分析如下：

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
6個月內	Within 6 months	324,294	204,717
6個月以上	Over 6 months	1,477	158
		325,771	204,875

並不視為減值之應收賬款賬齡分析如下：

20. Trade Receivables (continued)

An aged analysis of the trade receivables as at the balance sheet date, based on the invoice date, is as follows:

The aged analysis of the trade receivables that are not considered to be impaired is as follow:

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
並未逾期或減值	Neither past due nor impaired	320,590	204,612
逾期少於三個月	Less than 3 months past due	3,704	104
逾期三個月以上	Over 3 months past due	1,477	158
		325,771	204,874

並未逾期或減值之應收款項與近期並無逾期付款記錄之客戶有關。

Receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

已逾期但並無減值之應收款項與若干獨立客戶有關，該等客戶向本集團付款之記錄良好。基於過往經驗，本公司董事認為，由於信貸質素並無重大轉變，且該等結餘仍被視為可全數收回，故毋須就有關結餘作出減值撥備。本集團並無就該等結餘持有任何抵押品或其他提升信貸質素安排。

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

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20. 應收賬款(續)

於二零零七年十二月三十一日，應收賬款以以下貨幣計值：

20. Trade Receivables (continued)

At 31 December 2007, the trade receivables were denominated in the following currencies:

		2007		2006	
		二零零七年		二零零六年	
		原貨幣	人民幣等額	原貨幣	人民幣等額
		Original	RMB	Original	RMB
		currency	equivalent	currency	equivalent
		千元	人民幣千元	千元	人民幣千元
		in '000	RMB'000	in '000	RMB'000
美元	US\$	33,424	244,146	22,359	174,596
人民幣	RMB	81,625	81,625	30,279	30,279
			325,771		204,875

應收賬款之賬面值與其公允值相若。

The carrying amounts of the trade receivables approximate to their fair values.

21. 預付款項、按金及其他應收款項

21. Prepayments, Deposits and Other Receivables

		本集團		本公司	
		Group		Company	
		二零零七年	二零零六年	二零零七年	二零零六年
		2007	2006	2007	2006
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
		RMB'000	RMB'000	RMB'000	RMB'000
預付款項及按金	Prepayments and deposits				
— 採購原材料	— Purchase of raw materials	42,745	10,421	—	—
— 購買出口配額	— Purchase of export quotas	3,716	6,813	—	—
— 預付租金及按金	— Prepaid rental and deposits	22,030	—	—	—
— 其他	— Others	743	931	—	—
應收增值稅退款	VAT refund receivable	10,471	22,713	—	—
可收回即期所得稅	Current income tax recoverable	—	6,421	—	—
應收股息	Dividends receivable	—	—	365,898	379,273
其他應收款項	Other receivables	19,565	13,463	93	100
		99,270	60,762	365,991	379,373

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21. 預付款項、按金及其他應收款項(續)

上述資產均無逾期支付或減值。上述結餘所包含財務資產與近期並無欠付記錄之應付款項有關。

預付款項、按金及其他應收款項之賬面值與其公允值相若。

21. Prepayments, Deposits and Other Receivables (continued)

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.

The carrying amounts of prepayments, deposits and other receivables approximate to their fair values.

22. 現金及現金等價物

22. Cash and Cash Equivalents

		本集團 Group		本公司 Company	
		二零零七年 2007	二零零六年 2006	二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
現金及銀行結餘	Cash and bank balances	227,554	266,843	1,029	6,941
短期存款	Short-term deposits	5,830	7,151	5,830	–
現金及現金等價物	Cash and cash equivalents	233,384	273,994	6,859	6,941

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22. 現金及現金等價物(續)

於結算日，本集團以人民幣（「人民幣」）計值之現金及銀行結餘為人民幣185,276,000元（二零零六年：人民幣222,148,000元）。人民幣不可自由兌換為其他貨幣，然而，根據中國內地之外匯管理條例及結匯、售匯及付匯管理規定，本集團獲批准透過授權可以進行匯兌業務之銀行將人民幣兌換為其他貨幣。

銀行存款按銀行之每日存款利率以浮動利率賺取利息。短期之定期存款以一日至三個月不等之不同期間存置，視乎本集團之即時現金需求而定，並按相應短期存款利率賺取利息。銀行結餘已存入最近並無拖欠記錄之信譽良好銀行。現金及現金等價物之賬面值與其公允值相若。

23. 應付賬款及票據

於結算日，根據發票日期計算之應付賬款及票據賬齡分析如下：

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
0至6個月	0 to 6 months	305,844	258,988
6個月至1年	6 months to 1 year	3	811
1年至2年	1 year to 2 years	-	20
2年以上	Over 2 years	40	26
		305,887	259,845

應付賬款及票據不計息。應付賬款及票據之賬面值與其公允值相若。

22. Cash and Cash Equivalents (continued)

At the balance sheet date, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RMB185,276,000 (2006: RMB222,148,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

23. Trade and Bills Payables

An aged analysis of the trade and bills payables as at the balance sheet date, based on the invoice date is as follows:

The trade and bills payables are non-interest bearing. The carrying amounts of the trade and bills payables approximate to their fair values.

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24. 其他應付款項及應計款項

24. Other Payables and Accruals

		本集團 Group		本公司 Company	
		二零零七年 2007	二零零六年 2006	二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
客戶按金	Customer deposits	1,803	2,988	-	-
應計開支	Accrued expenses	95,749	78,704	-	-
購置物業、廠房及設備之 應付款項	Payables for purchase of property, plant and equipment	7,003	30,868	-	-
有關建築工程之保證金	Guarantee deposits related to construction projects	1,226	4,400	-	-
收購一家附屬公司之 應付款項	Payable for acquisition of a subsidiary	-	16,467	-	-
其他應付稅項	Other taxes payable	9,525	1,497	-	-
應付少數股東之股息	Dividends payable to minority shareholders	1,087	-	-	-
其他應付款項	Other payables	3,566	7,241	351	3,203
		119,959	142,165	351	3,203

其他應付款項及應計款項之賬面值與其公允值相若。

The carrying amounts of the other payables and accruals approximate to their fair values.

25. 衍生金融工具

25. Derivative Financial Instruments

		二零零七年 2007			
		本集團 Group		本公司 Company	
		資產 Assets	負債 Liabilities	資產 Assets	負債 Liabilities
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
遠期貨幣合約	Forward currency contracts	286,617	161,754	-	161,754

遠期貨幣合約之賬面值與其公允值相同。

The carrying amounts of forward currency contracts are the same as their fair values.

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25. 衍生金融工具(續)

遠期貨幣合約－現金流量對沖

於二零零七年十二月三十一日，本集團持有若干遠期貨幣合約，指定用作預期日後向海外客戶銷售之對沖用途。

本集團已按預期日後銷售期間磋商遠期貨幣合約之年期。本集團已評估二零零八年及二零零九年預期日後銷售相關現金流量之對沖項目，認為十分有效，並已將未實現收益淨額人民幣195,951,000元按下列方式計入對沖儲備：

25. Derivative Financial instruments (continued)

Forward currency contracts – cash flow hedges

At 31 December 2007, the Group held certain forward currency contracts designated as hedges in respect of expected future sales to overseas customers.

The terms of the forward currency contracts have been negotiated to match the terms of the expected future sales. The cash flow hedges relating to expected future sales in the year 2008 and 2009 were assessed to be highly effective and a net unrealised gain of RMB195,951,000 was included in the hedging reserve as follows:

		二零零七年 2007 人民幣千元 RMB'000
計入對沖儲備之公允值收益總額	Total fair value gains included in the hedging reserve	223,292
公允值收益之遞延稅項(附註27)	Deferred tax on fair value gains (note 27)	(27,341)
現金流量對沖之未實現淨額	Net unrealised on cash flow hedges	195,951

另外，本集團已簽訂各種遠期貨幣合約，以管理其不符合對沖會計法條件之匯率風險。非對沖貨幣衍生工具之公允值引致虧損人民幣104,073,000元(二零零六年：收益人民幣4,583,000元)，已計入本年度損益表。

In addition, the Group has entered into various forward currency contracts to manage its exchange rate exposures which did not meet the criteria for hedge accounting. Changes in the fair value of non-hedging currency derivatives amounting to loss of RMB104,073,000 were charged to the income statement during the year (2006: gain of RMB4,583,000).

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26. 計息銀行借貸及其他借貸

26. Interest-bearing Bank and Other Borrowings

		本集團 Group					
		二零零七年 2007			二零零六年 2006		
		實際利率(厘) Effective interest rate (%)	到期日 Maturity	人民幣千元 RMB'000	實際利率(厘) Effective interest rate (%)	到期日 Maturity	人民幣千元 RMB'000
流動	Current						
銀行貸款	Bank loans						
— 無抵押	— unsecured	5.48 – 8.217	二零零八年 2008	362,000	5.02-6.48	二零零七年 2007	227,067
銀行貸款	Bank loans						
— 無抵押	— unsecured	倫敦銀行同業拆息率 + 0.85 – 1.50 Libor + 0.85 – 1.50	二零零八年 2008	378,013	倫敦銀行同業拆息率 + 0.75-1.00 Libor + 0.75-1.00	二零零七年 2007	90,269
				740,013			317,336
非流動	Non-current						
其他有抵押	Other secured						
銀行貸款	bank loans	倫敦銀行 同業拆息率 + 1.0 Libor + 1.0	二零零九年 2009 二零一零年 2010	58,437			—
				798,450			317,336

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
細分為：	Analysed into:		
須於下列期間償還之	Bank loans and overdrafts repayable:		
銀行貸款及透支：			
1年內或按要求	Within one year or on demand	740,013	317,336
第2年	In the second year	27,896	—
第3年	In the third year	30,541	—
		798,450	317,336

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26. 計息銀行借貸及其他借貸(續)

- (a) 本集團於年結日之未提取借貸融資如下：

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
浮動利率	Floating rate	1,384,947	1,540,181

- (b) 本集團若干銀行借貸以本集團之樓宇作按揭抵押，其於結算日之賬面總值約為人民幣169,350,000元(二零零六年：無)(附註15)。

- (c) 除若干現時總值人民幣362,000,000元之銀行借貸以人民幣計值外，所有借貸以美元計值。

26. Interest-bearing Bank and Other Borrowings

(continued)

- (a) The group has the following undrawn borrowing facilities at year end:

- (b) Certain bank borrowings of the Group are secured by mortgages over the Group's buildings, which had an aggregate carrying value at the balance sheet date of approximately RMB169,350,000 (2006: Nil) (note 15).

- (c) Except for certain current bank borrowings with an aggregate amount of RMB362,000,000 which are denominated in Renminbi, all borrowings are in United States dollars.

27. 遞延稅項

在有合法可執行權利將即期稅項資產與即期稅項負債抵銷，且遞延所得稅涉及同一財政機關之情況下，則可將遞延所得稅資產與負債互相抵銷。

27. Deferred Tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

		本集團 Group		本公司 Company	
		二零零七年 2007	二零零六年 2006	二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
遞延稅項資產	Deferred tax assets	27,680	921	-	-
遞延稅項負債	Deferred tax liabilities	(34,763)	(212)	(26,689)	-
遞延稅項負債淨額	Deferred tax liabilities, net	(7,083)	709	(26,689)	-

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27. 遞延稅項(續)

於資產負債表反映如下：

		本集團		本公司	
		Group		Company	
		二零零七年	二零零六年	二零零七年	二零零六年
		2007	2006	2007	2006
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
		RMB'000	RMB'000	RMB'000	RMB'000
遞延稅項資產	Deferred tax assets	26,689	709	-	-
遞延稅項負債	Deferred tax liabilities	(33,772)	-	(26,689)	-
遞延稅項負債淨額	Deferred tax liabilities, net	(7,083)	709	(26,689)	-

27. Deferred Tax (continued)

Reflected in the balance sheet as follows:

遞延所得稅賬目之總變動如下：

The gross movement on the deferred income tax accounts is as follows:

		本集團		本公司	
		Group		Company	
		二零零七年	二零零六年	二零零七年	二零零六年
		2007	2006	2007	2006
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
		RMB'000	RMB'000	RMB'000	RMB'000
年初	At the beginning of year	709	276	-	-
計入本年度損益表之 遞延稅項(附註11)	Deferred tax credited to the income statement during the year (note 11)	19,549	433	26,689	-
於本年度權益扣除之 遞延稅項(附註25)	Deferred tax debited to equity during the year (note 25)	(27,341)	-	-	-
年終	At the end of year	(7,083)	709	26,689	-

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27. 遞延稅項 (續)

遞延稅項資產及負債於年內之變動(未計及抵銷相同稅務司法權區內之結餘)如下:

(a) 遞延所得稅資產

		本集團 Group				總計 Total
		可用於抵銷日後 應課稅利潤之虧損 Loss available for offset against future taxable profits	調整稅率 對減值 之影響 Effect of tax rate change on impairment	調整稅率 對撥備 之影響 Effect of tax rate change on provisions	其他 Others	
		人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
於二零零六年一月一日	At 1 January 2006	-	592	414	25	1,031
於本年度損益表扣除之 遞延稅項	Deferred tax charged to the income statement during the year	-	(110)	-	-	(110)
於二零零六年十二月三十一日	At 31 December 2006	-	482	414	25	921
於本年度損益表計入/ (扣除)之遞延稅項	Deferred tax credited/(charged) to the income statement during the year	26,689	44	51	(25)	26,759
於二零零七年十二月三十一日	At 31 December 2007	26,689	526	465	-	27,680

		本公司 Company
		可用於抵銷日後 應課稅利潤之虧損 Loss available for offset against future taxable profits
		人民幣千元 RMB'000
於二零零七年一月一日及 二零零六年一月一日	At 1 January 2007 & 1 January 2006	-
計入本年度損益表之遞延稅項	Deferred tax credited to the income statement during the year	26,689
於二零零七年十二月三十一日之 遞延稅項資產總值	Gross deferred tax assets at 31 December 2007	26,689

27. Deferred Tax (continued)

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

(a) Deferred income tax assets

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27. 遞延稅項 (續)

(b) 遞延所得稅負債

27. Deferred Tax (continued)

(b) Deferred income tax liabilities

		現金流量 對沖項目 Cash flow hedges 人民幣千元 RMB'000	非對沖貨幣 衍生工具 Non-hedging currency derivatives 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
於二零零六年一月一日	At 1 January 2006	-	755	755
計入本年度損益表之 遞延稅項	Deferred tax credited to the income statement during the year	-	(543)	(543)
於二零零六年十二月 三十一日	At 31 December 2006	-	212	212
於本年度損益表扣除之 遞延稅項	Deferred tax charged to the income statement during the year	-	7,210	7,210
於本年度權益扣除之 遞延稅項	Deferred tax debited to equity during the year	27,341	-	27,341
於二零零七年十二月 三十一日	At 31 December 2007	27,341	7,422	34,763

28. 股本

28. Share Capital

股份 Shares		二零零七年 2007		二零零六年 2006	
		港幣千元 HK\$'000	人民幣千元 RMB'000	港幣千元 HK\$'000	人民幣千元 RMB'000
法定：	Authorised:				
3,000,000,000股(二零零六年： 3,000,000,000股)每股面值 0.10港元之普通股	3,000,000,000 (2006: 3,000,000,000) ordinary shares of HK\$0.10 each	300,000	312,000	300,000	312,000
已發行及繳足：	Issued and fully paid:				
1,245,000,000股(二零零六年： 1,245,000,000股)每股面值 0.10港元之普通股	1,245,000,000 (2006: 1,245,000,000) ordinary shares of HK\$0.10 each	124,500	129,717	124,500	129,717

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Year ended 31 December 2007

29. 儲備

(a) 本集團

本集團於目前及過往年度之儲備金額及其變動已呈列於財務報表第71頁綜合權益變動表。

(i) 法定盈餘公積金(「法定盈餘公積金」)

根據中國公司法及中國大陸附屬公司之組織章程細則，各中國大陸附屬公司須將按照中國公認會計原則釐定之稅後利潤10%撥入至法定盈餘公積金，直至有關公積金達到中國大陸附屬公司註冊股本之50%為止。部分法定盈餘公積金可用於增加繳足股本，惟資本化後之餘額不得少於註冊股本之25%。

(ii) 匯兌波動儲備

匯兌波動儲備用作記錄因換算海外附屬公司之財務報表產生之匯兌差額。

29. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 71 of the financial statements.

(i) Statutory surplus reserve ("SSR")

In accordance with the Company Law of the PRC and the articles of association of the Mainland China Subsidiaries, the Mainland China Subsidiaries are each required to allocate 10% of their profit after tax, as determined in accordance with the PRC generally accepted accounting principles, to the SSR until the reserve reaches 50% of the registered capital of the Mainland China Subsidiaries. Part of the SSR may be converted to increase paid-up capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(ii) Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

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29. 儲備(續)

(b) 本公司

29. Reserves (continued)

(b) Company

		股份 溢價賬 Share premium account	股本盈餘 Capital surplus	匯兌波動 儲備 Exchange fluctuation reserve	保留盈利 Retained profits	擬派 末期股息 Proposed final dividend	總計 Total
	附註 Notes	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
二零零六年一月一日 之結餘	Balance at 1 January 2006	762,499	727,430	(1,370)	187,850	25,903	1,702,312
匯兌調整	Exchange realignment	-	-	(40,342)	-	-	(40,342)
年度利潤	Profit for the year	-	-	-	196,984	-	196,984
付予本公司股東之 股息	Dividends paid to the Company's shareholders	-	-	-	-	(25,903)	(25,903)
二零零六年擬派 末期股息	Proposed final 2006 Dividend	13	-	-	(187,628)	187,628	-
於二零零六年 十二月三十一日	At 31 December 2006	762,499	727,430	(41,712)	197,206	187,628	1,833,051
匯兌調整	Exchange realignment	-	-	(83,382)	-	-	(83,382)
年度利潤	Profit for the year	-	-	-	56,343	-	56,343
付予本公司股東之 股息	Dividends paid to the Company's shareholders	-	-	-	-	(187,628)	(187,628)
二零零七年擬派 末期股息	Proposed final 2007 Dividend	13	-	-	(186,531)	186,531	-
於二零零七年 十二月三十一日	At 31 December 2007	762,499	727,430	(125,094)	67,018	186,531	1,618,384

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30. 按類別劃分之金融工具

於結算日，不同類別金融工具之賬面值如下：

財務資產

30. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the balance sheet date are as follows:

Financial assets

		本集團 Group					
		二零零七年 2007			二零零六年 2006		
		按公允值計入 損益之財務資產 Financial assets at fair value through profit or loss 人民幣千元 RMB'000	貸款及 應收款項 Loans and receivables 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000	按公允值計入 損益之財務資產 Financial assets at fair value through profit or loss 人民幣千元 RMB'000	貸款及 應收款項 Loans and receivables 人民幣千元 RMB'000	總計 Total 人民幣千元 RMB'000
應收賬款	Trade receivables	-	325,771	325,771	-	204,875	204,875
衍生金融工具	Derivative financial instruments	63,325	-	63,325	4,583	-	4,583
已抵押存款	Pledged deposits	-	184	184	-	182	182
初始存款期逾 三個月之銀行存款	Bank deposits with initial term of over three months	-	60,000	60,000	-	-	-
現金及現金等價物	Cash and cash equivalents	-	233,384	233,384	-	273,994	273,994
		63,325	619,339	682,664	4,583	479,051	483,634

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30. 按類別劃分之金融工具(續) 財務負債

30. Financial Instruments by Category (continued) Financial liabilities

		本集團 Group					
		二零零七年 2007			二零零六年 2006		
		按攤銷成本 計算之 財務負債 Financial liabilities held for trading 人民幣千元 RMB'000		總計 Total 人民幣千元 RMB'000	按攤銷成本 計算之 財務負債 Financial liabilities held for trading 人民幣千元 RMB'000		總計 Total 人民幣千元 RMB'000
應付賬款及票據	Trade and bills payable	-	305,887	305,887	-	259,845	259,845
應付關連人士款項	Due to related parties	-	1,009	1,009	-	44	44
衍生金融工具	Derivative financial instruments	161,754	-	161,754	-	-	-
計息銀行借貸及其他 借貸	Interest-bearing bank and other borrowings	-	740,013	740,013	-	317,336	317,336
其他應付款項	Other payables	-	21,181	21,181	-	56,073	56,073
		161,754	1,068,090	1,229,844	-	633,298	633,298

31. 財務風險管理目標及政策

除衍生工具外，本集團之金融工具主要包括銀行貸款及現金以及短期存款。該等金融工具主要旨在為本集團營運籌集所需資金。本集團亦有其他財務資產及負債，例如營運直接產生之應收賬款及應付賬款。

本集團亦進行衍生工具交易，主要包括遠期貨幣合約。目的為管理本集團營運產生之貨幣風險。

本集團金融工具產生之主要風險為利率風險、外匯風險、信貸風險及流動資金風險。董事會審閱及協定政策以管理上述各項風險，有關政策於下文概述。本集團有關衍生工具之會計政策載於財務報表附註2.4。

31. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise bank loans and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest risk, foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

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31. 財務風險管理目標及政策(續)

利率風險

本集團所面對市場利率變動風險主要與本集團浮息長期負債有關。

下表列示在所有其他變數不變之情況下，合理利率變動對本集團稅前利潤及本集團權益之敏感度分析。

31. Financial Risk Management Objectives and Policies (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit before tax and the Group's equity.

		本集團		
		Group		權益
	稅前利潤			
	百分點	增加/(減少)		增加/(減少)
	上升/下降	Increase/		Increase/
	Increase/	(decrease)		(decrease)
	decrease in	in profit		in equity
	basis points	before tax		in equity
	%	人民幣千元		人民幣千元
	%	RMB'000		RMB'000
二零零七年	2007			
如利率上調	If interest rate increases	+5	(1,714)	(1,714)
如利率下調	If interest rate decreases	-5	1,714	1,714
二零零六年	2006			
如利率上調	If interest rate increases	+5	(754)	(754)
如利率下調	If interest rate decreases	-5	754	754

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31. 財務風險管理目標及政策(續)

外匯風險

本集團面對交易貨幣風險。該等風險來自功能貨幣為人民幣之經營單位以美元進行之銷售。本集團約89%(二零零六年:94%)銷售以美元計值,並由該等經營單位進行。本集團要求主要經營單位運用遠期貨幣合約,以消除預期日後銷售面對之外匯風險。

按本集團之政策,須按對沖項目之期間磋商對沖衍生工具之年期,以獲得最大對沖成效。

於二零零七年十二月三十一日,本集團持有價值490,000,000美元之遠期貨幣合約,指定用作預期日後向海外客戶銷售之對沖用途。

下表列示在所有其他變數不變之情況下,合理外幣匯率可能變動對本集團稅前利潤之敏感度分析(由於貨幣資產及負債之公允值改變)。

31. Financial Risk Management Objectives and Policies (continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales denominated in US\$ by operating units of which the functional currencies are RMB. Approximately 89% (2006: 94%) of the Group's sales are denominated in US\$ and undertaken by these operating units. The Group requires the major operating unit to use forward currency contracts to eliminate the foreign currency exposures on the forecast future sales.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

At 31 December 2007, the Group held forward currency contracts of US\$490,000,000 designated as hedges in respect of expected future sales to overseas customers.

The following table demonstrates the sensitivity to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

		外幣匯率上升/下跌 Increase/decrease in foreign currency rate	對稅前利潤之影響 Effect on profit before tax 人民幣千元 RMB'000
二零零七年		2007	
倘人民幣兌美元升值	If RMB strengthens against US\$	+5%	(67,558)
倘人民幣兌美元貶值	If RMB weakens against US\$	-5%	67,558
二零零六年		2006	
倘人民幣兌美元升值	If RMB strengthens against US\$	+5%	(92,079)
倘人民幣兌美元貶值	If RMB weakens against US\$	-5%	92,079

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31. 財務風險管理目標及政策(續)

信貸風險

本集團僅與知名及信譽良好之第三方進行交易。按本集團之政策，所有欲按信貸期進行交易之客戶，必須經過信貸核實程序。此外，本集團持續監察應收款項結餘，且本集團面對之壞賬風險並不重大。對於並非以相關經營單位之功能貨幣計值之交易，除非獲信貸控制部主管特別批准，否則本集團不會給予信貸期。

至於本集團其他財務資產(包括現金及短期存款、其他應收款項以及按公允值計入損益之財務資產)產生之信貸風險，本集團面對之信貸風險來自交易對方拖欠款項，所承受最高風險相等於該等工具之賬面值。

由於本集團僅與知名及信譽良好之第三方進行交易，因此毋須抵押品。信貸風險集中程度按客戶/交易對方管理。本集團並無重大集中信貸風險。

有關本集團來自應收賬款之信貸風險進一步量化數據，於財務報表附註20披露。

31. Financial Risk Management Objectives and Policies (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and short term deposits, other receivables and financial assets at fair value through profit or loss, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty. There are no significant concentrations of credit risk within the Group.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 20 to the financial statements.

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31. 財務風險管理目標及政策(續)

流動資金風險

本集團透過循環流動資金計劃工具監控資金短缺風險。有關工具考慮其金融工具及財務資產(例如應收賬款)之到期日以及經營業務之預計現金流量。

於結算日，按照已訂約無折扣付款計算，本集團財務負債之到期日組合如下：

31. Financial Risk Management Objectives and Policies (continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g. trade receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments, was as follows:

		本集團 Group 二零零七年 2007					
		6個月至					
		按要求	少於6個月	少於12個月	1至2年	2年以上	總計
		On demand	Less than 6 months	6 to less than 12 months	1 to 2 years	Over 2 years	Total
		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
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
計息銀行借貸及其他 借貸	Interest-bearing bank and other borrowings	-	579,350	160,663	27,896	30,541	798,450
應付賬款及票據	Trade and bills payables	-	305,844	3	-	40	305,887
其他應付款項	Other payables	21,181	-	-	-	-	21,181
衍生金融工具	Derivative financial instrument	161,754	-	-	-	-	161,754
		182,935	885,194	160,666	27,896	30,581	1,287,272

		二零零六年 2006					
		6個月至					
		按要求	少於6個月	少於12個月	1至2年	2年以上	總計
		On demand	Less than 6 months	6 to less than 12 months	1 to 2 years	Over 2 years	Total
		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
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
計息銀行借貸及其他 借貸	Interest-bearing bank and other borrowings	-	-	317,336	-	-	317,336
應付賬款及票據	Trade and bills payables	-	258,988	811	20	26	259,845
其他應付款項	Other payables	56,073	-	-	-	-	56,073
		56,073	258,988	318,147	20	26	633,254

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31. 財務風險管理目標及政策(續)

資本管理

本集團資本管理之主要目標在於維護本集團持續經營之能力及維持良好資本比率，以支持其業務及為股東爭取最大價值。

本集團根據經濟狀況變動管理及調整其資本架構。為維持或調整資本架構，本集團可能調整向股東派付之股息、向股東發還資本或發行新股。截至二零零七年十二月三十一日及二零零六年十二月三十一日止年度，有關目標、政策或程序並無變動。

本集團採用資本負債比率(即負債淨額除資本總額加債務淨額)監控資本。債務淨額包括計息銀行借貸、應付賬款及票據、其他應付款項及應計款項以及應付關連人士款項，減現金及現金等價物。資本包括母公司股權持有人應佔權益，減對沖儲備。於結算日，資本負債比率如下：

31. Financial Risk Management Objectives and Policies (continued)

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2007 and 31 December 2006.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. The net debt includes interest-bearing bank borrowings, trade and bills payables, other payables and accruals, due to related parties, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the parent less the hedging reserve. The gearing ratios as at the balance sheet dates were as follows:

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31. 財務風險管理目標及政策(續) 31. Financial Risk Management Objectives and Policies (continued)

資本管理(續) Capital management (continued)

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
計息銀行借貸	Interest-bearing bank borrowings	798,450	317,336
應付賬款及票據	Trade and bills payables	305,887	259,845
其他應付款項及應計款項	Other payables and accruals	119,959	142,165
應付關連人士款項	Due to related parties	1,009	44
減：現金及現金等價物	Less: Cash and cash equivalents	(233,384)	(273,994)
債務淨額	Net debt	991,921	445,396
股權持有人應佔權益	Equity attributable to equity holders	2,469,118	2,061,802
對沖儲備	Hedging reserve	(195,951)	–
經調整資本總額	Total adjusted capital	2,273,167	2,061,802
資本及債務淨額	Capital and net debt	3,265,088	2,507,198
資本負債比率	Gearing ratio	30%	18%

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32. 承擔

(a) 經營租賃承擔

本集團根據不可撤銷經營租賃安排租賃其若干辦公室物業及廠房。

於二零零七年十二月三十一日，本集團根據不可撤銷經營租賃應付之未來最低租金總額如下：

32. Commitments

(a) Operating lease commitments

The Group leases certain of its office premises and plant under non-cancellable operating lease arrangements.

At 31 December 2007, the Group had total future aggregate minimum lease payments under non-cancellable operating leases as follows:

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
1年內	Within one year	13,511	10,508
第2至第5年 (包括首尾兩年)	In the second to fifth years, inclusive (including the first and last years)	51,036	7,141
5年後	After five years	34,667	–
		99,214	17,649

(b) 資本承擔

(b) Capital commitments

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
已訂約但未撥備：	Contracted, but not provided for:		
購置土地使用權以及 物業、廠房及設備*	Acquisition of land use rights and property, plant and equipment*	224,474	104,681
興建物業、廠房及 設備	Construction of property, plant and equipment	26,438	84,889
		250,912	189,570

* 於二零零七年，本集團與關連人士寧波申洲置業有限公司(「申洲置業」)訂立若干合約，以向申洲置業收購總值人民幣153,000,000元之若干土地使用權、物業及廠房。該等合約須於本公司股東特別大會(「股東特別大會」)獲得批准，方可作實。該等合約其後於二零零八年二月十八日舉行之本公司股東特別大會獲得批准。

* During the year 2007, the Group entered into certain contracts with a related party, Ningbo Shenzhou Properties Co., Ltd. ("Shenzhou Properties") to acquire certain land use rights, property and plant with an aggregate amount of RMB153,000,000 from the latter. The contracts were subject to approval by the extraordinary general meeting ("EGM") of the Company. The contracts were subsequently approved by the EGM of the Company on 18 February 2008.

財務報表附註

Notes to Financial Statements

截至二零零七年十二月三十一日止年度
Year ended 31 December 2007

32. 承擔(續)

(c) 用水權

32. Commitments (continued)

(c) Water use right

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
用水權(附註17)	Water use right (note 17)	76,000	76,000

(d) 未平倉遠期貨幣合約

於二零零七年十二月三十一日，本集團持有未平倉遠期外匯合約，須於1個月至22個月內出售490,000,000美元(二零零六年：123,500,000美元)以換取約人民幣3,588,555,000元(二零零六年：約人民幣958,796,000元)。

(d) Outstanding forward foreign exchange contracts

As at 31 December 2007, the Group had commitments in respect of outstanding forward foreign exchange contracts to sell US\$490,000,000 (2006: US\$123,500,000) for approximately RMB3,588,555,000 (2006: approximately RMB958,796,000) within periods ranging from 1 month to 22 months.

33. 或然負債

於結算日，本集團或本公司概無任何重大或然負債。

33. Contingent Liabilities

At the balance sheet date, neither the Group nor the Company had any significant contingent liabilities.

財務報表附註

Notes to Financial Statements

截至二零零七年十二月三十一日止年度
Year ended 31 December 2007

34. 綜合現金流量表附註

收購一家附屬公司

於二零零六年十二月二十七日，本集團向一名第三方收購圖騰服飾全部股本。收購代價已於二零零七年清付。

34. Notes to the Consolidated Cash Flow Statement

Acquisition of a subsidiary

On 27 December 2006, the Group acquired 100% of the share capital of Tuteng Textile from a third party. The purchase consideration has been fully paid in the year 2007.

		二零零六年 2006 人民幣千元 RMB'000
購買代價：	Purchase consideration:	
– 已付現金	– Cash paid	30,327
– 應付代價	– Consideration payable	16,467
總收購代價	Total purchase consideration	46,794
所收購資產淨值 詳情如下：	Details of net assets acquired are as follows:	
現金及銀行結餘	Cash and bank balance	27,294
土地使用權	Land use rights	14,656
物業、廠房及設備	Property, plant and equipment	4,844
所收購資產淨值	Net assets acquired	46,794
以現金支付之收購代價	Purchase consideration settled in cash	30,327
所收購附屬公司之現金	Cash in subsidiary acquired	(27,294)
收購產生之現金流出	Cash outflow on acquisition	3,033

35. 關連人士交易

倘若一方有能力直接或間接控制另一方或對其財務及營運決策行使重大影響力，則雙方被視作有關連。倘若雙方受同一方控制，亦被視作有關連。

35. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

(a) 本集團主要管理人員之補償：

(a) Compensation of key management personnel of the Group:

		本集團 Group	
		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000
董事及高級管理人員 酬金	Remuneration of directors and senior management	8,289	8,221

有關董事袍金之進一步詳情載於財務報表附註8。

Further details of the directors' emoluments are included in note 8 to the financial statements.

財務報表附註

Notes to Financial Statements

截至二零零七年十二月三十一日止年度
Year ended 31 December 2007

35. 關連人士交易 (續)

(b) 與關連人士之交易

除本財務報表另有詳述之交易外，本集團於年內曾與關連人士進行下列重大交易：

35. Related Party Transactions (continued)

(b) Transactions with related parties

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
向申洲置業*租賃物業、廠房及設備	Lease of property, plant and equipment from Shenzhou Properties*	8,468	8,468
採購寧波明耀環保熱電有限公司(「明耀熱電」)**供應之蒸汽	Purchase of steam supply from Ningbo Mingyao Environmental Thermal Power Co., Ltd. ("Mingyao Electric Company")**	36,656	29,563
寧波申洲大港針織有限公司(「申洲大港」)*提供之加工服務	Processing services provided by Ningbo Shenzhou Dagang Knitwear Co., Ltd. ("Shenzhou Dagang")*	3,112	539
向紹興縣華西包裝品有限公司(「華西包裝品公司」)***採購包裝物料	Purchase of packing materials from Shaoxing County Huaxi Packaging Materials Company Limited ("Huaxi Packaging Company")***	20,851	17,017

* 申洲置業及申洲大港由本公司最終控股公司控制。

** 明耀熱電由本公司最終控股公司擁有48%權益。

*** 華西包裝品公司由本公司其中一名執行董事之親屬控制。

向關連人士之採購及租賃乃根據有關公司向其主要客戶提供之公開價格及條款進行。

* Shenzhou Properties and Shenzhou Dagang are controlled by the Company's ultimate holding company.

** Mingyao Electric Company is owned as to 48% by the Company's ultimate holding company.

*** Huaxi Packaging Company is controlled by the relatives of one of the Company's executive director.

The purchases and lease from the related parties were made according to the published prices and conditions offered by the related companies to their major customers.

財務報表附註

Notes to Financial Statements

截至二零零七年十二月三十一日止年度
Year ended 31 December 2007

35. 關連人士交易(續)

(c) 與關連人士之結餘

本集團與其關連人士有以下重大結餘：

35. Related Party Transactions (continued)

(c) Balances with related parties

The Group had the following significant balances with its related parties:

		本集團 Group	
		二零零七年 2007	二零零六年 2006
		人民幣千元 RMB'000	人民幣千元 RMB'000
應付關連人士款項	Due to related parties		
— 與貿易有關	— Trade related		
華西包裝品公司	Huaxi Packaging Company	1,009	13
寧波申洲世通 針織有限公司 (「申洲世通」)*	Ningbo Shenzhou Shitong Knitwear Co., Ltd. ("Shenzhou Shitong") *	—	31
		1,009	44

* 申洲世通由本公司最終控股公司控制。

* Shenzhou Shitong is controlled by the Company's ultimate holding company.

36. 比較金額

為與本年度呈列方式一致，若干比較金額已重新分類。

36. Comparative Amounts

Certain comparative amounts have been reclassified to conform with the current year's presentation.

37. 批准財務報表

董事會於二零零八年三月二十二日批准並授權刊發本財務報表。

37. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 22 March 2008.

財務資料摘要

Financial Information Summary

(除另有註明外，所有金額為人民幣千元)
(Amounts expressed in RMB'000 unless otherwise stated)

本集團根據本財務報表所載基準編製以往五個財政年度之已公佈業績以及資產、負債及少數股東權益概要載列如下：

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, prepared on the basis as set out herein, is set out below:

		截至十二月三十一日止年度／於十二月三十一日 For the year ended 31 December/As at 31 December				
		二零零七年 2007 人民幣千元 RMB'000	二零零六年 2006 人民幣千元 RMB'000	二零零五年 2005 人民幣千元 RMB'000	二零零四年 2004 人民幣千元 RMB'000	二零零三年 2003 人民幣千元 RMB'000
業績	Results					
收入	Revenue	3,655,613	2,979,530	2,482,984	2,116,907	1,887,848
融資成本	Finance costs	(34,279)	(15,081)	(53,164)	(20,347)	(18,308)
應佔一家聯營公司業績	Share of results of an associate	-	-	(7)	(68)	27
除所得稅前利潤	Profit before income tax	401,736	409,247	355,774	620,445	304,008
所得稅開支	Income tax expense	6,352	(19,001)	(2,429)	(33,550)	(20,501)
年度利潤	Profit for the year	408,088	390,246	353,345	586,895	283,507
以下人士應佔權益：	Attributable to:					
母公司股權持有人	Equity holders of the parent	406,882	389,031	351,487	587,539	244,728
少數股東權益	Minority Interests	1,206	1,215	1,858	(644)	38,779
		408,088	390,246	353,345	586,895	283,507
資產、負債及少數股東權益	Assets, Liabilities and Minority Interests					
總資產	Total assets	3,903,920	2,793,706	2,540,541	2,571,403	1,902,301
總負債	Total liabilities	(1,423,288)	(719,390)	(826,367)	(1,268,075)	(979,722)
少數股東權益	Minority Interests	(11,514)	(12,514)	(12,152)	(31,968)	(21,752)
		2,469,118	2,061,802	1,702,022	1,271,360	900,827

附註：本集團截至二零零三年及二零零四年十二月三十一日止兩個年度各年之綜合業績概要及於二零零三年及二零零四年十二月三十一日之資產及負債概要乃摘錄自本公司所刊發日期為二零零五年十一月十五日之售股章程。有關概要乃假設本集團現行架構於該等財政年度一直存在而編製，並按本公司截至二零零五年十二月三十一日止年度年報所載之基準呈列。本集團截至二零零六年及二零零七年十二月三十一日止兩個年度各年之綜合業績，以及於二零零六年及二零零七年十二月三十一日之綜合資產、負債及少數股東權益乃載於財務報表第67頁至第143頁。

Note: The summary of the consolidated results of the Group for each of the two years ended 31 December 2003 and 2004 and of the assets and liabilities as at 31 December 2003 and 2004 have been extracted from the Company's prospectus dated 15 November 2005. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years and is presented on the basis as set out in the annual report of the Company for the year ended 31 December 2005. The consolidated results of the Group for each of the two years ended 31 December 2006 and 2007 and the consolidated assets, liabilities and minority interests of the Group as at 31 December 2006 and 2007 are those set out on pages 67 to 143 of the financial statements.

SHENZHOU INTERNATIONAL
GROUP HOLDINGS LIMITED
申洲國際集團控股有限公司

Headquarter 總部

18 Yongjiang Road
Ningbo Economic and Technical
Development Zone
Ningbo, Zhejiang Province, PRC

中國浙江省寧波市
寧波經濟技術開發區
甬江路18號

Tel 電話: (86) 574 8698 0588
Fax 傳真: (86) 574 8698 0162

**Hong Kong Representative Office
香港辦事處**

Unit 2708, 27th Floor
Billion Plaza
8 Cheung Yue Street
Kowloon, Hong Kong

香港九龍長裕街8號
億京廣場27樓2708室

Tel 電話: (852) 2310 4919
Fax 傳真: (852) 2310 4929

**Shanghai Representative Office
上海辦事處**

26th Floor You Yi Time Building
159 Zhao Jia Bang Road
Xu Hui District
Shanghai, PRC
中國上海徐匯區
肇家濱路159號
上海友誼時代大廈26樓

Tel 電話: (86) 21 6403 1166
Fax 傳真: (86) 21 5496 0947

