Silverman Holdings Limited
銀仕來控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code：1616)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

SUMMARY

- Turnover was approximately RMB871.4 million, representing a decrease of approximately 6.1% as compared to that of the last year.
- Gross profit margin was approximately 19.5% of the turnover, representing a decrease of approximately 5.3 percentage points as compared to that of approximately 24.8% for the previous year.
- Gross profit decreased by approximately RMB59.8 million, or approximately 26.0%, to approximately RMB170.3 million for the year ended 31 December 2012.
- Profit attributable to the equity shareholders of the Company was approximately RMB 74.0 million, representing a decrease of approximately 54.3% as compared to that of the previous year.

DIVIDEND

- The Board recommends the payment of a final dividend of RMB0.00625 per share.

The board of directors (the “Board”) of Silverman Holdings Limited (the “Company”) is pleased to announce the audited consolidated annual financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2012 (the “Year” or “Period under Review”) together with the comparative figures in 2011 as set out below. The consolidated results are audited and have been reviewed by the audit committee (“Audit Committee”) of the Group.

Consolidated statement of comprehensive income
for the year ended 31 December 2012
(Expressed in Renminbi Yuan)

	Note	**2012**	2011
		RMB’000	RMB’000
Turnover	2	**871,395**	927,774
Cost of sales		**(701,113)**	(697,670)
Gross profit		**170,282**	230,104
Other net gains	3	**2,228**	5,338
Distribution costs		**(13,038)**	(11,795)
Administrative expenses		**（61,214）**	(30,665)
Profit from operations		**98,258**	192,982
Finance income	4(a)	**15,277**	20,007
Finance costs	4(a)	**(22,391)**	(25,103)
Profit before taxation	4	**91,144**	187,886
Income tax	5	**(17,110)**	(25,760)
Profit and total comprehensive income for the year		**74,034**	162,126
Profit and total comprehensive income attributable to equity shareholders of the Company		**74,034**	162,126
Earnings per share			
Basic and diluted	6	**RMB0.10**	RMB0.25

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 7.

Consolidated statement of financial position
at 31 December 2012
(Expressed in Renminbi Yuan)

	Note	**2012**	2011
		RMB'000	RMB'000
Non-current assets			
Fixed assets			
- Property, plant and equipment		**379,739**	402,023
- Interests in leasehold land under operating leases		**8,789**	8,987
		388,528	411,010
Intangible assets		**65**	130
Goodwill		**6,394**	6,394
Investments in equity securities		**1,000**	1,000
		395,987	418,534
Current assets			
Inventories		**162,766**	100,789
Trade and other receivables	9	**161,985**	121,838
Pledged bank deposits		**182,628**	188,380
Cash and cash equivalents		**136,554**	130,228
		643,933	541,235
Current liabilities			
Trade and other payables	10	**88,246**	270,068
Bank loans		**344,106**	373,189
Obligations under finance leases		**15,798**	31,394
Current taxation		**6,441**	8,261
		454,591	682,912
Net current assets / (liabilities)		**189,342**	(141,677)
Total assets less current liabilities		**585,329**	276,857

Consolidated statement of financial position (continued)
at 31 December 2012
(Expressed in Renminbi Yuan)

	Note	**2012**	2011
		RMB'000	RMB'000
Non-current liabilities			
Obligations under finance leases		**-**	14,730
Deferred tax liabilities		**500**	4,024
		500	18,754
Net assets		**584,829**	258,103
Equity			
Share capital	11	**50,577**	68
Reserves		**534,252**	258,035
Total equity		**584,829**	258,103

Approved and authorised for issue by the Board on 27 March 2013.

Consolidated statement of changes in equity
for the year ended 31 December 2012
(Expressed in Renminbi Yuan)

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 1 January 2011	-	-	(909)	28,568	(27,377)	95,627	95,909
Profit for the year	-	-	-	-	-	162,126	162,126
Total comprehensive income	-	-	(909)	28,568	(27,377)	257,753	258,035
Shares issuance	68	-	-	-	-	-	68
Appropriations to statutory reserve	-	-	-	15,253	-	(15,253)	-
Balance at 31 December 2011	68	-	(909)	43,821	(27,377)	242,500	258,103
Balance at 1 January 2012	68	-	(909)	43,821	(27,377)	242,500	258,103
Profit for the year	-	-	-	-	-	74,034	74,034
Total comprehensive income	68	-	(909)	43,821	(27,377)	316,534	332,137
Waiver of the amount due to the holding company	-	-	-	-	146,736	-	146,736
Shares issuance	10,151	114,805	-	-	-	-	124,956
Capitalisation issue	40,358	(40,358)	-	-	-	-	-
Dividends declared in respect of the current year	-	-	-	-	-	(19,000)	(19,000)
Appropriations to statutory reserve	-	-	-	8,878	-	(8,878)	-
Balance at 31 December 2012	**50,577**	**74,447**	**(909)**	**52,699**	**119,359**	**288,656**	**584,829**

Consolidated cash flow statement
for the year ended 31 December 2012
(Expressed in Renminbi Yuan)

	Note	**2012**	2011
		RMB'000	RMB'000
Operating activities			
Profit before taxation		**91,144**	187,886
Adjustments for			
Depreciation	4(c)	**59,758**	55,836
Amortisation	4(c)	**263**	257
Impairment losses on other receivables		**5,000**	-
Interest income	4(a)	**(6,157)**	(7,873)
Finance costs	4(a)	**22,020**	24,333
Net loss/(gain) on sale of property, plant and equipment	3	**11**	(300)
		172,039	260,139
Changes in working capital			
(Increase) / decrease in inventories		**(61,977)**	69,715
(Increase) / decrease in trade and other receivables		**(20,361)**	23,609
Increase in trade and other payables		**(5,662)**	(128,618)
Decrease in guarantee deposits for issuance of commercial bills and bank acceptance		**12,427**	77,934
Cash generated from operations		**96,466**	302,779
Income tax paid		**(22,454)**	(29,190)
Net cash generated from operating activities		**74,012**	273,589

Consolidated cash flow statement (continued)
for the year ended 31 December 2012
(Expressed in Renminbi Yuan)

	Note	**2012**	2011
		RMB'000	RMB'000
Investing activities			
Capital expenditures		**(56,808)**	(81,079)
Advance to an entity		**(5,000)**	-
Proceeds from sale of property, plant and equipment		**10**	789
Increase in guarantee deposits for bank loans		**(6,675)**	(9,746)
Interest received		**6,157**	7,873
Net cash used in investing activities		**(62,316)**	(82,163)
Financing activities			
Proceeds from share issuance		**124,956**	68
Proceeds from bank and other loans		**307,105**	373,189
Repayment of bank and other loans		**(366,514)**	(384,427)
Advances from the holding company		**-**	61,792
Repayment to the holding company		**(29,897)**	(50,621)
Borrowing costs paid		**(22,020)**	(25,701)
Deemed distribution to the then equity holders upon reorganisation		**-**	(66,739)
Dividends paid to equity holders		**(19,000)**	(37,024)
Net cash used in financing activities		**(5,370)**	(129,463)
Net increase in cash and cash equivalents		**6,326**	61,963
Cash and cash equivalents at 1 January		**130,228**	68,265
Cash and cash equivalents at 31 December		**136,554**	130,228

Notes:
(Expressed in Renminbi Yuan)

1 Basis of preparation

The consolidated financial statements for the year ended 31 December 2012 comprise the Company and its subsidiaries (collectively referred to as the "Group").

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB").

The financial statements is presented in Renminbi ("RMB") (the "presentation currency"), rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Changes in accounting policies

The IASB has issued a few amendments to IFRSs, which are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IFRS 7, *Financial instruments: Disclosures – Transfers of financial assets*

- Amendments to IAS 12, *Income taxes – Deferred tax: Recovery of underlying assets*

These developments have had no material impact on the contents of the Group's financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 Turnover

The principal activities of the Group are the manufacturing and sales of textile products.

Turnover represents the sales value of goods supplied to customers and service income (net of sales tax, value-added tax and discounts). The amount of each significant category of revenue recognised in turnover is as follows:

	2012	2011
	RMB'000	RMB'000
Sales of textile products:		
- Dobby grey fabrics	**647,892**	641,160
- Jacquard grey fabrics	**195,237**	233,868
- Others	**18,100**	25,010
	861,229	900,038
Processing services income	**10,166**	27,736
	871,395	927,774

The following is an analysis of the Group's revenue by geographical markets:

	2012	2011
	RMB'000	RMB'000
The PRC	**810,997**	818,904
Overseas	**60,398**	108,870
	871,395	927,774

The Group's customer base is diversified and includes two customers with whom transactions have exceeded 10% of the Group's revenue for the year ended 31 December 2012. During the year ended 31 December 2012, revenue from sales of textile products to such customers amounted to approximately RMB181,319,000 and RMB89,165,000 respectively (2011: RMB94,543,000 and RMB113,896,000 respectively).

3 Other net gains

	2012 RMB'000	2011 RMB'000
Net (loss) / gain on sale of scrap materials	**(362)**	1,587
Net (loss) / gain on sale of property, plant and equipment	**(11)**	300
Net gain / (loss) on forward exchange contracts	**629**	(520)
Financial guarantee issued	-	1,329
Government grants	**2,416**	2,579
Others	**(444)**	63
	2,228	5,338

4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Finance income and finance costs

	2012 RMB'000	2011 RMB'000
Finance income		
Interest income on bank deposits	**(6,157)**	(7,873)
Foreign exchange gain arising on settlement or translation of foreign currency monetary items	**(9,120)**	(12,134)
	(15,277)	(20,007)
Finance costs		
Interest on bank and other borrowings wholly repayable within five years	**19,952**	23,293
Less: interest capitalised into property, plant and equipment*	-	(1,368)
Interest expenses	**19,952**	21,925
Finance charges on obligations under finance leases	**2,068**	2,408
Other finance charges	**371**	770
	22,391	25,103

* The borrowing costs have been capitalised at a rate of 5.8% to 5.9% per annum for the year ended 31 December 2011.

4 Profit before taxation (continued)

(b) Staff costs

	2012	2011
	RMB'000	RMB'000
Salaries, wages and other benefits	**91,774**	61,043
Contributions to defined contribution retirement plan	**2,652**	2,325
	94,426	63,368

Pursuant to the relevant labor rules and regulations in the PRC, the Group participates in defined contribution retirement schemes (the "Schemes") organised by the relevant local authorities whereby the Group is required to make contributions to the Schemes at certain percentages of the eligible employees' salaries for the years ended 31 December 2012 and 2011. The relevant local government authorities are responsible for the entire pension obligations payable to retired employees. The Group has no other material obligation for the payment of pension benefits associated with the Schemes beyond the annual contributions described above.

(c) Other items

	2012	2011
	RMB'000	RMB'000
Depreciation	**59,758**	55,836
Amortisation		
- leasehold land	**198**	198
- intangible assets	**65**	59
Impairment losses on other receivables	**5,000**	-
Auditors' remuneration	**800**	47
Cost of inventories	**702,528**	674,500

5 Income tax

(a) Taxation in the consolidated statements of comprehensive income represents:

	2012 **RMB'000**	2011 RMB'000
Current tax		
PRC Enterprise Income Tax and PRC dividend withholding tax for the year	**20,634**	31,760
Deferred tax		
Origination and reversal of temporary differences	**(3,524)**	(6,000)
	17,110	25,760

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in those jurisdictions.

(ii) The Group's Hong Kong subsidiaries, being investment holding companies, do not derive income subject to Hong Kong Profits Tax. For the years ended 31 December 2012 and 2011, Hong Kong Profits Tax rate is 16.5%. The payments of dividends by the subsidiaries incorporated in Hong Kong are not subject to withholding tax.

(iii) Prior to 1 January 2008, the Group's PRC subsidiaries, being production-type foreign investment enterprises, were each entitled to a tax holiday of 2-year full exemption followed by 3-year 50% reduction in the income tax rate commencing from their respective first profit-making years from a PRC tax perspective ("2+3 tax holiday").

On 16 March 2007, the Fifth Plenary of the Tenth National People's Congress passed the New Enterprise Income Tax Law of the PRC (the "New Tax Law"), which stipulates the statutory income tax rate at 25% and was effective on 1 January 2008. The New Tax Law and its relevant regulations grandfather the 2+3 tax holidays and require such tax holiday to begin on 1 January 2008 should it be not started earlier. Zibo Huiyin Textile Co., Ltd., a PRC subsidiary of the Company, started its 2+3 tax holiday in 2008. As such, it is exempted from PRC income tax from 2008 to 2009, and is subject to income tax at 12.5% from 2010 to 2012 and at 25% thereafter. During the year ended 31 December 2011, Zibo Yinshilai Textile Co., Ltd., a PRC subsidiary of the Company, was granted the status of a "High and New Technology Enterprise" and, accordingly, entitles to preferential PRC Enterprise Income Tax rate of 15% from 2011 onwards.

5 Income tax (continued)

(a) Taxation in the consolidated statements of comprehensive income represents: (continued)

(iv) According to the New Tax Law and its implementation rules, dividends receivable by non-PRC resident corporate investors from PRC-residents are subject to withholding tax at 10%, unless reduced by tax treaties or arrangements, for profit earned since 1 January 2008. YSL (HK) Ltd. and Huiyin (HK) Ltd., the Hong Kong subsidiaries of the Company, would be subject to PRC dividend withholding tax on dividends receivables from their PRC subsidiaries.

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2012	2011
	RMB'000	RMB'000
Profit before taxation	**91,144**	187,886
Notional tax on profit before taxation, calculated at the rates applicable to the profits in the jurisdictions concerned	**25,995**	46,156
Effect of tax benefits	**(13,746)**	(19,820)
Effect of non-deductible expenses	**2,511**	1,007
Effect of entities not subject to income tax	**(50)**	(1,583)
PRC dividend withholding tax	**2,400**	-
Income tax expense	**17,110**	25,760

6 Earnings per share

The calculation of basic and diluted earnings per share for the year ended 31 December 2012 is based on the profit attributable to equity shareholders of the Company of RMB74,034,000 (2011: RMB162,126,000) and the weighted average of 715,761,311 shares (2011: 638,961,000 shares, after adjusting for the share sub-division and the capitalization issue taken place in 2012) , in issue during the year.

Weighted average number of ordinary shares:

	2012 Number of shares	2011 Number of shares
Issued ordinary shares at 1 January	**10,000**	1
Effect of share sub-division	**990,000**	535,590
Effect of share issue	**76,341,311**	5,409
Effect of capitalisation issue	**638,420,000**	638,420,000
Weighted average number of ordinary shares as 31 December	**715,761,311**	638,961,000

There was no difference between basic and diluted earnings per share as there were no dilutive potential shares outstanding for the years ended 31 December 2012 and 2011 respectively.

7 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the year:

	2012 RMB'000	2011 RMB'000
Interim dividend declared and paid of RMB0.02375 per ordinary share (2011: nil)	**19,000**	-
Final dividend proposed after the end of the reporting period of RMB0.00625 per ordinary share (2011: nil)	**5,000**	-
	24,000	-

7 Dividends (continued)

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year and paid during the year:

	2012	2011
	RMB'000	RMB'000
Final dividends in respect of the previous financial year, approved and paid during the year	**-**	37,024

The directors consider that the dividend payments made during the year are not indicative of the future dividend policy of the Group.

8 Segment reporting

No segment information is presented during the year as the Group is principally engaged in one operating segment which is the manufacturing and sale of textile products. The Group operates in the PRC and its major assets are located in the PRC.

Additional information about customer base and revenue by geographical markets of the Group has been disclosed in note 2.

9 Trade and other receivables

		2012	2011
	Note	**RMB'000**	RMB'000
Trade debtors and bills receivable	(a) (b) (c)	**82,027**	58,860
Deposits, prepayments and other receivables	(d)	**79,958**	62,978
		161,985	121,838

All of the trade and other receivables are expected to be recovered or recognised as expense within one year as at 31 December 2012 and 2011.

9 Trade and other receivables (continued)

(a) Ageing analysis

Included in trade and other receivables are trade debtors and bills receivables (net of allowance for doubtful debts) with the following ageing analysis as at the end of the reporting period:

	2012	2011
	RMB'000	RMB'000
Current	**79,301**	56,621
Less than 3 months past due	**2,724**	1,904
3 to 6 months past due	**2**	335
Amounts past due	**2,726**	2,239
	82,027	58,860

Trade debtors and bills receivables are due within 1 to 6 months from the date of billing.

(b) Impairment of trade debtors and bills receivables

Impairment losses in respect of trade debtors and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors and bills receivables directly.

As at 31 December 2012, the Group did not have trade debtors and bills receivables which were individually determined to be impaired (2011: nil).

(c) Trade debtors and bills receivables that are not impaired

The ageing analysis of trade debtors and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	2012	2011
	RMB'000	RMB'000
Neither past due nor impaired	**79,301**	56,621
Less than 3 months past due	**2,724**	1,904
3 to 6 months past due	**2**	335
	82,027	58,860

9 Trade and other receivables (continued)

(c) Trade debtors and bills receivables that are not impaired (continued)

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

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, management believes that no impairment allowance 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 over these balances.

(d) Deposits, prepayments and other receivables

	2012	2011
	RMB'000	RMB'000
Prepayments relating to purchases of raw materials	**48,578**	42,786
Prepayments relating to purchases of fixed assets	**25,106**	340
Deferred expenses	**340**	845
Other receivables	**5,934**	19,007
	79,958	62,978

Included in deposits, prepayments and other receivables as at 31 December 2012 is an advance of RMB5,000,000 (2011: nil) made by the Group to Wudi Xingyi Leather Co., Ltd. in May 2012. The advance is unsecured, interest-bearing at 6.56% per annum and repayable on demand.

10 Trade and other payables

	Note	**2012**	2011
		RMB'000	RMB'000
Trade creditors and bills payable	(a)	**49,210**	50,864
Receipts in advance		**13,599**	11,436
Other creditors and accrued charges	(b)	**25,437**	30,337
Amount due to the holding company	(c)	**-**	176,633
Financial liabilities measured at amortised cost		**88,246**	269,270
Derivative financial instruments:			
- foreign exchange contracts		**-**	798
		88,246	270,068

10 Trade and other payables (continued)

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

(a) Ageing analysis

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the end of the reporting period:

	2012	2011
	RMB'000	RMB'000
Due within 3 months or on demand	**45,851**	43,356
Due after 3 months but within 6 months	**1,191**	7,027
Due after 6 months but within 12 months	**2,168**	481
	49,210	50,864

(b) Other creditors and accrued charges

	2012	2011
	RMB'000	RMB'000
Accrued charges	**12,804**	16,130
Tax payable other than income tax	**5,319**	7,644
Payables relating to purchases of fixed assets	**3,004**	2,531
Other payables	**4,310**	4,032
	25,437	30,337

(c) Amount due to the holding company

The amount due to the holding company was unsecured, interest-free and repayable on or before 23 November 2015. The Group repaid RMB29,897,000 to the holding company and the holding company waived the remaining balance during the year ended 31 December 2012. The waived amount of RMB146,736,000 was credited directly to equity as a capital contribution.

11 Share capital

	2012		2011	
	No. of shares	**RMB'000**	No. of shares	RMB'000
Authorised:				
Ordinary shares of USD1.00 each	**-**	**-**	50,000	341
Ordinary shares of USD0.01 each	**10,000,000,000**	**632,110**	-	-
Ordinary shares, issued and fully paid:				
At 1 January	**10,000**	**68**	1	-
Share sub-division	**990,000**	**-**	-	-
Shares issuance	**160,580,000**	**10,151**	9,999	68
Capitalisation issue	**638,420,000**	**40,358**	-	-
At 31 December	**800,000,000**	**50,577**	10,000	68

(a) Share issuance

The Company was incorporated in the Cayman Island on 24 February 2010 with an authorised share capital of USD50,000 divided into 50,000 shares of USD1.00 each. On the same date, one share of USD1.00 was allotted and issued at par. On 18 June 2011, 9,999 shares of USD1.00 each were allotted and issued.

On 11 July 2012, the Company allotted and issued 160,580,000 shares of USD0.01 each at the price of HKD1.10 per share, and the listing and dealing in such shares on the Main Board of The Stock Exchange of Hong Kong Limited commenced on 12 July 2012.

(b) Share sub-division

On 26 June 2012, each issued and unissued share of a par value of USD1.00 in the share capital of the Company was sub-divided into 100 shares of a par value of USD0.01 each (the "share sub-division"). As a result of the share sub-division, the authorised share capital of the Company was USD50,000 divided into 5,000,000 shares of a par value of USD0.01 each and the existing issued shares in the issued share capital of the Company became 1,000,000 shares of a par value of USD0.01 each. The authorised share capital of the Company was further increased to USD100,000,000 divided by 10,000,000,000 shares of USD0.01 each by the creation of further 9,995,000,000 shares of USD0.01 each.

(c) Capitalisation issue

On 11 July 2012, the Company capitalised USD6,384,200 standing to the credit of the share premium account of the Company (the "capitalisation issue") by applying such sum in paying up in full at par 638,420,000 shares for allotment and issue to shareholders whose names appear on the register of members of the Company at the close of business on 26 June 2012 in proportion to their then existing holdings in the Company.

12 Commitments

Capital commitments outstanding at 31 December 2012 and 2011 not provided for in the consolidated financial statement were as follows:

	2012	2011
	RMB'000	RMB'000
Contracted for	**9,300**	-

13 Contingent liabilities

Pursuant to a mediation agreement entered into during the year ended 31 December 2008, which is related to a dispute among the then shareholders of Zibo Yinlong Industrial Co., Ltd., including Mr. Liu Dong, a director and ultimate controlling party of the Company, a subsidiary of the Group agreed to be jointly and severally liable to a portion of the mediation settlement totaling RMB45,000,000. As at 31 December 2012 and 2011, the outstanding mediation settlement amounted to RMB nil and RMB10,000,000, respectively. The directors do not consider it probable that a claim would be made against the Group under the guarantee as at 31 December 2012 and 2011. The maximum liability of the Group as at 31 December 2012 and 2011 under the guarantee issued is RMB nil and RMB10,000,000 respectively.

14 Material related party transactions

The Group has entered into the following material related party transactions during the years ended 31 December 2012 and 2011:

(a) Transactions with related parties

	2012	2011
	RMB'000	RMB'000
Purchases of goods from related company	-	7,487
Purchases of processing service from a related company	-	889
Purchases of electricity and steam power from a related company	-	1,629
Provision of electricity to a related company	-	1,074

14 Material related party transactions (continued)

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the directors, is as follows:

	2012	2011
	RMB'000	RMB'000
Short-term employee benefits	**1,382**	1,667
Post-employment benefits	**31**	33
	1,413	1,700

Total remuneration is disclosed in "staff costs" (see note 4(b)).

(c) Balances with related parties

As at 31 December 2012 and 2011, the Group had the following balances with related parties:

	2012	2011
	RMB'000	RMB'000
Amounts due to the holding company	**-**	176,633

(d) Guarantees provided to related parties

	2012	2011
	RMB'000	RMB'000
Mr. Liu Dong (note 13)	-	10,000

15 Immediate and ultimate controlling parties

As at 31 December 2012, the directors consider the immediate controlling party of the Group to be Excel Orient Ltd., which is incorporated in the British Virgin Islands, and the ultimate controlling party of the Company to be Mr. Liu Dong.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

Due to the impact of the domestic and international economic environment and the price variation between the domestic cotton and overseas cotton, and the tremendous rise in the operating costs due to the increase in costs in labor and energy, the textile industry in China was under serious pressure in 2012.

On an international level, the European debt crises continued during the Year and the world's economy still has not walked out of the trough. The developed economies such as the United States and Europe, being the main consumer countries in the international market, have experienced a weak economic recovery. These factors weakened the demand of textile and apparel products of China from these developed economies and resulted in an adverse impact on the competitiveness of the textile industry of China.

According to China Customs data ("CCD"), the amount of China's export for textile material and products was approximately USD250 billion in 2012, merely increased by approximately 2.8% over the year 2011. The growth rate dropped by approximately 17.2% in 2012 as compared to approximately 20% in the previous year. Amongst the exported textile materials and products, the export amount for cotton textile products was approximately USD12.62 billion in 2012, decreased by approximately 4.1% over the previous year. The growth rate dropped by approximately 25.9% in 2012 as compared to approximately 21.8% in the previous year.

Domestically, the Gross domestic product ("GDP") of China was approximately RMB 51,932.2 billion in 2012, representing a growth of approximately 7.8% over the year 2011. This was the first time that the growth rate of China is lower than 8% since the year 2000 and showed a sign of slowing down in the growth of Chinese economy. Due to the impact of government price controls and import quota restrictions, the price of domestic cotton became much higher than that of the overseas cotton during the Period under Review. In 2012, the average price of China Cotton Index (the "CC Index") was approximately RMB18,913 per tonne, representing a decrease of approximately 20.3% as compared to that of the previous year, while the international Cotton Index Cotlook A was approximately USD90 cents per pound in 2012, representing a decrease of approximately 40% as compared to that of the previous year. Taking December 2012 as an example, the price of import cotton (including 1% customs duty and sliding duty) was approximately RMB14,684 per tonne, which was lower than that of CC Index of the same period by approximately RMB 4,384 per tonne in the previous year. Due to the substantial difference in price between the domestic and overseas cotton and the continued rise of labor and energy costs, the market competitiveness and profitability of China's textile enterprises were heavily weakened.

BUSINESS REVIEW

In 2012, due to the unfavorable factors including the domestic and international economic environment, the price variation between domestic and overseas cotton and the rising costs of labour and energy, the Group recorded a falling result. Facing this severe market situation, the Group firmly implemented its core strategy, took its advantages of the matured and stable innovation system and market resources, continued to consolidate the development of its principle business and maintained 100% of its rate of operation. Furthermore, the Group emphasizes more on the lean management, implemented energy saving measures, optimized the resource mix and strengthened our internal management and costs control in order to alleviate the impact of the aforementioned adverse factors. During the Period under Review, although there was a drop in the revenue and profit, various indicators such as gross profit margin and net profit rate were still higher than the industry average level, and the Company has maintained its leading position in the designated market.

For the year ended 31 December 2012, the Group's revenue was approximately RMB871.4 million, a decrease of approximately 6.1% as compared with approximately RMB927.8 million in the previous year. The decrease was mainly due to the decline in the product price. Profit attributable to equity shareholders of the Company was approximately RMB74.0 million in 2012, a decrease of approximately 54.3% as compared with approximately RMB162.1 million in the year 2011. The decrease in profit was mainly due to the decline of the average selling price of the textile products of the Group resulted from the declining international and domestic economies, the continued rising production costs and the increase of the non-recurring listing expenses.

For the year ended 31 December 2012, the sales volume of jacquard fabrics and dobby fabrics, the Group's major products, were approximately 9.5 million meters and 44.6 million meters respectively, representing a slight decrease of 2% and an increase of 17% respectively as compared to those of the previous year. The percentage of revenue derived from jacquard and dobby fabrics made from new materials amounted to approximately 61% in 2012, representing an increase of approximately 17% as compared to that of the previous year. This showed the market penetration and development of new fabrics of the Group.

During the Period under Review, the Group continued to enhance the application and development of new materials according to the market demand. In October 2012, the new products of the Group, namely "High strength bamboo fiber jacquard fabric"(「大提花高強竹纖維面料」), "Cupro and rayon inter-woven imitate silk fabric" (「銅氨絲、黏膠交織紡真絲面料」) and "Newdal inter-woven jacquard fabric" (「大提花紐代爾交織面料」) have passed the appraisal of specialists of textile industry in China. The production technology required for these products was confirmed as attaining international leading standard or domestic leading standard. In addition, the Group sponsored the Second National "Yinshilai" Cup Jacquard Fabric Innovation Design Contest. The contest was a domestic professional top event organized by China Cotton Textile Association which was designed to collect jacquard creative design artworks from all over the world. In this contest, 670 pieces of design were received. There were 4 pieces of works of the Group awarded with silver award and bronze awards respectively. The substantial increase of entries and awarded works of the Group reflected that the activity has attracted more attention from creative agencies and the Group has achieved great progress in product design. The success of the two contests played a positive role in expanding the innovation resources, widening the vision of the research and development (the "R&D") personnel of the Group, improving the Group's reputation in the industry and developing space for future market development of the Group.

BUSINESS REVIEW (CONTINUED)

Based on the Group's innovation capability and market situation, the Group was ranked 5th among China's Top 20 Competitive Textile Enterprises (中國棉紡織行業競爭力 20 強企業) for the year 2011 and 2012, and was awarded the Most Influential Brand Recommended by China's Cotton Textile Industry (中國棉紡織行業推薦最具影響力產品品牌) (valid from October 2012 to September 2015) in October 2012. The Group's R&D center was recognized by Shandong Economic and Information Technology Committee as Shandong Provincial Enterprise Technology Center (山東省企業技術中心) in November 2012.

FINANCIAL REVIEW

Turnover, gross profit and gross profit margin

The table below is an analysis of the Group's turnover, gross profit and gross profit margin of its major product categories for the year ended 31 December 2012 and 2011:

	For the year ended 31 December					
	2012			2011		
	Turnover	**Gross profit**	**Gross profit margin**	Turnover	Gross profit	Gross profit margin
Product	**RMB'000**	**RMB'000**	**%**	RMB'000	RMB'000	%
Jacquard grey fabrics	195,237	43,758	22.4%	233,868	67,136	28.7%
Dobby grey fabrics	647,892	122,830	19.0%	641,160	155,230	24.2%
Processing service income	10,166	1,086	10.7%	27,736	4,569	16.5%
Others	18,100	2,608	14.4%	25,010	3,169	12.7%
Total	**871,395**	**170,282**	**19.5%**	927,774	230,104	24.8%

The gross profit margin of the Group decreased by approximately 5.3 percentage points, from approximately 24.8% for the year 2011 to approximately 19.5% for the year 2012. The decrease of the major products gross profit margins and the overall gross profit margin were mainly due to (i) the decrease of product price resulted from the uncertain domestic and international economies; (ii) the increase in the material purchases costs resulted from the price variation between the domestic and overseas cotton; and (iii) the increase in energy and labor costs as compared to that of the previous year. In addition to the costs control, the Group developed new types of products and special products according to the market demand, it further optimized the product mix, and implemented flexible and effective marketing strategy to maximize the Group's gross profit margin.

Distribution costs

The total distribution costs of the Group increased by approximately 10.5% to approximately RMB13.0 million for the year ended 31 December 2012 from approximately RMB11.8 million in the previous year. Such increase was mainly due to the increases in cost of transportation and labour costs when compared to those in the previous year.

Administrative expenses

For the year ended 31 December 2012, the administrative expenses of the Group was approximately RMB61.2 million, representing an increase of approximately 99.6% when compared to that of approximately RMB30.7 million in 2011. The increase was mainly due to the increase in labour costs, non-recurring listing expenses and the R&D expenses in 2012.

Net finance costs

During the year ended 31 December 2012, the net finance costs of the Group were approximately RMB7.1 million, representing an increase of approximately RMB2.0 million as compared to approximately RMB5.1 million in 2011. It was mainly due to the decrease in foreign exchange gain. Foreign exchange gain decreased to approximately RMB9.1 million in 2012 from approximately RMB12.1 million in 2011.

Taxation

Taxation of the Group was decreased by approximately 22.9% from approximately RMB8.3 million in 2011 to approximately RMB6.4 million in the Period under Review. This was mainly due to the decline in taxable profit during the Period under Review.

Profit attributable to the equity shareholders of the Company

For the year ended 31 December 2012, the profit attributable to the equity shareholders of the Company was approximately RMB74.0 million, representing a decrease of approximately 54.3 %, from approximately RMB162.1 million as compared to that of 2011. The decrease was mainly due to the drop of the product selling price, the increase of production costs, and the increase of the non-recurring listing expenses. Based on the aforementioned adverse factors and as disclosed in the prospectus of the Company dated 29 June 2012 (the "Prospectus"), the gross profit margin for the year ended 31 December 2012 dropped to approximately 19.5%, or by 5.3 percentage points, from that of approximately 24.8% in 2011. As a consequence, the gross profit dropped by approximately 26.0%, or approximately RMB 59.8 million, to approximately RMB170.3 million for the year ended 31 December 2012 from that of approximately RMB230.1 million in the previous year.

Liquidity and financial resources

As at 31 December 2012, cash and cash equivalents of the Group were approximately RMB136.6 million, representing an increase of approximately 4.9% from approximately RMB130.2 million as at 31 December 2011. The increase was mainly due to the funding obtained from the Company's listing during the Period under Review.

For the year ended 31 December 2012, the Group's net cash generated from operating activities was approximately RMB 74.0 million (2011: approximately RMB273.6 million), net cash generated used in investing activities was approximately RMB62.3 million (2011: approximately RMB82.2 million) and net cash used in financing activities was approximately RMB5.4 million (2011: approximately RMB129.5 million). Cash and cash equivalents as at 31 December 2012 increased by approximately RMB6.3 million (2011: approximately RMB62.0 million) during the Period under Review. The Board believes that the Group will maintain a sound and stable financial position, and will maintain sufficient liquidity and financial resources for the Group's business need.

The Group's customers have been granted a credit period typically ranging from 30 to 90 days pursuant to the payment terms of the purchase or processing orders. The length of credit period depends on various factors such as financial strength, size of the business and settlement history of those customers. For the year ended 31 December 2012, the average trade receivables (including bills receivable) turnover period of the Group was approximately 34 days, up from 23 days for the year ended 31 December 2011. The increase was mainly because the Group has granted qualified customers with sound credit records longer credit terms in order to attract more customers' orders.

For the year ended 31 December 2012, inventory turnover period of the Group increased to 85 days from 53 days in the previous year. This was mainly because of the increase in the stock level of raw materials for the purpose of preparing for the expected better market situation and the increase of finished goods due to the slowdown of finished goods delivery to customers resulted from unfavorable weather condition and pending customer delivery instructions at the year end. In particular, the raw materials increased to approximately RMB52.0 million as at 31 December 2012 from approximately RMB27.0 million as at 31 December 2011; finished goods increased to approximately 60.4 million as at 31 December 2012 from approximately RMB35.1 million as at 31 December 2011.

As at 31 December 2012, the Group's borrowings of approximately RMB269.2 million (2011: approximately RMB286.1 million) bore fixed interest at rates ranging from 3.55% to 7.22% (2011: 3.17 % to 7.27%) per annum. As at 31 December 2012, the Group's borrowings of approximately RMB74.9 million (2011: approximately RMB87.11 million) bore floating interest at rates ranging from 2.95% to 4.55% per annum (2011: 2.97% to 5.57%).

Capital structure

The Group continues to maintain an appropriate mix of equity and debt to ensure an efficient capital structure to reduce capital cost. As at 31 December 2012, the debts of the Group were mainly represented by bank borrowings and obligations under finance leases with a total amount of approximately RMB359.9 million (2011: approximately RMB419.3 million). As at 31 December 2012, cash and cash equivalents were approximately RMB136.6 million (2011: approximately RMB130.2 million). As at 31 December 2012, the gearing ratio was approximately 38.1% (2011: approximately 112.0%), which was calculated by dividing total debt (i.e. interest-bearing bank borrowings and obligations under finance lease, after deducting cash and cash equivalents) by total equity.

As at 31 December 2012, all the debts of the Group will become due within a year.

As at 31 December 2012, the Group's cash and cash equivalents were mainly held in Renminbi, Japanese Yen, US dollars, HK dollars and Euro, of which, approximately RMB85.5 million (2011: RMB128.8 million) or 62.6% (2011: 98.9%) of the cash and cash equivalents were held in Renminbi.

Capital commitments

Save as disclosed in note 12, the Group did not have any other significant capital commitments as at 31 December 2012 (2011: Nil).

Employee and remuneration policy

As at 31 December 2012, the Group had a total of approximately 2,420 employees (2011: 2,141), the increase in the number of staff as compared to that of the previous year was mainly because the Group recruited more employees for its expanded spinning production line in 2012.

For the year ended 31 December 2012, labour costs of the Group (including Directors' remuneration in the form of salaries and other allowances) were approximately RMB94.4 million (2011: approximately RMB63.4 million). The increase of labour costs was mainly due to the Group recruited more production staff for the successive launches of new jacquard production line in the previous year and the expanded yarn spinning production line during the Year.

The Group continues to provide training to staff members to improve their operation skill. Meanwhile, the Group enhanced the work efficiency and average income of the staff through post-consolidation, process reorganization and improvement of working and living environment of the staff. The remuneration of the employees of the Group was subject to their working performance, experience and the industry practices. The management of the Group will also periodically review the remuneration policy and details. In addition, the Group provides bonuses and incentives based on their performances to encourage and motivate its staff to strive for better performance. During the year 2013, the Group will continue to provide training to staff members according to their respective skill requirements, such as training sessions on safety and skill.

Exposure to foreign exchange risk

The Group adopted a prudent policy in managing its exchange rate risks. The imports and exports of the Group were settled in US dollars and a portion of the bank borrowings are denominated in Japanese Yen. The repayment period of the import purchases and foreign borrowings is longer than the period of receiving export trade payments. The Group did not experience any significant difficulties in its operations or liquidity as a result of fluctuations in the currency exchange rates during the Period under Review. The Board believes that the Group will have sufficient foreign currency to meet its requirements.

The Group has not used any foreign currency derivatives to hedge against the exposure in foreign exchange.

Contingent liabilities

As at 31 December 2012, the Group did not have any contingent liabilities (2011: RMB10.0 million).

Charges on assets

Save as the pledged bank deposits as presented in the consolidated statement of financial position, the Group pledged its machinery and equipment with net book value of approximately RMB68.2 million (2011: RMB79.8 million) to banks as securities for the bank borrowings as at 31 December 2012.

Significant investments held

Save as the investments in equity securities presented in the consolidated statement of financial position, the Group did not hold any significant investment in equity interest in any company during the year ended 31 December 2012.

Future plans for material investments and capital assets

Save as disclosed in the Prospectus, the Group did not have any other plans for material investments and capital assets.

Material acquisitions and disposals of subsidiaries and affiliated companies

During the year ended 31 December 2012, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

USE OF PROCEEDS

As stated in the section headed ''Future Plans and Use of Proceeds'' of the Prospectus, the Company intended to apply part of the net proceeds from the global offering (the "Net IPO Proceeds") for the expansion and upgrade of its production facilities of wide width shuttleless loom and supporting equipment for the purpose of increasing the Group's production capacity of fabric products. The Net IPO Proceeds of approximately HKD140 million (equivalent to approximately RMB112 million), out of which, approximately 66% of the Net IPO Proceeds or approximately HKD92 million (equivalent to approximately RMB74 million) was designated to be used for the above purpose.

Nevertheless, due to the on-going weak market demand of both the international and domestic textile markets, after investigation and analysis conducted by the Group, the Board decided to adjust the use of part of the Net IPO Proceeds, which were originally designated to the above purpose, and apply such part of the Net IPO Proceeds for the acquisition of 100,000 spindles of new type yarn spinning facilities for production of yarns as raw materials of the Group in order to better control the costs and supply of yarns required for existing production. The estimated total purchase price will be approximately RMB200 million. The remaining funds to be required will be financed by the Group's internal resources and bank loans. Relevant details were set out in the announcement of the Company dated 23 January 2013 published on the website of the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The above mentioned project was launched and construction began in November 2012.

EVENTS AFTER THE REPORTING PERIOD

No significant event took place before the date of this announcement and subsequent to 31 December 2012.

OUTLOOK

Looking ahead, the economic situation faced by the textile industry will face a great deal of uncertainties, nevertheless, in the long run, as an emerging industry in China, the demand for high-end home textile products in global especially in China, will maintain the trend of high growth. According to the data of the fourth quarter in 2012 and the beginning of this year, the export for textile products has been restored and domestic demand has realized a basically steady increase. With the stabilization and recovery of both the international and domestic economy, the textile market is expected to gradually return to the normal growth trend.

As a supplier dedicated to offering high-end, functional, differential and high value added fabric products to the customers, the Group has established its leading position in the high-end home textile fabric market in the PRC, particularly in the market of jacquard and dobby fabrics. In future, the Group will continue to focus on its core strategy and improve its development and innovation capabilities. Additionally, the Group will further explore the potential and strengthen the management; continue to implement energy saving, increase income and reduce expenses in order to improve the Group's profitability. Furthermore, while promoting the construction of new project and expanding the production capacity, the Group, leveraging on its established brand image, will also actively seek for the possibility of resource integration and brand expansion by alliance and cooperation with anticipation of solidifying and improving its leading position and brand image in the designated market through more flexible and wider channels.

We firmly believe that, by further improving our innovation, continuing to consolidate our market position and enhance our good image of "Yinshilai" brand, the Group will be able to take full advantages of the fast growth of China's economy and home textile industry and rapidly grow into a leading enterprise in China high-end home textile fabric industry.

The Group expects to finance the above plans from its internal resources, the bank borrowing and partial of its Net IPO Proceed.

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

The shares of the Company have been listed on the Main Board of the Stock Exchange on 12 July 2012 (the "Listing Date"). During the period from the Listing Date up to 31 December 2012, neither the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

Adapting and adhering to the recognised standards of corporate governance principles and practices has always been one of the top priorities of the Company. The Board believes that good corporate governance is one of the areas that lead to the success of the Company and in balancing the interests of shareholders, customers and employees, and the Board is devoted to ongoing enhancements of the efficiency and effectiveness of such principles and practices.

From the Listing Date and up to 31 December 2012, the Company had adopted and complied with the code provisions (the "Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), except Code Provisions A.1.8 and A.2.1 as more particularly described below.

Code Provision A.1.8 stipulates that an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The Company currently has no insurance cover from the Listing Date and up to 31 December 2012. However, the Board will continue to review the arrangements for insurance cover for the Directors from time to time, and may arrange for insurance cover in the future.

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Mr. Liu Dong is the chairman and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the board and the management of the Company. The balance of power and authority is ensured by the effective operations of the Board, which comprises experienced and high caliber individuals.

MODEL CODE FOR SECURITIES TRANSACTION BY THE DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. The Company confirms that, having made specific enquiry of all Directors, all the Directors have compiled with the required standards of dealing as set out in the Model Code from the Listing Date up to 31 December 2012.

AUDIT COMMITTEE

The Audit Committee established by the Board has reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financing reporting matters (including the review of the audited consolidated financial statements of the Company for the Year) in conjunction with the Company's external auditors. The Audit Committee was satisfied that the audited consolidated financial statements of the Company were prepared in accordance with applicable accounting standards and present fairly the financial position and results of the Group for the Year.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB0.00625 per share (2011: nil). Subject to the approval of shareholders of the Company at the forthcoming annual general meeting ("AGM").

The Company proposes to pay the dividend on 19 July 2013 to the registered shareholders appear in the Register of Members of the Company on 28 June 2013. Dividends are declared in RMB and will be paid in Hong Kong dollars based on the official exchange rate of RMB against Hong Kong Dollars as quoted by the People's Bank of China on 28 June 2013 before payment.

CLOSURE OF REGISTER OF MEMBERS

On the assumption that the resolution for declaring the final dividend is duly passed at the AGM, the register of members will be closed from 27 June 2013 (Thursday) to 28 June 2013 (Friday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for entitlement to the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 26 June 2013 (Wednesday).

ANNUAL GENERAL MEETING

The AGM will be held on 21 June 2013 (Friday). Shareholders should refer to details regarding the AGM in the circular of the Company to be dispatched in April 2013 and the notice of the AGM and form of proxy accompanying thereto.

DISCLOSURE OF INFORMATION

This annual results announcement and the annual report of the Company will be published on the websites of both the Stock Exchange (http://www.hkexnews.hk) and the Company (http://www. ysltex.com) and shall be dispatched to the shareholders timely and properly.

By order of the Board
Silverman Holdings Limited

Liu Dong
Chairman

Shandong, the PRC
27 March 2013

As at the date of this announcement, the Board comprises 7 Directors, namely Mr. Liu Dong, Mr. Liu Zongjun and Mr. Tian Chengjie as executive Directors; Mr. Yan Tangfeng as non-executive Director; Ms. Zhu Beina, Mr. Zhu Ping and Mr. Lam Kai Yeung as independent non-executive Directors.

This announcement is prepared in both Chinese and English. In the event of inconsistency, the English text of the announcement shall prevail over the Chinese text.